

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE
ONE HUNDRED AND FOURTEENTH LEGISLATURE
FIRST SPECIAL SESSION

August 21, 1989 to August 22, 1989

and

SECOND REGULAR SESSION

January 3, 1990 to April 14, 1990

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PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
SECOND REGULAR SESSION

of the
ONE HUNDRED AND FOURTEENTH LEGISLATURE

January 3, 1990 to April 14, 1990

CHAPTER 697

H.P. 1305 - L.D. 1805

An Act Concerning Geographic Isolation Grants

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

Sec. 1. 20-A MRSA §15612, 1st ¶, as amended by PL 1987, c. 853, §§1 and 2, is further amended to read:

Adjustments to the state share of the foundation allocation ~~shall~~ must be made as allowed in subsections ~~4 to 4~~ 1, 3 and 4, regardless of the amount raised for its local share of the foundation allocation for operating costs.

Sec. 2. 20-A MRSA §15612, sub-§2, ¶A, as enacted by PL 1983, c. 859, Pt. G, §§2 and 4, is repealed and the following enacted in its place:

A. The commissioner, with the approval of the State Board of Education and under rules promulgated by the department, shall determine whether a school within a school administrative unit is geographically isolated. The following factors must be considered in making the determination:

- (1) Per pupil expenditures;
- (2) Distance of the school from other school facilities;
- (3) Unique transportation problems;
- (4) Size of the school;
- (5) Mills raised for education in the school administrative unit; and
- (6) Any other relevant factors.

Sec. 3. 20-A MRSA §15612, sub-§2, ¶¶B and C, as enacted by PL 1983, c. 859, Pt. G, §§2 and 4, are amended to read:

B. If ~~the~~ a school within a school administrative unit is declared to be geographically isolated, the commissioner shall adjust the operating allocation of the school administrative unit to meet the educational needs of that unit.

C. The geographic isolation adjustment ~~shall~~ may not exceed the amounts expended by the school administrative unit in the geographically isolated schools in the base year which were in excess of the operating allocation for those schools in the year of allocation.

Sec. 4. Rulemaking. The Department of Educational and Cultural Services, by September 30, 1990, shall promulgate rules setting forth a point system to be

used in determining eligibility for the geographic isolation adjustment. The point system must provide that for each factor set forth in the Maine Revised Statutes, Title 20-A, section 15612, subsection 2, paragraph A, a school is awarded a number of points based on the level of hardship created for the school administrative unit as a result of each factor. The rules must establish a point total below which the school is not considered geographically isolated. The department shall also promulgate rules for calculating the amount of the adjustment, and for prorating the adjustment if appropriations are not sufficient. The rules must provide that funds will be prorated on the basis of the number of points awarded to a school administrative unit under the eligibility determination. Rules must be promulgated in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375.

Sec. 5. Application. This Act and the rules promulgated under section 4 of this Act apply to geographic isolation adjustments for fiscal year 1991 and beyond. The adjustments for fiscal year 1991 will not be paid before the earlier of September 30, 1990 and the date of final adoption of the rules required by section 4.

See title page for effective date.

CHAPTER 698

S.P. 865 - L.D. 2216

An Act to Coordinate and Consolidate Student Financial Assistance Services under the Finance Authority of Maine

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, students attending or planning to attend institutions of higher education, who are residents of the State or attending these institutions in the State, and families of these students, are in need of financial assistance; and

Whereas, it is desirable for the State to improve the methods of delivery of this financial assistance; and

Whereas, it is desirable to provide a comprehensive, consolidated system of delivering this financial assistance immediately so that students and their families will have access to improved methods of delivery as soon as possible; and

Whereas, the Finance Authority of Maine has been designated in legislation enacted in the First Regular Session of the 114th Legislature as the agency responsible for providing a comprehensive, consolidated financial assistance program; and

Whereas, additional legislation is necessary for the Finance Authority of Maine to begin implementing the program as soon as possible; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 1 MRSA §2501, sub-§10 is enacted to read:

10. Title 10.

A. Title 10, chapter 110, subchapter I-D is repealed on February 1, 1993.

Sec. 2. 5 MRSA §12004-I, sub-§18-A, as enacted by PL 1989, c. 598, §1, is amended to read:

18-A. Edu-	Higher	Legisla-	10 MRSA
cation: Financial	<u>Maine</u>	tive Per	§1014
Aid	Education	Diem for	
	Students	Guber-	
	Financial	natorial	
	Assistance	Appointees	
	Board	Only	

Sec. 3. 5 MRSA §17001, sub-§40, as amended by PL 1989, c. 443, §17, is further amended to read:

40. State employee. "State employee" means any regular classified or unclassified officer or employee in a department and, any employee of the Maine Technical College System, and any employee transferred from the Division of Higher Education Services to the Finance Authority of Maine who elects to be treated as a state employee, but does not include:

- A. A judge, as defined in Title 4, section 1201 or 1301, who is now or later may be entitled to retirement benefits under Title 4, chapter 27 or 29;
- B. A member of the State Police who is now entitled to retirement benefits under Title 25, chapter 195; or
- C. A Legislator who is now or later may be entitled to retirement benefits under Title 3, chapter 29.

Sec. 4. 10 MRSA §964, sub-§2, ¶E, as enacted by PL 1989, c. 598, §3, is repealed and the following enacted in its place:

E. The Maine Education Assistance Division;

Sec. 5. 10 MRSA §965, sub-§1, ¶C, as enacted by PL 1989, c. 559, §7 and as amended by PL 1989, c. 598, §5, is further amended to read:

C. Two members who shall be selected by the Governor from the appointed members of the Higher Maine Education Students Financial Assistance Board.

Sec. 6. 10 MRSA §969-A, sub-§§14-A and 14-B are enacted to read:

14-A. Receive funds. Receive and accept from any source, allocations, appropriations, loans, grants and contributions of money or other things of value to be held, used or applied to carry out this chapter, subject to the conditions upon which the loans, grants and contributions may be made, including, but not limited to, appropriations, allocations, loans, grants or gifts from any federal agency or governmental subdivision or the State and its agencies. The State Controller shall pay the authority's total state allotment for each fiscal year to the authority on July 1st of that year;

14-B. Invest funds. Invest funds received from any source for carrying out this chapter, and expend interest earnings on those funds as appropriate to implement this chapter, including use for program and administrative costs;

Sec. 7. 10 MRSA §972, sub-§1, as amended by PL 1989, c. 552, §7 and c. 598, §6, is further amended to read:

1. Employ directors. In accordance with procedures of the authority, employ the directors of the divisions established by the authority. During the selection process, the authority or its designee, the chief executive officer, shall consult with the Natural Resource Financing and Marketing Board concerning the appointment of a director of the Division of Natural Resources Financing and Marketing and with the ~~Higher Maine Education Students Financial Assistance Board~~ concerning the appointment of a director of the Maine Education Assistance Division of Higher Education Students Financial Assistance. The directors shall serve at the pleasure of the chief executive officer;

Sec. 8. 10 MRSA §973, as amended by PL 1989, c. 598, §7, is further amended to read:

§973. Conflicts of interest

Notwithstanding Title 5, section 18, subsection 1, paragraph B, each member of the authority, each member of the Natural Resource Financing and Marketing Board, each member of the Maine Veterans' Small Business Loan Board, each member of the ~~Higher Maine Education Students Financial Assistance Board~~ and each employee, contractor, agent or other representative of the authority is deemed an "executive employee" solely for purposes of Title 5, section 18, and for no other purpose, provided that the chief executive officer shall in addition be deemed an executive employee for purposes of Title 5, section 19. In addition, Title 17, section 3104, shall be applicable, in accordance with its provisions, to all such representatives of the authority.

