

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 1384

S.P. 455

In Senate, March 18, 2003

### An Act To Provide Student Loan Forgiveness to Maine Employees

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Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator STRIMLING of Cumberland.  
Cosponsored by Representative CUMMINGS of Portland and  
Senators: BRENNAN of Cumberland, HATCH of Somerset.

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

4 Sec. 1. 20-A MRSA c. 427-A is enacted to read:

6 CHAPTER 427-A

8 WORKFORCE FOR MAINE PROGRAM

10 §12411. Definitions

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

14 1. College students. "College students" means those  
students who graduated from a Maine high school or the equivalent  
and are residents of Maine, or who did not graduate from a Maine  
high school or the equivalent but have been residents of Maine  
for at least one year, and are attending an institution of higher  
education on a full-time basis at the time of application for  
program participation.

22 2. Authority. "Authority" means the Finance Authority of  
Maine.

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

28 4. Duly enrolled. "Duly enrolled" means in attendance at  
the first class meeting as an eligible individual.

32 5. Eligible individuals. "Eligible individuals" means  
students who meet eligibility requirements as determined in  
sections 12515 and 12517.

36 6. Graduating high school seniors. "Graduating high school  
seniors" means those students who are residents of Maine who  
graduate from high school or its equivalent at the end of the  
academic year and who will be entering their first year in an  
institution of higher education. An academic year is considered  
to be a September-to-June time period.

42 7. In-state employment. "In-state employment" means  
employment in the State.

44 8. Institution of higher education. "Institution of higher  
education" means an institution of higher education located  
within this State, another state or a foreign country.

2 9. Students pursuing postbaccalaureate degrees. "Students  
3 pursuing postbaccalaureate degrees" means students who have  
4 earned a Bachelor of Arts degree or its equivalent and are  
5 pursuing programs of studies leading to postbaccalaureate degrees.

6 **§12412. Workforce for Maine Program**

8 There is established the Workforce for Maine Program,  
9 referred to in this chapter as "the program," to provide  
10 financial assistance to college students, graduating high school  
11 seniors and students pursuing postbaccalaureate degrees who  
12 demonstrate an interest in pursuing a career in this State. The  
13 program recognizes graduating high school seniors, college  
14 students and students pursuing postbaccalaureate degrees by  
15 providing loans, referred to as "Workforce for Maine loans" to be  
16 used for tuition as provided in this chapter. The chief  
17 executive officer shall administer the program and shall  
18 establish by rule the rates of interest or fees to be charged.

20 **§12413. Workforce for Maine loan recipients**

22 Each year graduating high school seniors, college students  
23 and students pursuing postbaccalaureate degrees may apply for  
24 recognition as Workforce for Maine loan recipients. Applications  
25 must be submitted to the chief executive officer at a time and in  
26 a format to be determined by rule of the chief executive officer.

28 The Governor, after consultation with the chief executive  
29 officer, shall announce the names of those individuals selected  
30 by the chief executive officer to be Workforce for Maine loan  
31 recipients.

32 **§12414. Allocation of funds**

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

38 Workforce for Maine loans of up to \$1,500 per academic year  
39 or \$6,000 total may be made to a student pursuing a  
40 postbaccalaureate degree. Loans of up to \$3,000 per academic  
41 year or \$12,000 total may be made to an eligible graduating high  
42 school senior or college student. A loan of up to \$3,000 per  
43 academic year or \$6,000 total may be made to an eligible student  
44 pursuing an associate degree. An individual who has received a  
45 Workforce for Maine loan or a Blaine House Scholars Program loan  
46 as a graduating high school senior or as a college student may  
47 also receive a loan for pursuing a postbaccalaureate degree. In  
48 no event may an individual receive more than \$18,000 in total.  
49 Workforce for Maine loans for an undergraduate student or  
50 postbaccalaureate recipient are for one academic year and are

2 automatically renewed if the recipient maintains a grade point  
3 average of 2.5 based on a 4.0 grade point system or the  
4 equivalent.

6 **§12415. Eligibility requirements**

8 **1. Eligibility for postsecondary under the program**  
9 **education loans.** A postsecondary education loan may be given  
10 under the program only to a high school graduate, or the  
11 equivalent, who is a resident of the State, who has been  
12 recognized as a Workforce for Maine loan recipient and who has  
13 met other eligibility criteria established by rule of the  
14 authority.

