

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1169

H.P. 837

House of Representatives, April 13, 1989

Reference to the Committee on Education suggested and ordered printed.

Ed Pert

EDWIN H. PERT, Clerk

Presented by Speaker MARTIN of Eagle Lake.

Cosponsored by Representative SMALL of Bath, Senator GILL of Cumberland and Senator PEARSON of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

**An Act to Improve the Delivery of Higher Education Finances in
Maine.**

(EMERGENCY)



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

5 **Whereas,** students who are attending institutions of higher
education and who are residents of the State or are attending
7 such institutions in the State, and families of these students,
are in need of financial assistance; and

9 **Whereas,** it is desirable for the State to improve the
11 methods of delivery of such financial assistance; and

13 **Whereas,** it is desirable to improve the methods of
delivering such financial assistance as soon as possible so that
15 students and their families who are now beginning to plan for the
1989-90 academic year can depend on such improved methods of
17 delivery; and

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

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

27 **Sec. 1. 5 MRSA §12004-F, sub-§14** is enacted to read:

29	<u>14. Maine Education</u>	<u>Legislative Per</u>	<u>20-A MRSA</u>
	<u>Authority</u>	<u>Diem for Gubernatorial</u>	<u>§11414</u>
31		<u>appointees only</u>	

33 **Sec. 2. 5 MRSA 17001, sub-§40,** as repealed and replaced by PL
1987, c. 256, §3, is amended to read:

35 **40. State employee.** "State employee" means any regular
37 classified or unclassified officer or employee in a department
and, any employee of the Maine Vocational-Technical Institute
39 System, and any employee transferred from the Division of Higher
Education Services to the Maine Education Authority, but does not
41 include:

43 A. A judge, as defined in Title 4, section 1201 or 1301,
who is now or later may be entitled to retirement benefits
45 under Title 4, chapter 27 or 29;

47 B. A member of the State Police who is now entitled to
retirement benefits under Title 25, chapter 195; or

49 C. A Legislator who is now or later may be entitled to
51 retirement benefits under Title 3, chapter 29.

1 **Sec. 7. 20-A MRSA §11413, sub-§1**, as enacted by PL 1987, c.
2 807, §3, is amended to read:

3 1. **Authority.** "Authority" means the Maine Educational-Loan
4 Education Authority and its successors or assigns.

5 **Sec. 8. 20-A MRSA §11413, sub-§11**, as enacted by PL 1987, c.
6 807, §3, is repealed and the following enacted in its place:

7 **11. Institution.** "Institution" or "institution of higher
8 education" means any public or private nonprofit educational
9 institution within the State, any public or private nonprofit
10 educational institution outside of the State which is attended by
11 residents of the State, any proprietary educational institution
12 within the State for which loan guarantee services are readily
13 and conveniently available to the authority, or any proprietary
14 educational institution outside of the State which is attended by
15 residents of the State and for which loan guarantee services are
16 readily and conveniently available to the authority, which:

17 A. Provides a program of education beyond the high school
18 level;

19 B. Awards an associate, bachelor or advanced degree; and

20 C. Meets the conditions of applicable rules.

21 **Sec. 9. 20-A MRSA §11413, sub-§15**, as enacted by PL 1987, c.
22 807, §3, is amended to read:

23 **15. Secondary market.** "Secondary market" means the entity
24 created pursuant to section 11407 prior to the enactment of this
25 chapter and constituting section 11488.

26 **Sec. 10. 20-A MRSA §11414**, as enacted by PL 1987, c. 807, §3,
27 is amended to read:

28 **§11414. Authority created**

29 There is created the "Maine Educational--Loan Education
30 Authority," which is constituted a public body corporate and
31 politic and a public instrumentality of the State. The exercise
32 by the authority of the powers conferred by this chapter is the
33 performance of an essential public function by and on behalf of
34 the State.

35 **Sec. 11. 20-A MRSA §11414-A** is enacted to read:

36 **§11414-A. Successor to contracts**

37 The authority, in its capacity of administering the programs
38 set forth in subchapter II, inclusive, shall, as a matter of law

1 and without the necessity for further action, succeed to all
3 duties, rights and obligations of those programs previously
5 incurred; and the authority, under its new title, shall, as a
7 matter of law and without the necessity for further action,
9 continue to be responsible for all duties and obligations of the
11 Maine Educational Loan Authority, and accede to all its benefits,
13 as if the title of the authority had not been changed pursuant to
15 section 11414; and the authority, in its discretion, may continue
17 to use the title "Maine Educational Loan Authority" and any
19 duties, obligations or rights incurred as such shall be those of
21 the authority.

23 **Sec. 12. 20-A MRSA §11415, sub-§§1 and 2,** as enacted by PL
25 1987, c. 807, §3, are amended to read:

27 1. **Composition.** There shall be 7 8 voting members of the
29 authority, 5 of whom shall be appointed by the Governor, subject
31 to review by the joint standing committee of the Legislature
33 having jurisdiction over education and confirmation by the
35 Legislature.

37 2. **Qualifications.** Each member shall be a resident of this
39 State. One member shall be the Treasurer of State, ex officio,
41 or the Treasurer of State's designee. One member shall be the
43 president of the secondary market, ex officio, or the president
45 of the secondary market's designee. One member shall be the
47 Commissioner of Educational and Cultural Services, or the
49 designee of the commissioner who shall be a person in a major
51 policy-influencing position as defined in Title 5, chapter 71.
Of the remaining 5 members to be appointed by the Governor, 2
members shall be trustees, directors, officers or employees of
institutions of higher education, at least one of whom shall be
from an institution not owned or operated by the State or any of
its political subdivisions. Each member of the authority, before
entering upon that member's duties, shall take and subscribe the
oath or affirmation required by the Constitution of Maine,
Article IX, Section 1. A record of each oath shall be filed in
the office of the Secretary of State.

Sec. 13. 20-A MRSA §11415, sub-§5 is enacted to read:

5. Compensation. The members shall be compensated in
accordance with Title 5, chapter 379.

Sec. 14. 20-A MRSA §11416, as enacted by PL 1987, c. 807, §3,
is repealed and the following enacted in its place:

§11416. Quorum; effective actions

1. **Quorum.** Five members of the authority shall constitute
a quorum. The affirmative vote of a majority of the members

1 present is necessary for any action taken by the members of the
2 authority.

3
4 2. Effective actions. Any action taken by the members of
5 the authority under this chapter may be authorized by resolution
6 at any regular or special meeting and, except for any rule, may
7 take effect immediately and need not be published.

8
9 3. Vacancies. A vacancy in the membership of the authority
10 may not impair the right of a quorum to exercise all the rights
11 and perform all the duties of the members of the authority.

12
13 **Sec. 15. 20-A MRSA §11416-A is enacted to read:**

14 **§11416-A. Limitation of liability**

15
16 No member of the authority, no member of any board of the
17 authority and no employee of the authority may be subject to any
18 personal liability for having acted within the course and scope
19 of membership or employment to carry out any power or duty under
20 this chapter. The authority shall indemnify any member of the
21 authority, any member of any board of the authority and any
22 employee of the authority against expenses actually and
23 necessarily incurred in connection with the defense of any action
24 or proceeding in which the member or employee is made a party by
25 reason of past or present association with the authority.

26
27
28 **Sec. 16. 20-A MRSA §11417, sub-§1, ¶J, as enacted by PL 1987,**
29 **c. 807, §3, is amended to read:**

30
31 J. Employ persons, including ~~private--legal--counsel--and~~
32 financial experts, on either a temporary or permanent basis,
33 in order to carry out any of its powers and duties.
34 Employees of the authority shall not be subject to Title 5,
35 chapters 71 and 372, subchapter II;

36
37 **Sec. 17. 20-A MRSA §11417, sub-§1, ¶O, as enacted by PL 1987,**
38 **c. 807, §3, is amended to read:**

39
40
41 O. Make, modify and carry out any agreement, including
42 issuing any bond, necessary or useful for carrying out any
43 of its powers, duties or purposes; and

44
45 **Sec. 18. 20-A MRSA §11417, sub-§1, ¶P, as enacted by PL 1987,**
46 **c. 807, §3, is repealed and the following enacted in its place:**

47
48 P. Receive and accept from any sources, allocations,
49 appropriations, loans, grants and contributions of money or
50 other things of value to be held, used or applied to carry
51 out this chapter, subject to the conditions upon which the
loans, grants and contributions may be made, including, but

1 not limited to, appropriations, allocations, loans, grants
2 or gifts from any federal agency or governmental subdivision
3 or the State and its agencies;

5 O. Prepare and adopt a biennial budget. The budget is to
6 be used in support of any requests to the Legislature for
7 General Fund appropriations that the authority may deem
8 appropriate and necessary to supplement other resources
9 available to the authority. The budget shall serve as the
10 foundation for an annual fiscal management plan for the
11 system;

13 R. Expend funds as necessary to implement this chapter;

15 S. Guarantee education loans;

17 T. Do any act or thing necessary or useful for carrying out
18 any of its powers, duties or purposes; and

19 U. Receive legal representation and assistance from the
20 Attorney General and employ, with the approval of the
21 Attorney General, private legal counsel.

