

MAINE STATE LEGISLATURE

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C. of S.
R. of S.

L.D. 2216

(Filing No. S- 484)

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STATE OF MAINE
SENATE
114TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 865, L.D. 2216, Bill, "An Act to Coordinate and Consolidate Student Financial Assistance Services under the Finance Authority of Maine"

Amend the bill by inserting after the enacting clause the following:

'Sec. 1. 1 MRSA §2501, sub-§10 is enacted to read:

10. Title 10.

A. Title 10, chapter 110, subchapter I-D is repealed on February 1, 1993.'

Further amend the bill by striking out all of sections 3 and 6.

Further amend the bill in section 7 in subsection 14-A in the last line (page 3, line 17 in L.D.) by inserting after "agencies" the following: 'The State Controller shall pay the authority's total state allotment for each fiscal year to the authority on July 1st of that year'

Further amend the bill in section 11 in that part designated "§1013." by striking out all of subsection 5 and inserting in its place the following:

'5. Loan insurance programs. The Robert T. Stafford Loan Program, the Parent Loans to Undergraduate Students Program and the Supplemental Loans for Students Program pursuant to Title 20-A, chapter 417, subchapter I;'

Further amend the bill in section 11 in that part designated "§1013." by inserting after subsection 8 the following:

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2 '9. Tuition waiver program. The tuition waiver program
pursuant to Title 20-A, chapter 429;'

4 Further amend the bill in section 11 in that part designated
6 "§1013." by renumbering the subsections to read consecutively.

8 Further amend the bill in section 11 by inserting after that
part designated "§1014." the following:

10 '§1015. Legal services

12 Upon request of the authority, the Attorney General shall
14 provide legal services related to implementation of this
subchapter.'

16 Further amend the bill in section 11 in that part designated
18 "§1015." in the first line (page 7, line 12 in L.D.) by striking
out the following: "§1015." and inserting in its place the
following: '§1016.'

20 Further amend the bill in section 11 by inserting at the end
22 the following:

24 '§1017. Sunset

26 This subchapter is repealed on February 1, 1993. The
28 legislative committee having jurisdiction over the review
provided in Title 1, section 2502, is the joint standing
30 committee of the Legislature having jurisdiction over educational
matters.'

32 Further amend the bill in section 14 in that part designated
34 "§11410." in the 2nd line (page 11, line 33 in L.D.) by striking
out the following: "Subpart 6;" and inserting in its place the
following: 'Subparts 3 and 6' and in the 3rd line from the end
36 (page 11, line 35 in L.D.) by inserting after the word
"administer" the following: 'the State Student Incentive Grant
38 Program.'

40 Further amend the bill in section 18 in that part designated
42 "§11803." in subsection 1, by striking out all of paragraph C and
inserting in its place the following:

44 'C. The payments shall-be are payable at 6% simple annual
46 interest in-not-more-than-10-equal-annual-installments over
a period not to exceed 10 years; however, students may
48 extend the repayment period by one to 10 years with the
approval of the chief executive officer for a total
repayment period not to exceed 20 years.'

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2 Further amend the bill in section 18 in that part designated
3 "**§11803.**" in subsection 3 in the 10th and 11th lines (page 13,
4 lines 11 and 12 in L.D.) by striking out the following: "within
5 10 years from the date which that marks the beginning of the
6 repayment period" and inserting in its place the following:
7 '~~within 10 years from the date which marks the beginning of the~~
8 repayment period as established by the chief executive officer'

9 Further amend the bill in section 19 in subsection 1 in
10 paragraph B by striking out all of subparagraph (1) and inserting
11 in its place the following:

12
13 '(1) This amount shall ~~be~~ is payable at 9% simple
14 annual interest ~~in not more than 10 annual installments~~
15 over a period not to exceed 10 years; however, students
16 may extend the repayment period by one to 10 years with
17 the approval of the chief executive officer for a total
18 repayment period not to exceed 20 years.'

19 Further amend the bill in section 20 in subsection 4 in the
20 5th and 6th lines from the end (page 14, lines 8 and 9 in L.D.)
21 by striking out the following: "within 10 years from the date
22 which that marks the beginning of the repayment period" and
23 inserting in its place the following: '~~within 10 years from the~~
24 date--which--marks--the--beginning--of--the--repayment--period as
25 established by the chief executive officer'

26 Further amend the bill in section 31 in that part designated
27 "**§12005.**" by striking out all of subsection 2 and inserting in
28 its place the following:

29 '**2. Repayment.** This amount shall ~~be~~ is payable at 9%
30 simple annual interest ~~in not more than 10 annual installments~~
31 over a period not to exceed 10 years; however, students may
32 extend the repayment period by one to 10 years with the approval
33 of the chief executive officer for a total repayment period not
34 to exceed 20 years. These installment payments shall commence at
35 such time as the state ~~contract~~ student concludes professional
36 education under rules promulgated by the ~~commissioner~~ authority.'

