

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 1360

S.P. 493

In Senate, April 21, 2015

**An Act To Increase the Number of Science, Technology,
Engineering and Mathematics Professionals in Maine**

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

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator VOLK of Cumberland.
Cosponsored by Representative POULIOT of Augusta and
Senators: CUSHING of Penobscot, LANGLEY of Hancock, MASON of Androscoggin,
President THIBODEAU of Waldo, Representative: KORNFELD of Bangor.

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

2 **Sec. 1. 20-A MRSA c. 439** is enacted to read:

3 **CHAPTER 439**

4 **MAINE SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS**
5 **LOAN AND LOAN REPAYMENT PROGRAMS**

6 **§12921. Definitions**

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

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

10 **2. Fund.** "Fund" means the Maine Science, Technology, Engineering and
11 Mathematics Loan Fund established in section 12923.

12 **3. Program.** "Program" means the Maine Science, Technology, Engineering and
13 Mathematics Loan Program established in section 12922.

14 **4. STEM student.** "STEM student" means an undergraduate or graduate student
15 who is a resident of the State and is engaged in the study of science, computer science,
16 technology, engineering or mathematics at an accredited institution of higher education
17 eligible to receive federal assistance under the Federal Student Assistance Program,
18 Higher Education Act of 1965, Title IV and has been selected by the authority pursuant to
19 section 12922 to receive a loan.

20 **§12922. Maine Science, Technology, Engineering and Mathematics Loan Program**

21 The Maine Science, Technology, Engineering and Mathematics Loan Program is
22 established to increase the number of students in this State pursuing undergraduate and
23 graduate degrees in the fields of science, computer science, technology, engineering and
24 mathematics. The authority shall provide loans in amounts up to \$7,500 per year for a
25 maximum of 4 years to selected STEM students.

26 **1. Annual interest rate of 0%.** A STEM student may receive a loan bearing an
27 annual interest rate of 0% if the student upon graduation:

28 A. Remains in or returns to the State to live and work; and

29 B. Is employed in the field of science, computer science, technology, engineering or
30 mathematics;

31 **2. Annual interest rate of 5%.** A STEM student may receive a loan bearing an
32 annual interest rate of 5% if the student upon graduation:

33 A. Remains in or returns to the State to live and work; and

34 B. Is not employed in the field of science, computer science, technology, engineering
35 or mathematics; and

1 **3. Annual interest rate of 8%.** A STEM student may receive a loan bearing an
2 annual interest rate of 8% if the student upon graduation:

3 A. Does not remain in or return to the State to live and work; and

4 B. Is not employed in the field of science, computer science, technology, engineering
5 or mathematics.

6 **§12923. Maine Science, Technology, Engineering and Mathematics Loan Fund**

7 **1. Fund established.** The Maine Science, Technology, Engineering and
8 Mathematics Loan Fund is created as a nonlapsing, interest-earning, revolving fund to
9 carry out the purposes of this chapter.

10 **2. Funds.** The authority may receive, invest and expend on behalf of the fund
11 money from gifts, grants, bequests and donations, in addition to money appropriated or
12 allocated by the State and any federal funds received by the State for the benefit of
13 students in this State who have outstanding education loans. Money received by the
14 authority on behalf of the fund must be used for the purposes of this chapter. Interest
15 income may be used for the designated purpose or to pay administrative costs incurred by
16 the authority as determined appropriate by the authority. Any unexpended balance in the
17 fund carries forward for continued use under this chapter.

18 **§12924. Loan agreement; repayment**

19 A STEM student applying for a loan under section 12922 shall enter into an
20 agreement with the authority that includes the following provisions.

21 **1. Principal; interest.** Upon completion of postsecondary education, the STEM
22 student shall repay the entire principal of the loan plus simple interest. Interest does not
23 begin to accrue until 6 months following completion of the loan recipient's education or
24 withdrawal from school.

25 **2. Term of loan.** Loans must be repaid over a term no longer than 10 years, except
26 that the authority may extend a loan recipient's term as necessary to ensure repayment of
27 the loan.

28 Repayment must commence within 6 months following completion of the loan recipient's
29 education, withdrawal from school or discontinuance in school.

30 **§12925. Default**

31 If a recipient of a loan under this chapter agrees to live and work in the State or be
32 employed in the field of science, computer science, technology, engineering or
33 mathematics and that loan recipient does not remain living or working in the State or does
34 not remain employed in such a field, the interest rate on the loan held by that recipient is
35 subject to change in accordance with the interest rates set forth in section 12922. A
36 recipient who fails to pay the loan is liable to the authority for an amount equal to the sum
37 of the total amount paid by or on behalf of the authority to or on behalf of the recipient
38 under the contract plus interest at a rate determined by the authority. Exceptions may be
39 made by the authority for good cause.

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§12926. Deferments

The authority may grant deferments on the repayment of a loan under the program for causes established by rule. Interest at a rate to be determined by rule of the authority may be assessed during the deferment. The student's total debt to the authority, including principal and interest, must be repaid. The authority shall make determinations of deferment on a case-by-case basis. The decision of the authority regarding deferment is final.

§12927. Administration; rules

The authority shall administer the program and the fund. The authority shall adopt rules to carry out the purposes of this subchapter. Rules adopted pursuant to this section are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

Sec. 2. Appropriations and allocations. The following appropriations and allocations are made.

FINANCE AUTHORITY OF MAINE

Maine Science, Technology, Engineering and Mathematics Loan Program

Initiative: Provides funds for the Maine Science, Technology, Engineering and Mathematics Loan Fund.

GENERAL FUND	2015-16	2016-17
All Other	\$10,000,000	\$0
GENERAL FUND TOTAL	<u>\$10,000,000</u>	<u>\$0</u>

SUMMARY

The purpose of this bill is to increase the number of students pursuing graduate and undergraduate degrees in the fields of science, computer science, technology, engineering and mathematics. This bill creates the Maine Science, Technology, Engineering and Mathematics Loan Program administered by the Finance Authority of Maine. Under the bill, loans with varying interest rates will be provided to participating students depending on their future employment: loans with 0% interest rates will be available to students who remain in or return to the State and work in the fields of science, computer science, technology, engineering and mathematics upon graduation; loans bearing an interest rate of 5% will be available to students who remain in or return to the State upon graduation but are not employed in the fields of science, computer science, technology, engineering and mathematics; and loans bearing an interest rate of 8% annually will be available for students who live and work outside the State upon graduation. This bill appropriates \$10,000,000 to fund the program for fiscal year 2015-16.