23 **Sec. 19. 20-A MRSA §11417, sub-§2, as enacted by PL 1987, c.**
24 **807, §3, is amended to read:**

27 2. Programs. Without limiting the generality of this
28 chapter, the authority is authorized to carry out one or more
29 programs making financial and other assistance available to
30 borrowers, institutions, or both, to finance costs of
31 attendance. The authority is further authorized to issue its
32 bonds, lend the proceeds of the bonds and exercise any other
33 power set forth in this chapter for these purposes.

35 The Maine Education Authority shall be responsible for the
36 administration of the:

37 A. Maine Student Incentive Scholarship Program;

39 B. Blaine House Scholars and Financial Assistance Program;

41 C. State Osteopathic Loan Fund Program;

43 D. Postgraduate Medical Education Program;

45 E. Stafford Loan Program;

47 F. Robert C. Byrd Honors Scholarship Program;

49 G. Paul Douglas Teacher Scholarship Program;

51 H. Maine Educators' Advanced Degree Program;

1 I. Maine Education Authority Loan Program;

3 J. The Student Educational Enhancement Deposit Plan as
5 defined in chapter 430;

7 K. A financial aid and career counseling program; and

9 L. Other programs as the authority may be authorized to
11 administer in order to carry out its purposes.

13 **Sec. 20. 20-A MRSA §11417, sub-§4, as enacted by PL 1987, c.**
15 **807, §3, is repealed and the following enacted in its place:**

17 4. Administration. The authority shall be responsible for
19 developing and adopting policies for the implementation of this
21 chapter. The authority shall appoint an executive director in
23 accordance with section 11417-A to assist the authority to
25 oversee the administration of this chapter. The authority may
27 contract for necessary clerical and administrative services.

29 **Sec. 21. 20-A MRSA §11417-A is enacted to read:**

31 §11417-A. Executive director

33 The authority shall appoint the executive director who must
35 be qualified by education and experience and shall serve at the
37 pleasure of the authority. The executive director shall receive
39 compensation as fixed by the authority. The powers and duties of
41 the executive director shall include:

43 1. Employment and supervision of personnel. With the
45 approval of the authority, employment of personnel as necessary
47 to achieve the purposes of this chapter. The executive director
49 shall be responsible for the supervision of personnel. The
51 executive director may terminate the employment of an employee of
 the authority;

2. Budget preparation. Preparation of the budget for
 approval of the authority;

3. Implement policies of authority. Implementation of the
 policies and responsibilities of the authority. The executive
 director may undertake other duties as delegated by the authority;

4. Assistance in policy development. Assistance to the
 authority with respect to policies, procedures and the
 administration of this chapter;

5. Record of proceedings. Keeping a record of the
 proceedings of the authority;

1 6. Custodian of books and documents. Serving as the
3 custodian of:

5 A. All books, documents and papers filed with the members
7 of the authority; and

9 B. The minute book or journal of the authority and its
11 official seal; and

13 7. Provide and certify copies of minutes, documents and
15 records. Providing copies of all minutes and other records and
17 documents of the authority. The executive director may give
19 certificates under the official seal of the authority to the
21 effect that the copies are true copies and all persons dealing
23 with the authority may rely upon the certificates.

25 Sec. 22. 20-A MRS §11419-A is enacted to read:

27 §11419-A. Agency of jurisdiction under the Constitution of Maine

29 For the purpose of Article VIII, Part First, Section 2 of
31 the Constitution of Maine, the Maine Education Authority in
33 accordance with subchapter II, article 5, is the agency of
35 jurisdiction which is empowered to direct the issuance of bonds,
37 loan funds and secure funds for loans to Maine students attending
39 institutions of higher education for the purpose of the federal
41 guaranteed loan programs.

43 Sec. 23. 20-A MRS §11420, sub-§1, as enacted by PL 1987, c.
45 807, §3, is amended by adding a last sentence to read:

47 1. Issuance; purpose; payment; authorization; interim
49 receipts or certificates. The authority may, at any time and
51 from time to time, issue bonds for any corporate purpose,
including, without limitation, for the purpose of making
authority loans to institutions participating in a program of the
authority for the purpose of providing education loans, for
acquiring existing portfolios of education loans from
institutions or for financing or funding education loans directly
or indirectly to borrowers. The bonds of each issue shall be
payable from sources specified in the agreement with bondholders,
including without limitation, principal and interest on loans;
payments by institutions, banks, insurance companies or others
pursuant to letters of credit or purchase agreements; investment
earnings from funds or accounts maintained pursuant to a trust
agreement or other document; insurance proceeds; loan funding
deposits; proceeds of sales of education loans; proceeds of
refunding bonds; and other fees, charges or revenues of the
authority.

Bonds shall be authorized by the authority and shall:

- 1 A. Bear the date or dates, and mature at a time or times,
3 whether as serial bonds or as term bonds, or both,
 determined by the authority;
- 5 B. Bear interest at a rate or rates determined by the
7 authority, including, but not limited to, fixed, variable,
 floating or adjustable interest rates;
- 9 C. Be payable at a time or times, in the denominations and
11 form, either coupon or registered or both, and carry the
13 registration and privileges as to conversion and for the
 replacement of mutilated, lost or destroyed bonds as the
 authority may establish;
- 15 D. Be negotiable and be payable in lawful money of the
17 United States at a designated place or be payable in another
 form of currency if the authority so designates;
- 19 E. Be subject to redemption in accordance with the
21 agreement with bondholders;
- 23 F. Be executed by the manual or facsimile signatures of the
 officers or designees of the authority;
- 25 G. Be sold in the manner and upon the terms determined by
27 the authority at public or private sale, with or without
 public bidding;
- 29 H. Be conclusively presumed to be fully and duly authorized
31 and issued under the laws of the State and any person or
33 governmental unit shall be estopped from questioning their
 authorization, sale, issuance, execution or delivery by the
 authority; and
- 35 I. Be deemed to be negotiable instruments issued under the
 laws of the State.

37
39 Pending preparation of the definitive bonds, the authority may
 issue interim receipts or certificates which shall be exchanged
41 for such definitive bonds.

43 Bonds issued under this chapter shall not constitute or create
45 any debt or debts, liability or liabilities on behalf of the
47 State or of any political subdivision of the State, other than
49 the authority, or a loan of the credit of the State or a pledge
51 of the faith and credit of the State or of any such political
 subdivision, other than the authority, but shall be payable
 solely from the funds provided. All such bonds shall contain on
 the face of the bonds a statement to the effect that neither the
 State nor any political subdivision of the State shall be
 obligated to pay the same or the interest on the bonds, except
 from revenues derived pursuant to one or more agreements and that

1 neither the faith and credit nor the taxing power of the State or
3 of any political subdivision of the State is pledged to the
5 payment of the principal of, premium, if any, or the interest on
7 such bonds. The issuance of bonds under this chapter shall not
9 directly or indirectly or contingently obligate the State or any
11 political subdivision of the State to levy or to pledge any form
13 of taxation whatever or to make any appropriation for their
15 payment. Nothing in this section contained may prevent nor be
17 construed to prevent the authority from pledging its full faith
19 and credit or the full faith and credit of an institution to the
21 payment of bonds or issue of bonds authorized pursuant to this
23 chapter. The provisions of this paragraph shall not apply to
25 bonds issued pursuant to subchapter II, article 5.

15 Sec. 24. 20-A MRS §11424-A is enacted to read:

17 §11424-A. Supplemental education loan guarantee reserve fund;
19 obligation of State

21 1. Supplemental education loan guarantee reserve fund. The
23 authority may create and establish a supplemental education loan
25 guarantee reserve fund and may pay into the supplemental
27 education loan guarantee reserve fund any money appropriated and
29 made available by the State for the purposes of the fund, any
31 proceeds of the sale by the authority of bonds to the extent
33 determined by the authority, any guarantee fees or premiums
35 charged by the authority with respect to education loans, any
37 interest and investment earnings on money therein and any other
39 money available to the authority.

41 2. Application. Money held in the supplemental education
43 loan guarantee reserve fund, except as provided in this section,
45 shall be used solely to pay the principal of and interest on
47 defaulted education loans. Money in excess of the guarantee
49 reserve requirement set forth in subsection 3 may be transferred
51 to other funds and accounts of the authority.

3. Guarantee reserve requirement. An amount equal to 5% of
the outstanding principal on education loans guaranteed by the
authority is referred to as the "guarantee reserve requirement."

4. Guarantee limit. The authority shall not guarantee
education loans if the guarantee reserve requirement with respect
to education loans will exceed the amount specified in subsection
6.