37 Further amend the bill in section 77 by striking out
38 subsections 3 and 4 and inserting in their place the following:

39 '**3. Personnel transferred.** A division director, an
40 Education Specialist II and a Stenographer III shall remain as
41 employees of the Division of Higher Education Services. Other
42 employees of the division on the effective date of this Act are
43 transferred to the Finance Authority of Maine. The Commissioner
44 of Educational and Cultural Services and the Chief Executive
45 Officer of the Finance Authority of Maine shall jointly determine

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2 the employees to be transferred to the authority and those to
remain with the division in the department. Employees who are
transferred to the authority are subject to the provisions of
4 this subsection.

6 A. Transferred employees may, at their option, remain state
employees as long as they remain continuously in their
8 current positions or in another position which was
transferred from the Bureau of School Management, Division
10 of Higher Education Services, to the Finance Authority of
Maine on the effective date of this Act. Employees who do
12 not remain state employees become employees of the authority
with the rights and obligations of other authority employees.

14 B. Transferred employees who remain state employees retain
their accrued fringe benefits associated with state
16 employment, including vacation and sick leave and health and
life insurance, as long as they continue as state employees.

20 C. Transferred employees who elect to be treated as state
employees and who are members of collective bargaining units
22 on the effective date of this Act remain members in their
respective bargaining units and retain all the rights,
24 privileges and benefits provided by the collective
bargaining agreements of the respective bargaining units
26 with respect to employment in state service as long as they
continue as state employees.

28 D. Transferred employees who remain state employees remain
members of the Maine State Retirement System as long as they
30 continue as state employees.

32 E. The Finance Authority of Maine shall reimburse the State
34 for all costs related to the transferred employees who elect
to remain as state employees. The reimbursement includes
36 the employer's share of contributions to the Maine State
Retirement System for those employees.

38 F. The Department of Administration, Bureau of Human
40 Resources shall assist the Finance Authority of Maine with
the orderly implementation of these provisions.

42 **4. Positions.** Positions of transferred employees who
44 remain state employees are terminated when vacated by those
employees, unless filled by other transferred employees who
46 elected to remain state employees. Positions similar to those
terminated may be established within the Finance Authority of
48 Maine.'

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2 Further amend the bill in section 77 by striking out all of
subsection 6 and inserting in its place the following:

4 '6. Assumption of obligations. The Finance Authority of
6 Maine succeeds to all rights, responsibilities and obligations of
the State Board of Education and the Department of Educational
8 and Cultural Services with respect to the Paul Douglas Teacher
Scholarship Program, the State Student Incentive Grant Program
10 and the Guaranteed Student Loan Program, consisting of the Robert
T. Stafford Loan Program, the Parent Loans to Undergraduate
12 Students Program and the Supplemental Loan for Students Program,
which were incurred before the effective date of this Act. In
14 the event that appropriate agreements have not been worked out
between the authority and the Federal Government on the effective
16 date of this Act to permit the transfer of responsibility for the
Paul Douglas Teacher Scholarship Program, the State Student
18 Incentive Grant Program and the Guaranteed Student Loan Program
to the authority, the state board or the department, as
20 applicable, shall continue in its current role with respect to
those programs until those agreements are finalized. The
22 department shall enter into an agreement with the authority under
which the authority shall administer the Robert C. Byrd Honors
24 Scholarship Program.'

26 Further amend the bill in section 78 by adding at the end
the following: 'Notwithstanding the Maine Revised Statutes,
28 Title 20-A, section 12509, in fiscal year 1990-91, the Finance
Authority of Maine shall pay \$304,600 to the General Fund as
undedicated revenue in 12 equal monthly installments.'

30 Further amend the bill in section 79 in the 2nd line (page
32 35, line 13 in L.D.) by striking out the following: "77" and
inserting in its place the following: '76'

34 Further amend the bill by inserting before the emergency
36 clause the following:

38 'Sec. 80. Appropriation. The following funds are appropriated
from the General Fund to carry out the purposes of this Act.

		1990-91
42	EDUCATIONAL AND CULTURAL SERVICES,	
44	DEPARTMENT OF	
46	Higher Education Services	
48	Personal Services	(\$1,960)
	All Other	(6,687,880)
50	TOTAL	<u>(\$6,689,840)</u>

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2 Deappropriates all funds previously
4 appropriated in fiscal year 1990-91 to this
6 program, except \$161,273 which would remain
8 to fund 3 positions within the Division of
Higher Education Services and the
responsibilities not transferred to the
Finance Authority of Maine.

10 **Grant - Loan - Scholarship Fund**

12 All Other (\$1,595,384)

14 Deappropriates all funds previously
16 appropriated in fiscal year 1990-91 to this
18 program, except \$104,200 for the annual
assessment of the New England Board of
Higher Education.

