

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
114TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "C" to H.P. 837, L.D. 1169, Bill, "An Act to Improve the Delivery of Higher Education Finances in Maine"

Amend the bill by striking out all of the title and inserting in its place the following:

'An Act to Provide Comprehensive, Consolidated Student Financial Assistance Services'

Further amend the bill by striking out everything after the title and before the statement of fact and inserting in its place the following:

'Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, students who are attending or planning to attend institutions of higher education and who are residents of the State or are attending these institutions in the State, and families of these students are in need of financial assistance; and

Whereas, it is desirable for the State to improve the methods of delivery of this financial assistance; and

Whereas, it is desirable to provide for a comprehensive, consolidated system of delivering this financial assistance immediately so that students and their families will have access to improved methods of delivery as soon as possible; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

1
2 **Be it enacted by the People of the State of Maine as follows:**

3
4 **Sec. 1. 10 MRSA §962, sub-§§4 and 5, as enacted by PL 1983, c.**
5 **519, §6, are amended to read:**

6
7 **4. Small businesses and veteran-owned small businesses.**
8 **Encourage the making of mortgage loans to small businesses and**
9 **veteran-owned small businesses; and**

10
11 **5. Natural resource financing. Provide natural resource**
12 **financing; and**

13
14 **Sec. 2. 10 MRSA §962, sub-§6 is enacted to read:**

15
16 **6. Student financial assistance programs. Provide and**
17 **administer a comprehensive, consolidated system of student**
18 **financial assistance programs.**

19
20 **Sec. 3. 10 MRSA §964, sub-§1, ¶¶G and H, as enacted by PL 1985,**
21 **c. 344, §9, are amended to read:**

22
23 **G. Maine Job-start Program; and**

24
25 **H. Such other programs as the authority may by law be**
26 **authorized to administer; and**

27
28 **Sec. 4. 10 MRSA §964, sub-§1, ¶I is enacted to read:**

29
30 **I. Student financial assistance programs.**

31
32 **Sec. 5. 10 MRSA §965, sub-§1, ¶A, as amended by PL 1985, c.**
33 **344, §11, is further amended to read:**

34
35 **A. Two veterans who shall be selected by the Governor from**
36 **the at-large members of the Maine Veterans' Small Business**
37 **Loan Board; and**

38
39 **Sec. 6. 10 MRSA §965, sub-§1, ¶B, as enacted by PL 1983, c.**
40 **519, §6, is amended to read:**

41
42 **B. Two members who shall be selected by the Governor from**
43 **the public members of the Natural Resources Financing and**
44 **Marketing Board; and**

45
46 **Sec. 7. 10 MRSA §965, sub-§1, ¶C is enacted to read:**

47
48 **C. Two members who shall be selected by the Governor from**
49 **the public members of the board established to advise the**
50 **authority on the administration of student financial**
51 **assistance programs.**

1 As used in this chapter, unless the context otherwise
2 indicates, the following terms have the following meanings.

3
4 1. Academic year and in attendance. "Academic year" and
5 "in attendance" have the same meanings as in the definitions of
6 these terms contained in the Higher Education Act of 1965,
7 Section 1201, as amended, United States Code, Title 20, Section
8 1141; and the Higher Education Act of 1965, Section 491, as
9 amended, United States Code, Title 20, Section 1088; and the
10 regulations, guidelines and procedures promulgated by the
11 Secretary of Education and published in the Federal Register
12 pursuant to these sections of federal law.

13
14 2. Authority. The "authority" means the Finance Authority
15 of Maine.

16
17 3. Eligible program of study. "Eligible program of study"
18 means a certificate program of at least one year, an associate
19 degree program or a baccalaureate degree program.

20
21 4. Expected family contribution. "Expected family
22 contribution" means the amount which the family of a student may
23 be reasonably expected to contribute toward post-secondary
24 education for the academic year for which the student is seeking
25 a student incentive scholarship.

26
27 5. Institution of higher education. "Institution of higher
28 education" means an institution of higher education located
29 within this State, or within another state with which this State
30 has a reciprocal agreement. The institutions shall meet the
31 requirements of and conform to the definitions contained in the
32 Higher Education Act of 1965, Section 1201, as amended, United
33 States Code, Title 20, Section 1141; and the Higher Education Act
34 of 1965, Section 491, as amended, United States Code, Title 20,
35 Section 1088; and the regulations, guidelines and procedures
36 promulgated by the Secretary of Education and published in the
37 Federal Register pursuant to these sections of law.

