

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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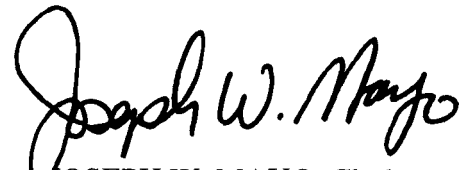
House of Representatives, April 4, 1995

**An Act to Provide for Certain Amendments to Laws Affecting the  
Finance Authority of Maine.**

(EMERGENCY)

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Reference to the Committee on Business and Economic Development suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Speaker GWADOSKY of Fairfield.  
Cosponsored by Representatives: KONTOS of Windham, ROWE of Portland, Senators:  
CIANCHETTE of Somerset, HARRIMAN of Cumberland.

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

4  
6 **Whereas,** this legislation in part corrects an unintended  
sunset of authority of the Finance Authority of Maine to oversee  
and administer student financial assistance programs; and

8  
10 **Whereas,** there is an immediate need for assistance to the  
many students who rely on the student financial assistance  
12 programs to access the financing they need to pursue educational  
opportunities; and

14 **Whereas,** there is an immediate need to correct the law to  
make it clear that money from the Economic Recovery Program Fund  
16 may be used for the Capital Access Program; and

18 **Whereas,** there is an immediate need to recruit more teachers  
and to create additional incentives for primary care physicians  
20 to practice in this State; and

22 **Whereas,** this legislation will preserve and create job  
opportunities and increase the number of primary care physicians  
24 and teachers in this State; and

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

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

34 **PART A**

36 **Sec. A-1.** 1 MRSA §2501, sub-§10, as enacted by PL 1989, c.  
698, §§1 and 76, is repealed.

38 **Sec. A-2. Retroactivity.** This Part applies retroactively to  
40 June 30, 1992.

42 **PART B**

44 **Sec. B-1.** 10 MRSA §1023-I, sub-§3, as amended by PL 1993, c.  
722, Pt. B, §1 and affected by §3, is further amended to read:

46 **3. Application of the fund.** Money in the fund, except  
48 money in the 1994 Bond Proceeds Account, may be applied to carry  
out any power of the authority under or in connection with  
50 section 1026-J or to pay obligations incurred in connection with

2 the fund. Money in the 1994 Bond Proceeds Account may be applied  
to carry out any power of the authority under or in connection  
4 with section 1026-J or ~~1026-K~~ 1026-L or to pay obligations  
6 incurred in connection with the fund. Money in the fund not  
needed currently to meet the obligations of the authority as  
provided in this section may be invested in a manner permitted by  
law.

8  
10 **Sec. B-2. Retroactivity.** This Part applies retroactively to  
July 14, 1994.

12 **PART C**

14 **Sec. C-1. 10 MRSA §971,** as amended by PL 1985, c. 714, §8, is  
16 further amended to read:

18 **§971. Actions of the members**

20 Seven members of the authority shall constitute a quorum of  
the members. The affirmative vote of the greater of 5 members,  
22 present and voting, or a majority of those members present and  
voting shall--be is necessary for any action taken by the  
members. No vacancy in the membership of the authority may  
24 impair the right of the quorum to exercise all powers and perform  
all duties of the members.

26  
28 Notwithstanding any other provision of law, in a situation  
determined by the chief executive officer to be an emergency  
requiring action of the members on not more than 3 days' oral  
notice, an emergency meeting of the members may be conducted by  
telephone in accordance with the following.

32  
34 1. Placement of call. A conference call to the members  
must be placed by ordinary commercial means at an appointed time.

36  
38 2. Record of call. The authority shall arrange for  
recordation of the conference call when appropriate and prepare  
minutes of the emergency meeting.

40  
42 3. Notice of emergency meeting. Public notice of the  
emergency meeting must be given in accordance with Title 1,  
section 406 and that public notice must include the time of the  
meeting and the location of a telephone with a speakerphone  
attachment that enables all persons participating in the  
telephone meeting to be heard and understood and that is  
available for members of the public to hear the business  
conducted at the telephone meeting.

PART D

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**Sec. D-1. 20-A MRSA §12101, sub-§8**, as enacted by PL 1991, c. 830, §4 and c. 832, §10, is amended to read:

**8. Primary health care.** "Primary health care" means ~~the practice--of~~ general or family medicine practice of medicine, general internal medicine, general pediatrics, general dentistry and obstetrics and gynecology.

