

MAINE STATE LEGISLATURE

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MAJORITY
EDUCATION AND CULTURAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 799, L.D. 1043, Bill, "An Act to Increase Access to Higher Education"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 20-A MRSA c. 419-E is enacted to read:

CHAPTER 419-E

MAINE SCHOLARSHIP FOUNDATION

§11701. Establishment

The Maine Scholarship Foundation is established to foster, support and assist qualified residents of the State with the resources necessary to participate in postsecondary education programs, including employment opportunities in this State, and to assist in economic revitalization efforts in the State. The foundation shall carry out its purposes in complement to and in coordination with the postsecondary financing, student financial assistance and educational attainment activities of State Government, the Federal Government, institutions of higher education in the State and the private sector.

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2 The foundation exists as a nonprofit corporation with a
3 public purpose, and the exercise by the foundation of the powers
4 conferred by this chapter is deemed an essential governmental
5 function.

6 **§11702. Definitions**

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

10 1. **Board of directors; board.** "Board of directors" or
11 "board" means the board of directors of the foundation.

12 2. **Chair of the board.** "Chair of the board" or "chair"
13 means the chair of the board of directors.

14 3. **Cost of attendance.** "Cost of attendance" means the
15 tuition and required fees applicable to a student, together with
16 other educational expenses reasonably related to the cost of
17 attendance at an institution, including the cost of room and
18 board, transportation, books and supplies as defined by rules
19 adopted by the foundation.

20 4. **Director.** "Director" means a member of the board of
21 directors appointed by the board in accordance with section 11704.

22 5. **Eligible program of study.** "Eligible program of study"
23 means a certificate program of at least one year, an associate's
24 degree program or a baccalaureate degree program.

25 6. **Eligible student.** "Eligible student" means a student
26 who graduated from a high school in the State or the equivalent,
27 including a student receiving equivalent instruction through home
28 instruction, and who is a resident of the State or who did not
29 graduate from a high school in this State or the equivalent but
30 has been a resident of the State in accordance with rules
31 established pursuant to section 11612, subsection 5 and is
32 attending an institution of higher education in the State on a
33 full-time basis or a part-time basis at the time of application
34 for program participation. "Eligible student" includes an
35 undergraduate student participating in a regional postsecondary
36 educational program operated through the New England Higher
37 Education Compact set forth in chapter 413 or a displaced worker.

38 7. **Endowment.** "Endowment" means the Maine Scholarship
39 Endowment Fund established in section 11703, subsection 1.

40 8. **Foundation.** "Foundation" means the Maine Scholarship
41 Foundation established in section 11701 or its successors or
42 assigns.

2 9. Institution; institution of higher education.
3 "Institution" or "institution of higher education" means any
4 public or private nonprofit educational institution located
5 within this State that is attended by residents of the State and
6 any proprietary educational institution within the State for
7 which loan guarantee services are readily and conveniently
8 available to the Finance Authority of Maine, both of which:

10 A. Provide a program of education beyond the high school
11 level;

12 B. Award an associate or baccalaureate degree; and

13 C. Meet the conditions of applicable rules adopted by the
14 foundation.

15 10. Qualified recipient. "Qualified recipient" means:

16 A. A public institution of higher education in this State;

17 B. A private, nonprofit organization qualified under the
18 United States Internal Revenue Code of 1986, Section 501(c)
19 (3) that is exclusively related to a public institution of
20 higher education in this State; or

21 C. A private, nonprofit organization qualified under the
22 United States Internal Revenue Code of 1986, Section 501(c)
23 (3) that is not exclusively related to a private institution
24 of higher education in this State and that has the principal
25 purpose of providing scholarships to and otherwise enhancing
26 the postsecondary educational opportunities of eligible
27 students enrolled in eligible programs of study.

28 11. Unmet need. "Unmet need" means the difference between
29 the cost of attendance for a student for an academic year at an
30 institution of higher education and the total of all a student's
31 sources of financial assistance, including loans, grants,
32 work-study programs and all other available sources, as
33 determined by the foundation by rules adopted in accordance with
34 section 11706, subsection 2.