38 §11612. Eligibility

39
40 The scholarships shall be given only to residents of the
41 State who:

42
43 1. Graduated. Have graduated from an approved secondary
44 school or matriculated at a post-secondary school prior to high
45 school graduation, or have successfully completed a general
46 educational development examination or its equivalent;

47
48 2. Accepted as undergraduate. Have been accepted for
49 enrollment as undergraduates or are in good standing as
50 undergraduates at institutions of higher education in an eligible
51

1 program of study and have not received a previous baccalaureate
2 degree;

3
4 3. Applied for scholarships. Have applied for a student
5 incentive scholarship according to schedules and procedures and
6 on forms developed by the authority;

7
8 4. Demonstrate financial need. Have been determined by the
9 authority to have a financial need according to the criteria set
10 forth in section 11613; and

11
12 5. State residency requirements. Meet the state residency
13 requirements that may be established by rules adopted by the
14 authority in accordance with the Maine Administrative Procedure
15 Act, Title 5, chapter 375.

16 §11613. Determination of need

17
18 The authority shall establish the need of a student for a
19 student incentive scholarship for an academic year for which the
20 student applies. A student shall be considered to have a need to
21 qualify for a student incentive scholarship if the total of the
22 expected family contribution, together with a Pell Grant
23 established pursuant to the Higher Education Act of 1965, Title
24 IV, as amended, United States Code, Title 20, and a student
25 incentive scholarship grant does not exceed 75% of the cost of
26 attendance at the institution the student attends.

27
28 1. Rules. The authority shall establish standard methods
29 by rules adopted in accordance with the Maine Administrative
30 Procedure Act, Title 5, chapter 375, to determine:

31
32 A. The parental contribution; and

33
34 B. The student and spouse contribution.

35
36 These standard methods shall consider all income, assets and any
37 other resources available to the parents, student and spouse.

38
39 2. Expected family contribution. The expected family
40 contribution is the sum of the parental contribution and the
41 student and spouse contribution. The method of determining the
42 expected family contribution shall be established by rule of the
43 authority adopted in accordance with the Maine Administrative
44 Procedure Act, Title 5, chapter 375, and shall be uniformly
45 applied to all students.

46
47 3. Cost of attendance. In determining the cost of
48 attendance to determine eligibility under this chapter, the
49 authority shall include the following:

1 A. Tuition and required fees charged to all full-time
2 students;

3
4 B. Standard room and board costs charged by the University
5 of Maine to calculate room and board costs of applicants; and

6
7 C. Books and personal expenses or other amounts determined
8 by the authority to be appropriate.

9
10 §11614. Determination of scholarships

11 Scholarships to eligible students shall be determined as
12 follows, subject to the limitations set forth in section 11613.

13
14 1. Priority for awards of scholarships. Full-time students
15 with the lowest expected family contributions shall be given
16 priority over all other eligible students for the awards of
17 scholarships.

18
19 2. Minimum amount. It is the intent of the Legislature
20 that scholarships awarded under this chapter, except as provided
21 in subsections 4, 5 and 6, shall be no less than \$500, provided
22 that amounts less than \$500 may be awarded to meet a need of
23 less than \$500 determined under section 11613. In no event may
24 the authority grant awards of less than \$200 to a full-time
25 student.

26
27 3. Scholarships for students attending private
28 institutions. Scholarships for students attending private
29 institutions of higher education shall be 2 times the amount of
30 scholarships awarded to students attending public institutions of
31 higher education.

32
33 4. Prorated scholarships. A scholarship recipient whose
34 course load is reduced from full time shall receive a scholarship
35 prorated for that term of the recipient's enrollment.

36
37 5. Withdrawal. If a recipient of a scholarship withdraws
38 from an institution and the student is entitled to a refund of
39 tuition, fees or other charges, the institution shall make a
40 refund payment directly to the authority in accordance with the
41 institution's refund policy.

42
43 6. Safety net. Notwithstanding the provisions of this
44 section, the authority shall not allocate less in scholarship
45 grants under this chapter for students attending the University
46 of Maine System, the Maine Maritime Academy, the
47 Vocational-Technical Institute System and private post-secondary
48 institutions than was allocated for students in each of those
49 institutions or groups of institutions of higher education in
50 1988-89.

1 §11615. Publication of scholarship amounts

3 Prior to March 1st of each year, the authority shall publish
4 scholarship amounts for the succeeding academic year.

5 §11616. Length of scholarship; period of study

7
8 1. Length of scholarship. A scholarship shall be for a
9 period not to exceed one academic year. A student may apply for
10 a new scholarship for each year during the period required for
11 completion of an eligible program of study being pursued by that
12 student. A scholarship recipient who remains eligible shall be
13 considered in the succeeding award year.