Sec. 9. 10 MRSA §974, as amended by PL 1989, c. 552, §9, is further amended to read:

§974. Annual report; audit

1. Report. The authority shall submit to the Governor, the Speaker of the House of Representatives, the President of the Senate and the joint standing committee committees of the Legislature having jurisdiction over housing and economic development and education, not later than 120 days after the close of its fiscal year, a complete report on the activities of the authority. The report may also be provided to any other member of the Legislature and to any other person. The report ~~shall~~ must include all of the following:

A. A description of its operations, including a description of projects assisted under this chapter;

B. An accounting of its receipts and expenditures, assets and liabilities at the end of its fiscal year;

C. A schedule of the bonds and notes outstanding at the end of its fiscal year and a statement of the amounts redeemed and issued during its fiscal year, including a report on its reserve funds;

D. A statement of its proposed and projected activities for the ensuing year and the relationship of these activities to the State's economic development policies;

E. Recommendations as to further actions which may be suitable for achieving the purposes of this chapter;

F. A statement of the defaults, if any, of persons, firms, corporations and other organizations receiving assistance under this chapter in those cases where substantial liquidation of collateral has taken place, a statement of the total amount of mortgage insurance payments made during the fiscal year and a statement of the percentage derived by dividing the amount of the mortgage insurance payments during the fiscal year into the outstanding principal balance as of the fiscal year end of the authority's unpaid obligations pursuant to mortgage insurance contracts;

G. A summary of the actual and potential employment opportunities reported on employment plans pursuant to section 979;

H. A separate section pertaining to the activities of the authority carried out pursuant to subchapter I-A, which shall provide the following:

(1) A description of the operations of the authority pursuant to subchapter I-A, including a description of the progress toward the accomplishment of the purposes of section 982;

(2) An analysis of the needs of the natural resource-based sector in the State and a

statement of the authority's proposed and projected activities for the ensuing year to meet these needs; and

(3) Recommendations as to further actions which may be suitable for achieving the purposes of subchapter I-A;

I. A description of any financial assistance provided for energy conservation purposes, the success of various energy saving techniques assisted and the overall energy benefits achieved by the financial assistance; ~~and~~

K. A description of the operations of the authority pursuant to section 980-A for the most recent calendar year and of its plans, if any, for revising any allocation system established pursuant to section 980-A; and

L. A complete report on the student financial assistance activities of the authority.

2. Treasurer of State; annual financial report.

The authority shall provide the Treasurer of State, within 120 days after the close of its fiscal year, its annual financial report certified by an independent certified public accountant, who may be the accountant or a member of the firm of accountants who regularly audits the books and accounts of the authority, selected by the authority. The authority ~~shall~~ is also ~~be~~ subject to the provisions of Title 5, chapter 11. The authority may combine for accounting purposes any or all funds established for its programs and activities.

Sec. 10. 10 MRSA c. 110, sub-c. I-D, as enacted by PL 1989, c. 559, §8 and c. 598, §8, is repealed and the following enacted in its place:

SUBCHAPTER I-D**STUDENT FINANCIAL ASSISTANCE PROGRAM****§1013. Program established**

The authority shall administer a program of comprehensive, consolidated student financial assistance for Maine students and their families. The authority is authorized to carry out various programs making financial and other assistance available to borrowers, institutions, or both, to finance costs of attendance at institutions of higher education. The authority is further authorized to issue its bonds, lend the proceeds of the bonds and exercise any other power set forth in this subchapter for these purposes. In carrying out its responsibilities, the authority shall be responsible for administering:

1. Student incentive scholarship program. The student incentive scholarship program, pursuant to Title 20-A, chapter 419-A;

2. Blaine House Scholars and Financial Assistance Program. The Blaine House Scholars and Financial Assistance Program, as established in Title 20-A, chapter 428;

3. State Osteopathic Loan Fund. The State Osteopathic Loan Fund, as established in Title 20-A, chapter 423;

4. Postgraduate medical education program. The postgraduate medical education program, as established in Title 20-A, chapter 421;

5. Loan insurance programs. The Robert T. Stafford Loan Program, the Parent Loans to Undergraduate Students Program and the Supplemental Loans for Students Program pursuant to Title 20-A, chapter 417, subchapter I;

6. Robert C. Byrd Honors Scholarship Program. The Robert C. Byrd Honors Scholarship Program, pursuant to Title 20-A, chapter 417, subchapter II;

7. Paul Douglas Teacher Scholarship Program. The Paul Douglas Teacher Scholarship Program, pursuant to Title 20-A, chapter 417, subchapter II;

8. Supplemental loan program. The supplemental loan program;

9. Tuition waiver program. The tuition waiver program pursuant to Title 20-A, chapter 429;

10. Student financial assistance counseling and outreach program. The student financial assistance counseling and outreach program, as established in Title 20-A, chapter 430-B;

11. Student Educational Enhancement Deposit Plan. The Student Educational Enhancement Deposit Plan, as established in Title 20-A, chapter 430; and

12. Maine Choice Program. The Maine Choice Program, as established in Title 20-A, chapter 430-A.

§1014. Loan insurance program

The authority may establish and administer a student loan insurance program as provided in Title 20-A, chapter 417.

1. Agency of jurisdiction for guaranteed loan program. For the purpose of the Constitution of Maine, Article VIII, Part First, Section 2, the authority, in accordance with Title 20-A, chapter 417, is the agency authorized under the federal guaranteed loan program to direct the issuance of bonds, to loan funds and to secure funds for loans to Maine students attending institutions of higher education.

§1015. Legal services

Upon request of the authority, the Attorney General shall provide legal services related to implementation of this subchapter.

§1016. Maine Education Assistance Board

1. Membership of board. The Maine Education Assistance Board, as established in Title 5, section 12004-I, subsection 18-A, consists of 7 voting members. One member is the Commissioner of Educational and Cultural Services or the commissioner's designee who must be a person in a major policy-influencing position. The Governor shall appoint 6 members, subject to review by the joint standing committee of the Legislature having jurisdiction over educational matters and subject to confirmation by the Legislature. The gubernatorial appointees consist of the following.

A. One member must be a trustee, director, officer or employee of an institution of higher education in the State.

B. One member must be a member of a statewide organization representing the chief executive officers of public and private post-secondary institutions in the State.

C. One member must be a student financial aid administrator at a post-secondary institution in the State.

D. One member must be a guidance counselor at a high school in the State.

E. One member must be a representative of a state financial institution that is active in student lending.

F. One member must represent the interests of students, parents and other members of the public who use the programs.

With respect to the appointees specified in paragraphs A and B, one shall be from an institution not owned or operated by the State or any of its political subdivisions and one shall be from a public institution of post-secondary education.

2. Conflict of interest. A board member is not considered to have a conflict of interest or the appearance of a conflict of interest pursuant to Title 5, section 18, solely because of that member's use of the programs of or association with a post-secondary educational institution, high school or financial institution, provided that no member participates in an official capacity with respect to any matter which has an effect, on that member or on the institution with which that member is associated, that is unique and distinct from the effect on the general public or persons engaged in similar professions, trades, businesses or employment or associated with similar institutions.

3. Term of office. Except for the initially appointed members, members serve 4-year staggered terms and serve until a successor is appointed and qualified.

A. Of the 6 members of the board first appointed, 2 shall serve for terms expiring June 30, 1991, 2 shall serve for terms expiring June 30, 1992, and 2 shall serve for terms expiring June 30, 1993.

B. A member of the board is eligible to serve not more than 2 full consecutive terms, provided that terms expiring on or before June 30, 1993, are not considered full terms. All full terms expire on June 30th of the 4th year of the term.

C. Any member of the board may be removed by the Governor for cause.

4. Organization. Each year the board shall elect from among its members a chair, vice-chair and any other officers it requires. The board shall meet at the call of the chair or at the request of 3 of its members. Five members constitute a quorum and no official action of the board may be taken unless supported by at least 4 members of the board.

5. Compensation. Each member of the board is entitled to compensation by the authority in accordance with Title 5, chapter 379, following approval of expenses by the chief executive officer.

6. Policies. Maine Education Assistance Board shall, from time to time, recommend to the members of the authority the adoption, amendment or repeal of rules, policies or administrative procedures for carrying out this subchapter.

§1017. Sunset

This subchapter is repealed on February 1, 1993. The legislative committee having jurisdiction over the review provided in Title 1, section 2502, is the joint standing committee of the Legislature having jurisdiction over educational matters.

Sec. 11. 20-A MRSA §405, sub-§3, ¶O, as enacted by PL 1981, c. 693, §§5 and 8, is amended to read:

O. Recommend funds to the Bureau of the Budget for equalization of educational opportunity; and

Sec. 12. 20-A MRSA §405, sub-§3, ¶P, as amended by PL 1985, c. 797, §10, is repealed.

Sec. 13. 20-A MRSA c. 417, as amended, is repealed and the following enacted in its place:

CHAPTER 417

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

SUBCHAPTER I

LOAN INSURANCE PROGRAMS

§11401. General provisions

1. Purpose. The purpose of this subchapter is to allow the authority to continue a student loan insurance program, meeting certain federal requirements, in order to secure loans to students attending institutions of higher education, including vocational training institutions, and to parents of these students, in accordance with the Constitution of Maine, Article VIII, Part First, Section 2.

2. Definitions. As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

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

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

§11402. Loan programs administered

In accordance with the federal Higher Education Act of 1965, 20 United States Code, Chapter 28, Subchapter IV, Part B, as amended, the Finance Authority of Maine shall administer the Robert T. Stafford Loan Program, the Parent Loans to Undergraduate Students Program and the Supplemental Loans for Students Program. To this end, the faith and credit of the State is pledged consistent with the terms and limitations of the Constitution of Maine, Article VIII, Part First, Section 2.

