

MAINE STATE LEGISLATURE

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Date: 05-09-07

(Filing No. S- 97)

EDUCATION AND CULTURAL AFFAIRS

Reproduced and distributed under the direction of the Secretary of the Senate.

**STATE OF MAINE
SENATE
123RD LEGISLATURE
FIRST REGULAR SESSION
Majority**

COMMITTEE AMENDMENT "A" to S.P. 337, L.D. 1020, Bill, "An Act To Renew the Promise of Higher Education"

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

Sec. 1. 10 MRSA §1013, sub-§16, as amended by PL 2001, c. 417, §12, is further amended to read:

16. Maine College Savings Program. The Maine College Savings Program, as established in Title 20-A, chapter 417-E; and

Sec. 2. 10 MRSA §1013, sub-§17, as enacted by PL 2001, c. 417, §13, is amended to read:

17. Maine Dental Education Loan Program. The Maine Dental Education Loan Program as established in Title 20-A, chapter 426; and

Sec. 3. 10 MRSA §1013, sub-§18 is enacted to read:

18. Maine's Promise Grant Program. The Maine's Promise Grant Program as established in Title 20-A, chapter 419-E.

Sec. 4. 20-A MRSA c. 419-E is enacted to read:

CHAPTER 419-E

MAINE'S PROMISE GRANT PROGRAM

§11681. Maine's Promise Grant Program

The Maine's Promise Grant Program, referred to in this chapter as "the program," is established to provide need-based grants to students from low-income households who have been admitted to public institutions of higher education located within this State. The program is administered by the Finance Authority of Maine, referred to in this chapter as "the authority." Under this program, grants must be awarded to eligible

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1 students to eliminate the unmet need and the necessity of student loans that would
2 otherwise present a significant financial barrier to students from low-income households
3 in this State who aspire to enroll in a public institution of higher education in this State
4 and to attain an associate degree or a baccalaureate degree.

5 **§11682. Maine's Promise Grant Fund; nonlapsing fund**

6 The Maine's Promise Grant Fund, referred to in this chapter as "the fund," is
7 established under the jurisdiction of the authority to carry out the purposes of this chapter.
8 The authority may receive and expend, on behalf of the fund, money from gifts, grants,
9 bequests and donations or other sources in addition to money appropriated or allocated by
10 the State. All money credited to the program must be distributed as need-based grants for
11 eligible students. Any unexpended balance in the fund carries over for continued use in
12 the program under this chapter.

13 **§11683. Definitions**

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

16 **1. Cost of attendance.** "Cost of attendance" means the tuition, fees, room and board
17 and other approved education expenses charged to resident students in attendance at a
18 public institution of higher education for the academic year. Approved education
19 expenses include but are not limited to expenses for books, personal expenses and other
20 education expenses as determined by the authority by rules adopted in accordance with
21 Title 5, chapter 375. The rules must be uniformly applied to all students.

22 **2. Eligible program of study.** "Eligible program of study" means an associate
23 degree program or a baccalaureate degree program.

24 **3. Expected family contribution.** "Expected family contribution" means the
25 amount that the family of a student may be reasonably expected to contribute toward
26 postsecondary education for the academic year for a student in attendance at a public
27 institution of higher education. The expected family contribution is the sum of the
28 parental contribution and the student and spouse contribution. The method of
29 determining the expected family contribution must be uniformly applied to all students as
30 determined by the authority by rules adopted in accordance with Title 5, chapter 375.

31 **4. Public institution of higher education.** "Public institution of higher education"
32 means the University of Maine System, the Maine Community College System or Maine
33 Maritime Academy.

34 **5. Grant.** "Grant" means a grant awarded under the Maine's Promise Grant Program
35 authorized under this chapter.

36 **6. Unmet need.** "Unmet need" means the difference between the total cost of
37 attendance for an academic year at a public institution of higher education and the total of
38 all sources of financial assistance, including scholarships, grants, work-study programs
39 and all other available sources, except for loans, as determined by the authority by rules
40 adopted in accordance with Title 5, chapter 375.

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1 **§11684. Eligibility**

2 Under the program, a grant may be given to a resident of the State who:

3 **1. Graduated.** Has graduated from an approved secondary school in this State or
4 has successfully completed a high school equivalency diploma or its equivalent in the
5 State, as described in Title 20-A, section 257, at the time of application;

6 **2. Accepted as undergraduate.** Has been accepted for enrollment as an
7 undergraduate at a public institution of higher education in an eligible program of study
8 and has not received a previous associate degree or baccalaureate degree;

9 **3. Applied for student financial aid.** Has completed an application by March 1st
10 and applied for federal student financial aid programs, the Maine State Grant Program,
11 tuition waiver programs and any institutional student financial aid programs for which the
12 student may be eligible;

13 **4. Unmet need for financial assistance.** Has been determined by the authority to
14 have an unmet need for financial assistance according to the criteria set forth in section
15 11685 that, if not met, will prevent the student from enrolling in an eligible program of
16 study at the public institution of higher education of that student's choice; and

17 **5. State residency requirements.** Has been determined by the authority to have
18 met the state residency requirements that may be established by the authority by rules
19 adopted in accordance with Title 5, chapter 375.

20 **§11685. Determination of need**

21 A grant provided under the program must be awarded to eliminate the unmet need of
22 an eligible student and the necessity of student loans that would otherwise be necessary
23 for an eligible student to meet the cost of attendance at a public institution of higher
24 education. The authority shall establish the need of a student for a grant for the academic
25 year for which the student applies. A grant may be awarded only to an eligible student
26 whose reported annual family income is at or below the established federal poverty level
27 at the time the student is accepted as an undergraduate student at a public institution of
28 higher education. A student is considered to qualify for a grant if the total of the cost of
29 attendance minus the expected family contribution minus estimated student financial
30 assistance not received under the program is greater than zero. For a student to receive a
31 grant under the program, the total of the expected family contribution, together with any
32 other student financial assistance received by the student, may not exceed the student's
33 cost of attendance at the public institution of higher education.

