

MAINE STATE LEGISLATURE

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L.D. 993

DATE: 4-27-04

(Filing No. S-553)

APPROPRIATIONS AND FINANCIAL AFFAIRS

Reported by:

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**STATE OF MAINE
SENATE
121ST LEGISLATURE
SECOND SPECIAL SESSION**

COMMITTEE AMENDMENT "B" to S.P. 334, L.D. 993, Bill, "An Act To Promote Economic Growth by Retaining Engineers in Maine"

Amend the bill in section 1 in that part designated "§12521." by striking out all of subsections 1 to 6 (page 1, lines 23 to 44 in L.D.) and inserting in their place the following:

1. Authority. "Authority" means the Finance Authority of Maine.

2. Chief executive officer. "Chief executive officer" means the Chief Executive Officer of the Finance Authority of Maine.

3. Eligible employer. "Eligible employer" means a business in the State that employs engineers and that demonstrates a need to fill an eligible employment position.

4. Eligible employment position. "Eligible employment position" means a full-time position of employment with an employer located in this State, a requirement of which is a bachelor's degree in an engineering discipline.

5. Eligible individual. "Eligible individual" means a person who:

COMMITTEE AMENDMENT

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2 A. Holds a bachelor's degree from a college of engineering within the University of Maine System; or

4 B. Received a high school diploma, or its equivalent, in this State and holds a bachelor's degree from a college of engineering in a state other than this State.

8 6. Program. "Program" means the Maine Engineers Recruitment and Retention Program established in section 12522.'

10 Further amend the bill in section 1 by striking out all of that part designated "~~§12522.~~" and inserting in its place the following:

14 **'§12522. Maine Engineers Recruitment and Retention Program**

16 The Maine Engineers Recruitment and Retention Program is established to provide assistance to eligible employers seeking to recruit engineers for full-time employment in this State by providing financial assistance to eligible individuals who fill such positions.'

22 Further amend the bill in section 1 by striking out all of those parts designated "~~§12524.~~" and "~~§12525.~~" and inserting in their place the following:

26 **'§12524. Loan repayment agreement application**

28 Beginning July 1, 2007, an eligible employer seeking to fill an eligible employment position with an eligible individual who has outstanding student loans from financial institutions may apply on behalf of that individual to obtain one or more program loan repayment agreements under section 12526. Applications must be submitted to the authority at a time and in a format to be determined by the authority.

36 **'§12525. Maximum loan repayment; participation**

38 The maximum program loan repayment amount available to each eligible individual, excluding the employer's match under section 12526, is \$2,500 per year, for a maximum of 4 years. No more than 10 program loan repayment agreements may be awarded in any year. The authority may not award more than 40% of the program loan repayment agreements in any one year to individuals who are eligible under the provisions of section 12521, subsection 5, paragraph B.'

48 Further amend the bill in section 1 in that part designated "~~§12526.~~" by striking out all of subsection 2 (page 3, lines 10 to 13 in L.D.) and inserting in its place the following:

2 '2. Matching funds. An eligible employer must provide
3 funds to match the amount provided by the authority for program
4 loan repayments under this section. The employer's match must be
5 paid to the authority for payment to the financial institution
6 holding the employee's student loan and must be in an amount
7 equal to the amount of the program loan repayment to be provided
8 by the authority.'

9 Further amend the bill in section 1 by striking out all of
10 that part designated "~~§12527.~~" and inserting in its place the
11 following:

12 '§12527. Payment provisions

13 The authority shall enter into a program loan repayment
14 agreement with an eligible individual on terms and conditions
15 that are acceptable to the authority and that at a minimum must
16 require the eligible individual and the eligible individual's
17 employer to certify annually, before payment of any installment
18 by the authority under the program loan agreement, that the
19 eligible individual has been employed in an eligible employment
20 position for the preceding 12-month period. Payment of any
21 installment by the authority, including matching funds provided
22 to the authority by the employer, must be made directly for
23 credit to the eligible individual's account at the financial
24 institution certified by the eligible individual as responsible
25 for administration of that person's student loans.'

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30 **SUMMARY**

31 The bill proposed to provide a mechanism for repayment of
32 student loans for persons who receive an engineering degree from
33 the University of Maine System and who are employed full-time in
34 an engineering position in this State.

35 This amendment expands the eligibility for those loan
36 repayments to allow up to 40% of the loan repayment awards to go
37 to persons who received a high school diploma, or its equivalent,
38 in this State and who hold a bachelor's degree from a college of
39 engineering in a state other than this State but who returned to
40 work in this State full-time in an engineering position.

41 The amendment also clarifies that loan repayments do not
42 begin until July 1, 2007 and that the matching funds paid by the
43 employer must be paid to the Finance Authority of Maine for
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2 payment by the authority to the financial institution holding the
employee's student loan.

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FISCAL NOTE REQUIRED
(See attached)

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121st Maine Legislature
Office of Fiscal and Program Review

LD 993

An Act to Promote Economic Growth by Retaining Engineers in Maine

LR 1189(04)

Fiscal Note for Bill as Amended by Committee Amendment 'B'

Committee: Appropriations and Financial Affairs

Fiscal Note Required: Yes

Fiscal Note

Future biennium cost increase - General Fund

Fiscal Detail and Notes

This bill establishes the Maine Engineers Recruitment and Retention Program Fund as a nonlapsing fund administered by the Finance Authority of Maine. The Fund is authorized to receive money from gifts, grants, bequests, loans and donations in addition to money appropriated or allocated by the State. It is not clear whether monies generated from these sources of funds will be sufficient to support the program. The estimated amount of funds needed to repay the loans in the first year, which is expected to be fiscal year 2007-08, is \$25,000, excluding administrative costs. That amount will increase by an additional \$25,000 per year until it reaches the maximum amount needed in the fourth year of the program of \$100,000.

In addition, the Finance Authority of Maine will require a General Fund appropriation to establish and administer the program of \$28,000 in fiscal year 2006-07 and \$3,000 per year beginning in fiscal year 2007-08 for on-going administrative costs. These costs may be partially offset by interest earnings of the fund which may be used for administrative purposes. The amount of interest income that will be generated is not expected to be significant. Any additional cost to the University of Maine System to serve on the advisory committee can be absorbed by the University utilizing existing budgeted resources.