§11403. Student Loan Insurance Fund

1. Establishment. There is established the Student Loan Insurance Fund, to be used by the authority as a nonlapsing, revolving fund for carrying out this subchapter.

2. Fund; charges and credits. Charges and credits are as follows.

A. All expenses of the authority for its operations under this subchapter, including interest and principal payments required by loan defaults, may be charged to the fund.

B. All amounts received by the authority under this subchapter must be credited to the fund.

3. Excess money. Money in the fund not needed currently to meet the obligations of the authority as an insurer is deposited with the authority to the credit of the fund, or may be invested as provided by law.

§11404. Additions to Student Loan Insurance Fund

1. Request of authority. The authority may, in writing, request the Governor to provide additional funds to add to the Student Loan Insurance Fund to meet its obligations.

2. Transfer of funds. The Governor shall transfer to the fund sufficient money for the requested purpose from the State Contingent Account or from the proceeds of bonds issued as provided in this section.

3. Bonds. Bonds must be issued as follows.

A. The Governor shall order the Treasurer of State to issue bonds in the amount requested, but not exceeding in the aggregate outstanding at any one time the amount set forth in the Constitution of Maine, Article VIII, Part First, Section 2.

B. Bonds mature serially or run for such periods as the Governor may determine, but not for a term of more than 20 years.

C. The Governor shall determine the rates of interest and the terms and conditions of the bonds.

D. The bonds are deemed to be a pledge of the full faith and credit of the State.

§11405. Powers and duties

Under this subchapter, the chief executive officer may:

1. Agent. Choose a suitable agent or agents to administer in whole or in part the affairs and activities required by this subchapter or by applicable federal provisions; and

2. Agreements. Enter into agreements with the United States Secretary of Education relating to federal, state and private programs of low-interest insured loans to students in institutions of higher education, within the federal Higher Education Act of 1965, 20 United States Code, Chapter 28, Title IV, Part B, as amended.

§11406. Loans to minors

Notwithstanding any other law, if the borrower on a loan insured under this program is a minor, an otherwise valid note or other written agreement executed by the borrower for the purpose of the loan creates a binding obligation.

§11407. Authorization for Governor to request organizations of corporations to acquire loan notes

To the extent and for the purposes contemplated by the federal Internal Revenue Code of 1954, Section 103(e), as amended, and successor provisions thereto, including without limitation the federal Internal Revenue

Code of 1986, Section 150(d), as amended, the Governor may on behalf of the State request the organization of one or more nonprofit corporations to operate exclusively for the purpose of acquiring student loan notes incurred under the federal Higher Education Act of 1965, 20 United States Code, Chapter 28, Title IV, Part B, as amended.

SUBCHAPTER II**OTHER FEDERAL EDUCATIONAL FINANCIAL ASSISTANCE PROGRAMS****§11410. Authorization**

In accordance with the federal Higher Education Act of 1965, 20 United States Code, Chapter 28, Subchapter IV, Part A, Subparts 3 and 6; and Subchapter V, Part D, Subpart 1, as amended, the Finance Authority of Maine shall administer the State Student Incentive Grant Program the Robert C. Byrd Honors Scholarship Program and the Paul Douglas Teacher Scholarship Program.

Sec. 14. 20-A MRSA §11801, sub-§2, as amended by PL 1985, c. 455, §§1 and 11, is further amended to read:

2. Responsibility for program. It is the intent of the Legislature, consistent with the purposes of this chapter, that the ~~commissioner~~ Chief Executive Officer of the Finance Authority of Maine shall administer the program and develop a plan ~~which assures~~ that ensures, to the extent practicable, that Maine contract students, or a similar number of out-of-state medical school graduates, return to practice their profession within the State, in underserved areas.

Sec. 15. 20-A MRSA §11801, sub-§3, as amended by PL 1989, c. 503, Pt. B, §77, is further amended to read:

3. Advisory committee. The Advisory Committee on Medical Education, established by Title 5, section 12004-I, subsection 7, shall assist the ~~commissioner~~ chief executive officer in planning and administration of the professional health program and particularly in the development of clinical education sites and continuing education, which are funded primarily by sources other than patient charges.

Sec. 16. 20-A MRSA §11802, sub-§§1-A and 1-B are enacted to read:

1-A. Authority. “Authority” means the Finance Authority of Maine.

1-B. Chief executive officer. “Chief executive officer” means the Chief Executive Officer of the Finance Authority of Maine.

Sec. 17. 20-A MRSA §11803, as amended by PL 1985, c. 286, §1, is further amended to read:

§11803. Agreement of state contract student

1. Agreement. State contract students commencing their professional education between September 1, 1977, and June 30, 1981, shall, as a condition precedent to the commencement of that education, enter into an agreement with the State under which the student shall agree:

A. To pay tuition to the institution;

B. That, on the conclusion of ~~his or her~~ the student's professional education, including internship, residency and obligated public health service and Armed Forces' service, ~~he or she~~ the student shall pay the State or authority an amount of money equal to the state capitation payment for the student position ~~which he or she~~ that the student occupied. The ~~commissioner~~ authority may adopt or amend rules to define the conclusion of professional education; and

C. The payments ~~shall be~~ are payable at 6% simple annual interest ~~in not more than 10 equal annual installments~~ over a period not to exceed 10 years; however, students may extend the repayment period by one to 10 years with the approval of the chief executive officer for a total repayment period not to exceed 20 years.

2. Forgiveness of indebtedness. The agreement shall must provide that 1/4 of the indebtedness ~~shall be~~ is forgiven for each year in which the state contract student practices ~~his or her~~ the student's profession within the State in primary care or other specialized areas as determined by the ~~commissioner~~ chief executive officer, with the advice of the Advisory Committee on Medical Education. For other state contract students returning to practice their profession in Maine, 1/4 of their indebtedness ~~shall be~~ is forgiven for each of the first 2 years of practice.

3. Deferment. Contract students under this section who, during the repayment period, either return to a Maine practice and then leave the State or who initially remain ~~out of state~~ outside the State and then return to a Maine practice may seek a deferment of the annual principal and interest payments while outside the State for a period of time not to exceed 3 years. Interest ~~shall~~ must be assessed during this time and the student's total debt to the State, including principal and interest, ~~shall~~ must be repaid either through return service or cash payments ~~within 10 years from the date which marks the beginning of the repayment period~~ as established by the chief executive officer. Requests for deferments ~~shall~~ must be made to the ~~commissioner~~ chief executive officer who shall make a determination on a case-by-case basis. The decision of the ~~commissioner~~ shall be chief executive officer is final.

Sec. 18. 20-A MRSA §11804-A, sub-§1, as amended by PL 1985, c. 455, §§4 and 11, is further amended to read:

1. Agreement. Any state contract student commencing professional education on or after July 1, 1981, shall, as a condition precedent to the commencement of the education, enter into an agreement with the State under which the student shall agree:

A. To pay tuition to the institution; and

B. Upon the conclusion of professional education, including internship, residency, fellowship, obligated public health service and obligated national service, to pay the State an amount of money equal to the difference between the nonresident tuition at the institution being attended by the state contract student and the tuition charged the state contract student.

(1) This amount ~~shall be~~ is payable at 9% simple annual interest ~~in not more than 10 annual installments~~ over a period not to exceed 10 years; however, students may extend the repayment period by one to 10 years with the approval of the chief executive officer for a total repayment period not to exceed 20 years.

(2) These installment payments shall commence upon conclusion of the state contract student's professional education under rules promulgated by the ~~commissioner~~ authority.

After the effective date of this paragraph, the agreement provided for in this subsection must be entered into by the student and the authority.

Sec. 19. 20-A MRSA §11804-A, sub-§4, as enacted by PL 1987, c. 402, Pt. A, §123, is amended to read:

4. Deferment. Contract students under this section who, during the repayment period, either return to a Maine practice and then leave the State or who initially remain ~~out of state~~ outside the State and then return to a Maine practice may seek a deferment of the annual principal and interest payments while outside the State for a period of time not to exceed 3 years. Interest ~~shall~~ must be assessed during this time and the student's total debt to the State authority, including principal and interest, ~~shall~~ must be repaid either through return service or cash payments ~~within 10 years from the date which marks the beginning of the repayment period~~ as established by the chief executive officer. Requests for deferments ~~shall~~ must be made to the ~~commissioner~~ chief executive officer who shall make a determination on a case-by-case basis. The decision of the ~~commissioner~~ shall be chief executive officer is final.