**Sec. D-2. 20-A MRSA §12104, sub-§5, ¶A**, as enacted by PL 1991, c. 830, §4 and c. 832, §10, is amended to read:

A. Upon completion of professional education the student shall repay the loan in accordance with the following schedule.

(1) A loan recipient who does not obtain loan forgiveness pursuant to this section shall repay the entire principal portion of the loan plus simple interest at a rate to be determined by rule of the authority. Interest does not begin to accrue until the loan recipient completes medical education, including residency and internship. The authority may establish differing interest rates to encourage loan recipients to practice primary health care medicine in the State.

(2) Primary health care physicians and dentists practicing in a designated health professional shortage area, any physician practicing in an underserved specialty or any physician providing services to a designated underserved group are forgiven the larger of 25% of the original outstanding indebtedness plus any accrued interest or \$7,500 for each year of practice.

Primary health care physicians and dentists practicing in the State, but not practicing in a designated health professional shortage area, are forgiven the larger of 12.5% of the original outstanding indebtedness plus any accrued interest or \$3,750 for each year of practice.

(3) Veterinarians providing services to Maine residents with insufficient veterinary services are forgiven the larger of 25% of the original outstanding indebtedness plus any accrued interest or \$7,500 for each year of practice.

(4) Any student ~~electing--to--complete~~ completing an entire residency at any ~~family--practice~~ primary health care residency program in the State is forgiven 50% of the original outstanding indebtedness for each year of practice in a designated health professional shortage

2 area ~~ex.~~ as a physician practicing in an underserved  
specialty or as a physician providing services to an  
4 underserved group or 25% of the original outstanding  
indebtedness for each year of primary health care  
practice in the State.

6 **Sec. D-3. Retroactivity.** This Part applies retroactively to  
8 January 1, 1993.

10 **PART E**

12 **Sec. E-1. 20-A MRSA c. 428** is amended by repealing the chapter  
headnote and enacting the following in its place:

14 **CHAPTER 428**

16 **TEACHERS FOR MAINE PROGRAM**

18 **Sec. E-2. 20-A MRSA §12501, sub-§1,** as amended by PL 1991, c.  
20 553, §1, is further amended to read:

22 **1. Academic achievement.** "Academic achievement" "~~Academic~~  
achievement" means graduation in the top ~~1/2~~ 25% of the class for  
24 graduating high school seniors, or earning a grade point average  
of 3.0 or more, based on a 4.0 grade point system, or the  
26 equivalent, for currently enrolled college students and all other  
postsecondary applicants. Eligibility for applicants not  
28 currently enrolled must be based upon their most recent  
cumulative grade point average.

30 **Sec. E-3. 20-A MRSA §12501, sub-§6-B** is enacted to read:

32 **6-B. Teacher shortage area.** "Teacher shortage area" means  
34 a geographic region of the State for which there is an  
insufficient supply of teachers, as determined by the chief  
36 executive officer in consultation with the Commissioner of  
Education.

38 **Sec. E-4. 20-A MRSA §12501, sub-§7,** as enacted by PL 1983, c.  
40 859, Pt. F, §§1 and 2, is amended to read:

42 **7. Underserved subject areas.** "Underserved subject areas"  
means those subjects or programs, required or authorized to be  
44 taught in the public schools for which there is an insufficient  
supply of teachers, as ~~may-be~~ determined by the ~~commissioner,~~  
46 ~~including--but--not--limited--to--special--education--computer~~  
~~studies--science--and--math~~ chief executive officer in consultation  
48 with the Commissioner of Education.

2           Sec. E-5. 20-A MRSA §12502, as repealed and replaced by PL  
1991, c. 664, §1, is amended to read:

4       **§12502. Teachers for Maine Program**

6           There is established the ~~Blaine-House-Scholars-and-Financial~~  
7           ~~Assistance~~ Teachers for Maine Program ~~to recognize graduates from~~  
8           ~~Maine high schools or the equivalent who attain high academic~~  
9           ~~achievement and~~ to provide financial assistance to college  
10          students ~~and~~ graduating high school seniors and students  
11          pursuing postbaccalaureate teacher certification who demonstrate  
12          an interest in pursuing a career in teaching in this State for  
13          postsecondary education and to teachers for advanced degree or  
14          continued study. The program recognizes outstanding graduating  
15          high school seniors, college students and students pursuing  
16          postbaccalaureate teacher certification ~~as described in section~~  
17          ~~12503 and disburses loans as described in section 12504.~~ The  
18          chief executive officer shall administer the program and shall  
19          establish by rule the rates of interest or fees to be charged.