20 **DEPARTMENT OF EDUCATIONAL AND CULTURAL
SERVICES**

22 **TOTAL** (\$8,285,224)

24 **FINANCE AUTHORITY OF MAINE**

26 **Student Financial Assistance Programs**

28 All Other \$8,285,224

30 Implements the transfer of funds from the
32 Division of Higher Education Services and
the grant-loan-scholarship programs of the
34 Department of Educational and Cultural
Services.

36 **FINANCE AUTHORITY OF MAINE
TOTAL**

\$8,285,224

40 **TOTAL APPROPRIATIONS**

\$-0-

42 **Sec. 81. Allocation.** The following funds are allocated from
44 the Federal Expenditure Fund to carry out the purposes of this
Act.

46 **1990-91**

48 **EDUCATIONAL AND CULTURAL SERVICES,
DEPARTMENT OF**

50

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Higher Education Services

2 All Other (\$392,000)

4

6 Adjusts current allocation to account for funds that will go directly to the Finance Authority of Maine.

8

Student Loan Insurance Fund

10 All Other (\$8,262,875)

12

14 Adjusts current allocation to account for funds that will go directly to the Finance Authority of Maine.

16

18 DEPARTMENT OF EDUCATIONAL AND CULTURAL SERVICES

18 TOTAL

(\$8,654,875)

20

22 Sec. 82. Allocation. The following funds are allocated from Other Special Revenue funds to carry out the purposes of this Act.

1990-91

26 EDUCATIONAL AND CULTURAL SERVICES,

28 DEPARTMENT OF

Higher Education Services

30 All Other (\$2,150,000)

32

34 Adjusts current allocation to account for funds that will go directly to the Finance Authority of Maine.

36

Grant - Loan - Scholarship Fund

38 All Other (\$106,675)

40

42 Adjusts current allocation to account for funds that will go directly to the Finance Authority of Maine.

44

Student Loan Insurance Fund

46 Personal Services \$44,494

48 All Other (1,034,178)

50 TOTAL (\$989,684)

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2 Adjusts current allocations to account for
funds that will go directly to the Finance
4 Authority of Maine. Funds allocated for
Personal Services and Position Count will
6 remain in the department. Additional
Personal Services allocation provides for
8 collective bargaining increases.

10 DEPARTMENT OF EDUCATIONAL AND
12 CULTURAL SERVICES
TOTAL

(\$3,246,359)

14 Further amend the bill by renumbering the sections to read
consecutively.

16 Further amend the bill by inserting before the statement of
18 fact the following:

20 FISCAL NOTE

22	Appropriations/Allocations:	1990-91
24	General Fund	\$-0-
26	Federal Expenditure Fund	(\$8,654,875)
28	Other Special Revenue Funds	(\$3,246,359)

30 Revenues:

32	General Fund	\$-0-
34	Federal Expenditure Fund	(\$8,654,875)
	Other Special Revenue Funds	(\$3,766,969)

36 The transfer of student financial assistance programs,
including all assets and liabilities from the Department of
Educational and Cultural Services to the Finance Authority of
38 Maine will be implemented in fiscal year 1989-90 by financial
order as authorized by the transition provisions of this bill.
40 In fiscal year 1990-91, the transfer of appropriations and
allocations and summarized above.

42 This bill requires the State Controller to transfer all
44 funds appropriated from the General Fund to the Finance Authority
of Maine at the beginning of each fiscal year. This will result
46 in a loss of General Fund revenues from interest income that
would have accrued on the unexpended balances over the course of
48 the fiscal year. In fiscal year 1990-91, the total loss of
General Fund revenue will be \$304,600. This loss of General Fund
50 revenue will be offset by equal monthly payments by the Finance

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Authority of Maine to the General Fund in fiscal year 1990-91 only. In fiscal year 1991-92 and thereafter, the loss of General Fund revenue will be in excess of \$300,000 annually.

The Finance Authority of Maine will use this interest income to cover some of the additional administrative expenses of the student financial assistance programs. Specific language authorizes the Finance Authority of Maine to use interest accruing to such dedicated fund programs as the Blaine House Scholars and Financial Assistance Program for administration in addition to the purpose designated in the law.

This bill also allows the Finance Authority of Maine to extend the repayment period for certain medical loan programs by up to 10 years. This could reduce the amount of funding available for these programs requiring future additional General Fund appropriations to continue to serve the same number of students.'

STATEMENT OF FACT

The original bill provided for a comprehensive, consolidated program of student financial assistance offered by the Finance Authority of Maine. This amendment makes several additional changes necessary to accomplish that goal. The amendment provides for legal assistance related to the financial assistance programs to be provided the authority by the Attorney General and for the transfer of state appropriations to the authority at the beginning of each fiscal year. The amendment also makes revisions in the repayment provisions for the postgraduate medical education program and the State Osteopathic Loan Fund and makes necessary changes in the bill to permit the authority to operate the various federal financial assistance programs. The amendment clarifies the transfer of employees from the Department of Educational and Cultural Services to the authority and sunsets the authority's financial aid programs on February 1, 1993, unless the Legislature provides otherwise.

Reported by Senator Estes for the Committee on Education.
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