5. Appropriation. On or before December 1st, annually, the
authority shall certify to the Governor the amount of defaults
paid, if any. The Governor shall pay directly from the
contingent account to the supplemental education loan guarantee
reserve fund as much of the amount as is available in the
contingent account and shall transmit directly to the Legislature

1 that certification and a statement of the amount, if any,
2 remaining to be paid. The amount certified, to the extent
3 permitted by law, shall be appropriated and paid to the authority
4 and placed in the guarantee reserve fund during the current state
5 fiscal year. In addition, on any date in each year on which the
6 authority shall certify to the Governor that amounts on deposit
7 in the supplemental education loan guarantee reserve fund are
8 insufficient to pay the principal of and interest on defaulted
9 education loans, the Governor shall pay directly from the
10 contingent account to the supplemental education loan guarantee
11 reserve fund as much of such amount as is available in the
12 contingent account. The Governor shall transmit directly to the
13 Legislature the certification and a statement of the amount to be
14 paid, which amount shall, to the extent permitted by law, be
15 appropriated and paid to the authority during the current state
16 fiscal year.

17
18 In the event that the contingent account is depleted of funds or
19 has insufficient funds, the Governor shall request a General Fund
20 appropriation to the supplemental education loan guarantee
21 reserve fund to create a balance sufficient to pay the principal
22 of and the interest on defaulted education loans.

23
24 6. Guarantees outstanding. At any one time, the authority
25 pursuant to subsection 5, shall not have guaranteed loans
26 outstanding in an amount exceeding \$5,000,000. The guarantees
27 may be in a form or forms as the authority deems necessary and
28 desirable. The authority, by rule, shall establish guidelines
29 with respect to the procedures for guaranteeing education loans.

30 **Sec. 25. 20-A MRSA c. 417-A, sub-c. II is enacted to read:**

31
32 **SUBCHAPTER II**

33
34 **FINANCIAL AND OTHER ASSISTANCE PROGRAMS**

35
36 **§11441. Administration of programs**

37
38 The authority shall be responsible for the administration of
39 the programs set forth in this subchapter and in chapter 430 of
40 this Title.

41
42 **ARTICLE 1**

43
44 **STUDENT INCENTIVE SCHOLARSHIP PROGRAM**

45
46 **§11442. Definitions**

47
48 As used in this article, unless the context otherwise
49 indicates, the following terms have the following meanings.

1 1. Academic year and in attendance. "Academic year" and
2 "in attendance" have the same meaning as in the definitions of
3 these terms contained in the Higher Education Act of 1965,
4 Section 1201, as amended, United States Code, Title 29, section
5 1141; and the Higher Education Act of 1965, Section 491, as
6 amended, United States Code, Title 20, Section 1088; and the
7 regulations, guidelines and procedures promulgated by the
8 secretary and published in the Federal Register pursuant to these
9 sections of federal law.

11 2. Expected family contribution. The "expected family
12 contribution" means the amount which the family of a student may
13 be reasonably expected to contribute toward post-secondary
14 education for the academic year for which the student is seeking
15 a state student incentive scholarship. The method of determining
16 expected family contribution shall be uniformly applied to all
17 students. It shall be established by rules of the authority.

19 3. Institution of higher education. "Institution of higher
20 education" means an institution of higher education located
21 within this State, or within another state with which this State
22 has a reciprocal agreement. The institutions shall meet the
23 requirements of and conform to the definitions contained in the
24 Higher Education Act of 1965, Section 1201, as amended, United
25 States Code, Title 29, Section 1141; and the Higher Education Act
26 of 1965, Section 491, as amended, United States Code, Title 20,
27 Section 1088; and the regulations, guidelines and procedures
28 promulgated by the secretary and published in the Federal
29 Register pursuant to these sections of law.

31 **§11443. Eligibility**

33 The scholarships shall be given only to residents of the
34 State who:

35 1. Graduated. Have graduated from an approved secondary
36 school or matriculated at a post-secondary school prior to high
37 school graduation, or have successfully completed a general
38 educational development examination or its equivalent;

41 2. Accepted as undergraduate. Have been accepted for
42 enrollment as undergraduates in an eligible program of study, or
43 are in good standing as undergraduates for first baccalaureate
44 degrees at institutions of higher education according to the
45 prescribed standards, regulations and practices of those
46 institutions and have met the required academic standards for
47 admission and have not received a previous baccalaureate degree;

49 3. Applied for scholarships. Have applied for these
50 scholarships according to schedules and procedures and on forms
51 as the authority requires;

1 4. Demonstrate financial need. Have been determined by the
2 authority to have a financial need according to the criteria set
3 forth in section 11444; and

4 5. Meet state residency requirements. Meet the state
5 residency requirements that may be established by rules adopted
6 by the authority in accordance with the Maine Administrative
7 Procedure Act, Title 5, chapter 375.

8 §11444. Determination of need

9
10
11 1. Method. The authority shall establish the need of a
12 student for a state student incentive scholarship for an academic
13 year for which the student applies. A student shall be
14 considered to have a need to qualify for a state student
15 incentive scholarship if the total of the effective family
16 contribution, together with a Pell Grant established pursuant to
17 the United States Code, Title IV, the Higher Education Act of
18 1965, and a Maine student incentive scholarship grant does not
19 exceed 75% of the cost of attendance at the institution the
20 student attends.

21
22 A. The authority shall establish standard methods by rules
23 adopted in accordance with the Maine Administrative
24 Procedure Act, Title 5, chapter 375 to determine:

25
26 (1) The parental contribution; and

27 (2) The student and spouse contribution.

28
29 These standard methods shall consider all income, assets and
30 any other resources available to the parents, student and
31 spouse.

32
33 B. The expected family contribution is the sum of the
34 parental contribution and the student and spouse
35 contribution.

36
37 C. In determining the cost of attendance to determine
38 eligibility under this subchapter, the authority shall
39 consider the following:

40 (1) Tuition and required fees charged to all full-time
41 students;

42 (2) Standard room and board costs at the level charged
43 by the University of Maine System and applied to all
44 eligible institutions; and

45 (3) Books and personal expenses or amounts determined
46 by the authority.

1 §11445. Determination of scholarships

3 Scholarships to eligible students shall be determined as
5 follows, subject to the limitations set forth in section 11444.

7 1. Priority for awards of scholarships. Full-time students
9 with the lowest expected family contributions shall be given
 priority over all other eligible students for the awards of
 scholarships.

11 2. Minimum amount. Scholarships awarded under this article
13 shall be no less than \$500. The authority may grant awards of no
 less than \$200.

15 3. Scholarships for students attending private
17 institutions. Scholarships for students attending private
 institutions of higher education shall be 2 times the amount of
19 scholarships awarded to students attending public institutions of
 higher education.

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

25 5. Withdrawal. If a recipient of a scholarship withdraws
27 from an institution and the student is entitled to a refund of
 tuition, fees or other charges, the institution shall pay
29 directly to the authority in accordance with the institution's
 refund policy.

31 §11446. Publication of scholarship amounts

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

37 §11447. Length of scholarship; period of study

39 1. Length of scholarship. A scholarship shall be for a
41 period not to exceed one academic year. A student may apply for
43 a new scholarship for each year during the period required for
 completion of the first baccalaureate course of study being
 pursued by that student. A scholarship recipient who remains
 eligible shall be considered in the succeeding award year.

45 2. Period of study. A student may receive a scholarship
47 during the period required for the completion of the first
 undergraduate baccalaureate course of study being pursued by that
49 student at the institution at which the student is in
 attendance. The period may not exceed 8 semesters or its
51 equivalent for the full-time student and 16 semesters or 120
 credit hours, whichever is completed first, for the part-time

1 student. The period may be extended for not more than one
2 additional academic year, if:

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

6 B. The student will be unable to complete a course of study
7 within 4 academic years because of a requirement of the
8 institution that the student enroll in a noncredit remedial
9 course of study. The "noncredit remedial course of study"
10 means a course of study for which no credit is given toward
11 an academic degree and which is designed to increase the
12 ability of the student to engage in an undergraduate course
13 of study leading to that degree.

14 **§11448. Program administration**

15 1. Responsibility of authority. The authority shall
16 administer the scholarship program, including establishing and
17 maintaining fund accounting and control procedures as required by
18 state law or as necessary for the State to be eligible to receive
19 federal assistance under the Federal State Incentive Grant
20 Program, Higher Education Act of 1965, Title IV, Part A, Subpart
21 3, as amended, United States Code, Title 20, Sections 1070C-1,
22 1070C-2 and 1070C-3.

23 2. Guidelines and rules. The following provisions shall
24 apply to the program.

25 A. The authority shall develop rules, procedures, schedules
26 and forms necessary to carry out the purposes of this
27 program, including the adoption of reciprocal agreements
28 with other states.

29 B. To the maximum extent possible consistent with the need
30 for state control of this program, the authority shall use
31 or follow the guidelines, rules, regulations, procedures,
32 forms and schedules set forth by the Secretary for the
33 Administration of the Federal Pell Grant Program, Higher
34 Education Act of 1965, Title IV, Part A, Subpart 1, as
35 amended, United States Code, Title 20, Section 1070a.