35 **§11703. Purpose**

36 The foundation shall foster, assist and participate in
37 efforts that support increased levels of enrollment in
38 postsecondary education programs and postsecondary educational
39 attainment for residents of the State, including efforts to
40 expand employment opportunities in this State and to assist in
41 economic revitalization efforts in the State, in coordination
42 with the Finance Authority of Maine.

with existing state, federal, regional and local agencies public and private sector institutions. The foundation shall enter into a contract or contracts for services to carry out the purposes described in this chapter. The foundation must operate in accordance with the following provisions.

1. Maine Scholarship Endowment Fund. The foundation shall strive to expand access to and enrollment in postsecondary education programs in this State for resident students by providing for the management and governance of the Maine Scholarship Endowment Fund, which is established as a permanent, nonlapsing endowment consisting of certain funds dedicated by the Legislature and by other private and public sources for the purposes described in this chapter. Any unexpended funds appropriated by the Legislature to carry out the purposes of the endowment do not lapse, but must be carried forward for continued use in the endowment.

2. Clearinghouse for postsecondary education programs and student financial assistance. The foundation shall strive to provide information on foundation scholarship programs to a clearinghouse for postsecondary education programs in the State established by the Finance Authority of Maine so that all available public and private sources of student financial assistance provided by the foundation may be integrated with the information provided through the clearinghouse.

§11704. Board of directors

The Board of Directors of the Maine Scholarship Foundation consists of 9 directors appointed to serve in that capacity in accordance with this section.

1. Membership. Membership of the board of directors is as follows:

A. The Treasurer of State;

B. Two members appointed by the President of the Senate representing institutions of higher education with experience in and knowledge of institutional investment of funds and higher education finance policies who are trustees, directors, officers or employees of an institution of higher education in the State. One member must be appointed to represent public institutions of higher education and one member must be appointed to represent private institutions of higher education;

C. Two members appointed by the Speaker of the House who are student financial aid administrators at postsecondary

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institutions in the State, one representing public institutions of higher education and one representing private institutions of higher education;

D. One member appointed by the Speaker of the House who is a chief executive officer or serves in a leadership position in a private sector partnership, firm or corporation in the State;

E. One member appointed by the President of the Senate who is a representative of a state financial institution that is active in student lending;

F. One member appointed by the Speaker of the House who represents the interests of students and parents who use student financial assistance programs; and

G. One member appointed by the Speaker of the House who represents the interests of displaced workers in the State who use student financial assistance programs.

2. Terms. Members of the board of directors are appointed for terms as follows.

A. Two members appointed by the President of the Senate and 3 members appointed by the Speaker of the House under subsection 1 must be appointed for initial terms of 2 years, and the remaining members must be appointed for initial terms of 4 years. Thereafter, members must be appointed for terms of 4 years. Members may be removed for cause.

B. Except for members appointed to an initial term of 2 years under paragraph A, who may serve their initial term plus 2 full terms in succession, a person may not serve as a director for more than 8 years in succession.

C. Members representing state agencies and institutions of higher education and the member representing a state financial institution serve until their successors are appointed and qualified or until their association with the respective agencies or institutions ends, whichever occurs first.

3. Appointment. In the case that a member leaves the board of directors, the respective appointing authority shall appoint a new member to serve out the remainder of the term.

4. Organization. Each year the board of directors shall elect from among its members a chair, vice-chair and any other officers it requires. The board shall meet at the call of the

2 chair or at the request of 3 of its members. Five members
3 constitute a quorum and no official action of the board may be
4 taken unless a quorum is present and voting and a majority of
5 those present and voting support the action.

6 5. Conflict of interest. The board of directors shall
7 establish conflict-of-interest provisions as part of its bylaws.
8 These provisions must include a requirement that a board member
9 is not considered to have a conflict of interest or the
10 appearance of a conflict of interest because of that member's use
11 of the programs of or association with a postsecondary
12 educational institution or financial institution, as long as no
13 member participates in an official capacity with respect to any
14 matter that has an effect on that member or on the institution
15 with which that member is associated that is unique and distinct
16 from the effect on the general public or persons engaged in
17 similar professions, trades, businesses or employment or
18 associated with similar institutions.

20 6. Expenses. Members of the board of directors must be
21 compensated according to the provisions of Title 5, chapter 379,
22 subchapter I.