Sec. 20. 20-A MRSA §11805, as enacted by PL 1981, c. 693, §§5 and 8, is amended to read:

§11805. Positions

1. Negotiations. The ~~commissioner~~ chief executive officer shall, directly or through the New England Board of Higher Education, negotiate with educational institutions to secure positions for state contract students in the fields of allopathic medicine, dentistry, optometry and veterinary medicine.

~~**2. Purchase of positions at medical schools; September 1, 1977, and June 30, 1981.** Money to purchase positions at medical schools may be expended between September 1, 1977 and June 30, 1981 as follows:~~

~~A. The commissioner may expend appropriated money between September 1, 1977, and June 30, 1981, for the purchase of positions at accredited medical schools, for not more than:~~

~~(1) A total of 40 positions each year, divided among the University of Vermont College of Medicine, Tufts University School of Medicine, Dartmouth Medical School or other accredited medical schools, to a total of 160;~~

~~(2) A total of 10 positions each year divided among Tufts School of Dental Medicine or other accredited dental schools, to a total of 25;~~

~~(3) A total of 4 positions each year, divided among the University of Pennsylvania School of Veterinary Medicine, the New York State College of Veterinary Medicine at Cornell University, Tufts University School of Veterinary Medicine or other accredited schools of veterinary medicine, to a total of 16;~~

~~(4) A total of 2 positions each year at the New England College of Optometry, to a total of 8; and~~

~~(5) A total of 10 positions each year at the New England College of Osteopathic Medicine, to a total of 40.~~

~~B. The department shall not exceed the total number of spaces, but may allocate the number of spaces at the various institutions based on the spaces available for the academic school years, the cost of securing the student space, the number of applications and the primary care residency program needs.~~

3. Purchase of positions at medical schools. Money to purchase positions at medical schools may be expended after July 1, 1981 as follows: .

A. The ~~Department of Educational and Cultural Services~~ Finance Authority of Maine may expend the money appropriated by the Legislature, for the

purchase of positions at accredited medical schools to purchase:

(1) Up to 18 positions each year, to a total of 72 positions, at accredited schools of allopathic medicine;

(2) Up to 2 positions each year, to a total of 8 positions, at accredited schools of dentistry;

(3) Up to 2 positions each year, to a total of 8 positions, at accredited schools of veterinary medicine; and

(4) Up to one position each year, to a total of 4 positions, at accredited schools of optometry.

B. The ~~department~~ authority shall not exceed the total number of spaces identified in this subsection for students commencing their professional education on or after July 1, 1981, but may allocate the number of spaces at the various institutions based on:

(1) The spaces available for the academic school years;

(2) The cost of securing the student's space;

(3) The number of applications; and

(4) The primary care residency program needs.

Sec. 21. 20-A MRSA §11806, sub-§1, as amended by PL 1985, c. 455, §§7 and 11, is further amended to read:

1. Return to practice in Maine. The ~~commissioner~~ chief executive officer shall develop a plan ~~which assures that ensures~~, to the extent practicable, that contract students, or a similar number of out-of-state medical school graduates, return to practice their profession within the State, particularly in underserved areas of the State. This plan ~~shall~~ must be completed and presented to the Legislature and the Governor before February 1st each year.

Sec. 22. 20-A MRSA §11806, sub-§3, as enacted by PL 1981, c. 693, §§5 and 8, is amended to read:

3. Coordination. To avoid duplication in the undertaking of this plan, the ~~commissioner~~ chief executive officer shall coordinate all activities with other professional health agencies and organizations.

Sec. 23. 20-A MRSA §11807, sub-§§1 and 2, as enacted by PL 1981, c. 693, §§5 and 8, are amended to read:

1. **Committee.** The Advisory Committee on Medical Education shall assist the ~~commissioner~~ chief executive officer in developing the plan.

2. **Members.** The advisory committee shall consist of 15 members, ~~who shall be~~ appointed by the ~~commissioner~~ chief executive officer and subject to approval by the joint standing committee of the Legislature having jurisdiction over education. Membership of the advisory committee ~~shall~~ must include representatives from those health care agencies and associations, public and private, whose activities are relevant to the objectives of the plan, as determined by the ~~commissioner~~ chief executive officer. Members ~~shall be~~ are appointed for a 2-year ~~term~~ terms.

Sec. 24. 20-A MRSA §11808, as amended by PL 1985, c. 455, §§9 and 11, is repealed and the following enacted in its place:

§11808. Nonlapsing fund

There is created under the jurisdiction of the authority a nonlapsing, interest-earning, revolving fund to carry out the purposes of this chapter. Any unexpended balance in the fund carries over for continued use under this chapter. The authority may receive, invest and expend, on behalf of the fund, money from gifts, grants, bequests and donations, in addition to money appropriated or allocated by the State. Loan repayments under this section or other repayments to the authority must be invested by the authority, as provided by law, with the earned income to be added to the fund. Money received by the authority on behalf of the fund, except interest income, must be used for the designated purpose; interest income may be used for the designated purpose or to pay student financial assistance administrative costs incurred by the authority as determined appropriate by the authority.

Sec. 25. 20-A MRSA §11810, as enacted by PL 1985, c. 455, §10 and 11, is amended to read:

§11810. Rules

~~The Commissioner of Educational and Cultural Services~~ authority shall establish all rules necessary to carry out the purposes of this chapter, except that the Commissioner of Human Services shall develop rules for determining underserved areas for the practice of allopathic medicine, dentistry and optometry and the Commissioner of Agriculture, Food and Rural Resources shall develop rules for the determination of underserved areas for the practice of veterinary medicine. The rules authorized by this section ~~shall~~ must be adopted in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter II.

Sec. 26. 20-A MRSA §12001-A is enacted to read:

§12001-A. Definitions

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

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.

Sec. 27. 20-A MRSA §12002, as amended by PL 1983, c. 806, §88, is repealed.

Sec. 28. 20-A MRSA §12002-A is enacted to read:

§12002-A. State Osteopathic Loan Fund

The State Osteopathic Loan Fund is created under the jurisdiction of the authority as a nonlapsing, interest-earning, revolving fund to carry out the purposes of this chapter. Any unexpended balance in the fund carries over for continued use under this chapter. The authority may receive, invest and expend, on behalf of the fund, money from gifts, grants, bequests and donations, in addition to money appropriated or allocated by the State. Loan repayments under this section or other repayments to the authority must be invested by the authority, as provided by law, with the earned income to be added to the fund. Money received by the authority on behalf of the fund, except interest income, must be used for the designated purpose; interest income may be used for the designated purpose or to pay student financial assistance administrative costs incurred by the authority as determined appropriate by the authority.

The chief executive officer shall include in the authority's biennial budget an appropriate request adequate to fund the loan program.

Sec. 29. 20-A MRSA §12003, first ¶, as enacted by PL 1981, c. 693, §§5 and 8, is amended to read:

An applicant shall be eligible for a loan under this chapter when the ~~commissioner~~ chief executive officer, after consultation with the executive committee of the Maine Osteopathic Association, finds that the applicant:

Sec. 30. 20-A MRSA §12005, as amended by PL 1985, c. 756, §1 to 3, is further amended to read:

§12005. Agreement for osteopathic loan students after July 1, 1981

1. **Agreement.** Any osteopathic loan student commencing professional education on or after July 1, 1981, shall, as a condition precedent to receiving the loan, enter into an agreement with the Commissioner of Educational and Cultural Services stating that, following

completion of professional education, including internship, residency, fellowship, obligated public health service or obligated national service, the student shall pay the State an amount of money equal to the loan received.

After the effective date of this paragraph, the agreement provided for in this subsection must be entered into by the student and the authority.

2. Repayment. This amount ~~shall be~~ is payable at 9% simple annual interest ~~in not more than 10 annual installments over a period not to exceed 10 years; however, students may extend the repayment period by one to 10 years with the approval of the chief executive officer for a total repayment period not to exceed 20 years.~~ These ~~installment~~ payments shall commence at such time as the ~~state contract~~ student concludes professional education under rules promulgated by the ~~commissioner~~ authority.

3. Deferment. Any student who has received a loan under this section who, during the repayment period, either returns to a Maine practice and then leaves the State or who initially remains out of state and then returns to a Maine practice may seek a deferment of the annual principal and interest payments while outside the State for a period of time not to exceed 3 years. Interest ~~shall~~ must be assessed during this time and the student's total debt to the State authority, including principal and interest, ~~shall~~ must be repaid either through return service or cash payments within 10 years from the date ~~which~~ that marks the beginning of the repayment period. Requests for deferments ~~shall~~ must be made to the ~~commissioner~~ chief executive officer who shall make a determination on a case-by-case basis. The decision of the ~~commissioner~~ shall be chief executive officer is final.