20           Sec. E-6. 20-A MRSA §12503, as amended by PL 1991, c. 553,  
21          §4, is further amended to read:

22       **§12503. Teachers for Maine loan recipients**

23           Each year graduating high school seniors, college students  
24          and students pursuing postbaccalaureate teacher certification who  
25          show evidence of academic achievement ~~must~~ may be considered for  
26          recognition as ~~Blaine-House-scholars~~ Teachers for Maine loan  
27          recipients. ~~Nominations and applications~~ Applications must be  
28          submitted to the chief executive officer at a time and in a  
29          format to be determined by rule of the chief executive officer.

30           The Governor, after consultation with the chief executive  
31          officer, shall announce the names of those individuals selected  
32          by the chief executive officer to be ~~Blaine-House-scholars~~  
33          Teachers for Maine loan recipients.

34           Sec. E-7. 20-A MRSA §12504, as amended by PL 1991, c. 553,  
35          §5, is further amended to read:

36       **§12504. Allocation of funds**

37           ~~Funds available under this chapter must be allocated as~~  
38          ~~follows: up to 50% for Blaine-House-scholars entering~~  
39          ~~preservice; up to 25% for teachers engaged in graduate study or~~  
40          ~~continuing education; up to 25% for Blaine-House-scholars not~~  
41          ~~entering preservice; and up to 15% for Blaine-House-scholars who~~  
42          ~~are students pursuing postbaccalaureate teacher certification.~~

2           The chief executive officer shall establish by rule the  
allocation of funds available under this chapter.

4           Loans of up to \$1,500 per academic year or \$6,000 total may  
be made to eligible individuals teachers engaged in graduate  
6 study or continuing education and students pursuing  
postbaccalaureate teacher certification. Loans of up to \$3,000  
8 per academic year or \$12,000 total may be made to eligible  
graduating high school seniors and college students. Individuals  
10 An individual who have has received a Blaine--House--scholars  
Teachers for Maine loan or a Blaine House Scholars Program loan  
12 as an--undergraduate a graduating high school senior or as a  
college student may also receive a loan for students pursuing  
14 postbaccalaureate teacher certification or as a loan-for-teachers  
teacher engaged in graduate education or continuing education.  
16 In no event may an individual receive more than ~~\$12,000~~ \$18,000  
18 in total. Loans for undergraduate students and postbaccalaureate  
recipients are for one academic year and are automatically  
renewed if the recipient maintains a grade point average of 2.5  
20 based on a 4.0 grade point system or the equivalent. Loans for  
teachers are automatically renewable only if the applicant is  
22 pursuing a continuing course of study approved at the time of the  
initial application.

24           An eligible individual who has received a loan as a student  
26 pursuing postbaccalaureate teacher certification may subsequently  
receive a loan as a teacher engaged in graduate study or  
28 continuing education, including undergraduate courses. However,  
in no event may an individual receive Blaine-House Teachers for  
30 Maine loans or Blaine House Scholars Program loans totaling more  
than \$6,000 ~~for--students--pursuing--postbaccalaureate--teacher~~  
32 ~~certification--and--teachers--engaged--in--graduate--education--or~~  
~~continuing-education.~~

34           **Sec. E-8. 20-A MRSA §12505, sub-§1,** as amended by PL 1991, c.  
36 553, §6, is further amended to read:

38           **1. Eligibility for postsecondary education loans.** A  
postsecondary education loan may be given only to a high school  
40 graduate, or the equivalent, who is a resident of the State, who  
has been recognized as a Blaine-House-scholar Teachers for Maine  
42 loan recipient and who has met other eligibility criteria  
established by rule of the authority. Preference must be given  
44 to students enrolled in a program ~~which~~ that has been determined  
to be an underserved subject area.