24 7. Staffing assistance. The Finance Authority of Maine
25 shall provide appropriate staff support to the board of directors.

26 **§11705. General powers**

28 To the extent necessary to carry out its duties under this
29 chapter, the foundation may exercise the powers accorded to
30 nonprofit corporations under Title 13-B, section 202 and may:

32 1. Apply for and receive funds. Apply for and receive
33 funds from any private source or governmental entity, whether by
34 way of grant, donation or loan or in any other manner;

36 2. Administer programs. Administer programs and contract
37 for services in accordance with section 11706, subsection 3 with
38 organizations or individuals for such assistance in administering
39 the programs as the foundation may require;

42 3. Postsecondary education participation and attainment
43 services; fees. Provide services to public or private
44 institutions or organizations to assist their efforts in
45 increasing postsecondary education participation and attainment
46 levels of residents in the State and to charge such fees for
47 these services as it may consider appropriate;

48 4. Officers. Appoint officers of the foundation and define
49 their duties;

18
2 5. Debt. Borrow money and incur debt for any of the
3 purposes authorized in this chapter, including the power to issue
4 its bonds, debentures, notes or other evidences of indebtedness,
5 whether secured or unsecured, and secure the same by mortgage,
6 pledge, deed of trust or other lien on its property, rights and
7 privileges of every kind and nature, or any part of or interest
8 in its property, rights and privileges;

10 6. Collaborate and cooperate with agencies, organizations
11 and corporations. Collaborate with and avail itself of the
12 services of governmental agencies and instrumentalities of the
13 State, including but not limited to the State Planning Office
14 within the Executive Department, the Department of Economic and
15 Community Development, the Finance Authority of Maine, the Maine
16 Development Foundation and the institutions of higher education
17 in the State to coordinate the programs of the foundation; and
18 cooperate and assist and otherwise encourage organizations, local
19 or regional, private or public, in the various communities of the
20 State in the promotion, assistance and development of individual
21 and community prosperity and economic welfare of citizens of the
22 State, communities and public and private institutions and
23 corporations;

24
25 7. Bylaws. Adopt bylaws not inconsistent with this chapter
26 for the governance of its affairs or with the laws of this State;

28 8. Foundation costs and expenses. Fund all costs and
29 expenses incurred in connection with the exercise of powers
30 granted under this chapter as administrative costs of the
31 foundation and the endowment. The foundation may not assess the
32 endowment a fee in excess of 1% of the balance of the endowment
33 for the administrative costs and expenses of the foundation and
34 the endowment, except that in the initial 2 fiscal years
35 following the enactment of this chapter, the foundation may
36 assess fees of not more than \$250,000 per year for the
37 administrative costs and expenses of the foundation and the
38 endowment; and

40 9. Other powers. Do all other things necessary or
41 convenient to carry out the lawful purposes of the foundation.

42 **§11706. Limitation of powers**

43
44 Notwithstanding any other provision of this chapter, the
45 foundation does not have power or authority to enter into
46 contracts, obligations or commitments of any kind on behalf of
47 the State or any of its agencies, nor does it have the power of
48 eminent domain or any other power not provided to nonprofit
49 corporations generally. Bonds, notes and other evidences of
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2 indebtedness of the foundation are not in any way a debt or
3 liability of the State and do not constitute a pledge of the
4 faith and credit of the State.

6 1. Public meetings and records. Except for records
7 containing specific and identifiable personal information
8 acquired from applicants for or recipients of financial
9 assistance, the books and records of the foundation are public
10 records and its meetings are public proceedings within the
11 meaning of Title 1, chapter 13, subchapter I.

12 2. Rule. The foundation shall, by rule, establish
13 requirements and limitations for each program governed by or
14 operated pursuant to this chapter in accordance with this
15 subsection. The foundation shall adopt rules to ensure that
16 foundation programs maintain maximum feasible collaboration and
17 cooperation with any current or future agency, department,
18 authority, instrumentality or corporation created, designated or
19 established by the State. In adopting or amending rules, the
20 foundation shall follow the rulemaking procedures set forth in
21 Title 5, chapter 375, subchapter II. Rules adopted pursuant to
22 this chapter are routine technical rules pursuant to Title 5,
23 chapter 375, subchapter II-A.

