

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

SECOND REGULAR SESSION-2016

Legislative Document

No. 1655

S.P. 676

In Senate, March 16, 2016

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

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 ALFOND of Cumberland. (GOVERNOR'S BILL)

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 a federal student assistance program
18 authorized under the federal Higher Education Act of 1965, Title IV and has been
19 selected by the authority pursuant to 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.

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, funds granted by the commissioner pursuant to section 15689-A,
13 subsection 27 and any federal funds received by the State for the benefit of students in
14 this State who have outstanding education loans. Money received by the authority on
15 behalf of the fund must be used for the purposes of this chapter. Interest income may be
16 used for the designated purpose or to pay administrative costs incurred by the authority as
17 determined appropriate by the authority. Any unexpended balance in the fund carries
18 forward for continued use under this chapter.

19 **§12924. Loan agreement; repayment**

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

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

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

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

31 **§12925. Default**

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

1 under the agreement under section 12924 plus interest at a rate determined by the
2 authority. Exceptions may be made by the authority for good cause.

3 **§12926. Deferments**

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

10 **§12927. Administration; rules**

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

14 **Sec. 2. 20-A MRSA §15689-A, sub-§27** is enacted to read:

15 **27. Undergraduate STEM student and graduate STEM student debt reduction.**
16 The commissioner may grant funds that become available to the Maine Science,
17 Technology, Engineering and Mathematics Loan Fund established under section 12923.

18 **SUMMARY**

19 The purpose of this bill is to increase the number of students pursuing graduate and
20 undergraduate degrees in the fields of science, computer science, technology, engineering
21 and mathematics. This bill creates the Maine Science, Technology, Engineering and
22 Mathematics Loan Program administered by the Finance Authority of Maine. Under the
23 bill, loans with varying interest rates will be provided to participating students depending
24 on their future residency and employment: loans bearing an interest rate of 0% annually
25 will be available to students who remain in or return to the State and work in the fields of
26 science, computer science, technology, engineering and mathematics upon graduation;
27 loans bearing an interest rate of 5% annually will be available to students who remain in
28 or return to the State upon graduation but are not employed in the fields of science,
29 computer science, technology, engineering and mathematics; and loans bearing an
30 interest rate of 8% annually will be available for students who live and work outside the
31 State upon graduation. The bill also authorizes the Commissioner of Education to grant
32 funds to the program's Maine Science, Technology, Engineering and Mathematics Loan
33 Fund if they become available.