4. Forgiveness. Any student who, upon the conclusion of ~~his~~ the student's professional education, including, if applicable, internship, residency, fellowship, obligated public health service, obligated national service, as defined in section 11802, subsection 7, elects to serve as a practitioner of osteopathic medicine in a designated, underserved area, as determined by the Commissioner of Human Services and as defined in section 11802, subsection 6, in the State ~~shall~~ must be forgiven 25% of the outstanding indebtedness for each year of that practice.

Sec. 31. 20-A MRSA §12006, as enacted by PL 1985, c. 756, §4, is amended to read:

§12006. Rules

The ~~Commissioner of Educational and Cultural Services~~ authority shall establish rules necessary to carry out the purposes of this chapter, except that the Commissioner of Human Services shall develop rules for determining underserved areas for the practice of osteopathic medicine.

Sec. 32. 20-A MRSA §12501, sub-§§1-B and 1-C are enacted to read:

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

1-C. Chief executive officer. "Chief executive officer" means the Chief Executive Officer of the Finance Authority of Maine.

Sec. 33. 20-A MRSA §12502, as amended by PL 1987, c. 611, §2, is further amended to read:

§12502. Blaine House Scholars and Financial Assistance Program

There is established the Blaine House Scholars and Financial Assistance Program to recognize Maine high school graduates who attain high academic achievement, and to provide financial assistance for post-secondary education of graduating high school seniors and college students and advanced degree or continued study by teachers. The program shall recognize outstanding graduating high school seniors and college students as described in section 12503 and disburse ~~interest-free~~ interest-free loans as described in section 12504. The ~~program shall be administered by the commissioner~~ chief executive officer shall administer the program.

Sec. 34. 20-A MRSA §12503, as amended by PL 1987, c. 611, §3, is further amended to read:

§12503. Blaine House scholars

Each year graduating high school seniors and college students who show evidence of academic achievement shall be considered for recognition as Blaine House scholars. Nominations and applications ~~shall~~ must be submitted to the ~~commissioner~~ chief executive officer at a time and in a format to be determined by rule of the ~~commissioner~~ chief executive officer.

The Governor, after consultation with the ~~commissioner~~ chief executive officer, shall announce the names of those individuals ~~who are recognized as~~ selected by the chief executive officer to be Blaine House scholars.

Sec. 35. 20-A MRSA §12505, as amended by PL 1989, c. 414, §23, is further amended to read:

§12505. Eligibility requirements

1. Eligibility for post-secondary education loans. ~~Post-secondary~~ A post-secondary education loans ~~shall~~ loan must be given only to a high school graduate who is a resident of the State, who has been recognized as a Blaine House scholar and who has met other eligibility criteria established by rule of the ~~commissioner~~ authority. Preference ~~shall~~ must be given to students enrolled in a program which has been determined to be an underserved subject area.

2. Eligibility for graduate study or continuing education loans. ~~Graduate~~ A graduate study or continuing education loans ~~shall~~ loan must be given only to a

teacher in a Maine school who has met other eligibility criteria established by rule of the ~~commissioner~~ chief executive officer. Preference ~~shall~~ must be given to teachers of subjects ~~which have been~~ determined to be underserved.

Sec. 36. 20-A MRSA §12506, last ¶, as enacted by PL 1983, c. 859, Pt. F, §§1 and 2, is amended to read:

If a recipient of a loan withdraws from an institution and if the student is entitled to a refund of tuition, fees or other charges, the institution shall pay directly to the State authority from that refund a sum which represents the portion of the loan paid to the student for the portion of the academic year that the student did not complete.

Sec. 37. 20-A MRSA §12507, first ¶, as enacted by PL 1983, c. 859, Pt. F, §§1 and 2, is amended to read:

Each recipient of a loan may cancel the total amount of the loan by completing 4 years of return services in the public schools or private schools approved for tuition purposes in the State. The repayment period shall be 2 years if return service is performed in underserved subject areas or in geographically isolated areas as determined by the commissioner. Return service may also cancel the loan on a proportional basis, reducing the total amount of the debt by 25% for each year of return service. Return service for this purpose shall be performed within 5 years of graduation from the institution of higher education. Failure to fulfill the return service option will necessitate repayment to the State authority as follows.

Sec. 38. 20-A MRSA §12507, sub-§2, as enacted by PL 1983, c. 859, Pt. F, §§1 and 2, is amended to read:

2. Time for repayment. The total debt ~~shall~~ must be repaid to the State authority within 5 years of graduation from the institution of higher education according to a schedule established by the ~~commissioner~~ chief executive officer. Due dates for repayments ~~shall be~~ are set by the ~~commissioner~~ chief executive officer.

Sec. 39. 20-A MRSA §12507, sub-§3, as enacted by PL 1985, c. 819, Pt. C, §2, is amended to read:

3. Deferment. A recipient of a loan may seek a deferment of the annual principal payments for a period not to exceed 2 years. A request for deferment must be made to the ~~commissioner~~ chief executive officer who shall make a determination on a case-by-case basis. The decision of the ~~commissioner~~ shall be chief executive officer is final.

Sec. 40. 20-A MRSA §12508, first ¶, as enacted by PL 1983, c. 859, Pt. F, §§1 and 2, is amended to read:

Each recipient of a loan designated for teachers pursuing an advanced degree or continued study may cancel the total amount of the loan by completing 2 years

of return service in the public schools or private schools approved for tuition purposes in the State. The repayment period shall be one year if return service is performed in underserved subject areas or in geographically isolated areas as determined by the commissioner. Return service may also cancel the loan on a proportional basis, reducing the total amount of the debt by 50% for each year of return service. Return service for this purpose shall be performed within 3 years of graduation from the institution of higher education or completion of the course or courses for which the funds were given. Failure to fulfill the return service option will necessitate repayment to the State authority as follows.

Sec. 41. 20-A MRSA §12508, sub-§2, as enacted by PL 1983, c. 859, Pt. F, §§1 and 2, is amended to read:

2. Time for repayment. The total debt ~~shall~~ must be repaid to the State authority within 3 years of graduation from the institution of higher education or courses for which the funds were given according to a schedule established by the ~~commissioner~~ chief executive officer. Due dates for repayments ~~shall be~~ are set by the ~~commissioner~~ chief executive officer.

Sec. 42. 20-A MRSA §12509, as enacted by PL 1983, c. 859, Pt. F, §§1 and 2, is repealed and the following enacted in its place:

§12509. Nonlapsing revolving fund

The Blaine House Scholars Fund is created under the jurisdiction of the authority as a nonlapsing, interest-earning, revolving fund to carry out the purposes of this chapter. Any unexpended balance in the fund carries over for continued use under this chapter. The authority may receive, invest and expend, on behalf of the fund, money from gifts, grants, bequests and donations, in addition to money appropriated or allocated by the State. Loan repayments under this section or other repayments to the authority must be invested by the authority, as provided by law, with the earned income to be added to the fund. Money received by the authority on behalf of the fund, except interest income, must be used for the designated purpose; interest income may be used for the designated purpose or to pay student financial assistance administrative costs incurred by the authority as determined appropriate by the authority.

Sec. 43. 20-A MRSA §12510, as enacted by PL 1983, c. 859, Pt. F, §§1 and 2, is repealed.

Sec. 44. 20-A MRSA §12552, sub-§1-A is enacted to read:

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

Sec. 45. 20-A MRSA §12554, as enacted by PL 1985, c. 472, is amended to read:

§12554. Administration

1. **Application.** A person desiring tuition waiver under this chapter may apply to the ~~Department of Educational and Cultural Services~~ authority for determination of eligibility. Application ~~shall~~ must be on forms and in a manner prescribed by rule of the ~~department~~ authority.

2. **Decision.** The ~~department~~ authority shall determine whether an applicant is eligible and notify the applicant. The ~~department~~ authority shall also notify the state post-secondary educational institution at which the person is accepted of the eligibility of that child for tuition waiver. Unless notified by the ~~department~~ authority of a change in the student's eligibility, the institution ~~shall~~ may not bill an eligible student for tuition during that school year.

~~3. Rules. The department shall adopt rules in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, which are necessary for the implementation of this chapter.~~

Sec. 46. 20-A MRSA §12602, sub-§3, as enacted by PL 1987, c. 527, §2, is repealed.

Sec. 47. 20-A MRSA §12602, sub-§§3-A and 3-B are enacted to read:

3-A. Authority. "Authority" means the Finance Authority of Maine.