24 3. Use of competitive bidding. The foundation may enter
25 into contracts for services through an open, competitive bidding
26 process in accordance with this subsection. The foundation shall
27 adopt rules, as provided in subsection 2, governing the
28 competitive bidding process. The foundation may not enter into
29 any contract without prior public notice and the opportunity for
30 interested persons to make proposals.

32 **§11707. Liability of officers; directors**

34 All officers and directors of the foundation entrusted with
35 the custody of the securities of or authorized to disburse the
36 funds of the foundation must be bonded, either by a blanket bond
37 or by individual bonds, with a surety bond or bonds in an amount
38 per person of not less than \$100,000 conditioned upon the
39 faithful performance of their duties, the premiums for which
40 must be paid out of the assets of the foundation.

42 **§11708. Prohibited interests of officers and directors**

44 An officer or director of the foundation or the spouse or
45 dependent child of an officer or director may not receive any
46 direct personal benefit from the activities of the foundation in
47 assisting any private entity. This provision does not prohibit
48 corporations or other entities with which an officer or director
49 is associated by reason of ownership or employment from
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2 participating in student financial assistance and educational
3 attainment activities with the foundation, as long as such
4 ownership or employment is made known to the board of directors
5 and the officer or director abstains from voting on matters
6 relating to such participation.

8 **§11709. Donations to State**

9 The State, through the Treasurer of State, may accept
10 donations, bequests, devises, grants or other interests of any
11 nature on behalf of the foundation and transfer such funds,
12 property or other interests to the foundation.

14 **§11710. Annual report; audit**

15 The foundation shall provide an annual report and an
16 independent audit of its activities to the Governor and the
17 Legislature. The foundation is subject to further audit and
18 review at the expense of the State if considered necessary by the
19 Governor or the Legislative Council.

22 **§11711. General conditions; dissolution**

23 The foundation operates as a nonprofit organization
24 consistent with its composition and broad public purposes. The
25 following conditions apply to the operation or dissolution of the
26 foundation.

27 **1. Net earnings of foundation.** No part of the net earnings
28 of the foundation inure to the benefit of any officer or
29 director, except that the foundation is authorized and empowered
30 to pay reasonable compensation for services rendered and
31 otherwise hold, manage and dispose of its property in furtherance
32 of the purposes of the foundation.

33 **2. Dissolution of foundation.** Upon dissolution of the
34 foundation, the directors shall, after paying or making provision
35 for the payment of all liabilities of the foundation, cause all
36 of the remaining assets of the foundation to be transferred to
37 the State.

38 **§11712. Liberal construction**

39 This chapter must be construed liberally to effect the
40 interest and purposes of the foundation for improved educational
41 attainment and economic development efforts in the State and must
42 be broadly interpreted to effect such intent and purposes and not
43 as a limitation of powers.

44 **§11713. Maine Scholarship Endowment Fund; purpose**

2 1. Generally. The purpose of the endowment is to provide
3 financial assistance to and for the benefit of eligible residents
4 of the State to attend an institution of higher education in the
5 State by providing funds appropriated or allocated by the
6 Legislature for the creation and maintenance of a permanent
7 endowment to carry out the purposes of this chapter.

8
9 2. Finances of endowment; nonlapsing fund. The endowment
10 includes all assets, funds and holdings held in trust in the name
11 of, on behalf of or for the benefit of the endowment. This is a
12 nonlapsing fund, the sources of which include all appropriations
13 and allocations by the Legislature to the endowment; money from
14 any other source, whether public or private, designated for
15 deposit into or credited to the endowment; and interest or other
16 income or assets of the endowment. Any funds appropriated and
17 allocated by the Legislature to carry out the purposes of this
18 chapter may not lapse and must be carried forward for continued
19 use in the endowment.

20
21 3. Treasurer of State authority for deposit of state funds;
22 interest earned on endowment; disbursement of endowment funds.
23 The Treasurer of State is responsible for the custodial care of
24 the endowment and may deposit into the endowment state funds
25 pursuant to Title 5, section 135. Interest earned on the
26 investment of the endowment must be credited to the qualified
27 recipients pursuant to sections 11714 and 11715 or deposited in
28 the endowment to be invested with other assets. The Treasurer of
29 State is responsible for disbursement of the endowment assets to
30 qualified recipients upon certification by the chair of the board
31 that the provisions established under sections 11714 and 11715
32 are met. The foundation must establish rules related to
33 certifying matching gifts received pursuant to sections 11714 and
34 11715.