36 **§11449. Nonlapsing fund**

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

40 **ARTICLE 2**

41 **BLAINE HOUSE SCHOLARS PROGRAM**

1 §11451. Definitions

3 As used in this article, unless the context otherwise
5 indicates, the following terms have the following meanings.

7 1. Academic achievement. "Academic achievement" means
9 graduation in the top 1/2 of the class for graduating high school
11 seniors or a grade point average of 3.0 on a 4.0 grade point
13 system for currently enrolled college students.

15 2. College students. "College students" means those
17 students who have previously graduated from a Maine high school
19 and are attending an institution of higher education on a
21 full-time basis at the time of application for program
23 participation.

25 3. Duly enrolled. "Duly enrolled" means the time at which
27 an eligible individual has attended the first class meeting.

29 4. Eligible individuals. "Eligible individuals" means
31 students who meet eligibility requirements as determined in
33 sections 11455 and 11457.

35 5. Graduating high school seniors. "Graduating high school
37 seniors" means those students who graduate from a Maine high
39 school at the end of the academic year and who will be entering
41 their first year in an institution of higher education at the
43 beginning of the next academic year. Academic year is considered
45 to be a September to June time period.

47 6. Institution of higher education. "Institution of higher
49 education" means an institution of higher education located
51 within this State, another state or a foreign country.

7. Preservice. "Preservice" means preparation to become a
 teacher, either through completion of a 4-year teacher training
 program or through a liberal arts program, and teaching pedagogy
 leading to certification in the subject area or areas to be
 taught.

8. Return service. "Return service" means teacher service
 in public elementary and secondary schools in Maine or a Maine
 private school approved for tuition purposes for a full school
 year.

9. Underserved subject areas. "Underserved subject areas"
 means those subjects or programs, required or authorized to be
 taught in the public schools for which there is an insufficient
 supply of teachers, as may be determined by the commissioner,
 including, but not limited to, special education, computer
 studies, science and math.

1
3 **§11452. Blaine House Scholars and Financial Assistance**
Program

5 There is established the Blaine House Scholars and Financial
7 Assistance Program to recognize Maine high school graduates who
9 attain high academic achievement, and to provide financial
11 assistance for post-secondary education of graduating high school
13 seniors and college students and advanced degree or continued
15 study by teachers. The program shall recognize outstanding
17 graduating high school seniors and college students as described
19 in section 11453 and disburse interest-free loans as described in
21 section 11454. The program shall be administered by the
23 authority.

15 **§11453. Blaine House scholars**

17 Each year graduating high school seniors and college
19 students who show evidence of academic achievement shall be
21 considered for recognition as Blaine House scholars. Nominations
23 and applications shall be submitted to the authority at a time
25 and in a format to be determined by rule of the authority.

27 The Governor, after consultation with the authority, shall
29 announce the names of those individuals who are recognized as
31 Blaine House scholars.

27 **§11454. Allocation of funds**

29 Funds available under this chapter shall be allocated as
31 follows: 50% for Blaine House scholars entering preservice; 25%
33 to teachers engaged in graduate continuing education and 25% to
35 Blaine House scholars not entering preservice.

37 Loans of up to \$1,500 per academic year or \$6,000 total may
39 be made to eligible individuals. Loans shall be for one academic
41 year and shall be automatically renewed if the recipient
43 maintains a grade point average of 2.5 based on a 4.0 grade point
45 system.

41 **§11455. Eligibility requirements**

43 1. Eligibility for post-secondary education loans.
45 Post-secondary education loans shall be given only to a high
47 school graduate who is a resident of the State, who has been
49 recognized as a Blaine House scholar and who has met other
51 eligibility criteria established by rule of the authority.
Preference shall be given to students enrolled in a program which
has been determined to be an underserved subject area.

51 2. Eligibility for graduate study or continuing education
loans. Graduate study or continuing education loans shall be

1 given only to a teacher in a Maine school. Preference shall be
2 given to teachers of subjects which have been determined to be
3 underserved.

5 **§11456. Payment provisions**

7 Payment of loans shall be made directly to the institution
8 for credit to the student's account and made within 60 days
9 following evidence that the student has become duly enrolled at
10 the post-secondary institution.

11 These loans shall only be used to meet the unmet need and to
12 either substitute or replace family contributions or interest
13 accruing loans.

14 If a recipient of a loan withdraws from an institution and
15 if the student is entitled to a refund of tuition, fees or other
16 charges, the institution shall pay directly to the authority from
17 that refund a sum which represents the portion of the loan paid
18 to the student for the portion of the academic year that the
19 student did not complete.

20 **§11457. Repayment and return service provisions; loans for**
21 **general post-secondary education and preservice**
22 **teacher preparation**

23 Each recipient of a loan may cancel the total amount of the
24 loan by completing 4 years of return service in the public
25 schools, or private schools approved for tuition purposes, in the
26 State. The repayment period shall be 2 years if return service
27 is performed in underserved subject areas or in geographically
28 isolated areas as determined by the commissioner. Return service
29 may also cancel the loan on a proportional basis, reducing the
30 total amount of the debt by 25% for each year of return service.
31 Return service for this purpose shall be performed within 5 years
32 of graduation from the institution of higher education. Failure
33 to fulfill the return service option will necessitate repayment
34 to the authority as follows.

35 1. Debt calculation. The debt shall include the total
36 amount of the loan less the amount, if any, which has been
37 cancelled by return service.

38 2. Time for repayment. The total debt shall be repaid to
39 the authority within 5 years of graduation from the institution
40 of higher education according to a schedule established by the
41 authority. Due dates for repayments shall be set by the
42 authority.

43 3. Deferment. A recipient of a loan may seek a deferment
44 of the annual principal payments for a period not to exceed 2
45 years. A request for deferment must be made to the authority
46 as follows.

1 which shall make a determination on a case-by-case basis. The
2 decision of the authority shall be final.

3
4 **§11458. Repayment and return service provisions; loans for**
5 **teachers**

6
7 Each recipient of a loan designated for teachers pursuing an
8 advanced degree or continued study may cancel the total amount of
9 the loan by completing 2 years of return service in the public
10 schools or private schools approved for tuition purposes, in the
11 State. The repayment period shall be one year if return service
12 is performed in underserved subject areas or in geographically
13 isolated areas as determined by the commissioner. Return service
14 may also cancel the loan on a proportional basis, reducing the
15 total amount of the debt by 50% for each year of return service.
16 Return service for this purpose shall be performed within 3 years
17 of graduation from the institution of higher education or
18 completion of the course or courses for which the funds were
19 given. Failure to fulfill the return service option will
20 necessitate repayment to the authority as follows.

21 1. Debt calculation. The debt shall include the total
22 amount of the loan less the amount, if any, which has been
23 cancelled by return service.

24
25 2. Time for repayment. The total debt shall be repaid to
26 the authority within 3 years of graduation from the institution
27 of higher education or courses for which the funds were given
28 according to a schedule established by the authority. Due dates
29 for repayments shall be set by the authority.

30
31 **§11459. Nonlapsing revolving fund**

32
33 A nonlapsing, interest earning, revolving fund, known as the
34 Blaine House Scholars Fund, is created to implement the purposes
35 of this chapter. Any unexpended balance of funds may be carried
36 over for continued use in the program and funds returned through
37 loan repayments shall be invested by the authority, as provided
38 by law, with the earned income to be added to the fund. The
39 revolving fund may receive, invest and expend money from gifts,
40 grants, bequests and donations in addition to money appropriated
41 by the State.

42
43 **§11460. Rules**

44
45 Rules to implement this chapter shall be adopted by the
46 authority.

47
48
49 **ARTICLE 3**

50
51 **THE MAINE OSTEOPATHIC LOAN PROGRAM**

1 §11461. Purpose

3 1. Purpose. The purpose of this article is to provide for
5 persons who desire to practice osteopathic medicine in this State.

7 2. Findings. The provision of financial assistance in
9 securing this type of higher education is an important public
11 purpose. Many qualified youth are deterred by financial
 considerations from securing this type of higher education
 resulting in irreparable loss to the State in maintaining the
 health of its residents.

13 §11462. State Osteopathic Loan Fund

15 1. Creation. The State Osteopathic Loan Fund shall be used
17 by the authority as a nonlapsing, revolving fund for carrying out
 this chapter. The fund shall initially be in the sum of \$40,000.

19 2. Continuity. The program shall be a continuing one. The
21 authority shall include in the authority's biennial budget an
 appropriate request adequate to fund the loan program.

23 3. Excess. Money in the fund, not needed currently to meet
25 the obligations under this article, shall be deposited with the
27 authority to the credit of the fund, or may be invested in any
 manner provided for by law.

29 §11463. Eligibility for loans

31 An applicant shall be eligible for a loan under this chapter
33 when the authority, after consultation with the executive
 committee of the Maine Osteopathic Association, finds that the
 applicant:

35 1. Residency. Has been a resident of this State for a
37 minimum of 3 years at any time prior to application;

39 2. Qualifications. Is attending or will immediately attend
41 an osteopathic college or university accredited by the American
 Osteopathic Association;

43 3. Financial resources. Will, in the absence of a loan, be
45 deterred by financial considerations from beginning or completing
 a course of study at an osteopathic college or university; and

47 4. Return to Maine. Shows a genuine interest in returning
 to this State to practice osteopathic medicine.