16 **2. Eligibility for postbaccalaureate degree.** A Workforce  
17 for Maine loan for a student pursuing a postbaccalaureate degree  
18 may be given only to a resident of the State who has shown  
19 academic achievement, who has a baccalaureate degree and who has  
20 met other eligibility criteria established by rule of the  
21 authority.

22 **§12416. Payment provisions**

24 Payment of a Workforce for Maine loan must be made directly  
25 to the institution for credit to the student's account and be  
26 made within 60 days following evidence that the student has  
27 become duly enrolled at the postsecondary institution.

28 A Workforce for Maine loan may be used only to substitute  
29 for or replace the family contribution or interest-accruing loans.

32 If a recipient of a Workforce for Maine loan withdraws from  
33 an institution and if the student is entitled to a refund of  
34 tuition, fees or other charges, the institution shall pay  
35 directly to the authority from that refund a sum that represents  
36 the portion of the loan paid to the student for the portion of  
37 the academic year that the student did not complete.

38 **§12417. Repayment and in-state employment provision**

40 Each recipient of a Workforce for Maine loan designated for  
41 students pursuing postbaccalaureate degrees may cancel the total  
42 amount of the loan by completing one year of in-state employment  
43 for each year a loan is received. In-state employment for this  
44 purpose must be performed within 3 years of graduation from the  
45 institution of higher education or completion of the course or  
46 courses for which the funds were given. In no event may in-state  
47 employment be credited for the same semester for which an  
48 individual receives a Workforce for Maine loan pursuant to this  
49 chapter. An individual receiving loan forgiveness for a  
50

2 postbaccalaureate degree Workforce for Maine loan may not receive  
3 loan forgiveness for any undergraduate loan simultaneously. If  
4 the chief executive officer grants a deferment, the time period  
5 for performance of in-state employment may be extended for the  
6 same period as the deferment. Failure to fulfill the in-state  
7 employment option will necessitate repayment to the authority as  
8 follows.

9  
10 1. Debt calculation. The debt must include the total  
11 amount of the Workforce for Maine loan less the amount, if any,  
12 that has been canceled by in-state employment.

13  
14 2. Time for repayment. The total debt of the recipient  
15 under the program must be repaid to the authority within 3 years  
16 of the recipient's graduation from the institution of higher  
17 education or completion of courses for which the funds were given  
18 or within 3 years of repayment of any other loans made pursuant  
19 to this chapter. If the chief executive officer grants a  
20 deferment, the time period may be extended up to the period of  
21 the deferment. A repayment schedule including due dates must be  
22 set by the chief executive officer.

23  
24 3. Deferment. A recipient of a Workforce for Maine loan  
25 may seek a deferment of the annual payments for a period or  
26 periods as established by the chief executive officer, who shall  
27 make a determination on a case-by-case basis. The chief  
28 executive officer shall grant a one-year deferment for each  
29 successful request for deferment. A recipient may not receive  
30 more than 5 one-year deferments. The decision of the chief  
31 executive officer is final.

32 **§12418. Nonlapsing revolving fund**

33  
34 The Workforce for Maine fund is created under the  
35 jurisdiction of the authority as a nonlapsing, interest-earning,  
36 revolving fund to carry out the purposes of this chapter. Any  
37 unexpended balance in the Workforce for Maine fund carries over  
38 for continued use under this chapter. The authority may receive,  
39 invest and expend, on behalf of the funds, money from gifts,  
40 grants, bequests, loans, including loans obtained pursuant to  
41 chapter 417-B, and donations, in addition to money appropriated  
42 or allocated by the State. Loan repayments under this section or  
43 other repayments to the authority must be invested by the  
44 authority, as provided by law, with the earned income to be added  
45 to the fund. Money received by the authority on behalf of the  
46 fund, except interest income, must be used for the designated  
47 purpose; interest income may be used for the designated purpose  
48 or to pay student financial assistance administrative costs  
49 incurred by the authority as determined appropriate by the  
50 authority.

2

**§12419. Rules**

4

The authority shall adopt rules to implement the provisions of this chapter. Rules adopted pursuant to this chapter are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

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**SUMMARY**

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This bill establishes a loan and loan forgiveness program, similar to that established for teachers, to provide school loans and loan forgiveness to students who remain in or return to Maine to work.

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