35 4. Investment of endowment; fiduciary roles and
36 responsibilities. The chair of the board shall act as fiduciary
37 and financial agent with respect to the management and
38 administration of the endowment. The chair of the board, with
39 the advice of the board of directors, shall direct the Treasurer
40 of State to invest endowment funds in any investments determined
41 by the foundation to be appropriate, notwithstanding any general
42 statutory limitations on investments of public funds. The chair
43 of the board shall treat the endowment as held in trust on behalf
44 of the State only for the purposes specified in this chapter and
45 shall separately account for the endowment as investment assets,
46 attributing to the endowment its proportional share of investment
47 returns and investment management costs and expenses, including
48 costs and expenses of the foundation arising because of its
49 investment of the endowment.
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2 **5. Annual plan; investment, administration and allocation**
 4 **of endowment funds.** The use of the endowment must be based on a
 6 plan developed annually by the chair of the board, after
 8 consultation with the Treasurer of State and the board of
 10 directors. Prior to June 15th of each year, the chair of the
 12 board shall present the annual plan for the investment,
 14 administration and allocation of endowment assets, including
 16 interest income earned, to qualified recipients and eligible
 18 students in accordance with sections 11714 and 11715 to the
 20 Governor and the joint standing committee of the Legislature
 22 having jurisdiction over appropriations and financial affairs and
 24 the joint standing committee of the Legislature having
 26 jurisdiction over education matters. The annual plan must also
 28 include the related investment accounting, investment return and
 30 expense attribution in accordance with section 11705, subsection
 32 8.

34 **6. Use of endowment.** Subject to the limitations in section
 36 11705, subsection 8, the endowment may be used for necessary
 38 audit services, legal expenses, investment management fees and
 40 services and general administrative expenses related to the
 42 management and administration of the endowment.

44 **7. Audit of endowment.** The chair of the board shall ensure
 46 adequate audit of the investment management of the endowment and
 48 the expenditures of the endowment each state fiscal year within
 50 the scope of the annual audit of the foundation or through
 52 separate audit as considered appropriate by the board of
 54 directors. Any separate audit must be reported to the Governor,
 56 the Legislature, the chair of the board and the State Controller
 58 in as timely a manner as possible after the close of each state
 60 fiscal year.

62 **8. Annual report.** The chair of the board shall provide an
 64 annual report of its activities related to the endowment to the
 66 Governor and the Legislature. The foundation activities related
 68 to the endowment are subject to further review if considered
 70 necessary by the Governor or the Legislative Council at the
 72 expense of the State.

74 **9. Reduction prohibited.** Allocations from endowment assets
 76 must be in addition to any other funds appropriated to the
 78 University of Maine System, the Maine Technical College System
 80 and the Maine Maritime Academy and may not be used to reduce
 82 appropriations for other purposes.

84 **§11714. Allocation and disbursement of endowment assets and**
 86 **funds; eligibility**

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COMMITTEE AMENDMENT "A" to H.P. 799, L.D. 1043

1 1. Accounts. The Treasurer of State shall manage the
2 endowment in accordance with this section. The treasurer shall
3 establish within the endowment a disbursal account and a
4 scholarship account. All money appropriated by the Legislature
5 to the endowment must be initially deposited in the disbursal
6 account for disbursal in accordance with this section and section
7 11715. Funds deposited in the scholarship account, including
8 funds received from the disbursal account and matching funds
9 received from other sources, may only be expended in accordance
10 with subsection 3.

12 2. Disbursal. In July of each year, beginning in 2001, the
13 Treasurer of State, to the extent funds are available in the
14 disbursal account established in subsection 1 and in accordance
15 with the annual plan approved by the board of directors pursuant
16 to section 11713, subsection 5, shall make disbursements from the
17 disbursal account in accordance with this subsection.

18
19 A. If matching funds from private sources are available to
20 the endowment and certified by the board, a primary
21 disbursal must be made to the scholarship account
22 established in subsection 1 in an amount equal to the amount
23 of the matching funds.