14 2. Period of study. An eligible student may receive a
15 scholarship for a period not to exceed 8 semesters or its
16 equivalent for a full-time student and 16 semesters or 120 credit
17 hours, whichever is completed first, for a part-time student.
18 The period may be extended for not more than one additional
19 academic year, if:

20
21 A. The student is pursuing a course of study leading to a
22 first degree in a program of study which is designed by the
23 institution offering it to extend over 5 academic years; or

24
25 B. The student will be unable to complete a course of study
26 within 4 academic years because of a requirement of the
27 institution that the student enroll in a noncredit remedial
28 course of study. "Noncredit remedial course of study" means
29 a course of study for which no credit is given toward an
30 academic degree and which is designed to increase the
31 ability of the student to engage in an undergraduate course
32 of study leading to that degree.

33
34 §11617. Program administration

35
36 1. Responsibility of authority. The authority shall
37 administer the scholarship program, including establishing and
38 maintaining fund accounting and control procedures as required by
39 state law or as necessary for the State to be eligible to receive
40 federal assistance under the Federal Student Assistance Program,
41 Higher Education Act of 1965, Title IV, Part A, Subpart 3, as
42 amended, United States Code, Title 20, Sections 1070c-1, 1070c-2
43 and 1070c-3.

44
45 2. Guidelines and rules. The following provisions shall
46 apply to the program.

47
48 A. The authority shall develop rules, procedures, schedules
49 and forms necessary to carry out the purposes of this
50 program, including the adoption of reciprocal agreements
51 with other states.

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B. To the maximum extent possible consistent with the need for state control of this program, the authority shall use the guidelines, rules, regulations, procedures, forms and schedules set forth by the Secretary of Education for the administration of the Federal Student Assistance Program, Higher Education Act of 1965, Title IV, Part A, Subpart 1, as amended, United States Code, Title 20, Section 1070c.

§11618. Nonlapsing fund

Any unexpended funds appropriated by the Legislature to carry out the purposes of this program shall not lapse, but shall be carried forward for continued use in the program.

Sec. 11. Application. Notwithstanding the establishment in this Act of a comprehensive, consolidated system of student financial assistance to be administered by the Finance Authority of Maine, the authority shall not undertake the administration of any student financial assistance services or programs until further implementing legislation is enacted as provided in section 13 of this Act which shall occur on or before January 15, 1990.

Sec. 12. Transition. The Student Financial Aid Transition Advisory Committee is created to advise the Legislature, the Governor and the Finance Authority of Maine on the implementation of the comprehensive, coordinated student financial aid services program established by this Act and the transition from the current method of providing student financial aid services to that program.

1. Responsibilities. The committee may review national studies on the provision of student financial aid services and changes in the financial aid delivery system proposed by the Federal Government and shall review the report of any independent consultant hired by the Department of Educational and Cultural Services to assess and make recommendations on the department's student financial aid programs and the transition to a comprehensive, consolidated system of providing student financial assistance programs. The committee shall prepare a plan for implementing a comprehensive, coordinated student financial aid program under the authority. Specifically, the committee, in the plan, shall make recommendations on at least the following matters:

A. The name by which the program and the board created to advise the authority on implementation of the program is to be known;

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- 1 B. The governance of the advisory board, including the
3 number, length of term, qualifications and confirmation
 requirements for the members of the board;
- 5 C. The term, qualifications and confirmation requirements
7 for the director of the advisory board;
- 9 D. Specific responsibilities of the authority and the
 director in providing student financial aid services;
- 11 E. Necessary changes in existing law to enhance existing
13 student financial assistance programs and to stimulate new
 or proposed programs such as the Student Educational
15 Enhancement Deposit Plan, the Trio Program, a loan of last
 resort program, a student financial assistance counseling
17 and outreach program and the proposed Advanced Study for
 Educators Program;
- 19 F. The appropriate level of oversight of the authority in
 providing student financial assistance programs;
- 21 G. The budgetary needs and projections of the authority and
23 possible sources of funding for providing student financial
 assistance programs;
- 25 H. Additional necessary changes in the authority's
27 authorizing legislation to integrate the new student
 financial assistance responsibilities established by this
29 Act and to provide the appropriate emphasis for those
 programs within the overall responsibilities of the
31 authority;
- 33 I. Personnel transition provisions, transfer of financial
 and legal obligations, transfer of personal and real
35 property interests and other transition provisions necessary
 to accomplish the transfer of student financial assistance
37 responsibilities to the authority from the Department of
 Educational and Cultural Services and the Maine Educational
39 Loan Authority;
- 41 J. The need for continuation of the advisory committee to
 advise the authority's student financial assistance board
43 and to review additional transitional issues; and
- 45 K. Other transition issues determined appropriate by the
 committee.
- 47 2. Members. The transition advisory committee shall
49 consist of 15 members appointed as follows: 5 legislative
 members who shall be members of the Joint Standing Committee on
51 Education and 2 public members, each appointed jointly by the
 President of the Senate and the Speaker of the House of