49 §11464. Repayment for pre-June 30, 1981 students

51 1. Agreement. A student commencing professional education
 between September 1, 1971, and June 30, 1981, as a condition of

1 receiving a loan, shall enter into an agreement with the State
2 that the student, after the completion of an internship,
3 residency, obligated public health service or Armed Forces'
4 service, shall enter in the practice of osteopathic medicine in
5 this State and continue in that practice for a period of one year
6 for each \$2,000 of the loan utilized.

7
8 2. Initial interest. The loan shall be granted to the
9 applicant with no interest or principal payments until one year
10 after completing attendance at that osteopathic college or
11 university.

12 3. Breach of contract. If a recipient of a loan fails to
13 comply with the terms of the agreement with the State for reasons
14 other than death, the recipient shall immediately be liable to
15 the State for all loan payments received plus interest on each
16 payment at the rate of 6% each year compounded semiannually.

17
18 4. Repayment process. If a recipient of a loan practices
19 osteopathic medicine in a community in this State for only a part
20 of the total compensatory practice agreed upon, the recipient
21 shall be liable to the State only for the amount granted under
22 the loan plus interest at the rate of 6% each year compounded
23 semiannually. This amount shall be reduced by a credit at the
24 rate of \$2,000 plus interest for each year the recipient has
25 actually practiced in the State. The loan shall be repaid within
26 12 years of graduation.

27
28 §11465. Agreement for osteopathic loan students after
29 July 1, 1981

30
31 1. Agreement. Any osteopathic loan student commencing
32 professional education on or after July 1, 1981, shall, as a
33 condition precedent to receiving the loan, enter into an
34 agreement with the authority stating that, following completion
35 of professional education, including internship, residency,
36 fellowship, obligated public health service or obligated national
37 service, the student shall pay the authority an amount equal to
38 the loan received.

39
40 2. Repayment. This amount shall be payable at 9% simple
41 annual interest in not more than 10 annual installments. These
42 installment payments shall commence at such time as the state
43 contract student concludes professional education under rules
44 promulgated by the authority.

45
46 3. Deferment. Any student who has received a loan under
47 this section who, during the repayment period, either returns to
48 a Maine practice, and then leaves the State or who initially
49 remains out-of-state and then returns to a Maine practice may
50 seek a deferment of the annual principal and interest payments
51 while outside the State for a period of time not to exceed 3

1 years. Interest shall be assessed during this time and the
2 student's total debt to the authority, including principal and
3 interest, shall be repaid either through return service or cash
4 payments within 10 years from the date which marks the beginning
5 of the repayment period. Requests for deferments shall be made
6 to the authority who shall make a determination on a case-by-case
7 basis. The decision of the authority shall be final.

8 4. Forgiveness. Any student who, upon the conclusion of
9 professional education, including, if applicable, internship,
10 residency, fellowship, obligated public health service or
11 obligated national service, as defined in section 11472,
12 subsection 7, elects to serve as a practitioner of osteopathic
13 medicine in a designated underserved area, as determined by the
14 Commissioner of Human Services and as defined in section 11472,
15 subsection 6, in the State shall be forgiven 25% of the
16 outstanding indebtedness for each year of that practice.

17
18 **§11466. Rules**

19
20 The authority shall establish rules necessary to carry out
21 the purposes of this chapter, except that the Commissioner of
22 Human Services shall develop rules for determining underserved
23 areas for the practice of osteopathic medicine.

24
25 **ARTICLE 4**

26
27 **POSTGRADUATE MEDICAL EDUCATION PROGRAM**

28
29 **§11471. Legislative intent**

30
31 1. Admission of Maine residents to educational
32 institutions. It is the intent of the Legislature to assure, to
33 the greatest extent possible, the admission of qualified Maine
34 residents to educational institutions providing programs of
35 instruction leading to doctoral degrees in allopathic medicine,
36 dentistry, optometry and veterinary medicine.

37
38 2. Responsibility for program. It is the intent of the
39 Legislature, consistent with the purposes of this chapter, that
40 the authority shall administer the program and develop a plan
41 which assures, to the extent practicable, that Maine contract
42 students, or a similar number of out-of-state medical school
43 graduates, return to practice their professions within the State
44 in underserved areas.

45
46 3. Advisory committee. The Advisory Committee on Medical
47 Education, established by Title 5, chapter 379, shall assist the
48 authority in planning the professional health program and
49 particularly in the development of clinical education sites and
50 continuing education, which are funded primarily by sources other
51 than patient charges.

1 §11472. Definitions

3 For the purposes of this chapter, unless the context
5 otherwise indicates, the following terms have the following
7 meanings.

9 1. Clinical education site. "Clinical education site"
11 includes both clinical clerkship sites and preceptorship sites.

13 A. "Clinical clerkship site" means an on-location teaching
15 environment in conjunction with residency training.

17 B. "Preceptorship site" means a training site ranging from
19 a one-to-one training site between a physician and medical
21 student to a training site in a health clinic or hospital
23 without a residency program.

25 2. Final determination of residency. "Final determination
27 of residency" means the decision on residency made subject to
29 rules of the authority. Criteria for these rules shall include
31 length of residence, secondary school attended, legal residence
33 of parent, voting registration and place where taxes are paid.

35 3. Primary care. "Primary care" means the practice of
37 general or family medicine, internal medicine, pediatrics,
39 obstetrics and gynecology.

41 4. Nonresident tuition. "Nonresident tuition" means
43 tuition charged to persons who do not hold residency in the State
45 where the institution is located. If no distinction is made at
47 the institution between the tuition charged to resident and
49 nonresident students, then nonresident tuition means the tuition
51 charged all students.

5. Obligated national service. "Obligated national
 service" means:

A. An Armed Forces service obligation incurred in return
 for financial assistance provided during undergraduate and
 graduate education;

B. An obligation incurred for internship or residency
 training in the Armed Forces of the United States; or

C. An obligation for compulsory national service required
 by an Act of Congress.

6. State capitation payment. "State capitation payment"
 means the amount agreed on between the authority and the
 institution for the purchase of the student space.

1 7. State contract student. A "state contract student"
2 means a Maine resident who is enrolled in an educational program
3 at an educational institution for which program the authority:

4 A. Has entered into a contractual arrangement with the
5 institution; and

6 B. Expends funds under this arrangement in return for a
7 guarantee on the part of the institution that student
8 positions will be made available to Maine residents.

9 8. Underserved area. "Underserved area" means an
10 underserved geographic area, underserved specialty area,
11 underserved population group or any combination of these in the
12 State.

13 §11473. Agreement of state contract student with State;
14 September 1, 1977, to June 30, 1981

15 1. Agreement. State contract students commencing their
16 professional education between September 1, 1977, and June 30,
17 1981, shall, as a condition precedent to the commencement of that
18 education, enter into an agreement with the State under which the
19 student shall agree:

20 A. To pay tuition to the institution;

21 B. That, on the conclusion of professional education,
22 including internship, residency and obligated public health
23 service and Armed Forces' service, the student shall pay the
24 authority an amount of money equal to the state capitation
25 payment for the position occupied. The authority may adopt
26 or amend rules to define the conclusion of professional
27 education; and

28 C. The payments shall be payable at 6% simple annual
29 interest in not more than 10 equal annual installments.

30 2. Forgiveness of indebtedness. The agreement shall
31 provide that 1/4 of the indebtedness shall be forgiven for each
32 year in which the state contract student practices the medical
33 profession within the State in primary care or other specialized
34 areas as determined by the Commissioner of Educational and
35 Cultural Services, with the advice of the Advisory Committee on
36 Medical Education. For other state contract students returning
37 to practice their professions in Maine, 1/4 of their indebtedness
38 shall be forgiven for each of the first 2 years of practice.

39 3. Deferment. Contract students under this section who,
40 during the repayment period, either return to a Maine practice
41 and then leave the State or who initially remain out-of-state and
42 then return to a Maine practice may seek a deferment of the

1 annual principal and interest payments while outside the State
2 for a period of time not to exceed 3 years. Interest shall be
3 assessed during this time and the student's total debt to the
4 authority, including principal and interest, shall be repaid
5 either through return service or cash payments within 10 years
6 from the date which marks the beginning of the repayment period.
7 Requests for deferments shall be made to the authority who shall
8 make a determination on a case-by-case basis. The decision of
9 the authority shall be final.

11 §11474. Agreement for contract students after July 1, 1981

13 1. Agreement. Any state contract student commencing
14 professional education on or after July 1, 1981, shall, as a
15 condition precedent to the commencement of the education, enter
16 into an agreement with the authority under which the student
17 shall agree:

19 A. To pay tuition to the institution; and

21 B. Upon the conclusion of professional education, including
22 internship, residency, fellowship, obligated public health
23 service and obligated national service, to pay the authority
24 an amount equal to the difference between the nonresident
25 tuition at the institution being attended by the state
26 contract student and the tuition charged the state contract
27 student.