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

Sec. 48. 20-A MRSA §12603, as enacted by PL 1987, c. 527, §2, is amended to read:

§12603. Student Educational Enhancement Deposit Plan

1. **Student Educational Enhancement Deposit Plan.** ~~There is created a public body corporate and politic to be known as the Student Educational Enhancement Deposit Plan. The plan shall be within the State Treasury, but shall exercise its prescribed statutory powers, duties and functions independently of the Treasurer of State. The Student Educational Enhancement Deposit Plan is established to be administered by the authority.~~

2. **Powers and duties.** ~~The powers and duties of the Student Educational Enhancement Deposit Plan are vested in and shall be exercised by a board of directors. All necessary powers and duties for the administration and implementation of the plan are vested in the authority.~~

3. **Successor.** The authority is the successor to the Board of Directors of the Student Educational Enhancement Deposit Plan and assumes all authority assets,

obligations and responsibilities of the board of directors with respect to the plan.

Sec. 49. 20-A MRSA §12604, sub-§2, as enacted by PL 1987, c. 527, §2, is amended to read:

2. **Form approved.** The form of any advance tuition payment contract to be entered into by the plan ~~shall~~ must first be approved by the ~~board~~ authority.

Sec. 50. 20-A MRSA §12609, first ¶, as enacted by PL 1987, c. 527, §2, is amended to read:

There is created under the jurisdiction and control of the ~~board~~ authority an Advance Tuition Payment Fund. Payments received by the plan from purchasers on behalf of qualified beneficiaries or from any other source, public or private, ~~shall~~ must be placed in the fund. The fund may be divided into separate accounts.

Sec. 51. 20-A MRSA §12609, sub-§2, as enacted by PL 1987, c. 527, §2, is amended to read:

2. **Expending of assets.** Unless otherwise provided by resolution of the ~~board~~ authority, assets of the plan ~~shall~~ must be expended for 3 fundamental purposes:

A. To make payments to state institutions of higher education on behalf of qualified beneficiaries;

B. To make refunds upon termination of an advance tuition payment contract; and

C. To pay the costs of administration and organization of the fund.

Sec. 52. 20-A MRSA §12610, as enacted by PL 1987, c. 527, §2, is repealed.

Sec. 53. 20-A MRSA §12611, first ¶, as enacted by PL 1987, c. 527, §2, is amended to read:

In addition to the general powers of the authority and those granted by this Act, the ~~board~~ authority shall have the powers necessary or convenient to carry out and effectuate the purposes, objectives and provisions of this Act, the purposes and objectives of the plan and the powers delegated by other laws or executive orders, including, but not limited to, the power to:

Sec. 54. 20-A MRSA §12611, sub-§1, as enacted by PL 1987, c. 527, §2, is amended to read:

1. **Invest money.** Invest any money of the plan, at the ~~board's~~ authority's discretion, in any instruments, obligations, securities or property determined proper by the ~~board~~ authority and name and use depositories for its money;

Sec. 55. 20-A MRSA §12611, sub-§12, as enacted by PL 1987, c. 527, §2, is amended to read:

12. Indemnify member of the authority. Indemnify or procure insurance indemnifying any member of the ~~board~~ authority from personal loss or accountability from liability resulting from a member's action or inaction as a member of the ~~board~~ authority, including, but not limited to, liability asserted by a person on any bonds or notes of the ~~board~~ authority;

Sec. 56. 20-A MRSA §12611-A, as enacted by PL 1987, c. 881, is amended to read:

§12611-A. Amendments; alternative plans

1. Amendments to chapter. If the ~~board~~ authority determines that amendments to the chapter are necessary in order to enhance the options available to Maine families for affordable and predictable financing of post-secondary education, it may propose the necessary legislation.

2. Alternate plans. The ~~board~~ authority may develop alternative post-secondary financing plans under the ~~Maine Student Educational Enhancement Deposit Program Plan~~ which are different from the prepaid tuition plan provided in this chapter. Any such alternative plans ~~shall~~ must be promulgated in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375 and ~~shall be~~ submitted to the joint standing committee of the Legislature having jurisdiction over education for review.

Sec. 57. 20-A MRSA §12612, as enacted by PL 1987, c. 527, §2, is amended to read:

§12612. Annual accounting

The ~~board~~ authority shall annually prepare or cause to be prepared an accounting of the plan and shall transmit a copy of the accounting to the Governor, the President of the Senate, the Speaker of the House of Representatives and the respective majority and minority leaders of the Senate and House of Representatives. The ~~board~~ authority shall also make available the accounting of the plan to the purchasers of the plan. The accounts of the ~~board~~ authority ~~shall be~~ are subject to annual audits by the State Auditor or a certified public accountant appointed by the State Auditor.

Sec. 58. 20-A MRSA §12613, sub-§§1 to 3, as enacted by PL 1987, c. 527, §2, are amended to read:

1. Annual evaluation. In the accounting of the plan made pursuant to section 12612, the ~~board~~ authority shall annually evaluate or cause to be evaluated the actuarial soundness of the plan and determine the additional assets needed, if any, to defray the obligations of the plan. If there are not funds sufficient to ensure the actuarial soundness of the plan, it shall adjust payments of subsequent purchases to ensure its actuarial soundness.

2. Tax status. Before entering into advance tuition payment contracts with purchasers, the ~~board~~ authority

shall solicit answers to appropriate ruling requests from the United States Internal Revenue Service regarding the tax status of the value received under the contract to the purchaser or qualified beneficiary. ~~No contracts~~ A contract may not be entered into without the ~~board~~ authority making known the status of the request.

3. United States Securities and Exchange Commission status. Before entering into advance tuition payment contracts with purchasers, the ~~board~~ authority shall solicit answers to appropriate ruling requests from the United States Securities and Exchange Commission regarding the application of federal security laws to the fund. ~~No contracts~~ A contract may not be entered into without the ~~board~~ authority making known the status of the request.

Sec. 59. 20-A MRSA §12616, as enacted by PL 1987, c. 527, §2, is amended to read:

§12616. Contract for services

The ~~board~~ authority, in its discretion, may contract with others, public or private, for the provision of all or a portion of the services necessary for the management and operation of the plan. The ~~board~~ authority shall also endeavor to work with private sector investment managers and independent degree-granting colleges and universities in this State to study the feasibility of instituting programs between these parties ~~that~~ which ensure full tuition payment upon purchase of a prepayment plan with the private college or university.

Sec. 60. 20-A MRSA §§12617 and 12618, as enacted by PL 1987, c. 527, §2, are amended to read:

§12617. Assets used; investing in bonds

The assets of the fund ~~shall~~ must be preserved, invested and expended solely pursuant to and for the purposes set forth in this Act and ~~shall~~ may not be loaned or otherwise transferred or used by the State authority for any purpose other than the purposes of this Act. This section ~~shall~~ may not be construed to prohibit the plan from investing in, by purchase or otherwise, bonds, notes or other obligations of the State, an agency of the State or an instrumentality of the State.

§12618. No guarantee of admittance

Nothing in this Act or in an advance tuition payment contract entered into pursuant to this Act may be construed as a promise or guarantee by the plan, the authority or the State that a person will be admitted to a state institution of higher education, allowed to continue to attend a state institution of higher education after having been admitted or will be graduated from a state institution of higher education.

Sec. 61. 20-A MRSA §12619, as enacted by PL 1987, c. 527, §2, is amended to read:

§12619. Exempt from the Revised Maine Securities Act

An advance tuition payment contract ~~shall be~~ is exempt from the Revised Maine Securities Act, Title 32, chapter 105. An advance tuition payment contract may not be sold or otherwise transferred by the purchaser or qualified beneficiary without the prior approval of the board authority.

Sec. 62. 20-A MRSA §12651, sub-§1, as enacted by PL 1989, c. 579, §2, is amended to read:

1. Establishment. There is established the Maine Choice Program to recognize secondary school graduates who show strong academic ability and to provide financial assistance for post-secondary education of secondary school students. The program ~~shall recognize~~ recognizes secondary school students and post-secondary students enrolled in programs in health care subject areas who demonstrate academic ability to complete the program, and ~~shall disburse~~ disburses interest-free loans as described in section 12653. The ~~commissioner~~ chief executive officer shall administer the program.

Sec. 63. 20-A MRSA §12651-A is enacted to read:

§12651-A. Definitions

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

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.

Sec. 64. 20-A MRSA §12652, first ¶, as enacted by PL 1989, c. 579, §2, is amended to read:

Each year graduating secondary school students and individuals enrolled in post-secondary education programs who show evidence of academic achievement may be nominated or may apply for recognition as Maine Choice Scholars. Nominations and applications ~~shall~~ must be submitted to the ~~commissioner~~ chief executive officer at a time and in a format ~~to be determined~~ by rule of the ~~commissioner~~ chief executive officer. The Maine Choice Advisory Board shall determine the finalists.