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1 Representatives; one representative of the Governor's Office
2 appointed by the Governor; the State Auditor, ex officio; the
3 chief executive officer of the Finance Authority of Maine, ex
4 officio, or the officer's designee; the Director of the Division
5 of Higher Education, ex officio, or the director's designee from
6 the division; one member of the Maine Higher Education Council;
7 one student financial aid administrator at a post-secondary
8 institution in Maine, one guidance counselor at a high school in
9 Maine and one representative of the Maine lending community with
10 a background in student financial aid programs, all appointed by
11 the Governor. The Governor shall appoint the Maine Higher
12 Education Council member from a list of 5 nominees submitted by
13 that organization and the financial aid administrator from a list
14 of 5 nominees submitted by the Maine Association of Student
15 Financial Aid Administrators. Appointment of those 2 members
16 shall be made so that one represents a public and one a private
17 post-secondary educational institution. All appointments shall
18 be made within 15 days of the effective date of this Act.

19
20 At the time of appointment, the President of the Senate and the
21 Speaker of the House of Representatives shall select a chair from
22 among the legislative members. At the first meeting, a cochair
23 shall also be elected by the commission from among the
24 nonlegislative members.

25
26 **3. Meetings.** The committee shall meet at least 5 times to
27 carry out its responsibilities. The first meeting shall be
28 called by the chair of the committee for not later than July 31,
29 1989.

30
31 **4. Report.** The committee shall submit its written report,
32 including a plan for implementing a comprehensive, coordinated
33 student financial aid program and necessary legislation, to the
34 Joint Standing Committee on Education, the Governor and the
35 authority not later than September 15, 1989.

36
37 **5. Staffing.** The commission may contract with a consultant
38 or research assistant to carry out the responsibilities provided
39 in subsection 1. The consultant or research assistant shall
40 provide clerical assistance to the committee. The chair of the
41 committee, shall coordinate the work of the consultant or
42 research assistant.

43
44 **6. Compensation.** The members of the committee who are
45 Legislators shall receive the legislative per diem as defined in
46 the Maine Revised Statutes, Title 3, section 2, for each day's
47 attendance at committee meetings. All members of the committee
48 shall receive reimbursement for travel and other necessary
49 expenses, upon application to the Executive Director of the
50 Legislative Council.

51

1 Committee on Education.
2 Funding is also provided to
3 hire a consultant or research
4 assistant to staff the
5 advisory committee. Any
6 funds not used for these
7 purposes shall be transferred
8 by future legislation to the
9 Finance Authority of Maine to
10 administer student financial
11 assistance programs.

13 **LEGISLATURE**
14 **TOTAL**

\$25,000

15 **TOTAL APPROPRIATIONS**
16

\$67,345

\$59,980

17
18 **Emergency clause.** In view of the emergency cited in the
19 preamble, this Act shall take effect when approved, except that
20 the repeal of the Maine Revised Statutes, Title 20-A, chapter 419
21 and the enactment of chapter 419-A provided in sections 9 and 10
22 of this Act shall take effect on July 1, 1990.
23

24
25 **STATEMENT OF FACT**

26
27 This amendment replaces the original bill. It establishes
28 within the Finance Authority of Maine the responsibility of
29 administering a comprehensive, consolidated student financial
30 assistance program. That program would encompass all the
31 existing aid programs and add to them a student and family
32 financial aid counseling and outreach component. This would
33 establish a "one stop shopping" approach for student financial
34 assistance services in the State.
35

36
37 The amendment establishes the framework for financial aid
38 services under the umbrella of the Finance Authority of Maine and
39 sets up a transition advisory committee to advise the
40 Legislature, the Governor and the authority on the transition to
41 a comprehensive, consolidated student financial assistance
42 program.

43
44 The amendment also makes several changes in the Maine
45 Student Incentive Scholarship Program, in addition to those of
46 the original bill to clarify definitions, eligibility,
47 determination of need and distribution of scholarships provisions
of the bill.