29 (1) This amount shall be payable at 9% simple annual
30 interest in not more than 10 annual installments.

31 (2) These installment payments shall commence upon
32 conclusion of the state contract student's professional
33 education under rules promulgated by the authority.

35 2. Forgiveness. Any student who, upon the conclusion of
36 professional education, including, if applicable, internship,
37 residency, fellowship, obligated public health service and
38 obligated national service, elects to serve as a practitioner of
39 allopathic medicine, dentistry, optometry or veterinary medicine
40 in a designated underserved area in the State shall be forgiven
41 25% of the outstanding indebtedness for each year of that
42 practice.

45 3. Determination. The Commissioner of Human Services shall
46 determine underserved areas for the practice of allopathic
47 medicine, dentistry and optometry.

49 The Commissioner of Agriculture, Food and Rural Resources shall
50 determine underserved areas for the practice of veterinary
51 medicine.

1 4. Deferment. Contract students under this section who,
2 during the repayment period, either return to a Maine practice
3 and then leave the State or who initially remain out-of-state and
4 then return to a Maine practice, may seek a deferment of the
5 annual principal and interest payments while outside the State
6 for a period of time not to exceed 3 years. Interest shall be
7 assessed during this time and the student's total debt to the
8 State, including principal and interest, shall be repaid either
9 through return service or cash payments within 10 years from the
10 date which marks the beginning of the repayment period. Requests
11 for deferments shall be made to the authority who shall make a
12 determination on a case-by-case basis. The decision of the
13 authority shall be final.

14 §11475. Positions

15 1. Negotiations. The authority shall, directly or through
16 the New England Board of Higher Education, negotiate with
17 educational institutions to secure positions for state contract
18 students in the fields of allopathic medicine, dentistry,
19 optometry and veterinary medicine.

20 2. Purchase of positions at medical schools; September 1,
21 1977, to June 30, 1981. Money to purchase positions at medical
22 schools may be expended between September 1, 1977, to June 30,
23 1981, as follows:

24 A. The authority may expend appropriated money between
25 September 1, 1977, and June 30, 1981, for the purchase of
26 positions at accredited medical schools, for not more than:

27 (1) A total of 40 positions each year, divided among
28 the University of Vermont College of Medicine, Tufts
29 University School of Medicine, Dartmouth Medical School
30 or other accredited medical schools, to a total of 160;

31 (2) A total of 10 positions each year divided among
32 Tufts School of Dental Medicine or other accredited
33 dental schools, to a total of 25;

34 (3) A total of 4 positions each year, divided among
35 the University of Pennsylvania School of Veterinary
36 Medicine and New York State College of Veterinary
37 Medicine at Cornell University, Tufts University School
38 of Veterinary Medicine or other accredited schools of
39 veterinary medicine, to a total of 16;

40 (4) A total of 2 positions each year at the New
41 England College of Optometry, to a total of 8; and

1 (5) A total of 10 positions each year at the New
3 England College of Osteopathic Medicine, to a total of
 40; and

5 B. The authority shall not exceed the total number of
7 spaces, but may allocate the number of spaces at the various
9 institutions based on the spaces available for the academic
 school years, the cost of securing the student space, the
 number of applications and the primary care residency
 program needs.

11 3. Purchase of positions at medical schools after July 1,
13 1981. Money to purchase positions at medical schools may be
 expended after July 1, 1981, as follows:

15 A. The authority may expend the money appropriated by the
17 Legislature, for the purchase of positions at accredited
 medical schools to purchase:

19 (1) Up to 18 positions each year, to a total of 72
21 positions, at accredited schools of allopathic medicine;

23 (2) Up to 2 positions each year, to a total of 8
 positions, at accredited schools of dentistry;

25 (3) Up to 2 positions each year, to a total of 8
27 positions, at accredited schools of veterinary
 medicine; and

29 (4) Up to one position each year, to a total of 4
31 positions, at accredited schools of optometry; and

33 B. The authority shall not exceed the total number of
35 spaces identified in this subsection for students commencing
37 their professional education on or after July 1, 1981, but
 may allocate the number of spaces at the various
 institutions based on:

39 (1) The spaces available for the academic school years;

41 (2) The cost of securing the student's space;

43 (3) The number of applications; and

45 (4) The primary care residency program needs.

47 §11476. In-state clinical education programs; development of a
49 plan

51 1. Return to practice in Maine. The authority shall
 develop a plan which assures, to the extent practicable, that
 contract students, or a similar number of out-of-state medical

1 school graduates, return to practice their professions within the
2 State, particularly in underserved areas of the State. This plan
3 shall be completed and presented to the Legislature and the
4 Governor before February 1st each year.

5 2. Plan. This plan shall include:

6
7 A. The development of a coordinated mechanism for the
8 administration of the compact;

9
10 B. The projected number of student spaces needed and
11 projected costs in all professional health fields;

12
13 C. Recommendations for the future need of this program;

14
15 D. The development of sites for student clinical training;

16
17 E. The percentage of the total amount expended for the
18 purchase of the space at the contract institutes that will
19 return with the student undertaking clinical education in
20 the State;

21
22 F. The development of incentives to practice in
23 underserved areas; and

24
25 G. Recommendations for utilizing contract funds to provide
26 assistance to Maine residency programs.

27
28 3. Coordination. To avoid duplication in the undertaking
29 of this plan, the authority shall coordinate all activities with
30 other professional health agencies and organizations.

31
32 §11477. Advisory Committee on Medical Education

33
34 1. Committee. The Advisory Committee on Medical Education
35 shall assist the authority in developing the plan.

36
37 2. Members. The advisory committee shall consist of 15
38 members, who shall be appointed by the authority and subject to
39 approval by the committee of the Legislature having jurisdiction
40 over education matters. Membership of the advisory committee
41 shall include representatives from those health care agencies and
42 associations, public and private, whose activities are relevant
43 to the objectives of the plan, as determined by the authority.
44 Members shall be appointed for 2-year terms.

45
46 3. Vacancies. In the case of vacancies or resignations,
47 appointments shall be made as for a new member to fill the
48 vacancies until the expiration of the terms.

49
50 §11478. Nonlapsing fund

1 Any unexpended money appropriated by the Legislature under
3 section 11475 shall not lapse, but shall be carried forward to
5 the following year to be expended by the authority for the
7 purpose of purchasing positions at medical schools and
9 recruitment activities related to this chapter. Money returned
11 to the authority shall be deposited in a revolving account, to be
13 expended for the purpose of purchasing contract spaces at medical
15 schools and recruitment activities related to this chapter.

17 **§11479. Annual review**

19 The legislative committee having jurisdiction over
21 appropriations and financial affairs matters shall annually
23 review the program established under this chapter.

25 **§11480. Rules**

27 The authority shall establish all rules necessary to carry
29 out the purposes of this chapter, except that the Commissioner of
31 Human Services shall develop rules for determining underserved
33 areas for the practice of allopathic medicine, dentistry and
35 optometry and the Commissioner of Agriculture, Food and Rural
37 Resources shall develop rules for the determination of
39 underserved areas for the practice of veterinary medicine. The
41 rules authorized by this section shall be adopted in accordance
43 with the Maine Administrative Procedure Act, Title 5, chapter
45 375, subchapter II.

47 **ARTICLE 5**

49 **STAFFORD LOAN PROGRAM**

51 **§11481. Program administration; successor state program**

53 In accordance with the Higher Education Act of 1965, as
55 amended, United States Code, Title 20, Chapter 28, Title IV, Part
57 B, the authority shall administer the Stafford Loan Program, the
59 Parent Loan for Undergraduate Students Program and the
61 Supplemental Loans for Students Program. The Stafford Loan
63 Program is the successor to the Maine Guaranteed Student Loan
65 Program.

67 **§11482. Purpose**

69 The purpose of this article is to allow the authority to
71 continue a student loan insurance program, meeting certain
73 federal requirements, in order to secure loans to students
75 attending institutions of higher education, including vocational
77 training institutions, and to parents of these students, in
79 accordance with the direction in the Constitution of Maine,
81 Article VIII, Part First, Section 2.

1 §11483. Loan insurance program established

3 The authority may continue to administer a student loan
4 insurance program previously established to insure payment of
5 loans to students. This program shall meet the requirements of
6 federal Acts and statutes relating to federal, state and private
7 programs of low-interest insured loans to students in
8 institutions of higher education, as provided in the Higher
9 Education Act of 1965 and regulations promulgated under the Act.
10 To this end, the faith and credit of the State is pledged
11 consistent with the terms and limitations of the Constitution of
12 Maine, Article VIII, Part First, Section 2.

13

14 §11484. Student Loan Insurance Fund

15

16 1. Establishment. There is established a Student Loan
17 Insurance Fund, which shall be used by the authority as a
18 nonlapsing, revolving fund for carrying out this chapter.