34 **§11686. Duration of grant; withdrawal**

35 **1. Duration of grant.** A grant provided under the program is for a period not to
36 exceed one academic year.

37 **2. Withdrawal.** If a student recipient of a grant withdraws from an institution and
38 the student is entitled to a refund of tuition, fees or other charges, the institution shall
39 make a refund payment directly to the authority in accordance with the institution's
40 refund policy. The authority shall deposit any such refunds into the fund to be awarded
41 to other eligible students.

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1 **§11687. Program administration**

2 **1. Responsibility of authority.** The authority shall administer the program,
3 including establishing and maintaining fund accounting and control procedures as
4 required by state law or as necessary for the State to be eligible to receive federal
5 assistance under the Federal Student Assistance Program, Higher Education Act of 1965,
6 Title IV, Part A, Subpart 3, as amended, United States Code, Title 20, Sections 1070c-1,
7 1070c-2 and 1070c-3.

8 **2. Guidelines and rules.** The following provisions apply to the program.

9 A. The authority shall develop rules, procedures, schedules and forms necessary to
10 carry out the purposes of the program.

11 B. To the maximum extent possible and consistent with the need for state control of
12 this program, the authority shall use the guidelines, rules, regulations, procedures,
13 forms and schedules set forth by the Secretary of Education for the administration of
14 the Federal Student Assistance Program, Higher Education Act of 1965, Title IV, Part
15 A, Subpart 1, as amended, United States Code, Title 20, Section 1070c.

16 **§11688. Reduction of institutional scholarship or other grant aid prohibited**

17 A grant received by a student under this chapter must be provided to remove the total
18 unmet need and may not be applied to reduce institutional scholarship or other grant aid
19 to that student. A public institution of higher education may not consider the amount of
20 the grant awarded under the program in determining the amount of institutional
21 scholarship or other grant aid that a student with demonstrated financial need is eligible to
22 receive under the institution's financial aid policies.

23 **§11689. Rules**

24 The authority shall adopt rules to implement this chapter. Rules adopted pursuant to
25 this section are major substantive rules as defined in Title 5, chapter 375, subchapter 2-A.

26 **Sec. 5. Appropriations and allocations.** The following appropriations and
27 allocations are made.

28 **FINANCE AUTHORITY OF MAINE**

29 **Maine's Promise Grant Program N019**

30 Initiative: Appropriates ongoing funds to the Finance Authority of Maine to establish and
31 administer the Maine's Promise Grant Program to provide need-based grants to students
32 from low-income households who have been admitted to a public institution of higher
33 education in the State.

34	GENERAL FUND	2007-08	2008-09
35	All Other	\$3,330,300	\$3,363,182
36			
37	GENERAL FUND TOTAL	\$3,330,300	\$3,363,182
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SUMMARY

This amendment is the majority report of the Joint Standing Committee on Education and Cultural Affairs. The amendment establishes the Maine's Promise Grant Program, a need-based grant program to eliminate the unmet need and the necessity of student loans that would otherwise present a significant financial barrier to resident students from low-income households to enrolling in an associate degree program or a baccalaureate degree program at a public institution of higher education in this State for one year. The purpose of the grant program is to allow students whose reported annual family income is at or below the established federal poverty level to enroll in an associate degree program or a baccalaureate degree program free of tuition and fee charges for one year in the University of Maine System, the Maine Community College System or at Maine Maritime Academy. The amendment provides that a person is eligible for a grant under the program if the person:

1. Is a Maine resident who has graduated from an approved secondary school in the State or has successfully completed a high school equivalency diploma or its equivalent in the State;
2. Has been accepted for enrollment as an undergraduate in an eligible program of study and has not received a previous associate degree or baccalaureate degree;
3. Has completed an application for federal student financial aid programs and any institutional student financial aid programs for which the person may be eligible and an application for the Maine State Grant Program; and
4. Has a reported annual family income that is at or below the established federal poverty level as certified by the Finance Authority of Maine.

The amendment also adds an appropriations and allocations section.

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT



123rd MAINE LEGISLATURE

LD 1020

LR 96(02)

An Act To Renew the Promise of Higher Education

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Net Cost (Savings)				
General Fund	\$3,330,300	\$3,363,182	\$3,436,150	\$3,511,745
Appropriations/Allocations				
General Fund	\$3,330,300	\$3,363,182	\$3,436,150	\$3,511,745

Fiscal Detail and Notes

This bill includes ongoing General Fund appropriations totaling \$3,330,300 in fiscal year 2007-08 and \$3,363,182 in fiscal year 2008-09 for the Finance Authority of Maine to establish and administer the Maine's Promise Grant Program. Of these amounts, \$3,281,000 and \$3,353,182 is appropriated in fiscal years 2007-08 and 2008-09, respectively, to provide need-based grants to students from low-income households who have been admitted to a public institution of higher education in the State. The cost estimates are based on the following assumptions: 1) the grant award is available to individuals with an expected family contribution (EFC) of zero; 2) the cost of attendance at the Community College is estimated to be \$10,500; 3) an estimated unmet need of approximately 15%; 4) the number of students with a zero EFC is estimated to be 2,500 based on the 2006 FAFSA filings for Maine residents; and 5) a 75% anticipated participation rate. The cost will be higher or lower based on actual experience.

This bill also includes ongoing General Fund appropriations of \$49,300 in fiscal year 2007-08 and \$10,000 per year beginning in fiscal year 2008-09 for the initial start-up costs and ongoing administrative costs associated with administering the program.