Sec. 65. 20-A MRSA §12653, as enacted by PL 1989, c. 579, §2, is amended to read:

§12653. Allocation of funds

1. Loans. Pursuant to rules adopted ~~under section 12659 by the authority~~, the ~~commissioner~~ chief executive officer may grant to students recognized under section 12652 interest-free loans for post-secondary education of

up to \$2,500 per academic year. The loans ~~shall~~ must be made from the fund established in section 12657. The loans may not exceed a total of \$12,500 per student for post-secondary education. Loans ~~shall~~ must be for one academic year and ~~shall be~~ automatically renewed if the recipient maintains a grade point average of 2.5 based on a 4.0 grade point system or a passing grade in courses based on a pass-fail grading system. Students whose instruction does not fall within a strict semester structure ~~shall be~~ are eligible for a maximum of \$12,500 in loans for their post-secondary education based on loan disbursement guidelines promulgated by the ~~commissioner~~ authority.

Sec. 66. 20-A MRSA §12654, sub-§1, as enacted by PL 1989, c. 579, §2, is amended to read:

1. Eligibility for post-secondary education loans. Post-secondary education loans ~~shall~~ must be given only to secondary school graduates who are residents of Maine, who have been recognized as Maine Choice Scholars and who have met other eligibility criteria established by rule of the ~~commissioner~~ authority. Preference ~~shall~~ must be given to students enrolled in a health care program ~~which has been~~ determined to be in an underserved health care region or subject area. For the purpose of this chapter, "underserved health care region or subject area" means a geographic area underserved by health care professionals, an underserved health care specialty subject area, a population group underserved by health care professionals or any combination of these in the State.

Underserved health care subject areas ~~shall~~ include any undergraduate work ~~that may be~~ required to complete an advanced degree in an underserved health care specialty subject area.

Sec. 67. 20-A MRSA §12655, as enacted by PL 1989, c. 579, §2, is amended to read:

§12655. Payment provisions

Payment of loans granted under section 12653 ~~shall~~ must be made each semester to the institution in which the loan recipient is enrolled for credit to the recipient's account. Payment ~~shall~~ must be made within 60 days following receipt of evidence by the ~~commissioner~~ chief executive officer that the loan recipient has become enrolled at the post-secondary educational institution.

If a loan recipient withdraws from an institution and is entitled to a refund of tuition, fees or other charges, the institution shall pay to the State authority from that refund a sum equal to the portion of the loan paid to the student for the portion of the academic year that the student did not complete. That refund ~~shall~~ must be credited to the fund established in section 12657.

Sec. 68. 20-A MRSA §12656, as enacted by PL 1989, c. 579, §2, is amended to read:

§12656. Repayment provisions

1. **Forgiveness of loan.** Each recipient of a loan granted under section 12653 shall be relieved of the obligation to repay 1/4 of the loan for each completed year of employment in the State in the health care profession in which the recipient is educated. This employment must be completed within 5 years of the recipient's graduation from the post-secondary educational institution. Failure to fulfill the requirements of this subsection shall obligate the recipient to repay the unforgiven portion of the loan to the State authority under the terms of this section.

2. **Time for repayment.** The recipient of a loan granted under section 12653 shall repay the loan to the State authority upon the recipient's graduation or withdrawal from a post-secondary educational institution according to a schedule established by the commissioner chief executive officer. The total annual repayment ~~shall~~ be is determined by dividing the loan amount by the number of years the recipient attended the post-secondary educational institution and requiring the recipient to repay 1/4 of that amount each year until the loan is repaid. Due dates for repayments ~~shall be~~ are set by the commissioner chief executive officer.

3. **Deferment.** A recipient of a loan granted under section 12653 may seek a deferment of the annual principal payments for a period not to exceed 2 years. A request for deferment ~~shall~~ must be made to the commissioner chief executive officer who shall determine if the deferment request is reasonable and shall grant the request upon making that determination. The decision of the commissioner ~~shall be~~ chief executive officer is final.

4. **Change of program.** If a recipient who was enrolled in a program in an underserved health care region or subject area changes that course of study to a program not in an underserved health care region or subject area, the recipient shall repay the State authority for the total amount of loans received by that recipient in the manner provided in subsections 2 and 3.

Sec. 69. 20-A MRSA §12657, as enacted by PL 1989, c. 579, §2, is repealed and the following enacted in its place:

§12657. Nonlapsing revolving fund

The Maine Choice Fund is created under the jurisdiction of the authority as a nonlapsing, interest-earning, revolving fund to carry out the purposes of this chapter. Any unexpended balance in the fund carries over for continued use under this chapter. The authority may receive, invest and expend, on behalf of the fund, money from gifts, grants, bequests and donations, in addition to money appropriated or allocated by the State. Loan repayments under this section or other repayments to the authority must be invested by the authority, as provided by law, with the earned income to be added to the fund. Money received by the authority on behalf of the fund, except interest income, must be used for the designated

purpose; interest income may be used for the designated purpose or to pay student financial assistance administrative costs incurred by the authority as determined appropriate by the authority.

Sec. 70. 20-A MRSA §12658, sub-§2, as enacted by PL 1989, c. 579, §2, is amended to read:

2. **Membership.** The advisory board ~~shall consist~~ consists of 10 members, including: the ~~Commissioner of Educational and Cultural Services~~ Chief Executive Officer of the Finance Authority of Maine or the ~~commissioner's chief executive officer's~~ designee, the Director of Health Planning and Development or the director's designee, the Commissioner of Labor or the commissioner's designee, the Director of the State Planning Office or the director's designee, a member of the Maine Health Policy Advisory Council appointed by its chair, 2 representatives of the nursing profession appointed by the Governor, 2 representatives of other allied health professions appointed by the Governor and one consumer appointed by the Governor.

Sec. 71. 20-A MRSA §12659, as enacted by PL 1989, c. 579, §2, is amended to read:

§12659. Future appropriation

The advisory board shall advise the ~~commissioner~~ chief executive officer before January 15, 1991, and every year thereafter, of the amount of necessary General Fund appropriations which must be requested in order to provide the Maine Choice Fund with adequate funds to be used for loan purposes and to maintain an adequate balance in the fund.

Sec. 72. 20-A MRSA §12660, as enacted by PL 1989, c. 579, §2, is repealed.

Sec. 73. 20-A MRSA c. 430-B is enacted to read:

CHAPTER 430-B**FINANCIAL AID AND CAREER COUNSELING****§12671. Program established**

The Finance Authority of Maine shall administer an outreach program of post-secondary education information services as provided in this chapter.

1. **Duties.** The authority shall implement a program that:

A. Provides middle school and high school students, the parents of these students and adults seeking to acquire a post-secondary education with career and financial aid counseling;

B. Provides, to the extent of available resources, counseling services throughout the State in accessible locations to assist eligible participants; and

C. Provides to eligible participants information concerning career options, educational programs and post-secondary schools.

2. Nonlapsing fund. There is created under the jurisdiction of the authority a nonlapsing, interest-earning, revolving fund to carry out the purposes of this chapter. Any unexpended balance in the fund carries over for continued use under this chapter. The authority may receive, invest and expend, on behalf of the fund, money from gifts, grants, bequests and donations, in addition to money appropriated or allocated by the State. Loan repayments under this section or other repayments to the authority must be invested by the authority, as provided by law, with the earned income to be added to the fund. Money received by the authority on behalf of the fund, except interest income, must be used for the designated purpose; interest income may be used for the designated purpose or to pay student financial assistance administrative costs incurred by the authority as determined appropriate by the authority.

Sec. 74. PL 1989, c. 559, §12 is amended by adding at the end a new subsection 7:

7. Additional issues; continuation of advisory committee. Following submission of the report to the Joint Standing Committee on Education, the Governor and the Finance Authority of Maine described in subsection 4, the transition advisory committee established in this section shall continue in existence. The committee shall continue to act in an advisory capacity and shall report to the Joint Standing Committee on Education on the following matters: the Maine Educational Loan Authority supplemental loan program, the loan of last resort program, the student financial assistance counseling and outreach program, and other financial assistance programs which may be implemented or expanded in the future such as the Student Educational Enhancement Deposit Plan, the Maine Choice Program, the Advanced Study for Educators Program and the Trio Program. The transition advisory committee may request staff assistance from the Legislative Council and shall report to the Joint Standing Committee on Education by December 1, 1990. Funds remaining in the committee's account must be carried over to fiscal year 1990-91 to accomplish that task.

Sec. 75. PL 1989, c. 559, §14, under the caption "LEGISLATURE," last sentence, is repealed and the following enacted in its place:

Funds not used for these purposes do not lapse but carry forward for use by the transition advisory committee in fiscal year 1990-91 to perform the additional tasks identified in section 12 of this Act.

Sec. 76. Transition provisions. The following provisions apply to the assumption of the responsibility of administering a consolidated, coordinated program of

student financial assistance by the Finance Authority of Maine as provided in this Act.