19

20 2. Sum; charges and credits. To this fund shall be:

21

22 A. Charged all expenses of the authority for its operations
23 under this chapter, including interest and principal
24 payments required by loan defaults; and

25

26 B. Credited all amounts received by the authority under
27 this chapter.

28

29 3. Excess money. Money in the fund, not needed currently
30 to meet the obligations of the authority as an insurer, shall be
31 deposited with the authority to the credit of the fund, or may be
32 invested as provided by law.

33

34 §11485. Additions to Student Loan Insurance Fund

35

36 1. Request of authority. The authority may, in writing,
37 request the Governor to provide additional funds to add to the
38 Student Loan Insurance Fund to meet its obligations.

39

40 2. Transfer of funds. The Governor shall transfer to the
41 fund sufficient money for the requested purpose from the
42 contingent account or from the proceeds of bonds to be issued as
43 provided in this section.

44

45 3. Bonds. Bonds shall be issued as follows.

46

47 A. The Governor shall order the Treasurer of State to issue
48 bonds in the amount requested, but not exceeding, in the
49 aggregate outstanding at any one time, the amount set forth
50 in the Constitution of Maine, Article VIII, Part First,
51 Section 2.

1 B. Bonds shall mature serially or be made to run for such
2 periods as the Governor may determine, but not for a term of
3 more than 20 years.

4 C. The Governor shall determine the rates of interest and
5 the terms and conditions of the bonds.

6 D. The bonds shall be deemed a pledge of the faith and
7 credit of the State.

8 §11486. Powers and duties

9 Under this chapter, the authority may:

10 1. Rules. Adopt, amend or enforce rules to carry out the
11 purposes of this chapter;

12 2. Agents. Choose a suitable agent to administer the
13 affairs and activities required by this chapter or by applicable
14 federal provisions; and

15 3. Agreements. Enter into agreements with the United
16 States Secretary of Education relating to federal, state and
17 private programs of low-interest insured loans to students in
18 institutions of higher education, within the Higher Education Act
19 of 1965.

20 §11487. Loans to minors

21 Notwithstanding any other law, if the borrower on a loan
22 insured under this program is a minor, an otherwise valid note or
23 other written agreement executed by the borrower for the purpose
24 of the loan shall create a binding obligation.

25 §11488. Authorization for Governor to request organizations
26 of corporations to acquire loan notes

27 To the extent and for the purposes contemplated by the
28 United States Internal Revenue Code of 1954, Section 103(e), as
29 amended, and successor provisions thereto, the Governor has and
30 may on behalf of the State request the organization of one or
31 more nonprofit corporations to operate exclusively for the
32 purpose of acquiring student loan notes incurred under the Higher
33 Education Act of 1965, as amended.

34 ARTICLE 6

35 ADMINISTRATION OF FEDERAL EDUCATIONAL
36 FINANCIAL ASSISTANCE PROGRAMS

37 §11491. Authorization

1 In accordance with the Higher Education Act of 1965, as
2 amended, United States Code, Title 20, Chapter 28, Title IV, Part
3 A, Subpart 6, Sections 419A-419K; and Title V, Part D, Subpart 1,
4 Sections 551-559, the authority shall administer the Robert C.
5 Byrd Honors Scholarship Program and the Paul Douglas Teacher
6 Scholarship Program.

7
8 ARTICLE 7

9
10 THE MAINE EDUCATORS' ADVANCED DEGREE PROGRAM

11 §11492. Purpose

12
13 The purpose of this program is to encourage Maine educators
14 to undertake postgraduate education for advanced degrees to
15 better pursue their careers and acquire the most current
16 knowledge available in these careers. The quality of education
17 depends upon the quality of educators which, in turn, depends
18 upon access to higher education.

19
20 §11493. Program established

21
22 The Maine Educators' Advanced Degree Program is established
23 to reduce the economic barriers for Maine educators to earn an
24 advanced degree. This program shall provide direct grants to
25 educators matriculated in relevant advanced degree programs.

26
27 §11494. Implementation

28 The authority shall adopt rules in accordance with the Maine
29 Administrative Procedure Act, Title 5, chapter 375, to implement
30 the program. At a minimum, these rules shall:

31
32 1. Establish selection criteria. Establish criteria by
33 which Maine educators are selected to receive grants under this
34 program;

35 2. Establish expenditure criteria. Establish criteria for
36 the expenditure of these grants;

37 3. Define the process of application. Define the process
38 by which Maine educators may apply for grants under this program;

39 4. Define the procedure for payment or reimbursement of
40 grant money. Define the procedure by which approved candidates
41 are provided with grant money or reimbursed for expenditures
42 approved under this program;

43 5. Define grant limits. Define a grant limit or limits
44 which are provided to approved candidates; and

1 6. Other criteria to administer the program. Any other
3 criteria or rules necessary for the implementation of this
4 program.

5 ARTICLE 8

7 FINANCIAL AID AND CAREER COUNSELING

9 §11498. Program established

11 The authority shall administer an outreach program of
13 post-secondary education information services established under
14 this article.

15 1. Duties. The authority shall implement a program that:

17 A. Provides middle school and high school students, the
19 parents of these students and adults seeking to acquire a
20 post-secondary education with career and financial aid
21 counseling;

23 B. Provides, to the extent of available resources,
24 counseling services throughout the State in accessible
25 locations to assist eligible participants; and

27 C. Provides to eligible participants information concerning
28 career options, educational programs and post-secondary
29 schools.

31 2. Nonlapsing fund. Any unexpended money appropriated by
32 the Legislature to implement this article shall not lapse, but
33 shall be carried forward to the following year to be expended by
34 the authority for the purposes established in this article.

35 **Sec. 26. 20-A MRSA cc. 419, 421, 423 and 428, as amended, are**
36 **repealed.**

37 **Sec. 27. 20-A MRSA §12602, sub-§3, as enacted by PL 1987, c.**
38 **527, §2, is repealed and the following enacted in its place:**

41 3. Authority. "Authority" means the Maine Education
42 Authority established under chapter 417-A.

43 **Sec. 28. 20-A MRSA §12603, as enacted by PL 1987, c. 527, §2,**
44 **is repealed and the following enacted in its place:**

47 §12603. Student Educational Enhancement Deposit Plan

49 1. Student Educational Enhancement Deposit Plan. The
50 Student Educational Enhancement Deposit Plan is established in
51 this chapter and shall be administered by the Maine Education
52 Authority.

1
2. Powers and duties. All necessary powers and duties for
3 the administration and implementation of the plan are vested in
the authority.

5
3. Successor. The Maine Education Authority is the
7 successor to the board of directors of the Student Educational
Enhancement Deposit Plan and thereby assumes all authority
9 obligations and responsibilities of the board of directors with
respect to the plan.

11
13 **Sec. 29. 20-A MRS §12604, sub-§2,** as enacted by PL 1987, c.
527, §2, is amended to read:

15 2. Form approved. The form of any advance tuition payment
17 contract to be entered into by the plan shall first be approved
by the board authority.

19 **Sec. 30. 20-A MRS §12609, first ¶,** as enacted by PL 1987, c.
21 527, §2, is amended to read:

23 There is created under the jurisdiction and control of the
board authority an Advance Tuition Payment Fund. Payments
25 received by the plan from purchasers on behalf of qualified
beneficiaries or from any other source, public or private, shall
27 be placed in the fund. The fund may be divided into separate
accounts.

29 **Sec. 31. 20-A MRS §12609, sub-§2,** as enacted by PL 1987, c.
31 527, §2, is amended to read:

33 2. Expending of assets. Unless otherwise provided by
resolution of the board authority, assets of the plan shall be
35 expended for 3 fundamental purposes:

37 A. To make payments to state institutions of higher
education on behalf of qualified beneficiaries;

39 B. To make refunds upon termination of an advance tuition
41 payment contract; and

43 C. To pay the costs of administration and organization of
the fund.

45 **Sec. 32. 20-A MRS §12610,** as enacted by PL 1987, c. 527, §2,
47 is repealed.

49 **Sec. 33. 20-A MRS §12611, first ¶,** as enacted by PL 1987, c.
527, §2, is amended to read:

51 In addition to the powers granted by this Act, the board
authority shall have the powers necessary or convenient to carry

1 out and effectuate the purposes, objectives and provisions of
2 this Act, the purposes and objectives of the plan and the powers
3 delegated by other laws or executive orders, including, but not
4 limited to, the power to:

5 **Sec. 34. 20-A MRSA §12611, sub-§1**, as enacted by PL 1987, c.
6 527, §2, is amended to read:

7
8 **1. Invest money.** Invest any money of the plan, at the
9 board's authority's discretion, in any instruments, obligations,
10 securities or property determined proper by the board authority
11 and name and use depositories for its money;

12
13 **Sec. 35. 20-A MRSA §12611, sub-§12**, as enacted by PL 1987, c.
14 527, §2, is repealed.