46           **Sec. E-9. 20-A MRSA §12507,** as amended by PL 1991, c. 664,  
48 §2, is further amended to read:

50           **§12507. Repayment and return service provisions; preservice**  
teacher preparation



2           Each recipient of a graduating high school senior or college  
4 student who receives loan may cancel the total amount of the loan  
6 by completing 4-years one year of return services in the public  
8 schools or private schools approved for tuition purposes in the  
10 State for each year the individual receives a loan. The  
12 repayment-period shall-be-2-years return service requirement is  
14 one year for each year the individual receives a loan if return  
16 service is performed in underserved subject areas or in  
18 geographically-isolated teacher shortage areas as-determined-by  
20 the-commissioner. Return-service-may-also-cancel-the-loan-on-a  
22 proportional-basis,-reducing-the-total-amount-of-the-debt-by-25%  
24 for-each-year-of-return-service. Return service for this purpose  
26 shall must be performed within 5 years of graduation from the  
28 institution of higher education. If the chief executive officer  
30 grants a deferment, the time period for performance of return  
32 service may be extended for the same period as the deferment. In  
34 no event may return service be credited for the same semester for  
36 which an individual receives a loan pursuant to this chapter.  
38 Failure to fulfill the return service option will--necessitate  
40 necessitates repayment to the authority as follows.

22           **1. Debt calculation.** The debt shall must include the total  
24 amount of the loan less the amount, if any, which that has been  
26 cancelled by return service.

26           **2. Time for repayment.** The total debt must be repaid to  
28 the authority within 5 10 years of graduation from the  
30 institution of higher education according to a schedule  
32 established by the chief executive officer. Due dates for  
34 repayments are set by the chief executive officer and may be  
36 extended for the same period of any deferment granted by the  
38 chief executive officer.

34           **3. Deferment.** A recipient of a loan may seek a deferment  
36 of the annual payments for a period or periods as established by  
38 rule of the authority. A request for deferment must be made to  
40 the chief executive officer who shall make a determination on a  
42 case-by-case basis. The chief executive officer may grant a  
44 deferment in the event that a recipient of a loan evidences  
46 intent to teach and inability to secure employment necessary to  
48 obtain forgiveness of the loan at the time the deferment is  
sought. The chief executive officer shall require certification  
of such the intent annually and shall grant a one-year deferment  
for each successful request for deferment. A recipient may not  
receive no more than 5 one-year deferments. The decision of the  
chief executive officer is final.

2           **Sec. E-10. 20-A MRS §12508**, as amended by PL 1991, c. 664,  
§3, is further amended to read:

4           **§12508. Repayment and return service provisions - loans for**  
5                           **teachers and students pursuing postbaccalaureate teacher**  
6                           **certification**

8           Each recipient of a loan designated for teachers pursuing  
9           graduate study or continuing education or for students pursuing  
10           postbaccalaureate teacher certification may cancel the total  
11           amount of the loan by completing ~~2-years~~ one year of return  
12           service for each year a loan is received in the public schools or  
13           private schools approved for tuition purposes in the State. The  
14           ~~repayment-period~~ return service requirement is one year of return  
15           service for 2 loans received if return service is performed in  
16           underserved subject areas or in ~~geographically-iselated~~ teacher  
17           shortage areas ~~as-determined-by-the-commissioner~~. Return-service  
18           ~~may-also-cancel-the-loan-on-a-proportional-basis,-reducing-the~~  
19           ~~total-amount-of-the-debt-by-50%-for-each-year-of-return-service-~~  
20           Return service for this purpose must be performed within 3 years  
21           of graduation from the institution of higher education or  
22           completion of the course or courses for which the funds were  
23           given. In no event may return service be credited for the same  
24           semester for which an individual receives a loan pursuant to this  
25           chapter. An individual receiving loan forgiveness for a loan for  
26           a teacher pursuing graduate study or continuing education or a  
27           postbaccalaureate teacher certification loan may not receive loan  
28           forgiveness for any undergraduate loan simultaneously. If the  
29           chief executive officer grants a deferment, the time period for  
30           performance of return service may be extended for the same period  
31           as the deferment. Failure to fulfill the return service option  
32           will necessitate repayment to the authority as follows.

34           **1. Debt calculation.** The debt must include the total  
35           amount of the loan less the amount, if any, that has been  
36           canceled by return service.

38           **2. Time for repayment.** The total debt must be repaid to  
39           the authority within 3 years of graduation from the institution  
40           of higher education or courses for which the funds were given or  
41           within 3 years of repayment of any other loans made pursuant to  
42           this chapter. If the chief executive officer grants a deferment,  
43           the time period may be extended up to the period of the  
44           deferment. A repayment schedule including due dates must be set  
45           by the chief executive officer.