24
25 B. If, after any primary disbursal made pursuant to
26 paragraph A, there are any funds remaining in the disbursal
27 account established in subsection 1, secondary disbursements
28 from the disbursal account must be made in accordance with
29 section 11715.

30
31 C. If, after any disbursements pursuant to paragraphs A and B,
32 there are any funds remaining in the disbursal account
33 established in subsection 1, the funds must be held in the
34 account until the next annual disbursal. Funds in the
35 disbursal account must be disbursed to eligible students in
36 accordance with subsection 3.

37 3. Disbursal of endowment assets; scholarships. To the
38 extent there are funds available in the scholarship account or
39 the disbursal account established in subsection 1 after
40 disbursements in accordance with subsection 2, the Treasurer of
41 State shall make distributions from interest earned on those
42 accounts in accordance with this subsection. The Treasurer of
43 State, at the direction of the foundation, shall issue
44 scholarships from the accounts to students who satisfy the
45 requirements of subsection 4. The foundation shall establish the
46 amount of the scholarships, except that a scholarship may not
47 exceed the cost of attendance for a full-time student at the
48 Maine Technical College System. A student who receives other
49 types of state student aid, including but not limited to a
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COMMITTEE AMENDMENT

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COMMITTEE AMENDMENT "A" to H.P. 799, L.D. 1043

2 student incentive scholarship, is eligible to receive a
4 scholarship pursuant to this section, provided that the total
6 amount of aid, including a scholarship received under this
8 section, may not exceed 100% of the student's total cost of
10 attendance. The foundation shall adopt rules pursuant to section
12 11706, subsection 2 governing the awarding of scholarships and
14 scholarship amounts. The total amount of distributions for
16 scholarships pursuant to this subsection must be at least 5% of
18 the scholarship account and 5% of the disbursal account, except
20 that the total distributions may not exceed an amount that would
22 reduce the principal in either account.

14 4. Eligibility. An eligible student may receive a
16 scholarship from the endowment if the student:

16 A. Has graduated from an approved secondary school or
18 matriculated at a postsecondary school prior to high school
20 graduation, or has successfully completed a general
22 educational development examination or its equivalent;

22 B. Has been accepted for enrollment as full-time or
24 part-time undergraduate or is in good standing as an
26 undergraduate at an institution of higher education in an
28 eligible program of study and has not received a previous
30 baccalaureate degree;

28 C. Has been determined by the foundation in accordance with
30 the criteria established by the foundation by rule to have
32 an unmet financial need; and

32 D. Meets state residency requirements established by the
34 foundation by rule.

34 **§11715. Secondary disbursal of endowment assets; state matching**
36 **fund program; qualified recipients; administration of**
38 **endowment allocations**

38 1. Secondary disbursal of endowment assets. Secondary
40 disbursements pursuant to section 11714, subsection 2, paragraph
42 B from the disbursal account established in section 11714,
44 subsection 1 must be made in accordance with this section. The
46 Treasurer of State shall make disbursements from the disbursal
48 account to qualified recipients at the direction of the
50 foundation. To the extent funds are available in the disbursal
account, the foundation shall direct disbursements to be made to
a qualified recipient if the board of directors certifies that a
qualifying matching gift to the qualified recipient has been or
will be made. For purposes of this section, a qualifying
matching gift is a gift of at least \$50,000 from a single donor
or multiple donors who agree to aggregate their gifts to the

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qualified recipient for the purposes of this subsection. The amount of the disbursement must be equal to the qualifying matching gift.

2. Use of matching funds by qualified recipients. A qualified recipient that receives a disbursement under this section must use the funds received under this section, including qualifying matching gifts, in accordance with this subsection.

A. The qualified recipient must apply the funds in accordance with the terms of its scholarship program, unless those terms are inconsistent with the other provisions of this subsection.

B. All scholarships granted by the qualified recipient using the funds must be based on the student's unmet financial need and may only be provided to an eligible student attending institutions of higher education in this State.

C. The qualified recipient shall manage the funds as the principal of an endowment and shall annually grant scholarships totaling an amount that is not less than 5% of the total amount received under this section, except that the qualified recipient may not expend an amount that results in a reduction in the principal.