15
16 **Sec. 36. 20-A MRSA §12612**, as enacted by PL 1987, c. 527, §2,
17 is amended to read:

18
19 **§12612. Annual accounting**

20
21 The board authority shall annually prepare or cause to be
22 prepared an accounting of the plan and shall transmit a copy of
23 the accounting to the Governor, the President of the Senate, the
24 Speaker of the House and the respective majority and minority
25 leaders of the Senate and House. The board authority shall also
26 make available the accounting of the plan to the purchasers of
27 the plan. The accounts of the board authority shall be subject to
28 annual audits by the State Auditor or a certified public
29 accountant appointed by the State Auditor.

30
31 **Sec. 37. 20-A MRSA §12613**, as enacted by PL 1987, c. 527, §2,
32 is amended to read:

33
34 **§12613. Administering and accounting of plan**

35
36 The plan shall be administered in a manner reasonably
37 designed to be actuarially sound so that the assets of the plan
38 will be sufficient to defray the obligations of the plan.

39
40 **1. Annual evaluation.** In the accounting of the plan made
41 pursuant to section 12612, the board authority shall annually
42 evaluate or cause to be evaluated the actuarial soundness of the
43 plan and determine the additional assets needed, if any, to
44 defray the obligations of the plan. If there are not funds
45 sufficient to ensure the actuarial soundness of the plan, it
46 shall adjust payments of subsequent purchases to ensure its
47 actuarial soundness.

48
49 **2. Tax status.** Before entering into advance tuition
50 payment contracts with purchasers, the board authority shall
51 solicit answers to appropriate ruling requests from the United

1 States Internal Revenue Service regarding the tax status of the
2 value received under the contract to the purchaser or qualified
3 beneficiary. No contracts may be entered into without the board
4 authority making known the status of the request.

5
6 3. United States Securities and Exchange Commission
7 status. Before entering into advance tuition payment contracts
8 with purchasers, the board authority shall solicit answers to
9 appropriate ruling requests from the United States Securities and
10 Exchange Commission regarding the application of federal security
11 laws to the fund. No contracts may be entered into without the
12 board authority making known the status of the request.

13
14 **Sec. 38. 20-A MRSA §12616**, as enacted by PL 1987, c. 527, §2,
15 is amended to read:

16 **§12616. Contract for services**

17
18 The board authority, in its discretion, may contract with
19 others, public or private, for the provision of all or a portion
20 of the services necessary for the management and operation of the
21 plan. The board authority shall also endeavor to work with
22 private sector investment managers and independent
23 degree-granting colleges and universities in this State to study
24 the feasibility of instituting programs between these parties
25 that ensure full tuition payment upon purchase of a prepayment
26 plan with the private college or university.

27
28 **Sec. 39. 20-A MRSA §12619**, as enacted by PL 1987, c. 527, §2,
29 is amended to read:

30
31 **§12619. Exempt from the Revised Maine Securities Act**

32
33 An advance tuition payment contract shall be exempt from the
34 Revised Maine Securities Act, Title 32, chapter 105. An advance
35 tuition payment contract may not be sold or otherwise transferred
36 by the purchaser or qualified beneficiary without the prior
37 approval of the board authority.

38
39 **Sec. 40. Transition provision.** The following provisions shall
40 apply to the Maine Education Authority.

41
42 1. Funds transferred. Notwithstanding the Maine Revised
43 Statutes, Title 5, sections 1585 and 1586, all accrued
44 expenditures, assets, liabilities, balances or allocations,
45 transfers, revenues or other available funds in any account or
46 subdivision of an account of the Maine Educational Loan Authority
47 and the Division of Higher Education Services of the Bureau of
48 School Management within the Department of Educational and
49 Cultural Services and authorized for use by or for the Maine
50 Education Authority shall be reallocated to the Maine Education
51 Authority. The Commissioner of Educational and Cultural Services

1 shall determine the funds, revenues, liabilities, assets and
2 persons to remain with the Division of Higher Education Services
3 within the department.

5 2. Rules and procedures. All rules and procedures
6 currently in effect and operation pertaining to the subject
7 matter and the provisions of chapter 417-A shall remain in effect
8 until rescinded or amended by the authority.

9
11 3. Contracts and agreements. All contracts and agreements
12 currently in effect with respect to the Maine Educational Loan
13 Authority, the Department of Educational and Cultural Services,
14 the State Board of Education, and any other organization in
15 regard to the subject matter of chapter 417-A, shall remain in
effect until rescinded or amended as provided by law.

17 4. Members of the Maine Educational Loan Authority.
18 Members of the Maine Educational Loan Authority who have been
19 appointed to terms extending beyond the effective date of this
20 Act shall continue to serve in their appointed terms of office
21 under the Maine Education Authority and shall serve until their
22 successors are appointed and qualified.

23
25 5. Personnel transferred. Employees of the Division of
26 Higher Education Services of the Bureau of School Management
27 within the Department of Educational and Cultural Services, in
28 this section referred to as state employees, who are transferred
29 to the Maine Education Authority shall be subject to the
provisions of this subsection.

31 A. State employees shall retain their accrued fringe
32 benefits, including vacation and sick leave, health and life
33 insurance and retirement benefits until October 1, 1991.
34 Thereafter, these employees shall be subject to the policies
35 and plans of the authority with respect to fringe benefits,
36 life insurance, vacation and sick leave and health insurance.

37
39 B. State employees who are members of collective bargaining
40 units on the effective date of this Act and who are
41 transferred to the Maine Education Authority shall remain as
42 members in their respective bargaining units and shall
43 retain all the rights, privileges and benefits provided by
44 the collective bargaining agreements in the respective
45 bargaining units with respect to employment in state service
46 until October 1, 1991, while employed with the Maine
47 Education Authority.

48
49 C. State employees who are transferred to the Maine
50 Education Authority may remain as members of the Maine State
51 Retirement System.

1 D. The Bureau of Human Resources shall assist the Maine
3 Education Authority with the orderly implementation of these
provisions.

5 E. The authority shall assume the state contribution for
7 state employee retirement benefits for as long as the state
employees remain with the authority.

9 6. **Bonds.** The Maine Education Authority shall assume the
11 responsibilities of the State Board of Education, the Department
of Educational and Cultural Services and the Maine Educational
13 Loan Authority with respect to any bonds previously issued
pursuant to the Maine Revised Statutes, Title 20-A, chapters
15 417-A, 419, 421, 423 and 428 which were in effect before the
effective date of this Act.

17 7. **Maine Education Authority as successor administrator and
19 employer.** For the purposes of applying chapter 417-A, the Maine
Education Authority shall be considered the successor
21 administrator and employer to and shall assume the obligations of
the State Board of Education and of the State.

23 8. **Property and equipment.** The Commissioner of Educational
and Cultural Services and the Maine Education Authority shall
25 enter into an agreement with respect to any property and
equipment that may be transferred between the Department of
27 Educational and Cultural Services and the Maine Education
Authority pursuant to this Act.

29 9. **Savings clause.** Nothing in this Act shall be construed
31 as terminating the existence of any contract, agreement or bond
issued by the Maine Educational Loan Authority or any program
33 administered by the Maine Educational Loan Authority. Each
program is declared to continue in existence unless a successor
35 program has been established. Nothing in this Act shall be
construed as terminating the existence of any program, or any
37 contract, agreement or bond relating to a program within the
Division of Higher Education Services in the Bureau of School
39 Management of the Department of Educational and Cultural Services
that has not been transferred to the Maine Education Authority.

41 **Emergency clause.** In view of the emergency cited in the
43 preamble, this Act shall take effect when approved.

45 **STATEMENT OF FACT**

47 This bill proposes to establish the Maine Education
49 Authority to replace the Maine Educational Loan Authority and to
administer several student assistance and financial aid programs
51 currently administered by several different agencies. The Maine
Education Authority will administer the Maine Student Incentive

1 Scholarship Program; Blaine House Scholars and Financial
Assistance Program; State Osteopathic Loan Fund Program;
3 Postgraduate Medical Education Program; Stafford Loan Program, a
federal and state program; Robert C. Byrd Honors Scholarship
5 Program, a federal program; Paul Douglas Teacher Scholarship
Program, a federal program; Maine Educators' Advanced Degree
7 Program; The Maine Education Authority Loan program; the Student
Educational Enhancement Deposit Plan; financial aid and career
9 counseling program; and any other programs as the authority may
be authorized to administer.

11
12 The membership of the Maine Education Authority consists of
13 the persons who were formerly members of the Maine Educational
Loan Authority with the addition of the Commissioner of
15 Educational and Cultural Services.

17 The bill provides that employees of the Division of Higher
Education Services in the Bureau of School Management who are
19 transferred to the Maine Education Authority will remain as state
employees with all their rights and benefits, including rights
21 and benefits derived from collective bargaining agreements until
October 1, 1991. These employees will remain as state employees
23 for retirement purposes for as long as they remain with the
authority. The authority will be responsible for the state
25 obligations with respect to payment of the state share of
retirement benefits for these employees.

27
28 The purpose of the bill is to make the best use of limited
29 resources and target these resources to the persons in greatest
need. By consolidating programs under one administrative unit,
31 the bill will significantly help to achieve the intended purpose.