46           **3. Deferment.** A recipient of a loan may seek a deferment  
47           of the annual payments for a period or periods as established by  
48           the chief executive officer who shall make a determination on a  
49           case-by-case basis. The chief executive officer may grant a  
50

2 deferment in the event that a recipient of a loan evidences  
4 intent to teach and inability to secure employment necessary to  
6 obtain forgiveness of the loan at the time the deferment is  
8 sought. The chief executive officer shall require certification  
of such intent annually and shall grant a one-year deferment  
for each successful request for deferment. A recipient may not  
receive ~~no~~ more than 5 one-year deferments. The decision of the  
chief executive officer is final.

10 **Sec. E-11. 20-A MRSA §12509**, as amended by PL 1993, c. 410,  
12 Pt. EEEE, §4, is further amended to read:

14 **§12509. Nonlapsing revolving fund**

16 The ~~Blaine House Scholars Fund~~ Teachers for Maine fund is  
18 created under the jurisdiction of the authority as a nonlapsing,  
20 interest-earning, revolving fund to carry out the purposes of  
22 this chapter. Any unexpended balance in the Teachers for Maine  
24 fund carries over for continued use under this chapter. The  
26 authority may receive, invest and expend, on behalf of the fund  
28 funds, money from gifts, grants, bequests, loans, including loans  
obtained pursuant to chapter 417-B, and donations, in addition to  
money appropriated or allocated by the State. Loan repayments  
under this section or other repayments to the authority must be  
invested by the authority, as provided by law, with the earned  
income to be added to the fund. Money received by the authority  
on behalf of the fund, except interest income, must be used for  
the designated purpose; interest income may be used for the  
designated purpose or to pay student financial assistance  
administrative costs incurred by the authority as determined  
appropriate by the authority.

32 **Sec. E-12. Transition.** The Teachers for Maine fund  
34 established in the Maine Revised Statutes, Title 20-A, section  
12509 is the successor to the Blaine House Scholars Fund. The  
36 fund may be used to provide renewal loans to individuals who  
38 received a Blaine House scholars loan and are eligible for  
renewal of that loan under law in effect at the time the loan was  
made. Any unexpended balance in the Blaine House Scholars Fund  
40 must be carried over for use in the Teachers for Maine fund and  
42 repayments required to be made to the Blaine House Scholars Fund  
must be made to the Teachers for Maine fund.

44 **Sec. E-13. Application.** This Part applies only to individuals  
46 receiving a first loan in any category on or after January 1,  
1996. This Part does not apply to applications for renewals of  
48 loans, which are governed by the law in effect when the initial  
loan was granted.

2           **Emergency clause.** In view of the emergency cited in the  
preamble, this Act takes effect when approved.

4

**STATEMENT OF FACT**

6

8           This bill makes the following changes to the laws governing  
the Finance Authority of Maine.

10           Part A repeals the sunset provision that terminated the  
12 authority of the Finance Authority of Maine to administer the  
student financial assistance programs of the Finance Authority of  
14 Maine, including the Maine Education Assistance Board. Public  
Law 1991, chapter 832, section 2 repealed the sunset provision in  
the Maine Revised Statutes, Title 10, section 1017. The  
16 corresponding sunset provision in Title 1, section 2501 was not  
repealed at that time. The bill makes the repeal of the sunset  
18 provision retroactive to June 30, 1992, the date of the repeal of  
Title 10, section 1017.

20           Part B corrects erroneous references that were made in  
22 Public Law 1993, chapter 722 to clarify that money from the  
Economic Recovery Program Fund may be used for the Capital Access  
24 Program and makes it retroactive to April 20, 1994, the effective  
date of the original bill.

26           Part C authorizes telephonic meetings of the members of the  
28 Finance Authority of Maine in an emergency situation.

30           Part D amends the Health Professions Loan Program by  
32 creating additional incentives for primary care physicians to  
practice in this State by increasing the amount of loan  
forgiveness available.

34           Part E renames the Blaine House Scholars program the  
36 "Teachers for Maine" program and puts additional emphasis on  
providing loans to students demonstrating academic achievement  
38 and provides additional incentives to encourage loan recipients  
to become teachers. It increases the loan amount available to  
40 undergraduate students, recognizing that tuition increases since  
the program's inception have reduced the portion of a recipient's  
42 education expenses paid by the loans.