3. Cessation of operation as a qualified recipient. If a qualified recipient ceases to operate as a qualified recipient, it must pay to the Treasurer of State all funds received from the endowment and all funds received from the qualifying matching gifts plus any interest income earned that has not been expended through the qualified recipient's scholarship program. The Treasurer of State shall deposit the funds in the disbursal account established in section 11714, subsection 1.

§11716. Request for proposal; endowment programs

The foundation shall develop a process for requesting proposals to provide technical assistance and operational support for the development and implementation of endowment scholarship programs pursuant to this chapter. A proposal for a personal services contract must follow the competitive bidding procedures required in section 11706, subsection 3. A proposal must contain at a minimum:

1. Types of technical assistance, research and operational support services. The types of technical assistance and research, administrative and operational support services that can assist the foundation in fulfilling its mission to provide

student financial assistance for students in the State through the development and implementation of endowment programs;

2. Definition of services. A clear description of how the bidder will provide technical assistance and research, administrative and operational support services that include, but are not limited to, strategic planning for and research in identifying nonstate sources of scholarship and grant aid from the private and philanthropic sectors and how endowment funds will be used to fulfill the established purposes of the foundation;

3. Student financial assistance administration services. A clear description of how the bidder will provide technical assistance and administrative support services to enhance the ability of the foundation to develop a public-private partnership that will implement student financial assistance programs that include, but are not limited to, scholarship and grant programs; and

4. Assessment program. A clear description of how the bidder will develop an assessment program that includes, but is not limited to, tracking the outcomes of the student financial assistance programs funded by the endowment on the recipients of the aid, the institutions of higher education in the State and businesses and economic development regions across the State. The assessment program description must include estimated costs of full implementation of the assessment program.

Sec. 2. Intent. It is the intent of the Legislature that, beginning in fiscal year 2001-02 and as soon as practical following the enactment of this Act, funds appropriated, allocated or otherwise deposited to the Maine Scholarship Foundation account be disbursed in accordance with the requirements of the Maine Revised Statutes, Title 20-A, chapter 419-E.'

Further amend the bill by inserting at the end before the summary the following:

·FISCAL NOTE

This bill establishes the Maine Scholarship Endowment Fund to be administered by the Maine Scholarship Foundation and staffed by the Finance Authority of Maine. General Fund appropriations or funding from other sources will be required to capitalize the fund. If funds are appropriated or other funds from other sources become available, such funds may be used for the administrative costs and expenses of the foundation and the

2 endowment up to 1% of the balance of the endowment, except that
in the initial 2 fiscal years fees of up to \$250,000 may be
3 assessed.

4
5 The Office of the Treasurer of State will incur some minor
6 additional costs to serve as a member of the board of directors
of the foundation and to assume custodial responsibility for the
7 endowment fund. These costs can be absorbed within the office's
8 existing budgeted resources.'

10
11
12 **SUMMARY**

13
14 This amendment strikes and replaces the bill. The amendment
15 establishes the Maine Scholarship Foundation and the Maine
16 Scholarship Endowment Fund to provide eligible Maine residents
with the financial resources to access postsecondary education
17 opportunities and attain higher levels of education. The
18 amendment accomplishes the following.

19
20 1. It establishes a 9-member board of directors of the
21 Maine Scholarship Foundation to direct the operation of the
22 foundation programs and investment of the endowment fund.

23
24 2. It provides that endowment funds be allocated to public
25 institutions of higher education in the State and to qualifying
26 nonprofit corporations for the purpose of establishing
27 scholarship programs that provide endowment funds and funds from
28 matching gifts to reduce the unmet financial need of Maine
29 residents enrolled in public and private institutions of higher
30 education in the State.

31
32 3. It provides that the Finance Authority of Maine shall
33 provide staffing assistance to the board of directors of the
34 foundation; and further directs the foundation to integrate
35 information regarding the scholarship programs funded by the
36 foundation with the clearinghouse established by the Finance
37 Authority of Maine on postsecondary education programs and
38 student financial assistance resources in the State; and

39
40 4. It authorizes the foundation to establish a request for
41 proposal process for administering student financial assistance
42 programs with proceeds from the endowment fund, including
43 researching and tracking the outcomes of the student financial
44 assistance programs.

45
46 5. It adds a fiscal note to the bill.