1. Funds transferred. Notwithstanding the Maine Revised Statutes, Title 5, sections 1585 and 1586, all accrued expenditures, assets, liabilities, balances or allocations, transfers, revenues or other available funds in excess of allocations in any account or subdivision of an account of the Division of Higher Education Services of the Bureau of School Management within the Department of Educational and Cultural Services and authorized for use by or for the Finance Authority of Maine must be paid to the Finance Authority of Maine. The Commissioner of Educational and Cultural Services and the Chief Executive Officer of the Finance Authority of Maine shall jointly determine the funds, revenues, liabilities and assets to remain with the Division of Higher Education Services within the department.

2. Property and equipment transferred. The Commissioner of Educational and Cultural Services and the Chief Executive Officer of the Finance Authority of Maine shall enter into an agreement with respect to any property and equipment that may be transferred between the department and the authority pursuant to this Act.

3. Personnel transferred. A division director, an Education Specialist II and a Stenographer III shall remain as employees of the Division of Higher Education Services. Other employees of the division on the effective date of this Act are transferred to the Finance Authority of Maine. The Commissioner of Educational and Cultural Services and the Chief Executive Officer of the Finance Authority of Maine shall jointly determine the employees to be transferred to the authority and those to remain with the division in the department. Employees who are transferred to the authority are subject to the provisions of this subsection.

A. Transferred employees may, at their option, remain state employees as long as they remain continuously in their current positions or in another position which was transferred from the Bureau of School Management, Division of Higher Education Services, to the Finance Authority of Maine on the effective date of this Act. Employees who do not remain state employees become employees of the authority with the rights and obligations of other authority employees.

B. Transferred employees who remain state employees retain their accrued fringe benefits associated with state employment, including vacation and sick leave and health and life insurance, as long as they continue as state employees.

C. Transferred employees who elect to be treated as state employees and who are members of collective bargaining units on the effective date of this Act remain members in their respective bargaining units and retain all the rights, privileges and benefits provided by the collective bargaining agreements of the respective bargaining units with re-

spect to employment in state service as long as they continue as state employees.

D. Transferred employees who remain state employees remain members of the Maine State Retirement System as long as they continue as state employees.

E. The Finance Authority of Maine shall reimburse the State for all costs related to the transferred employees who elect to remain as state employees. The reimbursement includes the employer's share of contributions to the Maine State Retirement System for those employees.

F. The Department of Administration, Bureau of Human Resources shall assist the Finance Authority of Maine with the orderly implementation of these provisions.

4. Positions. Positions of transferred employees who remain state employees are terminated when vacated by those employees, unless filled by other transferred employees who elected to remain state employees. Positions similar to those terminated may be established within the Finance Authority of Maine.

5. Rules and procedures. All rules and procedures of the Department of Educational and Cultural Services and the State Board of Education pertaining to student financial aid programs and in effect on the effective date of this Act remain in effect until rescinded or amended by the Finance Authority of Maine. Prior to July 1, 1990, the authority may promulgate rules in accordance with the Maine Administrative Procedure Act for implementation of the Maine Student Incentive Scholarship Program grant system enacted by Public Law 1989, chapter 559.

6. Assumption of obligations. The Finance Authority of Maine succeeds to all rights, responsibilities and obligations of the State Board of Education and the Department of Educational and Cultural Services with respect to the Paul Douglas Teacher Scholarship Program, the State Student Incentive Grant Program and the Guaranteed Student Loan Program, consisting of the Robert T. Stafford Loan Program, the Parent Loans to Undergraduate Students Program and the Supplemental Loan for Students Program, which were incurred before the effective date of this Act. In the event that appropriate agreements have not been worked out between the authority and the Federal Government on the effective date of this Act to permit the transfer of responsibility for the Paul Douglas Teacher Scholarship Program, the State Student Incentive Grant Program and the Guaranteed Student Loan Program to the authority, the state board or the department, as applicable, shall continue in its current role with respect to those programs until those agreements are finalized. The department shall enter into an agreement with the authority under which the authority shall administer the Robert C. Byrd Honors Scholarship Program.

7. Savings clause. Nothing in this Act may be construed as terminating the existence of any program or any contract, agreement or bond relating to a program in the Department of Educational and Cultural Services, Bureau of School Management, Division of Higher Education Services, that has not been transferred to the Finance Authority of Maine.

Sec. 77. Use of funds. Notwithstanding the Maine Revised Statutes, Title 20-A, section 12509, governing the use of money in the Blaine House Scholars Fund, operating costs for the Finance Authority of Maine required to implement this Act during fiscal year 1989-90 and fiscal year 1990-91 are authorized, at the discretion of the Finance Authority of Maine, to be paid from that fund. Notwithstanding the Maine Revised Statutes, Title 20-A, section 12509, in fiscal year 1990-91, the Finance Authority of Maine shall pay \$304,600 to the General Fund as undedicated revenue in 12 equal monthly installments.

Sec. 78. Application. The transfer of funds, property and equipment, and personnel authorized in section 76, subsections 1, 2 and 3 of this Act must take place in a timely fashion following the effective date of this Act and must be completed within 30 days of the effective date.

Sec. 79. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1990-91

EDUCATIONAL AND CULTURAL SERVICES,
DEPARTMENT OF

Higher Education Services

Personal Services	(\$1,960)
All Other	(6,687,880)
TOTAL	(\$6,689,840)

Deappropriates all funds previously appropriated in fiscal year 1990-91 to this program, except \$161,273 which would remain to fund 3 positions within the Division of Higher Education Services and the responsibilities not transferred to the Finance Authority of Maine.

Grant - Loan - Scholarship Fund

All Other	(\$1,595,384)
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Deappropriates all funds previously appropriated in fiscal year 1990-91 to this program, except \$104,200 for the annual assessment of the New England Board of Higher Education.

DEPARTMENT OF EDUCATIONAL
AND CULTURAL SERVICES

TOTAL	(\$8,285,224)
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FINANCE AUTHORITY OF MAINE

Student Financial Assistance Programs

All Other \$8,285,224

Implements the transfer of funds from the Division of Higher Education Services and the grant-loan-scholarship programs of the Department of Educational and Cultural Services.

FINANCE AUTHORITY OF MAINE

TOTAL \$8,285,224

TOTAL APPROPRIATIONS \$0

Sec. 80. Allocation. The following funds are allocated from the Federal Expenditure Fund to carry out the purposes of this Act.

1990-91

EDUCATIONAL AND CULTURAL SERVICES, DEPARTMENT OF

Higher Education Services

All Other (\$392,000)

Adjusts current allocation to account for funds that will go directly to the Finance Authority of Maine.

Student Loan Insurance Fund

All Other (\$8,262,875)

Adjusts current allocation to account for funds that will go directly to the Finance Authority of Maine.

DEPARTMENT OF EDUCATIONAL AND CULTURAL SERVICES TOTAL

(\$8,654,875)

Sec. 81. Allocation. The following funds are allocated from Other Special Revenue funds to carry out the purposes of this Act.

1990-91

EDUCATIONAL AND CULTURAL SERVICES, DEPARTMENT OF

Higher Education Services

All Other (\$2,150,000)

Adjusts current allocation to account for funds that will go directly to the Finance Authority of Maine.

Grant - Loan - Scholarship Fund

All Other (\$106,675)

Adjusts current allocation to account for funds that will go directly to the Finance Authority of Maine.

Student Loan Insurance Fund

Personal Services \$44,494
All Other (1,034,178)

TOTAL (\$989,684)

Adjusts current allocations to account for funds that will go directly to the Finance Authority of Maine. Funds allocated for Personal Services and Position Count will remain in the department. Additional Personal Services allocation provides for collective bargaining increases.

DEPARTMENT OF EDUCATIONAL AND CULTURAL SERVICES TOTAL

(\$3,246,359)

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved.

Effective March 16, 1990.

CHAPTER 699

H.P. 1617 - L.D. 2239

An Act to Provide Greater Compliance with General Assistance Laws

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

22 MRSA §4304, sub-§1, as enacted by PL 1983, c. 577, §1, is amended to read:

1. Local office. There shall must be in each municipality a general assistance office or designated place where any person may apply for general assistance at regular, reasonable times designated by the municipal officers. Notice shall must be posted of these times, as well as the name of the overseer available to take applications in an emergency at all other times and the department's toll-free telephone number for reporting alleged violations in accordance with section 4321.

See title page for effective date.

CHAPTER 700

S.P. 885 - L.D. 2254

An Act to Implement the Recommendations of the Special Commission to Study the Organization of the State's Cultural Agencies

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

PART A

Sec. A-1. 1 MRSA §116, as enacted by PL 1975, c. 642, is amended to read: