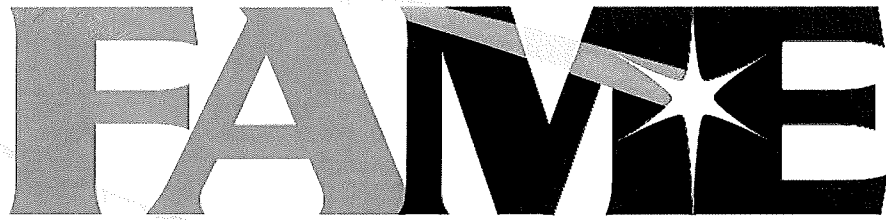


# MAINE STATE LEGISLATURE

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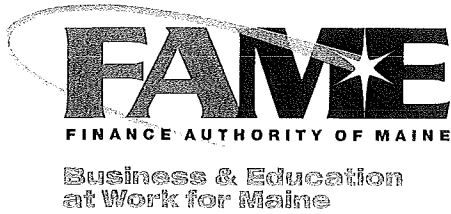
**FINANCE AUTHORITY OF MAINE**

**Business & Education  
at Work for Maine**

# **P R O G R A M E V A L U A T I O N R E P O R T**

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NOVEMBER 2009



November 13, 2009

Hon. Elizabeth Schneider, Senate Chair  
Hon. Nancy Smith, House Chair  
Honorable Members of the Joint Standing Committee  
on Business, Research, and Economic Development  
Maine Legislature  
100 State House Station  
Augusta, ME 04333

Dear Senator Schneider, Representative Smith, and Distinguished Committee Members:

I am pleased to present you with the Finance Authority of Maine's *2009 Program Evaluation Report* as required by 3 M.R.S.A. §§ 955(2), 959(1)(C).

FAME looks forward to collaborating with the BRED Committee on this review and presenting information regarding our mission and services.

If you have any questions or require further information, please do not hesitate to contact me.

Respectfully submitted,

Elizabeth L. Bordowitz  
Chief Executive Officer

Encl.

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## Overview of FAME Mission and Programs

### Twenty-six Years of “Business and Education at Work for Maine”

The Finance Authority of Maine (FAME) is a quasi-independent state agency that develops and administers programs related to the financing of both higher education and business in the state of Maine. Our mission is to provide innovative financial solutions to help Maine citizens pursue business and educational opportunities.

FAME represents “Business and Education at Work for Maine.” We operate with the knowledge that, in today’s rapidly changing global economy, businesses need a well-educated workforce as well as adequate capital. Financial solutions that help Maine people obtain a higher education and help Maine businesses prosper help make our state a better place in which to work and live.

For Maine citizens, higher education is the foundation for personal fulfillment and a better quality of life. It also is the foundation for a skilled workforce, a necessity for the Maine economy. Maine companies need access to capital and skilled workers. FAME works to support both of these needs in order to strengthen the Maine economy.



FAME’s customers are Maine people and Maine businesses. Our financial products are designed to fit the unique needs of our customers. FAME was created to take risks necessary to give Maine people and businesses a chance to pursue their dreams, both business and educational.

As our name implies, our core competency is finance. We are focused on financial solutions and, we believe, are good at delivering them. We look forward to working with the Joint Standing Committee on Business, Research, and Economic Development of the 124<sup>th</sup> Legislature (Second Session) as it reviews FAME’s mission and programs and assists us in better serving the citizens of Maine.

Created in 1983 by Governor Joseph Brennan and the Maine Legislature, FAME's initial responsibilities were to help Maine businesses and the economy. FAME was the successor organization to the former Maine Guarantee Authority, the Small Business Loan Guarantee Authority, and the Veterans' Small Business Loan Guarantee Authority. It incorporated these former agencies that provided insurance on small business and veterans loans with the new responsibility of encouraging additional development of Maine's natural resources.

The new law initially called upon the newly-formed agency to participate in financing pertaining to the business and economic growth of the state. That included improving economic development strategies, policies, and activities as well as securing loans and funding for Maine businesses. FAME initially was empowered to insure loans and, through sale of tax-exempt industrial development bonds, to make loans. The agency has grown considerably over the years, however, and now administers a variety of programs related to higher education and college savings, as well. A board of directors appointed by the Governor is charged with oversight of FAME, but day-to-day operations are managed by a professional staff dedicated to "making business and education work for Maine."

We work closely with the Executive and Legislative branches. Although FAME no longer receives an appropriation for our business services, we do receive an annual appropriation and allocation for our higher education finance programs. While FAME is a quasi-independent agency with a specific statutory mission, we also are flexible and evolving, adapting to the changing dynamics and needs of the Maine economy and Maine students. Initially begun as a tool to help businesses secure and retain funding, many of FAME's original products have adapted and evolved into better products. Along the way, FAME has realized that, with only a few flexible tools, we can find creative ways to use existing products to meet emerging needs.

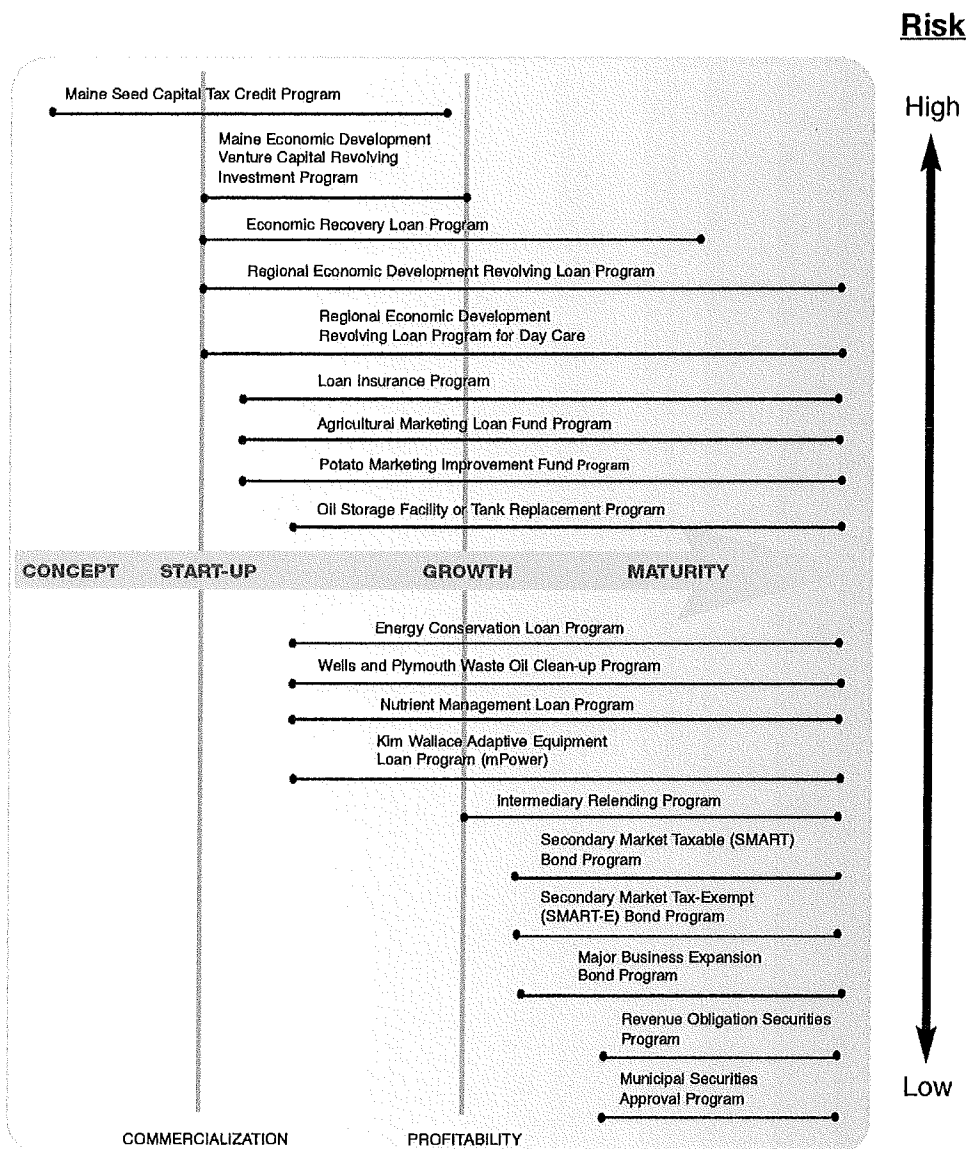
### **Commercial Division: "Innovative Financial Solutions for Maine Businesses"**

The focus of FAME's Commercial Division is to help Maine businesses access capital to grow, expand, and flourish, creating new employment opportunities that will benefit the people and communities of our state. FAME is continually developing new programs and services to support Maine companies—be they traditional or emerging—in their efforts to start up, remain viable, expand, or compete more effectively in the global marketplace. We are proud of the diverse products and services we offer Maine businesses and believe they can meet virtually any Maine business needs.

FAME works with businesses and lenders in every region of the state. Our programs and services are designed to complement, not compete with, existing private credit mechanisms (banks, credit unions, SBA, regional economic development agencies, etc.), as well as to fill funding need gaps. FAME's Commercial Division helps Maine's business community meet its financial needs through efficient and effective credit enhancements, direct loans, equity capital, and in partnership with other economic development agencies. These financial tools are discussed in subsequent sections of this report.

To better address all business needs in Maine, FAME has devised a simple model based on the relative risks presented at each stage in the life cycle of businesses. This updated "Risk Continuum" model (depicted below) explains how FAME programs (including those administered on behalf of other agencies) can serve Maine businesses and underscores the need to develop and improve effective policies and programs to fill gaps along the continuum.

# FAME Risk Continuum



The above model provides a platform on which sources of capital may be logically presented and compared. It is used to describe the life stages of a company, sources and amounts of capital used to fund growth, and the relative risk of loss to investors at each stage of growth. Regardless of the size of the company, from a small business start-up to a significant, large employer in a mature industry, this continuum applies.

In general, very young businesses with no earnings and little if any sales cannot afford debt. They typically are funded by high-risk, “patient” capital from family, friends, or private investors (“angels”) who purchase stock or the rights to stock and seek an adequate, risk-adjusted return. When a business achieves sales and positive cash flow, it becomes a candidate for high-to-moderate-risk capital from angels, professional venture capital funds or specialized debt instruments. When a business becomes profitable (moves farther to the right along the continuum), it is a candidate for relatively low-risk commercial debt financing.



In recent years, FAME has made a concerted effort to develop policies and programs to help us better serve those companies on the riskier, left side of the continuum that have fewer opportunities to access traditional sources of commercial debt.

### **Education Division: “Expanding Access to Higher Education”**

In 1989, the Maine Legislature directed FAME to expand our focus from purely business finance to include higher education finance. Responsibility for the full range of higher education finance programs, federal and state, was statutorily moved from the Department of Education to FAME’s Education Division. FAME became the designated state guarantor for federal student loan programs, as well as the administrator of the state’s grant, loan, and loan forgiveness programs.

As the state guarantor of Federal Family Education Loan Program (FFELP) loans, FAME currently manages a portfolio of outstanding student loans in excess of \$1.1 billion while guaranteeing more than \$200 million in new student loans each year. A loan guaranty is a form of insurance that repays a student’s loans if the student is unable to do so. In this case, the federal government provides reinsurance, with FAME acting as the conduit administrator. When a default claim is paid, FAME actively seeks collection of the past due loan from the student. As part of our responsibilities as the state’s designated guarantor, FAME provides extensive education outreach surrounding financial aid and literacy, a special default aversion program for high-risk borrowers, and other services.

FAME also administers several state grant and loan programs that provide Maine students and families with more than \$12 million in student financial assistance annually. Chief among these is the Maine State Grant, the state’s need-based grant program. Our outreach, customer service, and operations teams, comprised of former student financial aid officers and others with strong backgrounds in student financial assistance, are dedicated to providing these services as effectively as possible to Maine citizens. We actively work with Maine students and families of all ages, from birth to grandparenthood, to encourage college savings, college attendance and financing, and default aversion and financial literacy. We sponsor numerous financial aid information sessions throughout the state and work with lenders, high school guidance counselors, colleges, students, parents, the Legislature, and many other stakeholders to meet the education financing needs of Maine students and families.

In 1998, the Legislature created the Maine College Savings Program and assigned the accompanying administrative responsibilities to FAME. The NextGen College Investing Plan® is now the fifth-largest college savings plan in the nation, with over \$4.3 billion in assets. And in 2008, thanks to the generosity of the late philanthropist Harold Alfond, the Harold Alfond College Challenge was launched. This first-in-the-nation program, also administered by FAME, involves a \$500 gift to every qualifying Maine newborn baby to use for college savings purposes. Approximately 2,000 Maine babies have been enrolled in the program thus far, due in part to extensive outreach by FAME staff and our partners.

A great deal of effort is expended by education staff on management of the federal student loan guarantee program. This requires not only knowledge of the local landscape and stakeholders, but also a very detailed knowledge of the federal laws affecting this program. Our staff works closely with the National Council of Higher Education Loan Programs (NCHELP), Maine’s congressional delegation, the Maine Association of Student Financial Aid

Administrators (MASFAA), and others to keep abreast of these programs and propose changes when needed. The student loan industry has experienced great changes in recent months, from the collapse of credit markets to the Obama Administration's sweeping proposals. Some of these changes, if enacted, will severely impact FAME's outreach services and Maine students and families.

Similar to how our commercial lending professionals make use of the Risk Continuum, FAME's student financial assistance professionals seek to prudently fill voids for providing financial resources to Maine students and families. For example, while FAME manages the Maine State Grant program, which provides approximately \$10 million per year in grants to low-income Mainers seeking higher education, we also work closely with the medical community to provide financing tools, such as the newly enacted Doctors for Maine's Future Medical Scholarship Program, to attract and retain medical practitioners to Maine.

### **Strategic Planning to Realize FAME's Mission**

Like every good organization, FAME regularly engages in internal review and long-range planning to ensure that we're fulfilling our mission and adapting to the state's rapidly changing economic and educational needs. When this report was last presented to the BRED Committee in November 2001, FAME had just undertaken a structured and practical strategic planning process that led to a host of positive changes. Now we again are engaged in a similar strategic planning process that will, hopefully, yield even more positive results. At a time when state government is being asked to do more with less, now is an appropriate and critical time to re-examine FAME's mission and priorities and to assess how we may best serve Maine businesses and students in efficient, effective ways. After holding sessions with key stakeholders, the FAME Board and staff have identified the following four goals to guide FAME through the next eighteen months to two years:

1. *Obtain additional efficiencies while providing the highest level of customer service*
2. *Expand FAME's leadership role in helping Maine students and families plan for and meet the costs associated with higher education*
3. *Enhance FAME's ability to meet the financing needs of Maine's business community, both existing and new industries*
4. *Implement an organizational development and internal communication strategy*



## Statutes Summary

### *Title 10, Chapter 110: Finance Authority of Maine Act*

As noted above, the Finance Authority of Maine Act, enacted in 1983, combined the functions previously provided by the Maine Guarantee Authority, the Maine Small Business Loan Authority, and the Maine Veterans Small Business Loan Authority into a single agency, the Finance Authority of Maine.

In 1989, the FAME Act was amended to authorize FAME's administration of education finance programs found in Title 20-A, Chapters 417 through 430-B (with the exception of Chapters 417-A and 418). This summary includes items under the FAME Act, including items incorporated into the Act from Title 20-A, as well as summaries of other programs administered by FAME.

#### **Subchapter 1: General Provisions**

*Purpose:* The Finance Authority of Maine was established to, among other things, fulfill the statewide need to provide gainful employment for the people of Maine, to ensure the preservation and betterment of the economy, to ensure the preservation and betterment of the living standards and health of the inhabitants and environment of the state, to stimulate a larger flow of private investment funds from banks and other financial institutions, to help finance projects, and to increase the access of smaller businesses and veterans to financing at reasonable terms and rates. FAME is authorized to fulfill these powers by:

- Issuing revenue obligation securities;
- Providing interest rate subsidies on commercial loans;
- Assisting municipalities to issue revenue obligation securities;
- Encouraging the making of loans to small businesses, including veteran-owned small businesses;
- Providing natural resource financing; and
- Providing and administering a comprehensive, consolidated system of student financial assistance programs.

*Organization:* FAME may create as many divisions as may be necessary to perform its duties. Current divisions include:

- Commercial;
- Credit;
- Finance and Operations;
- Education; and
- Legal.

The FAME Board is composed of fifteen members, twelve of whom are appointed by the Governor and subject to review by the BRED Committee and confirmation by the Maine Senate. The remaining three members are *ex officio* as follows:

- Commissioner of Economic and Community Development
- A Natural Resources Commissioner, and
- Treasurer of State.

The twelve at-large members must include:

- A certified public accountant;
- An attorney;
- A commercial banker;
- An individual with knowledge of student financial assistance;
- An individual with knowledge in the field of higher education;
- Two veterans;
- Two individuals with knowledge in the field of natural resources enterprises;

Members may serve for two, four-year terms. Board members are indemnified by FAME for actions taken within the course and scope of that individual's membership on the Board. Members elect a chair, a vice-chair, and a secretary.

Seven members constitute a quorum. The affirmative votes of the greater of five members or a majority of those present is necessary to take action.

*Statutory powers granted FAME include:*

- Borrow money or otherwise obtain credit;
- Lend money or otherwise extend credit;
- Exercise all powers of a lender or creditor;
- Provide grants or interest rate subsidies on commercial loans to businesses;
- Provide or participate in interest rate cap agreements or other agreements providing protection against interest rate fluctuations;
- Insure the performance of any loan;
- Acquire, use, and/or dispose of any interest in real or personal property;
- Purchase, sell, or otherwise deal, acquire, or transfer any mortgage loan or other mortgage backed or mortgage related security;
- Obtain, develop, or disseminate any information useful for carrying out any of its purposes;
- Establish and implement a program to assist the growth of businesses within the state by matching businesses seeking investment capital with investors seeking investment opportunities;
- Procure insurance in aid of any of its corporate purposes;
- Cause any of its powers or duties to be carried out by one or more non-profit organizations exempt from taxation under the Internal Revenue Code;
- Obtain any certification, warranty, affidavit, or other representation necessary or useful for carrying out its purposes and duties;
- Employ persons, including private legal counsel;
- Sue or be sued;
- Maintain an office in the state;

- Adopt any rule necessary or useful for carrying out any of its powers or duties;
- Receive and accept appropriations, loans, grants, and contributions;
- Invest funds received from any source;
- Expend interest earnings as appropriate for program and administrative costs;
- Make, modify, and carry out any agreement; and
- Any act or thing necessary or useful for carrying out any of its powers or duties.

*Chief Executive Officer:* The Chief Executive Officer is appointed by the Governor, subject to review and confirmation by the Legislature. The Chief Executive Officer supervises administrative affairs and technical activities of the Authority. The Chief Executive Officer is authorized to:

- Employ professional and nonprofessional personnel;
- Approve all operating expenses of the Authority;
- Maintain a liaison with other state agencies; and
- Perform duties directed by Board members.

*Conflicts of Interest:* Members and staff of FAME are deemed "executive employees" for purposes of conflict of interest laws.

*Annual Report:* FAME must submit reports, including financials, of its activities to the Legislature, the Governor, and the State Treasurer.

*Confidentiality:* Proprietary information, certain financial information submitted by businesses or individuals, personal financial statements or tax returns, assessments provided by others, including lenders requesting loan insurance, marketing plans, and records developed by FAME in reviewing such materials are considered confidential.

*Allocation of Federal Bond Ceiling:* FAME is authorized to establish an allocation formula for that portion of the state ceiling allocated to it.

## **Subchapter 1-A: Natural Resources Financing and Marketing Programs**

*Purpose:* To work with existing public and private institutions to promote the development of natural resources by making available adequate marketing and technical assistance, as well as adequate financing opportunities by:

- Relieving existing conditions that represent difficulties in natural resource enterprise financing and development;
- Maintaining a land and water base necessary to the production of natural resource products of the state to secure adequate food and fiber to the people of the state;
- Encouraging the adding of value to agricultural, forestry, and fisheries products;
- Coordinating, improving, and expanding the marketing of processed and manufactured natural resources products;
- Expanding opportunities for employment in farming, fishing, and forestry;
- Encouraging the investment of private capital in the natural resources sector;
- Providing a central source for credit information and financial management to farmers, fishermen, and foresters.

## **Subchapter 1-C: Natural Disaster Business Assistance**

- Natural Disaster Business Assistance Fund;
- Maine Natural Disaster Business Assistance Program.

## **Subchapter 1-D: Student Financial Assistance Program**

*Program Established:* Authorizes FAME to administer a program of comprehensive, consolidated student financial assistance for Maine students and their families to finance the cost of attendance at institutions of higher education, including authorization to issue bonds and lend the proceeds of bonds. Programs administered by FAME include:

- Maine State Grant Program
- Educators for Maine Program
- Maine Health Professions Loan Program
- Loan insurance programs such as Stafford Loans, PLUS Loans
- Robert C. Byrd Honors Scholarship Program
- Tuition waiver program
- Financial aid counseling and outreach
- Higher Education Loan Program
- Maine College Savings Program or NextGen College Investment Plan®
- Maine Dental Education Loan and Loan Repayment Program
- Quality Child Care Scholarship Program
- Doctors for Maine's Future Scholarship Program
- GEAR UP

*Loan Insurance Program:* Establishes FAME as the state guarantor for the federal Guaranteed Student Loan Program, including establishment of the Loan Insurance Fund and authority to issue bonds to support the Loan Insurance Fund.

## **Subchapter 1-E: Nursing Education**

*Nursing Education Loan Repayment Program:* Established to increase the number of nursing faculty in Maine nursing education programs. Unfunded by Legislature.

## **Subchapter 2: Mortgage Insurance Programs**

*Credit of State Pledged:* The faith and credit of the state is pledged to insure the payment of mortgage loans by FAME.

*Mortgage Insurance Fund:* A non-lapsing revolving fund established to pay the expenses of the Authority and to which premiums and other fees and reimbursements may be credited.

*Loan Insurance Reserve Fund:* A non-lapsing revolving fund to be used for security for payment of principal and interest of revenue obligations securities.

*Other Specific Insurance Funds Established:*

- Underground Oil Storage Replacement Fund;
- Overboard Discharge Replacement Fund (repealed);
- Innovation Finance Fund (repealed);
- Waste Reduction and Recycling Loan Fund;
- Economic Recovery Program Fund;
- Agricultural Marketing Loan Fund;
- Clean Fuel Vehicle Fund;
- Waste Oil Clean-up Fund;
- Plymouth Waste Oil Loan Program; and
- Potato Marketing Improvement Fund

*Obligation of the State:*

In the event that amounts in the above-listed funds are insufficient to meet the demands on FAME, the faith and credit of the state is pledged to meet such demands in an amount up to \$90,000,000 for insured business loans generally, and up to \$4,000,000 for insured loans to veterans.

*Safeguarding the Mortgage Insurance Fund:* FAME is authorized to acquire and dispose of property of any eligible project.

*Other Insurance:* In addition to the insurance described above, FAME may provide loan insurance for each of the following types of projects:

- Loans to veterans;
- Underground and above-ground oil storage facility projects and projects related to the installation of equipment related to the improvement of air quality for gasoline service station vapor control and petroleum liquids transfer vapor recovery;
- Mortgage insurance for overboard discharge replacement projects;
- Clean fuel vehicle projects;
- Waste oil disposal site clean-up projects

*Direct Lending Programs:*

- Economic Recovery Loan Program (ERLP): Provides loans up to \$1,000,000 for businesses with insufficient access to credit, but demonstrating the ability to survive, preserve and create jobs, and to repay the obligations.
- Capital Access Program: Established for benefit of participating banks [unfunded].
- Regional Economic Development Revolving Loan Program (REDLP): Provides loans to regional economic development agencies, which re-lend funds up to a maximum of \$250,000 to borrowers with fifty or fewer employees or annual sales of \$5,000,000 or less. The borrower must be located in the service area of the economic development agency and be engaged in either manufacturing; advanced information, advanced telecommunications, or energy and environmental products and services; advanced biological and natural resource technologies, including marine technology, agriculture, forestry products, and bio-technology; a business converting from defense dependency; a business significantly engaged in export of goods or services to locations outside the state; a business that dedicates significant resources to research and development; a business with ten or fewer employees; or a childcare business.



- The Maine Economic Development Venture Capital Revolving Investment Program (VRIP): Authorizes FAME to invest funds in professionally managed venture capital funds that invest in early stage Maine businesses.

*Other Insurance Programs:*

- Early care and education revolving loan program: The program provides loans to early care and education providers, as well as economic development corporations, to be used for loans for early care and education providers. Loans may not exceed \$100,000. [unfunded]

*Mortgage insurance generally:* FAME may charge a mortgage insurance premium of up to 2% on any of its insurance products. Delivery of a mortgage insurance contract is conclusive evidence of the eligibility of a project.

*Moral Obligation:* FAME may establish capital reserve funds of up to \$150,000,000 secured by the moral obligation of the state.

### **Subchapter 3: Revenue Obligation Securities Program**

*Revenue Obligation Securities Program:* FAME is authorized to issue bonds for various eligible projects, including manufacturing projects, industrial projects, recycling and waste reduction projects, electric generation projects, and workers compensation residual market mechanism projects. FAME may not issue bonds for any housing that is eligible for financing by MaineHousing. Prior to issuing any tax-exempt bonds, FAME must hold a public hearing to determine that the proposed project will not have a competitive detriment or adverse economic impact on existing businesses or the environment. These bonds are issued by FAME on behalf of a company without credit enhancements provided by FAME.

*Moral Obligation Bonds:* FAME may issue up to \$877,000,000 of taxable or tax-exempt bonds secured by the moral obligation of the state for the following purposes:

- Electric rate stabilization projects (up to \$330,000,000) (sunsetting);
- Major business expansion projects (up to \$120,000,000);
- Workers' compensation residual market mechanism projects (up to \$57,000,000);
- All other projects (up to \$150,000,000);
- Paper industry job retention projects (up to \$120,000,000);
- Transmission facility projects (up to \$100,000,000); and
- Capital reserve funds for revenue obligations securities (up to \$35,000,000).

*Waste Facilities, Waste Disposal Services, or Recycling Projects:* FAME may issue bonds for waste facilities, waste disposal services such as the Plymouth Waste Oil Clean-up Program), or recycling projects.

## **Subchapter 4: Municipal Securities Approval Program**

FAME must approve and allocate a tax-exempt bond cap for tax-exempt bonds issued by municipalities for the benefit of manufacturers. FAME is required to hold a hearing to determine that the issuance of the bonds will not have a detrimental effect on competing businesses or an adverse economic effect on competing businesses.

## **Subchapter 4-A: Family Development Account Program**

FAME provides administrative oversight to the Family Development Account program, which encourages low-income individuals to open savings accounts as means of investing in the future. Community development organizations administer the accounts and provide education on savings and budgeting for participating individuals. Account proceeds must be matched by the community development organization, and must be used for education or job training; the purchase or repair of a home that is the person's principal residence; purchase or repair a vehicle used as transportation to work or to attend an education or training program; expenses for an emergency that may cause the loss of shelter, employment, or other basic necessities; capital to start a small business; or health care costs exceeding \$500 not covered by private insurance.

## **Subchapter 5-A: Waste Oil Furnace Loan Program**

FAME is authorized to provide interest rate subsidies to banks providing loans to companies to install furnaces that burn waste oil. There are currently no funds available for this program.

## **Subchapter 7: Maine Job-Start Program**

At its inception, FAME contracted with three community action agencies to provide micro-loans of up to \$10,000 for businesses within the service area of the community action agency. The loans were then held by FAME and administered in part by the community action agency. Currently, all loan notes and revolving funds have been assigned to the participating community action agencies, which currently run the program with little involvement by FAME.

## **Subchapter 9: Maine Seed Capital Tax Credit Program**

To encourage the increased availability of risk equity capital, FAME is authorized to issue tax credits in an amount up to 40% (60% for those investing in high unemployment areas) to an individual taxpayer who makes an investment in qualified small businesses in Maine. The businesses must be manufacturers, sell products predominantly outside the state, be engaged in advanced technologies or otherwise bring capital into the state. FAME issues similar tax credit certificates to individuals who make investments in private venture capital funds that invest in businesses located within the state.

## **Chapter 1003: Northern Maine Transmission Corporation**

The Northern Maine Transmission Corporation, established as a body corporate and politic and an instrumentality of the state, is managed as a subsidiary of FAME. Its purpose is to examine the need for and viability of, and to finance, permit, construct, own, and operate, electric

transmission lines necessary to connect electric utilities in the northern regions of the state with the transmission grid of the United States. FAME provides all staffing for the corporation, which has a seven-member Board of Directors, including the FAME Chief Executive Officer, the Treasurer of State, and five members appointed by the Governor. The corporation may exercise all powers of a non-profit corporation.

### **Title 38, Chapter 3, Subchapter 2-B, Section 568-B: Fund Insurance Review Board**

The Board was created to hear and decide appeals from insurance claims-related decisions by the Commissioner of Environmental Protection and the State Fire Marshall. The Board has the following powers and duties:

- Hear appeals from insurance-related decisions of the Commissioner of Environmental Protection and State Fire Marshall;
- To adopt rules;
- To contract with FAME for administrative assistance;
- To monitor income and disbursements for the Underground Oil Clean-up Fund; and
- To consult with FAME to review income and disbursements in the Wells Waste Oil Clean-up Fund.

FAME provides staff and administrative services to this board.

### **Title 10, Chapter 11: Kim Wallace Adaptive Equipment Loan Program**

The Kim Wallace Adaptive Equipment Loan Program Fund is a revolving loan fund administered by FAME. The Kim Wallace Adaptive Equipment Loan Program Fund Board, a nine-member entity appointed by the Governor, contracts with FAME to provide administrative and financial services to the board. The board is authorized to make loans to individuals with disabilities to improve their independence or to become more productive members of their community.

### **Title 5, Chapter 7, § 135: Linked Investment Programs**

#### *Agriculture:*

The Treasurer of State may deposit up to \$4,000,000 in each calendar year with financial institutions to provide an interest rate reduction of up to 2% per year to agricultural enterprises located within the state obtaining loans from those financial institutions. FAME provides assistance to the Treasurer in determining eligible agricultural enterprises and eligible loans for the program.

#### *Commercial Enterprises:*

The Treasurer of State may deposit an amount not to exceed \$4,000,000 in each calendar year with financial institutions to provide an interest rate subsidy of up to 2% below the rate of return generally available to commercial enterprises with twenty or fewer employees or annual sales of less than \$2,500,000, and whose sales, products, or services are primarily for out-of-state or are manufacturers. There must be at least one job created or retained per \$20,000 of deposited funds. The maximum loan amount to which this may be applied is \$200,000. FAME assists the Treasurer in determining businesses and loans eligible for this interest rate subsidy.

## **Title 7, Chapter 101, Subchapter 1-D and Title 10, Chapter 110, Subchapter 2, Section 1023-J: Agricultural Marketing Loan Fund**

In conjunction with the Department of Agriculture, FAME administers the Agricultural Marketing Loan Fund, which provides low-interest financing to help eligible businesses employ new and innovative technologies and processes to improve, expand, and enhance the manufacturing, marketability, and production of Maine-made agricultural products.

## **Title 7, Subchapter I-A and Title 10, Chapter 110, Subchapter 2: Potato Marketing Improvement Fund**

FAME also partners with the Department of Agriculture to implement the Potato Marketing Improvement Fund, providing subordinate loans to help potato growers and packers improve the quality and marketing of Maine potatoes.

## **EDUCATION FINANCE PROGRAMS: Title 20-A, Chapters 417 through 430-B (excluding Chapter 417-A and Chapter 418)**

### **Chapter 417: Federal Financial Assistance Programs**

#### **Subchapter I: Loan Insurance Programs**

FAME is designated as the state's guarantor for the Federal Guaranteed Student Loan Programs. This means that, should a student borrower default on their loan, FAME steps in to ensure payment, with backing/reimbursement by the U.S. Department of Education. FAME is tasked with administering the Robert T. Stafford Loan Program; the Parent Loans to Undergraduate Students (PLUS) Program; and the Supplemental Loans for Students Program.

A specific insurance reserve fund is created at FAME to support these programs. The Insurance Reserve Fund is supported by the ability to issue up to \$4 million in bonds, supported by the full faith and credit of the state in accordance with the Constitution of Maine, Article VIII, Part First, Section 2. FAME may enter into contracts with the U.S. Department of Education to administer these programs and may contract with third parties to undertake administrative responsibilities. The statute specifically provides that, under these provisions, loans to minors are binding obligations.

Subchapter I also specifies the requirements for a nonprofit corporation to serve as a secondary market for student loans. FAME does serve as a secondary market for student loans.

## **Subchapter II: Other Federal Educational Finance Assistance Programs**

FAME is named as the administrator of the following federal programs:

- Leveraging Education Assistance Partnership (LEAP) Program;
- Special Leveraging Education Assistance Partnership (SLEAP) Program;
- The Robert C. Byrd Honors Scholarship Program;
- GEAR UP and GEAR UP Scholarship;
- The Paul Douglas Teacher Scholarship Program.

### **Chapter 417-B: Supplemental Loan Program**

FAME is authorized to provide student loans to supplement federal guaranteed higher education loans and other education loan and grant programs.

FAME has broad discretion to create the terms of the bonds and enter into agreements relating to the bonds, including the creation of capital reserve funds up to \$50 million supported by the moral obligation of the state. FAME may issue tax-exempt or taxable bonds under this option.

### **Chapter 417-C: Higher Education Loan Program**

This program, unfunded by the Legislature, remains non-operational. It would allow FAME to provide loans to students who maintain a grade average of at least 2.0 on a scale of 4.0 to fill the gap between the student's total cost of attendance for the academic year at an eligible institution of higher education and the total sources of financial assistance available to that student. This subchapter creates the Higher Education Loan Program Fund as a revolving fund to carry out the purposes of the subchapter.

### **Chapter 417-E: Maine College Savings Program**

This chapter authorizes FAME to create a college savings program that is eligible for treatment as a Section 529 Program under the Internal Revenue Code. The program is now known as The NextGen College Investing Plan®, and has been in existence for ten years.

The chapter creates the Maine College Savings Program Fund, which is administered by FAME and held by the Treasurer of State for program purposes only. All assets of the fund are to be held for the participants and beneficiaries, which may include using the program fund to refund fees paid by participants, provide matching grants to participants, or provide scholarships to account beneficiaries.

#### *Powers:*

The chapter provides FAME with broad powers for the administration of this program, including:

- To enter into contracts necessary for the administration of the program;
- To invest funds with the advice of the Advisory Committee on College Savings;
- To enter into agreements with participants;

- To appoint a Program Administrator;
- To undertake studies and projections;
- To borrow money;
- To employ investment managers and consultants; and
- To fund all costs and expenses incurred in connection with the program, provided that FAME may not assess the Program Fund a fee in excess of 1% of the balance in the Fund for the administrative costs and expenses of the program.

The chapter further provides that the contributions and earnings on a program account are not susceptible to levy, execution, judgment or other operation of law, garnishment, or other judicial enforcement.

The amounts in program funds are exempt from state taxation to the extent that a distribution from the account is used for the purpose of paying higher education expenses.

FAME may take such action as is necessary to assure that the program complies with Section 529 of the Internal Revenue Code of 1986.

*Advisory Committee on College Savings:*

There is created a seven-member Advisory Committee on College Savings chaired by the Treasurer of State. The other members are appointed by the Governor. These individuals are charged with providing advice to FAME on the operation of the program and the investment of the Program Fund.

### **Chapter 417-F: Higher Education Loan Purchase Program**

This program seeks to provide greater access to federal loan program loans at a lower cost, enabling students to attend the Maine institutions of higher education of their choice. FAME is authorized to issue bonds for the purpose of financing eligible loans. FAME may use any net earnings on these bonds to administer the program, to pay or further secure bonds and to make eligible loans. FAME may adopt rules to implement and administer the program. Subsections within this chapter pertain to confidentiality of records obtained by FAME and the issuance of bonds.

### **Chapter 419-A: Maine State Grant Program**

FAME administers the Maine State Grant Program, the state's only need-based grant program for eligible undergraduate students. Over 14,000 Maine students receive, on average, a \$1,000 grant to help meet the costs of college education. Students attending a private institution within the state may receive a grant of up to \$1,250. Students attending public institutions of higher education within the state may receive a maximum grant of up to \$1,000. Students attending institutions of higher education outside the state, but within states with which FAME has a reciprocity agreement, may receive:

- \$500.00 for students attending public institutions of higher education; and
- \$1,000.00 for students attending private institutions of higher education.

Only those individuals pursuing a certificate program of at least one year's duration, an Associate Degree program, or a Baccalaureate Degree program, are eligible to receive funds. An individual who has already attained a Baccalaureate Degree is not eligible for grant funds.

### **Chapter 419-C: Scholarships for Maine Fund**

This chapter, never implemented, authorizes FAME to sponsor a credit card and use any proceeds for scholarships to Maine residents enrolled in accredited post-secondary education programs of at least one year's duration.

### **Chapter 419-D: Quality Childcare Education Scholarship Fund**

Monies in this fund may be used to provide need-based scholarships to Maine residents who are enrolled in a course of study related to early childhood education or child development at accredited institutions of higher education, or at course-offering institutions that have articulated agreements with accredited institutions of higher education.

### **Chapter 424: Medical Education and Recruitment Program**

FAME is charged with the administration of comprehensive programs to address the shortage of primary health care professionals in underserved areas of the state. The Advisory Committee on Medical Education is created to assist FAME's chief executive officer in planning, evaluating, and updating the programs to ensure that Maine residents have access to medical education and to primary health care.

#### *Access to Medical Education Program:*

FAME may secure at participating medical schools up to five positions annually for students of osteopathic medicine; fifteen positions annually for students of allopathic medicine; and one position each year for students of veterinary medicine, for an aggregate of up to eighty-four positions outstanding at any time. Both students and institutions participating in the program must enter into an agreement with FAME to ensure that the student completes clinical education requirements in rural areas of the state.

This program likely will be phased out as a result of the recently created Doctors for Maine's Future Medical Scholarship Program, as well as the emergence of more medical schools in the state.

#### *Health Professions Loan Program:*

This program provides loans to individuals pursuing allopathic, osteopathic, optometric, veterinary, and dentistry education who demonstrate a strong desire to practice primary care medicine in Maine. FAME's chief executive officer determines the maximum loan amount. 90% of loan funds are designated for loans of allopathic and osteopathic medicine. The remaining 10% of the loan fund may be designated for Maine residents studying optometry, veterinary, or dental medicine.

Individuals practicing in certain shortage areas of the state may receive forgiveness of their loans. Primary care physicians practicing anywhere in the state may have 12.5% of their loan forgiven for each year of such practice.

A student completing an entire residency at primary health care residency in the state is forgiven 50% of the original outstanding balance for each year of practice in an underserved area, or 25% of the original outstanding balance for each year of primary care practice in the state.

FAME will be submitting legislation for consideration during the 124<sup>th</sup> Legislature (Second Session) to make changes to the program in light of reduced funds and recent changes in the law.

*Advisory Committee on Medical Education:*

The Advisory Committee on Medical Education is created to assist FAME's chief executive officer in planning, evaluating, and updating the programs to ensure that Maine residents have access to medical education and to primary health care.

The committee consists of nineteen members representing the following:

- A representative of a statewide agency representing allopathic physicians;
- A representative of a statewide agency representing osteopathic physicians;
- A representative of a statewide agency representing family physicians;
- A representative of a statewide agency representing hospitals;
- A representative of a statewide agency representing community health centers;
- A representative of an association of commercial health insurance companies;
- A representative of a statewide area health education center program;
- Two at-large members;
- The chief executive of a family practice residency;
- A representative of an institution of allopathic medical education at which FAME secures positions for students;
- A representative of an institution of osteopathic medical education at which FAME secures positions for students;
- A Maine student, resident, or practicing physician who has obtained a position secured by FAME at an institution of allopathic medicine;
- A Maine student, resident, or practicing physician who has obtained a position secured by FAME at an institution of osteopathic medicine; and
- A representative of a major teaching hospital in the state.

## **Chapter 426: Maine Dental Education and Recruitment**

FAME is authorized to provide up to five loans to Maine residents enrolled in dental schools or three loan repayment agreements annually to an individual who is eligible for licensure as a doctor of dental medicine in Maine, up to an aggregate of twelve loan or loan repayment agreements outstanding.

*Loans for Dental School:*

Maine residents who are enrolled in dental school, who demonstrate financial need and an interest in serving in underserved population areas are eligible to receive loans of up to \$20,000



per year. The loans may be forgiven if the loan recipient later provides dental services to an underserved population area in a practice that serves all patients regardless of ability to pay through insurance or other payment source.

*Loan Repayment Program:*

Individuals eligible for licensure to practice dentistry in Maine who have outstanding dental education loans are eligible to receive loan repayment of up to \$20,000 for each year that they practice in an underserved area of the state and provide services in a practice that serves all patients regardless of ability to pay through insurance or other payment source. Funds are used by the recipient to repay loans taken for dental education.

*Advisory Committee on Dental Education:*

The Advisory Committee on Dental Education is established to assist FAME's chief executive officer in evaluating and improving the Maine Dental Education and Recruitment Program. The committee consists of ten members appointed by the President of the Senate and the Speaker of the House as follows:

- A representative of a statewide organization representing dentists;
- A representative of a statewide coalition dedicated to issues concerning ambulatory care;
- A member of a statewide alliance dedicated to children's issues;
- A representative of the Department of Human Services, Bureau of Health, Oral Health Program;
- Two members of the House of Representatives;
- A representative of a statewide organization of consumers dedicated to the cause of affordable health care;
- A representative of a statewide organization dedicated to ensuring equal justice;
- A representative of the Department of Human Services, Bureau of Medical Services;
- One state senator.

## **Chapter 428: Educators for Maine Program**

FAME is authorized to provide loans to individuals intending to become teachers, individuals seeking child development associate certification, or an associate's degree in child development and to teachers and speech pathologists pursuing advanced degrees or continuing study.

*Secondary Education Loans:*

Individuals evidencing high academic achievement are eligible for loans of up to \$3,000 per academic year for a total of \$12,000 if they demonstrate an interest in becoming a teacher in the State of Maine. These loans may be forgiven by completing one year of teaching in a public school for each year the individual receives a loan. Individuals teaching in public schools in an underserved subject area or in educator shortage areas may have two years of their loans forgiven for each year that they teach.

*Graduate Study or Continuing Education Loans:*

A teacher or speech pathologist may receive loans of up to \$1,500 per academic year up to an aggregate of \$6,000 to pursue continuing teacher education or training as a speech pathologist. These individuals may receive one year of forgiveness for each loan received, unless they provide service as a teacher or a speech pathologist in an underserved area in which case they may receive forgiveness of two years of loans for each year that they teach in such underserved area.

*Post-baccalaureate Teacher Certification:*

Individuals seeking post-baccalaureate teacher certification may apply for loans of up to \$1,500 per academic year for a maximum of \$6,000 while pursuing post-baccalaureate teacher certification. These loans may be forgiven upon completing one year of return service for each year a loan is received in a public school in Maine or the forgiveness of two years of loans for each year the student teaches in an underserved area. Individuals who received an Educators for Maine loan are eligible to receive a loan for pursuing post-baccalaureate certification or for a speech pathologist pursuing graduate education provided that they may not have an excess of \$18,000 total program loans.

*Child Development Students:*

FAME may make loans of up to \$3,000 per academic year or \$6,000 total to an individual pursuing an associate's degree in child development, and loans of up to \$3,000 total to students pursuing a child development associate's certification. Child development students may have their loans forgiven by working in a licensed daycare center or for a certified home daycare provider. One year of loans received is forgiven for each year of such service.

*Generally:*

FAME is authorized to grant deferments on a case-by-case basis. The program funds are deposited in a revolving loan fund with amounts repaid used to make new loans and pay administrative expenses.

## **Chapter 428-B: Future for Youth in Maine Loan Repayment Program**

This program, although never funded or operational, was established to recruit and retain college graduates in Maine to start new technology-based businesses. FAME was to enter into loan repayment agreements for maximum loans of \$5,000 per year for four years with participants whose employers vouched for their work in the state.

## **Chapter 429: Tuition Waiver at State Post-secondary Educational Institutions**

Children and spouses of firefighters, law enforcement officers, and emergency medical services persons who are killed in the line of duty may receive a tuition waiver at state post-secondary educational institutions, including the University of Maine System, the Maine Community College System, and the Maine Maritime Academy. Law enforcement officers include state police officers, municipal police officers, county sheriffs or deputy sheriffs, active game wardens, fire marshals, liquor enforcement officers, and marine patrol officers. A child who is less than 21 years at the time of the death of the parent who is a firefighter, law enforcement

officer, or emergency medical services person who is a Maine resident, a high school graduate, and admitted at a post-secondary educational institution in the state, is eligible to receive the tuition remission.

An individual legally married to a firefighter, law enforcement officer, or emergency medical services person meeting the other requirements stated above is also eligible to receive a tuition waiver for undergraduate degree programs for not more than five years of full-time enrollment or its equivalent.

### **Chapter 429-A: Tuition Waiver at State Post-secondary Educational Institutions for Persons Who Have Resided in Foster Care**

A person who was in the custody of the Maine Department of Health and Human Services and resided in foster care at the time of their high school graduation or successful completion of a general educational development (GED) examination or its equivalent may attend any state post-secondary educational institution free of charge to pursue an undergraduate degree program or certificate program of at least one year. Individuals will be able to continue the program for up to five years, provided they remain in good academic standing at the post-secondary institution. All eligible students must complete an application for federal student financial aid. Tuition waivers are limited to twenty-five new students per year, each year.

### **Chapter 430-B: Financial Aid and Career Counseling**

FAME must administer an outreach program that provides middle school and high school students, and the parents of those students, as well as adults seeking to acquire post-secondary education, with career and financial aid counseling. These counseling services are to be provided throughout the state in accessible locations to assist eligible participants and include information concerning career options, educational programs, and post-secondary schools.



**AGRICULTURAL  
MARKETING  
LOAN FUND**

**Statute:**

7 MRSA §435;  
10 MRSA §1023-J

**Rules:** Yes

**Priority:** Provides low-interest financing up to \$250,000 through the Maine Department of Agriculture to help eligible businesses employ new and innovative technologies and processes in order to improve, expand, and enhance the manufacturing, marketability and production of Maine-made agricultural products. Funds may be used for the design, construction or improvement of commodity and storage buildings and packing and marketing facilities, as well as to purchase or retrofit machinery and equipment.

**Eligibility:** Any Maine business engaged in growing or harvesting plants; raising animals; growing, obtaining or adding value to plant or animal by-products; aquaculture; or producing, processing, storing, packaging, or marketing a product derived from such a business. Funds must be matched with other financing or equity between 10% to 55%, depending on project cost.

**Activity Summary:** Funding provided by \$6,000,000 from a 1996 voter approved bond issue. A second bond was authorized by voters in 2007 for an additional \$1 million.

**Goals:** This program has been used to encourage the growth and development of enterprises engaged in agriculture and aquaculture in Maine. The program still has over \$2 million in available funds as of June 30, 2009, and continues to be successfully used by a wide variety of agricultural enterprises. We believe that this program has been successful due to the large variety of uses that have qualified.

Activity Measure	02	03	04	05	06	07	08	09
Number of Loans	7	9	4	6	12	8	9	6
Dollar Amount of Loans	\$672,999	\$1,076,085	\$217,213	\$554,025	\$1,228,606	\$810,553	\$1,001,950	\$509,570

**COMMERCIAL  
LOAN INSURANCE  
PROGRAM**

**Statute:**  
10 MRSA §1026 -A

**Rules:** Yes

**Priority:** Provides loan insurance on a portion of a loan made by a participating financial institution. This results in access to capital that otherwise might have been unavailable to a broad range of commercial borrowers. FAME has made the program more efficient for financial institutions through the innovative OnLine Answer (OLA) application process, by which lenders can apply online and receive an immediate answer.

**Eligibility:** Businesses located in the State of Maine. Any legal business activity or borrower that exhibits a strong likelihood of debt repayment ability. In the traditional application process, FAME will insure up to 90% of a lender's loan on a pro-rata basis or up to 25% on a leveraged basis. Note: 100% loan insurance is available for loans to veterans, oil storage facility projects, and waste oil disposal site clean-up projects. FAME's OnLine Answer (OLA) application process can provide insurance of up to 60% of a lender's loan on a pro-rata basis.

**Activity Summary:** Loans that use the commercial loan insurance program are funded by financial institutions and insured by FAME. FAME funds are only used when a business defaults on the loan and is unable to repay the bank, after liquidation of all collateral. FAME insurance funds are generated from the annual insurance fees charged each borrower and from the \$1million annual state transfers that may be available from unappropriated surplus.

**Goals:** The program strives to provide access to capital that promotes economic development through, but not limited to: job retention, job creation, value-added production and export sales. It accomplishes this by providing commercial lenders with insurance that reduces risk in the loan structure, thereby encouraging a lender to provide financing that would not have otherwise been available.

Measure	02	03	04	05	06	07	08	09
Number of Loans Insured	143	96	95	33	72	113	166	209
Dollar Amount of Loans	\$38,304,679	\$40,815,581	\$57,550,715	\$14,586,306	\$32,922,190	\$34,517,982	\$38,585,669	\$45,464,817

**ECONOMIC  
RECOVERY  
LOAN  
PROGRAM**

**Statute:**  
10 MRSA § 1026-J

**Rules:** Yes

**Priority:** Provides subordinate (gap) financing, generally up to \$300,000, to assist businesses in their efforts to remain viable and/or improve productivity. Larger loans up to \$1 million are possible if substantial public benefit is demonstrated.

**Eligibility:** Maine-based businesses with a reasonable ability to repay the loan and demonstrate that other sources of capital have been exhausted.

**Activity Summary:** Funding provided by General Fund bond issues, most recently in 2008 for \$1.5 million. The June 2010 ballot will feature a bond question for \$3 million for recapitalization of the program.

**Goals:** This program has been heavily utilized by companies having difficulty accessing credit due to lenders tightening credit standards and also by those generally harmed by the economic downturn. Several Maine companies have survived this period with the help of this program. It has been effective assisting industries in recovering from downturns in their respective businesses (e.g. paper mills), as well as providing additional capital to launch new products when conventional financing was not available. Utilization of this program is somewhat counter-cyclical with the economy, and we have seen increased applications over the past couple of years. We believe utilization of the program will continue to increase over the next two years.

Activity Measure	02	03	04	05	06	07	08	09
Number of Loans	17	12	12	8	13	21	21	35
Dollar Amount of Loans	\$3,401,800	\$3,135,137	\$4,303,014	\$2,970,000	\$1,582,700	\$2,906,850	\$3,872,525	\$5,947,756

**Energy  
Conservation  
Loan Program**

**Statute:**  
35-A MRSA  
§ 10004

**Rules:** Yes

**Priority:** Administered in partnership with the Maine Public Utilities Commission (PUC), this program provides low-interest loans for the purchase and installation of products that improve energy efficiency in Maine workplaces.

**Eligibility:** Maine businesses whose projects are approved by the PUC. Businesses must demonstrate a reasonable ability to repay the loan.

**Activity Summary:** Funding for this program comes from the PUC.

**Goals:** There is increased use of this program due to increased energy costs. The PUC determines project eligibility and FAME underwrites loan requests.

Activity Measure	02	03	04	05	06	07	08	09
Number of Loans	1	6	3	3	1	10	2	10
Dollar Amount of Loans	\$19,076	\$120,439	\$105,000	\$95,650	\$35,000	\$207,799	\$70,000	\$188,619



**KIM WALLACE  
ADAPTIVE  
EQUIPMENT LOAN  
PROGRAM  
(mPower)**

**Statute:**  
10 MRSA  
§ 371 et seq.

**Rules:** Yes

**Priority:** This program has two components: one for businesses and one for consumers. The first provides loans to businesses for the purchase, construction or installation of any product or equipment that promotes access for individuals to become more independent in the community. The second provides assistance to consumers for the purchase, construction or installation of any product or equipment that allows them to become more independent in the community, promotes mobility, improves independence or quality of life.

**Eligibility:** The program serves Maine businesses and individuals with disabilities who live in Maine.

**Activity Summary:** This program has been funded in the past by voter-approved bond issuances. In addition to administering the revolving loan fund, FAME provides administrative and underwriting services under contract with the 9-member board that is authorized to approve the loans.

**Goals:** To continue providing a source of funding to businesses, both profit and non-profit, that enables them to become ADA compliant, and to provide funds that can be used for the acquisition of equipment necessary in the employment of individuals with disabilities. It is also the goal of this program to continue providing a source of funding to consumers with disabilities that allows them to purchase necessary equipment or to make home modifications that improves their independence and quality of life.

Activity Measures	02	03	04	05	06	07	08	09
Number of Loans	85	88	73	61	36	57	104	142
Dollar Amount of Loans	\$1,255,989	\$1,629,447	\$918,971	\$602,123	\$609,366	\$518,730	\$1,012,902	\$1,448,897

**MAINE ECONOMIC  
DEVELOPMENT  
VENTURE CAPITAL  
REVOLVING  
INVESTMENT  
PROGRAM (VRIP)**

**Statute:**

10 MRSA § 1026 -N

**Rules:** Yes

**Priority:** This program encourages venture capital funds to invest in promising early-stage Maine companies. FAME invests as an equal partner with others in private venture capital funds. In return, the companies agree to maintain an active presence in Maine and make best efforts to reinvest in Maine companies.

**Eligibility:** Available only to established venture capital funds that have a strategy for the creation and retention of jobs in Maine.

**Activity Summary:** A total of \$3 million has been invested by FAME in five different funds. Approximately \$13 million has been invested in eleven Maine companies.

**Goals:** FAME is currently evaluating applications for its third round of investments. We have received approximately \$1 million in returns from our previous \$3 million of investments.

**MAJOR BUSINESS  
EXPANSION  
PROGRAM**

**Statute:**  
10 MRSA  
§ 1053

**Rules:** Yes

**Priority:** Provides long-term, credit-enhanced financing up to \$25 million at taxable bond rates for businesses creating or retaining at least 50 jobs and at tax-exempt bond rates on bonds up to \$10 million that are used to finance manufacturing expansions. Credit enhancement provided through FAME's loan insurance program or capital reserve funds.

**Eligibility:** Any commercial enterprise proposing to purchase tangible property used in construction, rehabilitation, expansion or modernization of its business. The business must generate or retain a minimum of 50 jobs. The enterprise must be capable of servicing the Major Business Expansion debt, as well as all other existing debt. Projects involving housing, retail sales are not eligible.

**Activity Summary:** Since inception, FAME has issued commitments for several projects, from Nautica in Rockland and Forum Financial Group in Portland, but has not funded any.

**Goals:** To continue aiding in the retention of major employers where factors other than the cost of labor are critical to a decision to locate or expand in Maine as opposed to leaving or choosing not to expand in the state.

**MUNICIPAL  
SECURITIES  
APPROVAL  
PROGRAM**

**Statute:**  
10 MRSA  
§ 1061 et seq

**Rules:** Yes

**Priority:** Provides manufacturing borrowers with access to municipal-issued tax-exempt bond financing. Ideally suited for borrowers that propose to arrange their own credit enhancements.

**Eligibility:** Any qualified manufacturing borrower (criteria determined by the Internal Revenue Code) proposing to use bond proceeds for the construction, acquisition or installation of manufacturing real estate or equipment.

**Activity Summary:** Funded from the direct sale of revenue bonds by the "non-recourse" issuer.

**Goals:** To continue stimulating and promoting statewide economic growth in all manufacturing sectors by delivering affordable capital to businesses engaged in value-added production.

Activity Measures	02	03	04	05	06	07	08	09
Number of companies assisted	4	3	4	4	1	3	0	1
Dollar Amount of Bonds issued	\$10,550,000	\$4,280,000	\$35,785,000	\$11,465,000	\$2,695,000	\$5,239,079	0	\$2,500,000

**NUTRIENT  
MANAGEMENT  
LOAN PROGRAM**

**Statute:**  
7 MRSA  
§ 4201

**Rules:** Yes

**Priority:** Administered by FAME in cooperation with the Maine Department of Agriculture and the Maine Municipal Bond Bank, this program provides low-interest loans for the construction and improvement of livestock manure and milk room waste containment/handling facilities. The program can fund 100% of the related project costs, so long as the project meets the goals of the state's Nutrient Management Plan.

**Eligibility:** Any individual or business identified by the Maine Department of Agriculture as required by law to upgrade manure and milk room waste containment and handling facilities.

**Activity Summary:** Initial program funding was provided by the Maine Department of Environmental Protection and the United States Environmental Protection Agency's *Clean Water Revolving Loan Fund*. A total of eight loans totaling \$530,344 have been made in the past eight years. Current fund balance is \$665,739.

**Goals:** To ensure the future viability of Maine dairy farms by providing low-cost capital to fulfill the requirements of the law, which places requirements and limitations on agricultural enterprises. This program is important to Maine dairy farms given the limited availability of conventional financing for this purpose at reasonable terms.

**PLYMOUTH  
WASTE OIL LOAN  
PROGRAM**

**Statute:** 10 MRSA §§  
1023-L , 1023-M

**Rules:** Yes

**Priority:** Provides direct loans at 0% interest, deferred indefinitely, to entities or individuals identified as Potentially Responsible Parties (PRPs) at the Hows Corner Superfund Site in Plymouth, Maine. Loan proceeds can be used to either reimburse the PRP for invoices paid or payment of costs incurred under the Remedial Study, past cost settlement and time-critical removal action costs.

**Eligibility:** To be eligible to participate in the program, each applicant must have been identified as a PRP, must have signed the Administrative Order by Consent, and must be a member of the group conducting the remedial study

**Activity Summary:** Funding was provided by utilizing \$1.5 million in available loan funds from the Plymouth Remedial Study Loan Program, \$1.1 million in remaining grant funds from the previously ended Wells Waste Oil Program, and \$2.2 thousand in remaining loan funds from the previously ended Wells Waste Oil Program.

**Goals:** The program was created to provide loans to Hows Corner Superfund Site PRPs who needed assistance in providing their liability portion. The program began in July of 2001, and the deadline for applications has passed.

**Waste Motor Oil  
Disposal Site  
Remediation  
Program**

**Statute:** 10 MRSA  
§§1020, 1020-A, 1041 et  
seq.

**Rule:** Yes

**Priority:** This program was created in 2007 and authorizes FAME to issue up to \$30 million in bonds through the Revenue Obligations Securities Program for purposes of paying for eligible response costs incurred or to be incurred by eligible responsible parties at waste motor oil disposal sites in Plymouth, Casco, Ellsworth, and Presque Isle. FAME is also authorized to issue up to \$5 million for purposes of establishing capital reserve funds.

FAME must be advised of the issuance of a final remedy selection at a particular site, and that the remedy will be implemented pursuant to an agreement determining substantially final response costs for the site. Payment of principal, interest or redemption of premiums on the bonds is to be made with revenues generated by a premium on the sale or distribution of bulk and prepackaged motor vehicle oils in the state.

**Activity Summary:** FAME issued its \$14,495,000 Waste Motor Oil Revenue Bonds, 2009 Series A (Federally Taxable) in September 2009 for the benefit of the Plymouth site, which is expected to pay the costs to be incurred by the responsible parties for the final remedy (the future costs), but not pay in full costs already paid by responsible parties (the past costs), which include repayment of loans previously made by FAME. The size of the issuance was limited primarily by the performance of the revenue stream. FAME does not currently expect that the revenues generated by the premium will be sufficient to support any additional bond issuances pursuant to this program.

**Eligibility:** To be eligible to receive the benefit of the bond proceeds at a given site, a party must have contributed waste motor oil to a site and be identified as a “responsible party” at the site, and be among the following: (a) parties that are insolvent, defunct or unlocated as determined by the EPA or the DEP; (b) parties with a “limited ability to pay” determination; (c) parties responsible for less than 110 gallons of waste motor oil at a site; (d) the state and various subdivisions and components thereof; (e) certain franchised new car and truck dealers; (f) certain used car and truck dealers; (g) certain parties that performed repairs in the state on motor vehicles owned by third parties; (h) certain parties that performed repairs on their own fleets of motor vehicles in the state; and (i) certain parties that performed repairs on special equipment or special mobile equipment in the state.

**Goals:** To provide a mechanism to generate the funds needed to assist the responsible parties in paying for their shares of the final remediation costs and reimbursing them for costs paid prior thereto; and to provide a mechanism to generate revenues to make the bond payments and otherwise support the program.



**POTATO  
MARKETING  
IMPROVEMENT  
FUND**

**Statute:**  
10 MRSA § 1023-N

**Rules:** Yes (Department of  
Agriculture)

**Priority:** Funded through the Maine Department of Agriculture, this program provides low-interest financing to help potato growers and packers improve the quality and marketing of Maine potatoes. Funds may be used for new construction or improvements to storage and/or centralized packing facilities, as well as for the acquisition of packing, sizing, washing and drying equipment. Additionally, funds may be used for programs and activities that improve the economic viability of the potato industry.

**Eligibility:** Any person or business engaged in growing, processing or marketing potatoes in Maine. All potatoes stored or packed in Potato Marketing Improvement Fund-financed facilities must be produced in Maine. Retrofit projects: PMIF will fund 55% of total retrofit project costs less than \$50,000. New facilities: PMIF will fund 45% of new facility project costs between \$50,000 and \$750,000. For new facility projects costing more than \$750,000, proceeds may be used to fund 25% of costs above \$750,000. 10% cash or in-kind equity is required for all new facility projects.

**Activity Summary:** From the inception of the program in 1983 through FY 09, 333 projects totaling \$57,334,803 were completed with PMIF financing of \$25,039,022. The program continues to help finance projects and assist farmers with storage as well as overall capacity. Since 1983, this Program has helped increase potato storage capacity by over 12,283,810 cwt.

**Goals:** To stimulate improvement of the potato industry, to improve marketing systems, including modernization, construction and operations of storage, packing line, and other related facilities.

Activity Measures	02	03	04	05	06	07	08	09
Number of Loans	8	10	6	4	8	8	12	7
Dollar Amount of Loans	\$846,713	\$901,343	\$531,770	\$379,000	\$710,349	\$941,576	\$1,708,677	\$699,642

**REGIONAL  
ECONOMIC  
DEVELOPMENT  
REVOLVING LOAN  
PROGRAM**

**Statute:**  
10 MRSA  
§ 1026-M

**Rules:** Yes

**Priority:** Provides a local funding source up to \$250,000 for the purpose of creating and/or retaining jobs. Funds are made available to eligible businesses through statewide regional economic development agencies. This program also provides direct loans to quality child care projects to provide financing for physical site improvements.

**Eligibility:** This program is available to eligible businesses that have sales under \$5 million or employ 50 or fewer employees. It is primarily targeted to businesses engaged in manufacturing (including use of composites), advanced information and technology systems; energy products and services; biological/natural resource technologies (including marine technology and forestry products); conversion from defense dependency; companies with significant export of goods and services, and companies engaged in research and development. The childcare component provides loans at 2% below *Wall St. Journal* prime.

**Activity Summary:** This program was funded in 1995 through a \$10 million general obligation bond. In 2008, Maine voters approved another \$1 million for the program. From 2002 through 2009, REDLP provided 290 loans totaling \$17,018,947. The loans leveraged over \$125,693,186 in investments and created and retained 4,205 jobs.

**Goals:** Loans from this program can comprise 100% of projects less than \$50,000 and up to 1/2 of the total project cost for non-daycare projects over \$50,000 but less than \$100,000, and can comprise 1/3 of non-daycare projects in excess of \$100,000. Daycare loans can comprise 100% of projects with a loan limit of \$100,000. The loans are generally approved in a subordinated position, thus encouraging participation with banks and other sources of financing. This program is designed to allow local decisions via the various regional developmental agencies located through an RFP process that assures that funds are distributed throughout the state.

The governing statute recently was amended to target Maine's cluster industry targets and better serve agencies and their business customers. FAME monitors the agencies with requisition requests, site audits and semi-annual reporting. This program is heavily utilized. There is currently \$1,654,000 remaining in the program.

<b>Activity Measures</b>	<b>02</b>	<b>03</b>	<b>04</b>	<b>05</b>	<b>06</b>	<b>07</b>	<b>08</b>	<b>09</b>
<b>Number of Loans</b>	51	63	48	44	34	17	10	23
<b>Jobs Created/ Retained</b>	614	969	728	354	420	495	136	489

**REVENUE  
OBLIGATION  
SECURITIES  
PROGRAM (ROSP)**

**Statute:**  
10 MRSA  
§ 1041 et seq

**Rules:** Yes

**Priority:** Provides manufacturing borrowers with access to FAME-issued tax-exempt bond financing, and is ideally suited for borrowers that propose to arrange their own credit enhancement.

**Eligibility:** Any commercially viable manufacturing borrower (criteria determined by the Internal Revenue Code) proposing to use bond or lease proceeds for the purchase, construction or installation of manufacturing real estate or machinery or equipment. Also for any non-profit, non-health, or non-secondary educational institution proposing to construct real estate, acquire machinery and equipment or refinance existing debt.

**Activity Summary:** The statutory authority permits FAME to issue the bonds on a recourse or non-recourse basis.

**Goals:** To stimulate and promote continued state-wide economic growth in all manufacturing sectors by delivering affordable capital to business engaged in value-added production.

Activity Measures	02	03	04	05	06	07	08	09
Number of bonds	1	1	3	2	0	7	4	1
Dollar amount of bond	\$1,100,000	\$30,000,000	\$21,500,000	\$30,065,000	0	\$52,520,000	\$66,890,000	\$5,300,000

**SECONDARY  
MARKET  
TAXABLE  
(SMART)  
BOND PROGRAM**

**Statute:**  
10 MRSA  
§§ 1053, 1054

**Rules:** Yes

**Priority:** Provides a low-cost opportunity for a broad range of commercial enterprises to finance the purchase of equipment or real estate for broader use than manufacturing. Taxable bonds are credit-enhanced by FAME and typically privately placed with the Maine Public Employees Retirement System (MePERS) at attractive long-term fixed rates. The "SMART" bond, like its sister program "SMART-E" bond, "brings Wall Street to Maine Street." Through this program, small, unrated commercial enterprises borrow at rates similar to the same capital market rates as *Fortune 500* companies.

**Eligibility:** A credit-worthy commercial enterprise acquiring tangible assets used in business.

**Activity Summary:** These bonds are typically placed with MePERS at attractive, long-term fixed rates, and the savings are passed along to the borrower.

**Goals:** To provide an incentive to a broad range of commercial enterprises to expand operations, thus enabling FAME to promote its mission of economic development state-wide. This program fills a void in the state's capital infrastructure by offering an economic incentive to encourage business expansion to non-manufacturing enterprises.

**SECONDARY  
MARKET TAX-  
EXEMPT  
(SMART-E)  
BOND PROGRAM**

**Statute:**  
10MRSA  
§ 1053

**Rules:** Yes

**Priority:** Provides tax-exempt bond financing for manufacturing borrowers in conjunction with FAME loan insurance. Bonds labeled as "SMART-E" are issued under FAME's Revenue Obligation Securities Program. They are credit-enhanced via FAME using its capacity to pledge moral obligation. Through this program, small, unrated manufacturing businesses gain access to the same capital markets accessed by Fortune 500 companies.

**Eligibility:** A manufacturing borrower proposing to use bond or lease proceeds for the purchase, construction or installation of manufacturing real estate or machinery or equipment. The business borrower must be a commercial-grade credit capable of servicing the proposed bond debt.

**Activity Summary:** These bonds are variable-rate, tax-exempt issues typically bought by financial institutions. The savings from these attractive long-term rates are passed on to the borrower. In the past, the economy was robust enough to permit bond issues to occur without the need for FAME credit enhancement. The current climate may necessitate increased usage of such enhancements, however.

**Goals:** To stimulate and promote continued state-wide economic growth in all manufacturing sectors by delivering affordable capital to businesses engaged in value-added production.

**LINKED  
INVESTMENT  
PROGRAM FOR  
AGRICULTURE**

**Statute:**  
5 MRSA § 135

**Rules:** Yes

**Priority:** Provides agricultural enterprises with financing from financial institutions at reduced rates. The State Treasurer makes a deposit in the form of a certificate of deposit (CD) with the originating lender at up to 2% below the prevailing interest rate. In return, the financial institution will lend to an agricultural enterprise at up to 2% below the then-current loan rate for up to one year. The maximum CD investment is \$200,000, but the actual loan may be greater.

**Eligibility:** Agricultural enterprises that meet one of the following criteria are eligible: principal source of income derives from producing crops or raising livestock; proceeds must be applied to an agricultural operating loan, specifically for the purchase of seed, feed, fertilizer, chemicals, veterinary services, labor, production-related energy and/or other production. Cannot be applied to loans for capital projects.

**Activity Summary:**

Funding provided by Maine State Treasurer.

**Goals:** To provide loans at below-market rates to agricultural enterprises. Although there has not been a high demand for funds over the last two years, in a normal credit environment, the program has been over-subscribed and highly successful. Many agricultural businesses benefitted by the cash flow relief provided by this program. The program has consistently received more demand than resources have allowed; therefore, some eligible enterprises have been unable to take advantage of the program.

**LINKED  
INVESTMENT  
PROGRAM FOR  
COMMERCIAL  
ENTERPRISES**

**Statute:**  
5 MRSA § 135

**Rules:** Yes

**Priority:** Provides commercial enterprises with financing from financial institutions at affordable rates. The State Treasurer invests in financial institutions at 2% below the prevailing interest rate. In return, the financial institution will lend to non-agricultural enterprises at 2% below the current loan rate for up to one year.

**Eligibility:** Commercial enterprises who meet the following criteria: non-agricultural, for-profit business located in Maine; 20 or fewer employees or annual sales of less than \$2,500,000; at least 70% of its sales out-of-state or is a manufacturer as defined by rule. Loan proceeds for real property, fixed assets, research or working capital available if 50% or greater owned by Maine residents and must create or retain one job for each \$20,000 of deposited funds.

**Goals:** To provide loans at below-market rates to commercial enterprises for a set period. Although there has not been a high demand for funds over the last two years, in a normal credit environment, the program has potential benefit to many small businesses in need of some rate reduction in their borrowing costs.



## **FUND INSURANCE REVIEW BOARD**

**Statute:** 38 MRSA § 568-B

**Rules:** Yes

FAME provides staffing and fund management assistance to the Fund Insurance Review Board (FIRB). FIRB was created by statute to hear appeals from members of the public who were denied financial assistance from the Ground Water Clean-up Fund by the Maine Department of Environmental Protection (DEP). FIRB was established independent from the DEP to ensure impartiality of the appeals process and to create a mechanism for the timely hearing of appeals. Under statute, FIRB is authorized to conduct an annual audit of the Ground Water Clean-up Fund. This is done annually and submitted to the Joint Standing Committee on Natural Resources as part of FIRB's statutorily-mandated annual report.

**MAINE SEED  
CAPITAL TAX  
CREDIT PROGRAM**

**Statute:** 10 MRSA §  
1100-T

**Rules:** Yes

**Priority:** Encourages equity and near-equity investments in eligible Maine businesses, directly and through private venture capital funds. FAME may authorize state income tax credits to investors for up to 60% of the cash equity they provide to eligible Maine businesses or venture capital funds investing in Maine businesses. Investments may be used for fixed assets, research or working capital.

**Eligibility:** Businesses must be located in Maine, have annual gross sales of less than \$3 million, and: 1) be a manufacturer; 2) be a service provider with 60% of sales derived outside the state or to out-of-state residents; 3) develop or apply advanced technologies; or 4) bring significant permanent capital into the state. The business also must be the professional, full-time activity of at least one of the principal owners. Investors must collectively own less than aggregate of 50% of business.

**Activity Summary:** The program has an aggregate cap of \$30 million. 75 Maine businesses and one venture capital fund have received investments, which resulted in the issuance of tax credits.

**Goals:** To simplify administration of the program by better aligning its parameters with the state's current economic development goals and to expand capacity by increasing the cap ceiling.

Fiscal Year	Tax Credits	Investments	Businesses Assisted	# Credits Issued
02	\$673,118	\$1,750,463	15	56
03	\$2,773,598	\$7,367,613	22	175
04	\$1,608,501	\$3,856,752	22	73
05	\$1,074,000	\$1,802,208	17	51
06	\$1,941,939	\$5,109,399	23	114
CY 07	\$5,078,389	\$8,550,392	26	123
CY 08	\$1,736,125	3,862,935	31	110
TOTALS	\$14,885,670	\$32,299,762	156	702

**NORTHERN  
MAINE  
TRANSMISSION  
CORPORATION**

**Statute:** 10 MRSA § 9202

**Rules:** Yes

The NMTCORP was established by statute to study the feasibility of connecting the electrical transmission system of Northern Maine with the U.S. power grid. In addition, the NMTCORP is empowered to issue bonds and own and operate a transmission line. The FAME CEO sits on the board. FAME staffs the board and conducts technical business as needed. The corporation has been inactive.

**INTERMEDIARY  
RELENDING  
PROGRAM**

**Statute: 7 USC § 2007a**

**Rules: Yes**

Assists Maine small businesses by providing subordinate (gap) financing for almost any prudent business activity. Most Maine-based businesses, except agriculture. Must be located outside defined urban areas. Must demonstrate historic ability to service debt, and must show that efforts were made to access additional sources of capital. Must demonstrate employment of low-income persons, farm families and displaced farm families.

**OIL STORAGE  
FACILITY OR  
TANK  
REPLACEMENT  
PROGRAM**

Provides low-interest, fixed-rate financing for the removal, disposal and replacement of above-ground and underground commercial storage tanks and associated piping, as well as the purchase and installation of vapor recovery systems.

**Statute: 10 MRSA §§  
1023-D, 1026-F**

**Rules: Yes**

**FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP)**

**Statute: 20-A MRSA § 11401 et seq.**

**Priority:** Provides Maine students and their families with education loans to access higher education and assist with paying for costs associated with attending post-secondary colleges and universities.

**Eligibility:** Any Maine resident attending an eligible post-secondary school at least half-time and any U.S. citizen, U.S. national, or eligible non-citizen attending an eligible post-secondary institution located in Maine.

**Activity Summary:** As of June 30, 2009, net FFELP loans guaranteed totaled \$3,298,920,836. Cumulative loans outstanding as of June 30, 2009 totaled \$1,045,224,219. New loan activity, net of consolidations and cancellations, for FY 08-09 was \$145,105,950; for FY 07-08 was \$163,616,241; for FY 06-07 was \$135,175,416; and for FY 05-06 was \$161,399,816. FAME receives fees from the federal government for originating and managing the FFELP portfolio, as well as a portion of collection revenue on defaulted loans.

**Goals:** FFELP loans guaranteed by FAME provide the single largest source of education loan funds used by Maine students and parents. The loans help provide access to traditional and non-traditional students at fixed rates set by the federal government. FAME's primary future goals will involve adjusting to anticipated significant federal changes to the program, particularly the phasing-out and eventual elimination of the FFELP in favor of the Federal Direct Loan Program (FDLP) through the U.S. Department of Education. In doing so, FAME will remain dedicated to the goal of ensuring that Maine students have the broadest possible access to higher education and that no person is denied an opportunity to attend a post-secondary school because of financial reasons. Maine's cohort default rates historically rank among the lowest in the nation, yet FAME has initiated additional measures to counsel high-risk borrowers who withdraw from school, or who have accumulated excess educational loan debt and who may experience difficulty in repaying their loans.

Activity Measures	02	03	04	05	06	07	08	09
Number of Loans Outstanding	226,099	225,934	222,957	222,795	206,310	183,654	196,280	216,686
Outstanding Balances Guaranteed	\$940,264,170	\$986,392,875	\$927,199,032	\$991,749,349	\$947,156,263	\$892,236,215	\$967,351,946	\$1,045,224,219

**MAINE COLLEGE SAVINGS PROGRAM**

**Statute:**

20-A MRSA  
§ 11471 et seq

**Rules:** Yes

**Priority:** The Maine College Savings Program, named the NextGen College Investing Plan® (NextGen), was established by the Maine Legislature in 1998 as a qualified state tuition program pursuant to Section 529 of the Internal Revenue Code to encourage Maine families to save and invest for higher education expenses.

**Eligibility:** There are no residency requirements to participate in NextGen. Assets can be used at any U.S.-accredited post-secondary school. There are no income limits, no limit on the lifetime of the accounts, and the account owner may change the designed beneficiary to a family member at any time.

**Activity Summary:** NextGen is now the fifth-largest college savings program in the country, with over \$4.3 billion in assets. Despite the weakened economy and global market forces, NextGen recently was named the best Section 529 plan in the nation by *SmartMoney* magazine. In 2008, the Harold Alfond College Challenge was launched, making a \$500 gift for college education through a NextGen account available to every Maine newborn baby.

**Goals:** To provide a tax-deferred way for families to save for higher education expenses and replace higher education debt with savings. To provide matching incentives to encourage Maine families to contribute to their children’s accounts. With the commencement of the Harold Alfond College Challenge, the program will be used to encourage financial literacy, as well.

Activity Measures	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Total Contributions	\$512,067,887	\$710,067,454	\$697,412,499	\$755,734,167	\$907,780,565	\$896,584,173	\$543,229,753
Total New Accounts	29,695	31,818	34,004	25,602	30,103	29,185	17,796
Total Grants Awarded # (dollars)	598 (\$90,342)	798 (\$112,518)	832 (\$134,645)	873 (\$157,028)	1,960 (\$319,379)	3,361 (\$531,812)	3,438 (\$502,928)

**ROBERT C. BYRD  
HONORS  
SCHOLARSHIP  
PROGRAM**

**Statute:** 20-A MRSA §  
11410

**Rules:**  
Yes

**Priority:** The Robert C. Byrd Honors Scholarship is a merit-based, federally funded, renewable scholarship of up to \$1,500 per year for graduating high school seniors continuing their education

**Eligibility:** Superior academic performance is the primary criterion by which these scholarships are awarded. Applications for this program are available at Maine high schools and from FAME. Applications must be postmarked by April 15.

**Activity Summary:** A selection committee appointed by FAME reviews the applications and accompanying information to determine the recipients. The student must be a Maine resident and a graduating high school senior. The student must show evidence of outstanding academic achievement and promise of continued academic achievement.

The number of applicants selected as recipients of the Robert C. Byrd Scholarships is determined by the amount of funds available after recipients eligible for renewal of the award are determined. Recipients are eligible for four years. The students must be geographically represented throughout the state; at least one student from each county must be selected.

Funds for this program are accessed by FAME through the Maine Department of Education according to federal program rules. FAME administers the program on behalf of the Department. Currently, 103 students are participating in the program. Approximately up to 30 grants of \$1,500 are made each year.

**Goals:** To continue funding students as funds permit.



**MAINE STATE  
GRANT PROGRAM**

**Statute:**

20-A MRSA  
§ 16111 et seq.

**Rules:** Yes

**Priority:** The state’s only need-based grant program, it provides grants to undergraduate students attending eligible institutions in Maine and select other states. The program provides grants averaging \$1,000 to help students and families meet the costs of higher education.

**Eligibility:** Grants are available to Maine residents who are attending degree-granting institutions in Maine, and regionally accredited public and private degree-granting institutions in states that have reciprocity agreements with Maine. Applicants must also be enrolled, or plan to be enrolled, in an eligible school for a first undergraduate degree. Scholarships are awarded to students in order of greatest need until all available resources have been exhausted.

**Activity Summary:** This program is funded through a General Fund appropriation and matching federal funds (LEAP). Awards vary from \$1,200 for in-state private schools; \$1,000 for in-state public schools; \$1,000 for a private out of state schools; and \$500 for out-of-state public schools. Prorated awards are also available for part-time students. In FY 2009, almost 10,000 students were awarded grants.

Activity Summary	02	03	04	05	06	07	08	09
MSGP Dollars disbursed	\$11,823,541	\$12,269,003	\$11,482,062	\$11,231,752	\$10,834,069	\$11,101,059	\$11,710,288	\$10,078,260
# Students Assisted	12,445	12,914	12,086	11,822	12,261	10,643	14,297	10,449

**Goals:** To maintain funding for this top legislative priority. Due to budget cuts, General Fund appropriations for the Maine State Grant Program have decreased in the past few years. The program is only able to serve approximately half of the needy eligible applicants who apply annually. In addition, the maximum award is insufficient to offset the continuously increasing rise in college costs. Additionally, award amounts likely are not substantial enough to effect students' decisions to remain in Maine to attend college. The program is delivered using an efficient, web-based process that significantly reduces processing time and errors. It is able to deliver funds to schools and students in a significantly improved timeframe.

## EDUCATORS FOR MAINE

**Statute:**

20-A MRSA  
§ 12501 et seq.

**Rules:** Yes

**Priority:** A renewable, merit-based forgivable loan program for undergraduate and graduate students pursuing careers in teaching, speech pathology, or child development. Recipients must teach or provide speech pathology services in approved schools or work in child care facilities in order to have their loan forgiven. Otherwise, the loan must be repaid at a fixed interest rate determined at the time of the loan approval. An anticipated 293 students will receive an award of from this program for the 2009-2010 academic year.

**Eligibility:** All applicants must be Maine residents. High school students and GED recipients must be in the top 25% of their class. Undergraduate college students must have a GPA of 3.0. Post-baccalaureate students' most recent cumulative GPA must be at least a 3.0. Post-baccalaureate students must be currently enrolled or have applied for enrollment in a post-baccalaureate course of study leading to certification as a teacher or speech pathologist. Preference will be given to applicants who are enrolled or intend to enroll in a program that has been determined to be an underserved subject area. Teachers who are already certified no longer qualify for EFM loans. Undergraduate students are eligible for \$3,000 per year up to a maximum of \$12,000. Post-baccalaureate students are eligible for \$1,500 per year up to a maximum of \$6,000. Students pursuing an associate's degree in child development are eligible for \$3,000 per year up to a maximum of \$6,000.

**Activity Summary:** For FY 09, \$1,165,877 were disbursed. The average award was \$2,829. The interest rate for borrowers for 09-10 is 6.35%. This program is funded by a General Fund appropriation and loan repayment.

	03	04	05	06	07	08	09
<b>Loans disbursed</b>	\$1,272,933	\$1,189,407	\$1,278,101	\$1,340,158	\$1,363,432	\$1,293,674	\$1,165,877
<b>Forgiveness given</b>	\$646,731	\$884,450	\$505,489	\$729,499	\$808,030	\$833,536	\$873,231
<b>Students assisted</b>	487	438	472	507	495	475	412

## **EDUCATORS FOR MAINE (CON'T)**

**Goals:** The amount of loan forgiveness granted has grown from \$837,486 in FY 01 to \$873,230 in FY 09. Of the total amount of loan debt paid for FY 09, 63% was paid through return service, resulting in forgiveness. The increasing number of borrowers using the return service option to repay their loan obligations demonstrates the efficacy of this program. More loan recipients are staying in Maine after graduation to teach. In view of reduced state funding and increased loan forgiveness, the total amount of money available for this program has diminished.

**QUALITY CHILD  
CARE EDUCATION  
SCHOLARSHIP  
FUND**

**Priority:** Offers scholarships based on financial need for Maine residents enrolled in one or more courses related to early childhood education or child development at accredited institutions of higher education or at course-offering institutions that have articulated agreements with accredited institutions of higher education.

**Statute:**  
20-A MRSA  
§ 11670

**Eligibility:** Colleges make the final determination of eligibility. All applicants must be U.S citizens and Maine residents who graduated from an approved secondary school or completed a general education development (GED) examination or its equivalent. The student must have successfully completed all courses for which a program scholarship was previously awarded. The student must currently be employed in childcare or express a bona fide intent to become a childcare worker in Maine.

**Rules:**  
Yes

**Activity Summary:** 238 Quality Child Care Scholarships were disbursed in FY 09.

**Goals:** FAME recently modified the delivery of this program so that schools can identify students who are eligible and award funds directly. This has produced an increase in funds disbursed and numbers of students receiving the scholarship. FAME has worked with legislators and interested parties in recent years to explore ways of improving the program, including additional funding.

Activity Summary	02	03	04	05	06	07	08	09
Grants disbursed	\$157,823	\$204,130	\$98,235	\$184,080	\$171,600	\$157,252	\$127,179	\$231,484
Number of Students Assisted	160	157	104	171	172	105	85	238

## **MAINE ACCESS TO MEDICAL EDUCATION PROGRAM**

**Statute:**

20-A MRSA  
§ 12103

**Rules:** Yes

**Priority:** Currently being phased-out as result of recent legislation and developments in Maine related to new programs. The program provided preferred access for Maine residents attending three New England medical schools (UNE, Tufts, and Dartmouth). Established to increase the number of primary care physicians practicing in underserved areas in Maine, each year 15 new allopathic seats and five new osteopathic seats were reserved through the program. A \$5,000 fee was paid to the medical school for each student selected under the guidelines of the program. Due to emergence of new Maine-based medical schools, as well as the creation of the Doctors for Maine's Future Medical Scholarship Program, the need and resources for this program have diminished and, therefore, priorities and limited budget dictate elimination of program.

**Eligibility:** Maine residents wishing to pursue a primary care medical career in underserved areas in Maine received preference.

**Activity Summary:** Up to \$400,000 was disbursed each year from General Fund appropriations.

**Goals:** As noted above, the goals of the program were to increase the number of Maine students admitted to medical school and to increase the number of primary care physicians willing to practice in underserved areas in Maine. The Maine Advisory Committee on Medical Education provides advice and medical community input to the process.

Since 1991, Maine has reserved one "preferred access" seat at the Tufts University Cummings School of Veterinary Medicine ("Tufts"). The selected student must have an interest in practicing large animal veterinary medicine in Maine upon completion of their education and agree to complete clinical education in areas of Maine with insufficient large animal veterinary services. The Maine Access to Veterinary Education participant receives a loan of \$12,000 per year that is forgivable for return service. A carry-over bill would change this arrangement, however, allowing a limited number of veterinary students to attend an eligible institution of their choice, not just Tufts, and to receive forgivable loans of up to \$25,000 per year.

**MAINE HEALTH  
PROFESSIONS  
LOAN  
PROGRAM**

**Statute:**  
20-A MRSA  
§ 12104

**Rules:** Yes

**Priority:** Established in January of 1993, this program offers need-based loans to Maine residents pursuing allopathic, osteopathic, optometric, veterinary and dentistry education. Loans of up to \$25,000 per year are used to replace more expensive unsubsidized loans for financially needy students. Interest does not accrue during schooling, residency or obligated service. Physician loans are forgiven at a rate of 12.5%, 25% or 50% per year if the borrower returns to Maine to practice primary care under the rules of the program. Forgiveness is an option for dental, optometric and veterinary borrowers if they provide return service in a state or federally designated underserved area in Maine.

**Eligibility:** All applicants must be Maine residents. Applicant must provide all information requested by FAME and evidence financial need for a loan. Applicant must be admitted to a program of allopathic, osteopathic, optometric, veterinary medicine or dentistry at an accredited institution.

**Activity Summary:** Funding is derived from a combination of loan repayments and General Fund appropriations. Only up to 10% of the available funds may be used for dental, optometry and veterinary students. Up to \$100,000 per year from the Maine Health Professions Loan funds may be used to provide matching federal grants to fund repayments under the State Loan Repayment Program.

**Goals:** A key program goal has been to encourage primary care physicians to practice in underserved areas of the state. Those recipients who do so earn forgiveness of their loans. Pending legislation will provide technical changes to the program in light of recent legislative changes and medical school developments in Maine. In light of budgetary limitations, FAME proposes to transition the program from more expensive forgivable loans to low-to-zero interest loans for students. The Maine Advisory Committee on Medical Education provides advice and medical community input to the process.

Year	03	04	05	06	07	08	09
Loans Disbursed	0	17	19.5	65	77	78	78
Loan Repayments	0	\$85,000	\$195,000	\$325,000	\$385,000	\$390,000	\$390,000
Number of Students Assisted (loans and repayments)	0	53	66	88	62	54	44

**MAINE DENTAL  
EDUCATION LOAN  
AND LOAN  
REPAYMENT  
PROGRAM**

**Statute:**  
20-A MRSA  
§ 12104

**Priority:** The Maine Dental Education Loan and Loan Repayment Programs are intended to increase access to dental care to under-served populations in Maine. The programs provide need-based, subsidized dental education loans to Maine residents attending dental school or repayment of dental education loans for dental service providers or by providing funds for the repayment of dental education loans. The loan and loan repayment recipients must provide dental services regardless of the patient's ability to pay. Up to \$20,000 of forgivable loans or loan repayment are available per year of services for up to four years.

**Eligibility:** All applicants must be Maine residents. Applicant must provide all financial aid information requested by FAME and must evidence financial need for a loan. Applicant must be admitted to an accredited dental school. Applicant must demonstrate interest in practicing primary dental care in an underserved area. Applicant must submit to an interview to assess applicant's knowledge of areas that lack access to dental care and knowledge of or experience in working with indigent populations.

**Activity Summary:** \$277,735 was allocated from Fund For a Healthy Maine monies for FY 08-09. Currently, two dentists will receive loan repayment of \$20,000 for services provided to Riverview patients in Augusta and one dental student will receive a loan of \$20,000 to help finance their dental education. Loans can be forgiven if return service is provided under the rule guidelines.

Year	02	03	04	05	06	07	08	09
Loans Disbursed (dollars)	\$40,000	\$100,000	\$160,000	\$200,000	\$180,000	\$130,000	\$100,000	\$80,000
Grants (Loan Repayment) Disbursed (dollars)	\$10,000	\$30,000	\$30,000	\$40,000	\$60,000	\$80,000	\$140,000	\$140,000
Total Number of Loan and Grant (forgiveness) Recipients	3	7	11	11	12	11	12	10

## **FINANCIAL AID AND CAREER COUNSELING**

### **Statute:**

20-A MRSA  
§ 12671

### **Rules:** No

**Priority:** FAME's educational outreach services provide valuable educational information to schools, students, families, and the general public to assist in accessing financial resources and information for higher education costs.

**Eligibility:** Maine students, families and educators at the elementary school, middle school, high school and adult learner levels.

**Activity Summary:** Financial aid information presentations are provided in high schools during the fall and early winter. Over 157,000 copies of financial aid focused publications are distributed statewide to students and families each year. Financial aid and career development programs in middle and high schools are provided. Additionally, FAME coordinates *College Goal Sunday*, which is offered each year in January. For 2009, the event was held on January 25 at locations throughout the state. *College Goal Sunday* is part of a national program that provides Maine families access to financial aid professionals who assist them in completing the Free Application for Federal Student Aid (FAFSA). FAME is a partner with GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs), a federally funded program serving 29 middle schools focusing on college aspirations for students who are first-generation college attendees. FAME also administers the GEAR UP Scholarship Program. FAME supports Partnerships for Success, a GEAR UP program at the University of Maine at Farmington that provides college access information to three school districts in Western Maine. FAME's Default Prevention Program offers assistance and guidance to Maine colleges and students in an attempt to lower the student loan default rate.

**Goals:** Education Outreach Services intends to increase its services to middle school and adult students, including veterans, and expand the financial aid resources available on the Web site to promote college aspirations in the State of Maine. Key publications will be produced in various languages.



Finance Authority of Maine  
2008-2009 Maine Education Outreach

Program Name/Description	Number of Events	Number of Maine Citizens Served	Notes
Financial Aid Information Sessions	119	4,593 attendees	High school students and families, as well as college students, attending financial literacy, college access or financial aid information sessions. Offered statewide in all 16 counties.
Financial Literacy Events	19	840 attendees	New expanded offering to elementary and middle schools in FY09 from FAME Outreach with additional staff.
College Goal Sunday	28	1,167 attendees 670 families	Offered statewide in all 16 counties, includes satellite sites.
College Fair Representation	18	16,887 attendees	High school students and families.
FAME Customer Service	N/A	11,570 assisted	9,070 phone calls 2,500 e-mails
2008-2010 College Access Challenge Grant Recipient		15,835 served	\$660,000 total over two years. FAME provides \$330,000 in matching funds.
Financial Aid Workshop Trainings	22	172 attendees	Audience is school counselors, college access and adult education counselors.
Financial Aid Administrator Trainings	9	157 attendees	Audience is practicing financial aid administrators.

**AREA HEALTH  
CARE EDUCATION  
CENTERS**

**Statute:** 20-A § 12851 et  
seq

**Rule:** No

Funds are allocated from the Fund for a Healthy Maine. FAME disburses funds to the University of New England in quarterly installments. In FY 09, \$277,735 was allocated from Fund For a Healthy Maine monies for this program. The program's goal is to improve the distribution, supply, quality, utilization and efficiency of health personnel in underserved areas in Maine.

## **TUITION WAIVER AT STATE POST- SECONDARY EDUCATIONAL INSTITUTIONS**

**Statute:** 20-A MRSA §  
12551 et seq.

**Rules:** Yes

**Priority:** Provides financial assistance to the children and spouses of firefighters, law enforcement officers and emergency medical services persons who are killed in the line of duty opportunities to pursue higher education at one of the Maine's public post-secondary educational institutions. This program also provides assistance to persons who are in the custody of DHHS and resided in foster care at the time that person graduated from high school in order for that person to attend a Maine public post-secondary educational institution.

**Eligibility:** The person must be: (a) a natural or legally adopted child of a firefighter, emergency medical services person or law enforcement officer and be less than 21 years old at the time of the death of the parent firefighter, emergency medical services person or law enforcement officer; or (b) legally married to a firefighter, emergency medical services person or a law enforcement officer at the time of the firefighter's, emergency medical serviceperson's or law enforcement officer's death; or (c) a foster child in Maine at the time such person graduates from high school or successfully completes a general educational development examination or its equivalent. The person must be a Maine resident. The student must remain in satisfactory academic standing for continuation of the tuition waiver.

**Activity Summary:** The foster care waiver became effective for the academic year 2000-2001. No more than 30 waivers may be awarded for any academic year to eligible foster children who have not already participated in the program. New awards are granted on a first-come, first-served basis. Since 2002, 30 applications per year have been accepted.

**Goals:** Continued success from this program will happen with the support of the Maine Department of Health and Human Services. With their cooperation, 30 new students will be provided a waiver each year under the foster care program. Renewal applications are sent to prior recipients each March. Applications are due by the start of each academic year. Follow-up calls will be made to students who are eligible to renew when applications have not been received by the deadline. There is no funding provided for these programs; Maine's post secondary education institutions absorb the cost.

**HIGHER  
EDUCATION LOAN  
PURCHASE  
PROGRAM  
(HELPP)**

**Statute:**  
20-A MRSA  
§ 11491 et seq.

**Rules:** Yes

**Priority:** Established to lower the cost of funding higher education for Maine families by providing a low-cost source of capital for lenders to finance Stafford Loan, Parent Loan (PLUS), and Grad Plus programs.

**Eligibility:** Students attending institutions of higher education in Maine and Maine residents attending institutions of higher education in states outside of Maine are eligible to borrow through a participating HELPP lender or through FAME.

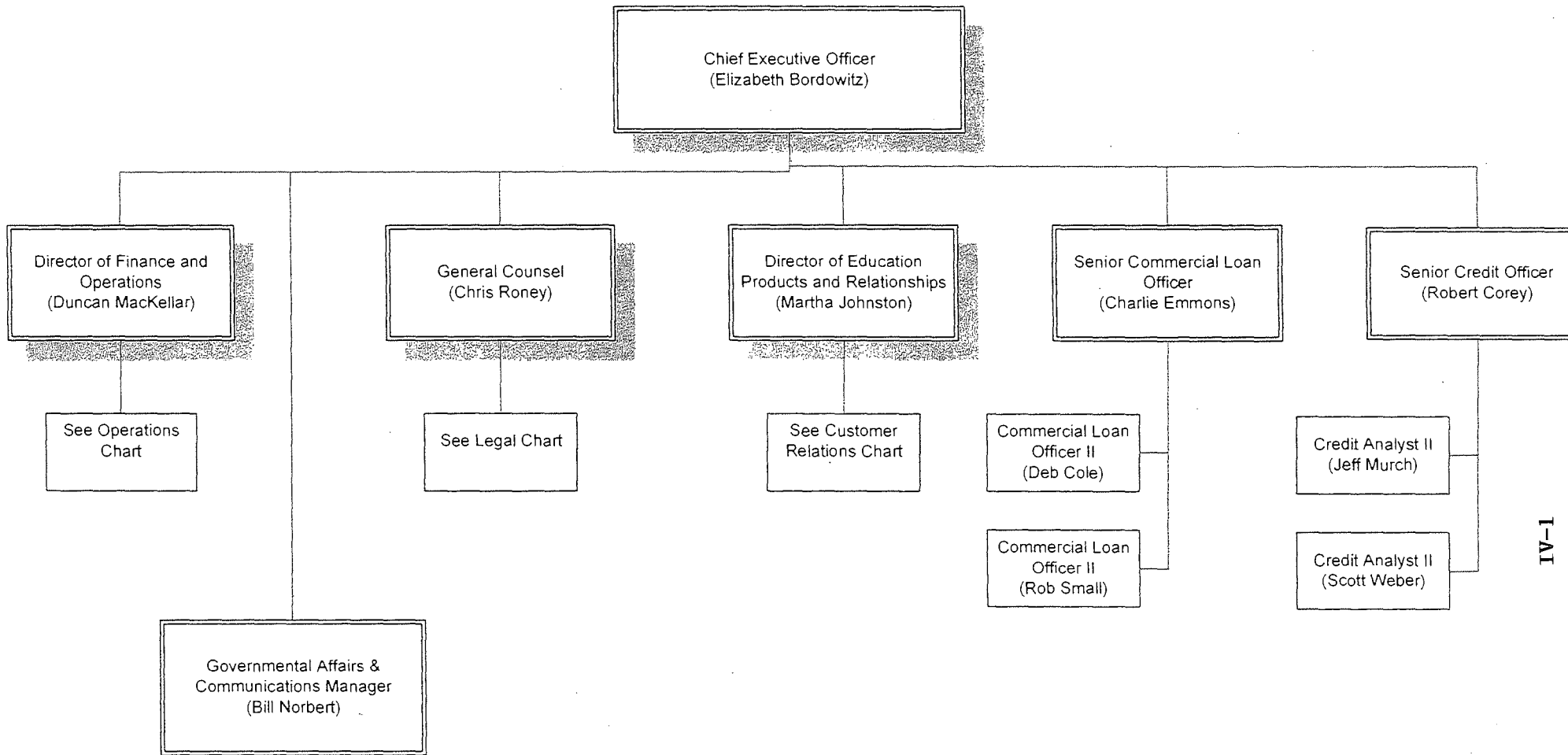
**Activity Summary:** For the past several years, FAME has partnered with local, regional, and national private sector lenders to provide these federally-guaranteed student loans by purchasing loans after they have been made. For the current school year, FAME became a lender due to the fact that many of our former partners have withdrawn from the program. To date, FAME has purchased nearly \$245 million in loans and has over \$185 million in outstanding loans as of September 30, 2009.

**Goals:** This program was created to provide Maine students with borrower benefits available through the lower cost of borrowing from FAME. The recent upheaval in the bond markets and the proposed federal changes to the FFELP make questionable the long-term continuation of this program.

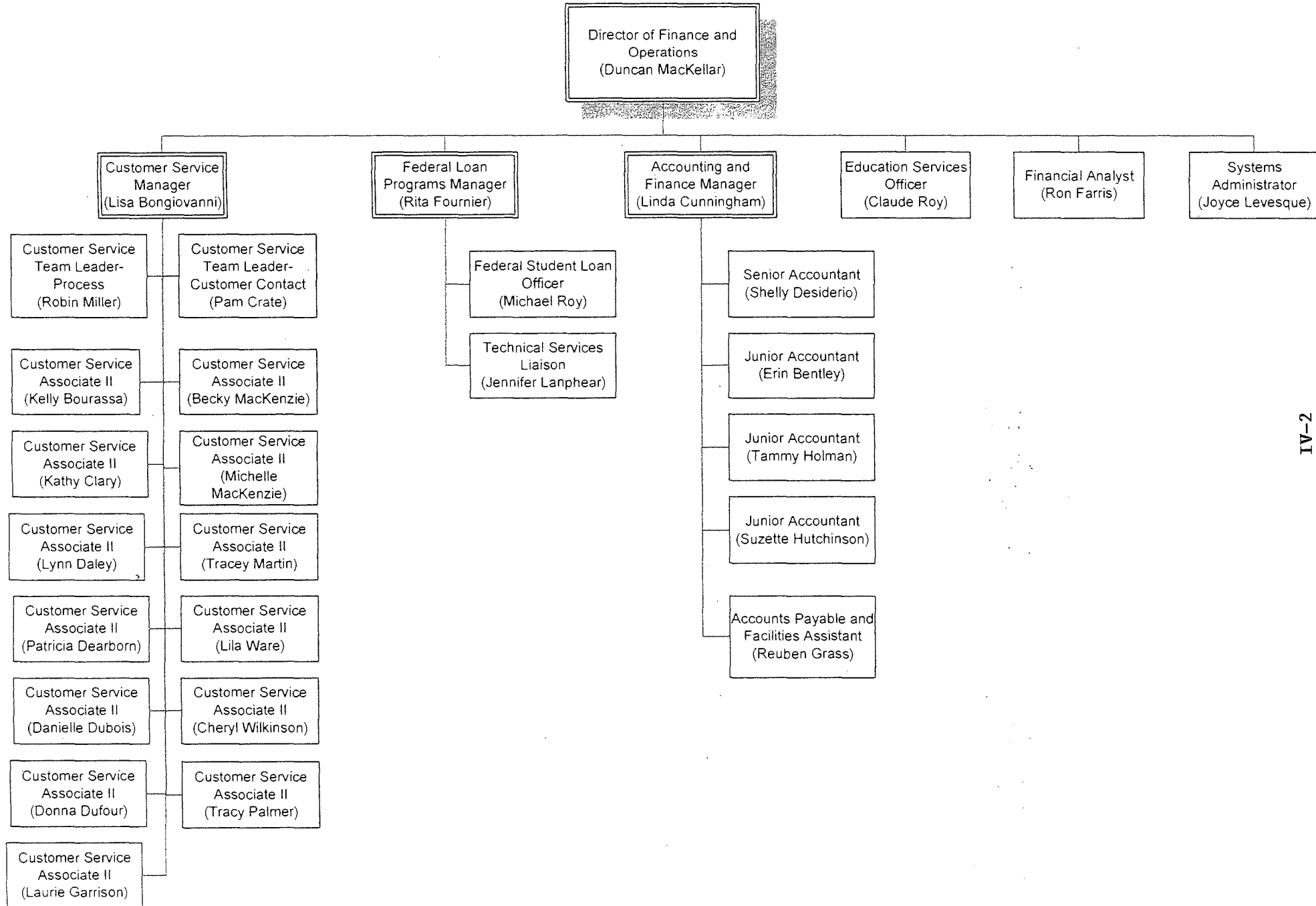
Activity Summary	05	06	07	08	09
Outstanding loan balance owned	\$33,407,676	\$90,643,530	\$137,284,536	\$193,163,129	\$185,072,324
Number of loans	6,869	22,693	32,318	44,713	42,895
Borrower benefits awarded	\$106,847	\$1,031,663	\$1,251,881	\$1,085,546	\$594,994



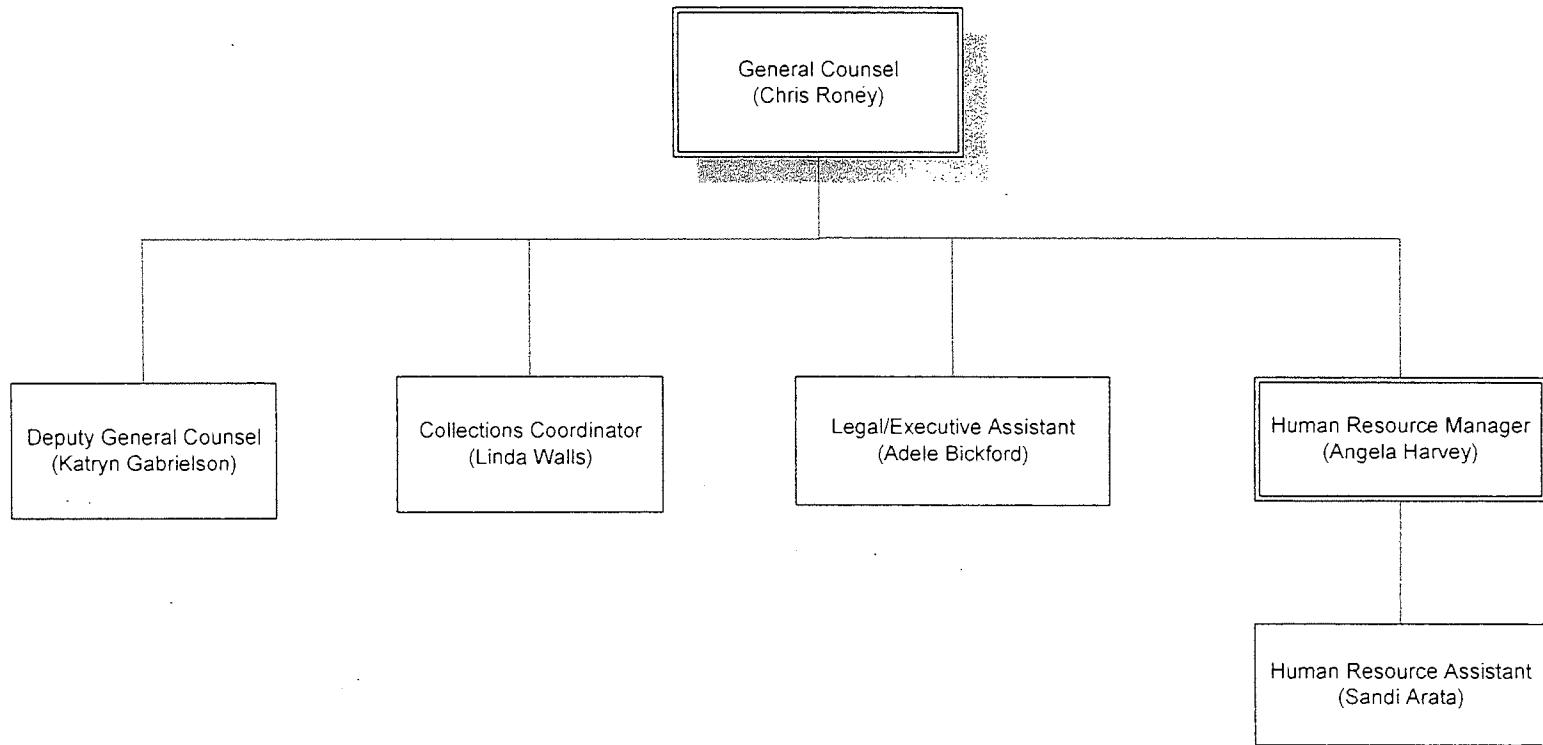
# FINANCE AUTHORITY OF MAINE



# FINANCE AUTHORITY OF MAINE

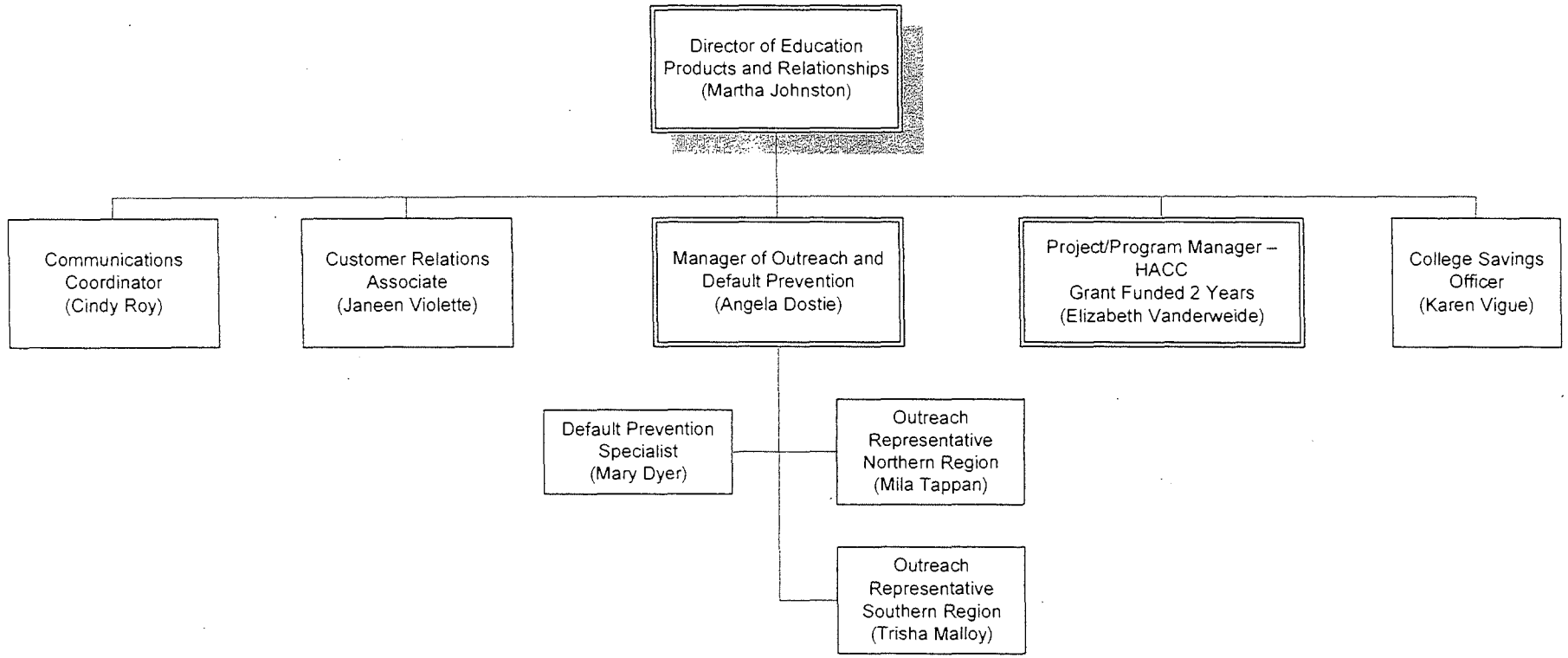


FINANCE AUTHORITY OF MAINE





FINANCE AUTHORITY OF MAINE



FINANCE AUTHORITY OF MAINE  
 Non-Exempt Positions

POSITIONS	DIVISION	Number of Employees
Systems Administrator	OPS-IT	1
Customer Service Team Leader	OPS	2
Technical Services Liaison	OPS- POVM	1
Collections Coordinator	LGL	1
Legal / Executive Assistant	LGL	1
Junior Accountant	OPS-FIN	3
Human Resource Assistant	LGL	1
Communications Coordinator	CUS REL	1
Customer Service Associate II	OPS-CUS SERV	12
Customer Relations Coordinator	CUS REL	1
Accounts Payable and Facilities Assistant	OPS-FIN	1

FINANCE AUTHORITY OF MAINE

Exempt Positions

POSITIONS	DIVISION	Number
		Of Employees
Chief Executive Officer		1
General Counsel	LGL	1
Director of Finance & Administration	OPS	1
Director of Education Products & Relationships	CUS REL	1
Outreach Representative	CUS REL	2
Deputy General Counsel	LGL	1
Senior Credit Officer	CREDIT	1
Senior Commercial Loan Officer	CUS REL	1
Project/Program Manager - Harold Alfond College Challenge	CUS REL	1
Manager, Accounting & Finance	OPS-FIN	1
Governmental Affairs & Communications Manager (formerly Communications Manager)	LGL	1
Human Resource Manager	LGL	1
Manager of Outreach & Default Prevention	CUS REL	1
Federal Loan Programs Manager	OPS-POVM	1
Customer Service Manager	OPS-CUS SERV	1
Commercial Loan Officer II	CUS REL	2
Financial Analyst	OPS-FIN	1
Senior Accountant	OPS-FIN	1
Education Services Officer	OPS-POVM	1
Credit Analyst II	CREDIT	2
College Savings Officer	CUS REL	1
Federal Student Loan Officer	OPS-POVM	1
Default Prevention Specialist	CUS REL	1



## COMPLIANCE REPORT

The Finance Authority of Maine (FAME) is an equal opportunity employer. FAME adheres to a policy of non-discrimination in all employment actions, practices and conditions. Policies regarding recruitment, hiring, transfers, promotions, compensation, training, and other related benefits, as well as procedures for loan applications and approvals under FAME's various programs and related services, are administered without regard to race, color, religion, gender, ancestry or national origin, age, physical or mental disability,<sup>1</sup> political affiliation, marital status, or sexual orientation. This policy of non-discrimination is published in our Employee Handbook, which is distributed to all employees. In addition, FAME is committed to compliance with the requirements of affirmative action and occupational health and safety legislation.

FAME complies with the following federal and state laws and regulations, which concern civil rights and health and safety: Title VII of the Civil Rights Act, as amended; the Equal Pay Act of 1963; the Maine Human Rights Act; the Maine Code of Fair Practices and Affirmative Action; the Americans with Disabilities Act; the Family and Medical Leave Act of 1993; the Maine VDT Law; the Age Discrimination in Employment Act; the Occupational Safety and Health Act of 1970; and the Maine Workers' Compensation Act. In addition, FAME strives to comply with other related legislation, although strict compliance may not be required.

### **Affirmative Action**

Hiring decisions for employees at all levels are made in accordance with the policy of non-discrimination and affirmative action expressed in FAME's Affirmative Action Plan. The Affirmative Action Plan is included in FAME's Employee Handbook. The primary criterion for filling available positions is to hire the most qualified individual from the pool of available applicants.

Merit increases and promotions are awarded to FAME employees based on productivity and quality performance, as well as budget resources. Selection and financial support for training, professional meetings, conferences and other related activities, and selection for leaves of absence to pursue training, are based on FAME's need and individual merit.

The Chief Executive Officer of FAME has designated an Affirmative Action Officer to ensure implementation of the Affirmative Action Plan. Other responsibilities of the Affirmative Action Officer are to:

- Enlist the support of directors and supervisors responsible for personnel actions;

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<sup>1</sup> FAME administers one program, the Kim Wallace Adaptive Equipment Loan Program, specifically designed to assist individuals with disabilities.

- Review personnel actions, excluding salaries and promotions, to determine whether they are in accordance with the Affirmative Action Plan. The Chief Executive Officer retains responsibility for assuring that decisions on salary and promotion are in accordance with the affirmative action plan;
- Refer grievances to the Chief Executive Officer, as necessary;
- Maintain a flow of accurate information about recruiting and employment in general and with particular regard to minority persons, women, and individuals with disabilities;
- Update the Affirmative Action Plan annually and make it public;
- Take training courses to give the officer necessary background for effective discharge of duties;
- Function as a grievance officer and perform the following additional duties:
  - Provide confidential and unbiased consultation to employees on grievances, which may involve gender or minority discrimination;
  - Act as mediator with the Chief Executive Officer in cases where a solution is not forthcoming;
  - Draw upon state, federal and other sources for advice and support on grievances;
  - Receive training in grievance procedures and in laws against discrimination.

### **Americans with Disabilities Act**

FAME has established a procedure to process requests for reasonable accommodations and a grievance procedure to handle complaints by any person who believes that he or she has been discriminated against or harassed as a result of the person's disability in violation of the Americans with Disabilities Act.

### **Handicapped Accessibility Policy**

Handicap accessibility to FAME facilities is reviewed annually. FAME's existing facilities, including exterior, space allowances, and accessible routes, have been created or modified to accommodate individuals with disabilities. FAME's office includes the following accessible facilities:

- Parking lot with handicap parking and van accessibility;
- Ground-level entrance and elevator handicap accessible entrances;
- Power door openers;
- Handicap-accessible bathrooms;
- Handicap accessibility throughout the FAME office.

FAME uses accepted hiring procedures with regard to individuals with disabilities as set forth in the Employment Regulations of the Maine Human Rights Commission, Section 3.08(E).

FAME makes reasonable accommodations to the known physical or mental limitations of qualified employees with disabilities, unless an accommodation would impose an undue hardship on FAME's operation, as allowed by law.

## **Sexual Harassment**

FAME has established a policy against sexual harassment, which defines sexual harassment, prohibits it, and provides a process for filing a complaint. This policy is contained in the Employee Handbook.

## **Health and Safety**

FAME has a sincere concern for the health and safety of its employees. As an employer, FAME strives to provide the safest possible working conditions for employees. Accordingly, FAME has created an Occupational Health and Safety Program.

The program is directed through a Safety Committee with appointed members who coordinate and guide the overall program. This committee has established means for accident reporting and investigation, work-site inspections, health and safety education, and injury management and training. The accident investigation procedure is contained in the Employee Handbook

FAME is committed to providing safe working conditions, encouraging safe work practices and preparing employees to work safely. FAME realizes that the success of any accident prevention effort depends primarily on the cooperation and active support of everyone. All employees are expected to comply with the requirements of the program. The program is designed to provide a physical environment that is as hazard -free as possible and to manage staff activities to reduce the risks of human injury.

An Emergency Preparedness and Response document has been created and distributed to all employees and made a part of the Employee Handbook.

Safety and security equipment are serviced and tested regularly. Fire extinguishers in the building are serviced annually. They were last serviced November 2008 and will be again shortly. The fire alarm system is tested and inspected annually. Sprinklers are tested quarterly. The elevator maintenance is also performed annually, and the certificate is good through October 31, 2010. The security system at FAME is serviced annually.

FAME staff is trained in workplace safety and ergonomics as part of their new hire orientation. This training includes video display training (VDT). In addition to new hire training, all employees receive annual VDT updating.

Material Safety Data Sheets for hazardous materials included in computer printer toner, photocopier toner, and fax machine toner are available for review by all employees.

## Notices and Postings

The FAME Employee Handbook is provided to all employees upon hire. Updates are distributed periodically to all employees as needed. The Handbook includes a non-discrimination statement, as well as the following policies related to health and safety, ADA, OSHA, affirmative action, workers' compensation compliance and other matters:

- Affirmative Action Policy Statement (Section 2.01)
- Employees with Disabilities (Section 2.02)
- Flexible Work Schedules (Section 2.05)
- Smoking (Section 2.11)
- Gift Policy (Section 2.13)
- Working at Home (Section 2.18)
- Telecommuting (Section 2.19)
- Lactation Accommodation (Section 2.20)
- Family Medical Leave Act (Section 4.05)
- Military Leave (Section 4.08)
- Social Security (Section 4.15)
- Workers' Compensation (Section 4.16)
- Domestic Violence (Section 4.21)
- Employee Safety Policy Statement (Section 5.01)
- Blood-Borne Pathogens (Section 5.03)
- Emergency Preparedness (Section 5.04)
- Consumer Privacy (Section 6.12)
- Drug-free Workplace (Section 8.01)
- Information Technology (Section 8.03)

The following compliance notices are posted on FAME's bulletin board, which is accessible to all employees:

- Americans with Disabilities Act (ADA)
- The Maine Video Display Training Law
- Workers' Compensation
- Equal Employment Opportunity
- OSHA Job Safety & Health Protection
- Family and Medical Leave Act of 1993
- Sexual Harassment
- Maine Department of Labor, Bureau of Unemployment Compensation
- Whistleblower's Protection Act
- Minimum Wage Requirements
- Notice Relative to the Regulation of Employment
- Maine Employment Security Law
- Employee Polygraph Protection Act
- Uniformed Services Employment and Reemployment Rights Act
- Child labor laws





**FINANCE AUTHORITY OF MAINE**  
Financial Summary

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
<b>TOTAL FAME</b>								
<b>1 Appropriation Use</b>								
<b>2 Sources</b>								
3 Business Development	37,212	33,617	33,185	31,706	28,615	28,615	-	-
4 Natural Resources & Marketing	200,849	181,446	179,114	171,132	154,446	154,446	-	-
5 Student Financial Assistance	13,083,988	12,816,241	12,531,454	12,354,867	12,816,101	13,061,117	12,761,117	12,074,552
6 University of Maine License Plate Scholarships	105,826	113,932	118,986	113,008	-	-	-	-
7 FHM - Health Education Centers	100,000	100,000	97,945	100,000	101,602	103,235	117,235	117,235
8 FHM - Dental Education Program	120,840	183,882	238,028	240,000	241,601	243,235	277,735	277,735
9 FHM - Quality Child Care Scholarships	145,356	145,356	144,162	145,356	146,958	148,592	167,792	167,792
10 Waste Motor Oil Disposal Site Fees	-	-	-	-	-	-	-	2,626,307
<b>11 Total</b>	<b>13,794,071</b>	<b>13,574,474</b>	<b>13,342,874</b>	<b>13,156,069</b>	<b>13,489,323</b>	<b>13,739,240</b>	<b>13,323,879</b>	<b>15,263,621</b>
<b>12 Uses</b>								
13 Administrative Costs	648,061	567,340	564,576	555,115	535,338	535,334	352,277	352,276
14 Available for Grants	12,277,715	12,418,819	11,842,814	11,463,498	11,406,633	10,963,213	11,796,413	10,359,848
15 Available for Loans	868,295	588,315	935,484	1,137,456	1,547,352	2,240,693	1,175,189	1,925,190
<b>16 Total</b>	<b>13,794,071</b>	<b>13,574,474</b>	<b>13,342,874</b>	<b>13,156,069</b>	<b>13,489,323</b>	<b>13,739,240</b>	<b>13,323,879</b>	<b>12,637,314</b>
<b>18 Statement of Revenues &amp; Expenses</b>								
<b>19 Revenue</b>								
20 Loan Insurance Fees	1,016,127	992,476	899,418	820,463	705,530	661,519	673,467	764,210
21 Administrative, Servicing, and Origination Fees	2,397,754	2,718,439	4,550,312	5,807,345	6,443,145	7,852,034	9,292,973	7,753,471
22 Federal Family Education Loan Program Fees	5,147,067	5,639,602	6,622,460	5,442,044	5,593,357	4,875,295	4,865,736	4,532,808
23 Higher Education Loan Purchase Program Fees	-	-	431,409	2,305,680	8,341,147	11,181,711	15,086,350	8,327,065
24 Investment Income	1,648,738	1,187,570	888,515	1,098,732	2,022,507	2,828,489	2,494,500	3,005,243
25 Gain on Bond Redemption	-	-	-	-	-	-	-	3,149,550
26 Grant Receipts - Appropriations	12,277,715	12,418,819	11,842,814	11,463,498	11,406,633	10,963,213	11,796,413	10,359,848
27 Grant Receipts - Other Sources	903,030	1,112,909	568,855	1,116,172	1,181,465	1,833,227	2,170,089	3,586,497
28 Fees Received from State for Waste Oil Bonds	-	-	-	-	-	-	-	2,626,307
29 State Appropriations for Administrative Costs	648,061	567,340	564,576	555,115	535,338	535,334	352,277	352,276
30 State Transfer for Commercial Loan Insurance Reserves	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>31 Total</b>	<b>24,038,492</b>	<b>24,637,155</b>	<b>27,368,359</b>	<b>29,609,049</b>	<b>37,229,122</b>	<b>41,730,822</b>	<b>47,731,805</b>	<b>45,457,275</b>
<b>32</b>								
<b>33 Expenses</b>								
34 Salaries & Employee Benefits	2,779,854	3,056,065	3,209,127	3,315,129	3,430,306	3,340,399	3,320,433	3,678,656
35 Operating Expenses	1,906,934	1,869,808	2,583,054	2,578,719	2,777,897	3,119,860	2,849,378	3,524,238
36 FFELP Loan Guaranty Servicing Expenses	3,950,304	4,158,324	4,172,251	3,795,440	3,762,033	3,603,553	3,410,729	3,224,991
37 HELPP Loan Servicing & Bond Related Expenses	-	-	116,965	718,880	1,704,430	2,368,335	877,961	2,111,566
38 Due to Waste Oil Disposal Site Rem. Bond Trust	-	-	-	-	-	-	-	2,626,307
39 Grant Disbursements	13,180,745	13,537,728	12,411,669	12,779,670	12,588,098	12,796,440	14,437,127	13,594,567
40 NextGen Program Benefits	85,536	128,785	648,602	1,347,114	2,548,944	4,692,489	6,775,897	7,063,075
41 HELPP Program Benefits	-	-	-	78,139	197,329	488,465	868,877	375,432
42 Provision for Loan Losses	762,649	602,309	5,066,073	(4,503)	(3,018,488)	(682,926)	4,111,162	2,995,804
43 HELPP Bond Interest Expense	-	-	461,425	1,601,510	5,505,644	7,251,418	13,735,657	8,240,904
<b>44 Total</b>	<b>22,666,022</b>	<b>23,353,019</b>	<b>28,669,166</b>	<b>26,210,098</b>	<b>29,496,193</b>	<b>36,978,033</b>	<b>50,387,221</b>	<b>47,435,540</b>
<b>45</b>								
<b>46 Excess (Deficit)</b>	<b>1,372,470</b>	<b>1,284,136</b>	<b>(1,300,807)</b>	<b>3,398,951</b>	<b>7,732,929</b>	<b>4,752,789</b>	<b>(2,655,416)</b>	<b>(1,978,265)</b>

**FINANCE AUTHORITY OF MAINE**  
Financial Summary

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
<b>BUSINESS PROGRAMS</b>								
<b>1 Appropriation Use</b>								
<b>2 Sources</b>								
3 Business Development	37,212	33,617	33,185	31,706	28,615	28,615	-	-
4 Natural Resources & Marketing	200,849	181,446	179,114	171,132	154,446	154,446	-	-
5 Student Financial Assistance	-	-	-	-	-	-	-	-
6 University of Maine License Plate Scholarships	-	-	-	-	-	-	-	-
7 FHM - Health Education Centers	-	-	-	-	-	-	-	-
8 FHM - Dental Education Program	-	-	-	-	-	-	-	-
9 FHM - Quality Child Care Scholarships	-	-	-	-	-	-	-	-
10 Waste Motor Oil Disposal Site Fees	-	-	-	-	-	-	-	2,626,307
11 <b>Total</b>	<b>238,061</b>	<b>215,063</b>	<b>212,299</b>	<b>202,838</b>	<b>183,061</b>	<b>183,061</b>	<b>-</b>	<b>2,626,307</b>
<b>12 Uses</b>								
13 Administrative Costs	238,061	215,063	212,299	202,838	183,061	183,061	-	-
14 Available for Grants	-	-	-	-	-	-	-	-
15 Available for Loans	-	-	-	-	-	-	-	-
16 <b>Total</b>	<b>238,061</b>	<b>215,063</b>	<b>212,299</b>	<b>202,838</b>	<b>183,061</b>	<b>183,061</b>	<b>-</b>	<b>-</b>
<b>17</b>								
<b>18 Statement of Revenues &amp; Expenses</b>								
<b>19 Revenue</b>								
20 Loan Insurance Fees	1,016,127	992,476	899,418	820,463	705,530	661,519	673,467	764,210
21 Administrative, Servicing, and Origination Fees	1,012,584	686,715	1,347,486	1,189,902	1,039,071	1,082,824	1,326,272	1,223,968
22 Investment Income	1,016,459	671,089	444,477	767,736	1,139,861	1,675,514	1,493,968	1,912,118
23 Federal Family Education Loan Program Fees	-	-	-	-	-	-	-	-
24 Higher Education Loan Purchase Program Fees	-	-	-	-	-	-	-	-
25 Gain on Bond Redemption	-	-	-	-	-	-	-	-
26 Grant Receipts - Appropriations	-	-	-	-	-	-	-	-
27 Grant Receipts - Other Sources	391,710	121,350	-	406,517	309,000	-	210,000	435,000
28 Fees Received from State for Waste Oil Bonds	-	-	-	-	-	-	-	2,626,307
29 State Appropriations for Administrative Costs	238,061	215,063	212,299	202,838	183,061	183,061	-	-
30 State Transfer for Commercial Loan Insurance Reserves	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
31 <b>Total</b>	<b>3,674,941</b>	<b>2,686,693</b>	<b>3,903,680</b>	<b>4,387,456</b>	<b>4,376,523</b>	<b>4,602,918</b>	<b>4,703,707</b>	<b>7,961,603</b>
<b>32</b>								
<b>33 Expenses</b>								
34 Salaries & Employee Benefits	1,517,941	1,674,095	1,622,305	1,622,305	1,477,716	1,329,463	1,197,657	1,229,986
35 Operating Expenses	426,160	550,016	877,634	680,687	839,222	835,887	570,490	744,267
36 FFELP Loan Guaranty Servicing Expenses	-	-	-	-	-	-	-	-
37 HELPP Loan Servicing & Bond Related Expenses	-	-	-	-	-	-	-	-
38 Due to Waste Oil Disposal Site Rem. Bond Trust	-	-	-	-	-	-	-	2,626,307
39 Grant Disbursements	391,710	121,350	-	406,517	309,000	-	210,000	435,000
40 NextGen Program Benefits	-	-	-	-	-	-	-	-
41 HELPP Program Benefits	-	-	-	-	-	-	-	-
42 Provision for Loan Losses	762,649	602,309	5,066,073	(10,424)	(3,026,523)	(731,383)	3,995,969	2,920,546
43 HELPP Bond Interest Expense	-	-	-	-	-	-	-	-
44 <b>Total</b>	<b>3,098,460</b>	<b>2,947,770</b>	<b>7,566,012</b>	<b>2,699,085</b>	<b>(400,585)</b>	<b>1,433,967</b>	<b>5,974,116</b>	<b>7,956,106</b>
<b>45</b>								
46 <b>Excess (Deficit)</b>	<b>576,481</b>	<b>(261,077)</b>	<b>(3,662,332)</b>	<b>1,688,371</b>	<b>4,777,108</b>	<b>3,168,951</b>	<b>(1,270,409)</b>	<b>5,497</b>

**FINANCE AUTHORITY OF MAINE**  
Financial Summary

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
<b>EDUCATION PROGRAMS</b>								
<b>1 Appropriation Use</b>								
<b>2 Sources</b>								
3 Business Development	-	-	-	-	-	-	-	-
4 Natural Resources & Marketing	-	-	-	-	-	-	-	-
5 Student Financial Assistance	13,083,988	12,816,241	12,531,454	12,354,867	12,816,101	13,061,117	12,761,117	12,074,552
6 University of Maine License Plate Scholarships	105,826	113,932	118,986	113,008	-	-	-	-
7 FHM - Health Education Centers	100,000	100,000	97,945	100,000	101,602	103,235	117,235	117,235
8 FHM - Dental Education Program	120,840	183,882	238,028	240,000	241,601	243,235	277,735	277,735
9 FHM - Quality Child Care Scholarships	145,356	145,356	144,162	145,356	146,958	148,592	167,792	167,792
10 Waste Motor Oil Disposal Site Fees	-	-	-	-	-	-	-	-
11 <b>Total</b>	<b>13,556,010</b>	<b>13,359,411</b>	<b>13,130,575</b>	<b>12,953,231</b>	<b>13,306,262</b>	<b>13,556,179</b>	<b>13,323,879</b>	<b>12,637,314</b>
<b>12 Uses</b>								
13 Administrative Costs	410,000	352,277	352,277	352,277	352,277	352,273	352,277	352,276
14 Available for Grants	12,277,715	12,418,819	11,842,814	11,463,498	11,406,633	10,963,213	11,796,413	10,359,848
15 Available for Loans	868,295	588,315	935,484	1,137,456	1,547,352	2,240,693	1,175,189	1,925,190
16 <b>Total</b>	<b>13,556,010</b>	<b>13,359,411</b>	<b>13,130,575</b>	<b>12,953,231</b>	<b>13,306,262</b>	<b>13,556,179</b>	<b>13,323,879</b>	<b>12,637,314</b>
<b>17</b>								
<b>18 Statement of Revenues &amp; Expenses</b>								
<b>19 Revenue</b>								
20 Loan Insurance Fees	-	-	-	-	-	-	-	-
21 Administrative, Servicing, and Origination Fees	1,385,170	2,031,724	3,202,826	4,617,443	5,404,074	6,769,210	7,966,701	6,529,503
22 Investment Income	632,279	516,481	444,038	330,996	882,646	1,152,975	1,000,532	1,093,125
23 Federal Family Education Loan Program Fees	5,147,067	5,639,602	6,622,460	5,442,044	5,593,357	4,875,295	4,865,736	4,532,808
24 Higher Education Loan Purchase Program Fees	-	-	431,409	2,305,680	8,341,147	11,181,711	15,086,350	8,327,065
25 Gain on Bond Redemption	-	-	-	-	-	-	-	3,149,550
26 Grant Receipts - Appropriations	12,277,715	12,418,819	11,842,814	11,463,498	11,406,633	10,963,213	11,796,413	10,359,848
27 Grant Receipts - Other Sources	511,320	991,559	568,855	709,655	872,465	1,833,227	1,960,089	3,151,497
28 Fees Received from State for Waste Oil Bonds	-	-	-	-	-	-	-	-
29 State Appropriations for Administrative Costs	410,000	352,277	352,277	352,277	352,277	352,273	352,277	352,276
30 State Transfer for Commercial Loan Insurance Reserves	-	-	-	-	-	-	-	-
31 <b>Total</b>	<b>20,363,551</b>	<b>21,950,462</b>	<b>23,464,679</b>	<b>25,221,593</b>	<b>32,852,599</b>	<b>37,127,904</b>	<b>43,028,098</b>	<b>37,495,672</b>
<b>32</b>								
<b>33 Expenses</b>								
34 Salaries & Employee Benefits	1,261,913	1,381,970	1,586,822	1,692,824	1,952,590	2,010,936	2,122,776	2,448,670
35 Operating Expenses	1,480,774	1,319,792	1,705,420	1,898,032	1,938,675	2,283,973	2,278,888	2,779,971
36 FFELP Loan Guaranty Servicing Expenses	3,950,304	4,158,324	4,172,251	3,795,440	3,762,033	3,603,553	3,410,729	3,224,991
37 HELPP Loan Servicing & Bond Related Expenses	-	-	116,965	718,880	1,704,430	2,368,335	877,961	2,111,566
38 Due to Waste Oil Disposal Site Rem. Bond Trust	-	-	-	-	-	-	-	-
39 Grant Disbursements	12,789,035	13,416,378	12,411,669	12,373,153	12,279,098	12,796,440	14,227,127	13,159,567
40 NextGen Program Benefits	85,536	128,785	648,602	1,347,114	2,548,944	4,692,489	6,775,897	7,063,075
41 HELPP Program Benefits	-	-	-	78,139	197,329	488,465	868,877	375,432
42 Provision for Loan Losses	-	-	-	5,921	8,035	48,457	115,193	75,258
43 HELPP Bond Interest Expense	-	-	461,425	1,601,510	5,505,644	7,251,418	13,735,657	8,240,904
44 <b>Total</b>	<b>19,567,562</b>	<b>20,405,249</b>	<b>21,103,154</b>	<b>23,511,013</b>	<b>29,896,778</b>	<b>35,544,066</b>	<b>44,413,105</b>	<b>39,479,434</b>
<b>45</b>								
46 <b>Excess (Deficit)</b>	<b>795,989</b>	<b>1,545,213</b>	<b>2,361,525</b>	<b>1,710,580</b>	<b>2,955,821</b>	<b>1,583,838</b>	<b>(1,385,007)</b>	<b>(1,983,762)</b>

## **10-Year Loan Loss Summary As A Measure of Risk-Taking**

FAME offers a variety of lending programs. The underlying purpose of each is different and, therefore, so is the loss experience. FAME offers two primary business finance products: loan insurance and direct loans. Of these, our most important programs are the Commercial Loan Insurance (CLI) Program and the Economic Recovery Loan Program (ERLP).

Both types of programs involve, pursuant to FAME's statutory mandate, high-risk lending when compared to typical activity for private sector lenders. CLI allows a borrower to access bank financing by paying FAME an insurance fee. The insurance from FAME allows the bank to make a loan when it otherwise would not because of the risks associated with the borrower. ERLP offers FAME financing directly to the borrower. ERLP loans can stand by themselves or be used to help a bank provide additional financing in a safer and better secured position. For both of these programs, borrowers approach FAME only if they are unable to secure regular bank financing. Therefore, the risk to FAME in either type of program is much higher than the risk associated with traditional bank lending.

FAME's loan loss experience, a primary measure of risk taking, is higher under its loan insurance program than losses typical for the banking industry. Indeed, this is how it should be, since taking risks to help Maine businesses succeed was a large reason for FAME's creation by the Legislature in 1983. Over the past twenty-six years, we have charged-off a total of \$20.2 million. The banking industry loan loss currently averages 1.01% due to the current economic conditions, compared to just 0.62% last year. During the past eight years, FAME insured \$301.1 million of business loans and wrote off \$5.4 million in losses, or 1.8% in total. FAME realized these loss rates even though it consistently approved the vast majority of loans presented for insurance by the banks. Our current denial rate on loan insurance requests is only 3.6%. ERLP is designed to be a higher risk program than loan insurance. Since the program began in 1992, FAME has funded \$50 million in loans by using the total funding of \$17.5 million and then relending the revolving principal and interest payments. To date, FAME has written off \$7.3 million, or 14.61% of the loans funded.

FAME's Higher Education Loan Purchase Program (HELPP) was initiated in December 2003 in an effort to help student loan borrowers secure lower cost loan financing. Through this program, FAME uses proceeds from the issuance of tax-exempt bonds to fund the purchase of federally guaranteed student loans, and uses savings from the tax-exempt financing to offer "borrower benefits," such as reduced interest rates. These student loans are insured by the U.S. Department of Education. Currently, the Department insures these loans at 97%. Since the program's inception through June 30, 2009, FAME has written off \$134,402 of the \$256,697,846 in loans that have been purchased (.05%). Unfortunately, the program has been negatively affected by changes in federal law and the credit crisis. Recent changes in federal law make the economics of purchasing federal student loans less attractive by sharply reducing the return the government pays to holders of these loans. In addition, the bonds in question were so-called "auction rate bonds," the market for which has evaporated over the last year, resulting in FAME paying a higher penalty rate of interest on the bonds, which further impairs the economics of the program.



# 2009-2010 REGULATORY AGENDA

September 11, 2009

AGENCY UMBRELLA UNIT NUMBER: **94-457**

AGENCY NAME: **Finance Authority of Maine**

**CONTACT PERSON:** Christopher H. Roney, General Counsel, Finance Authority of Maine, 5 Community Drive, PO Box 949, Augusta, Maine 04332-0949. Tel: (207) 623-3263. (croney@famemaine.com)

**EMERGENCY RULES ADOPTED SINCE LAST REGULATORY AGENDA:** Chapter 615A1: Higher Education Loan Purchase Program; Chapter 616: Doctors for Maine's Future Scholarship Program; and Chapter 321: Waste Motor Oil Disposal Site Remediation Program.

## **EXPECTED FISCAL YEAR 2009-2010 RULE-MAKING ACTIVITY:**

### **CHAPTER 1: Bylaws and Administration of the Finance Authority of Maine.**

**STATUTORY AUTHORITY:** 10 M.R.S.A. § 969-A(14); 5 M.R.S.A. § 9001.

**PURPOSE:** To amend guidelines for the administration of the Finance Authority of Maine, including conflicts of interest; to amend procedures to obtain advisory rulings and for the conduct of contested public hearings.

**SCHEDULE FOR ADOPTION:** Approval for Rulemaking by FAME Board: January 2010; Adoption Date: March 2010

**AFFECTED PARTIES:** All businesses and individuals who require an advisory ruling from the Authority or who are involved in contested hearings before the Authority and the Board and staff members who need guidance on the basic administration and Code of Ethics of the Authority.

**CONSENSUS-BASED RULE DEVELOPMENT:** The Authority does not intend to employ consensus-based rule development.

### **CHAPTER 2: Rules for the Award Of Contracts For Services for The Higher Education Loan Program.**

**STATUTORY AUTHORITY:** 20-A M.R.S.A. §§ 11407(5)

**PURPOSE:** To amend the procedures to be used in the awarding of contracts for administrative services for the student loan secondary market loan purchase program pursuant to 20-A M.R.S.A. §§ 11407(5).

**SCHEDULE FOR ADOPTION:** Approval for Rulemaking by FAME Board: June 2010; Public Hearing July 2010; Adoption Date: August 2010

**AFFECTED PARTIES:** Service providers for federal guaranteed student loans.

**CONSENSUS-BASED RULE DEVELOPMENT:** The Authority does not intend to employ consensus-based rule development.

### **CHAPTER 003: Certificate of Approval Process for Loring Development Authority Projects.**

**STATUTORY AUTHORITY:** 10 M.R.S.A. Sections 969-A(14), 5 MRSA 13080-G(2)(C)

**PURPOSE:** To amend the standards and procedures for the implementation of the Authority's review of bond proposals submitted by the Loring Development Authority.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: May 2010; Public Hearing: June 2010; Adoption Date: July 2010

AFFECTED PARTIES: The Loring Development Authority and any business that seeks to have a bond issued for their benefit by the Loring Development Authority.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 101: Loan Insurance Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14).

PURPOSE: To amend as needed for the efficient administration of the Program and to make changes necessary to better assist eligible borrowers.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: November 2009; Public Hearing: December 2009; Adoption Date: January 2010

AFFECTED PARTIES: Maine businesses that will have enhanced ability to access credit.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 104: Secondary Market Taxable Bond Program.**

SCHEDULE FOR ADOPTION: Repealed.

**CHAPTER 105: Secondary Market Tax-Exempt Bond Program.**

SCHEDULE FOR ADOPTION: Repealed.

**CHAPTER 106: Agricultural Operating Loan Insurance Program.**

SCHEDULE FOR ADOPTION: Repealed.

**CHAPTER 201: Municipal Securities Approval Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 10 M.R.S.A. § 1061 *et seq.*

PURPOSE: To amend as needed for the efficient administration of the program and to make changes necessary to better assist eligible borrowers in accessing bond financing opportunities.

To bring the Program in compliance with any changes in federal or state law or regulation.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: May 2010; Public Hearing: June 2010; Adoption Date: July 2010.

AFFECTED PARTIES: Maine businesses seeking tax exempt financing.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 202: Revenue Obligation Securities Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 10 M.R.S.A. § 1044; 10 M.R.S.A. § 1054.

PURPOSE: To amend as needed for the efficient administration of the program and to make changes necessary to better assist eligible borrowers in accessing bond financing, and to bring the program in compliance with the changes in federal or state law or regulation. To provide consistency among the various bond financing programs.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: May 2010; Public Hearing: June 2010; Adoption Date: July 2010.

AFFECTED PARTIES: Maine businesses seeking tax-exempt financing.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.



**CHAPTER 203: Allocation of State Ceiling on Private Activity Bonds.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 10 M.R.S.A. § 980-A.

PURPOSE: To amend as needed for the efficient administration of the Authority's allocation of the State Ceiling on its allocation of the tax-exempt bonds.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: October 2009; Public Hearing: November 2009; Adoption Date: December 2009.

AFFECTED PARTIES: Eligible entities seeking tax exempt financing.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 204: Secondary Market Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. §969-A(14).

PURPOSE: To amend the standards and procedures for the implementation and efficient administration of the Program.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: January 2010; Public Hearing: February 2010; Adoption Date: March 2010.

AFFECTED PARTIES: Maine businesses that will be able to access additional funds made available as loans are sold on the secondary market. Banks that will be able to obtain more liquidity by selling guaranteed loans on the Secondary Market.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 205: Transmission Facilities Bond Program.**

STATUTORY AUTHORITY: PL 2003, Ch. 506; 10 M.R.S.A. § 1053

PURPOSE: To amend the standards and procedures for the implementation and efficient administration of the Program.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: December 2009; Public Hearing: January 2010; Adoption Date: February 2010.

AFFECTED PARTIES: Eligible transmission facilities projects.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 206: Waste Facilities Bond Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A(14); 38 M.R.S.A. § 2212

PURPOSE: To amend the standards and procedures for the implementation and efficient administration of the Program.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: December 2009; Public Hearing: January 2010; Adoption Date: February 2010.

AFFECTED PARTIES: Eligible waste facilities projects.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 208: Major Business Expansion.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A(14); 10 M.R.S.A. § 1053.

PURPOSE: To amend as needed for the efficient administration of the program and to make changes necessary to better assist eligible borrowers in accessing bond financing, and to bring the program in compliance with the changes in federal or state law or regulation.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: January 2010; Public Hearing: February 2010; Adoption Date: March 2010.

AFFECTED PARTIES: Maine businesses seeking tax exempt financing.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 301: Maine Job-Start Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A(14); 10 M.R.S.A. § 1100-N (2) and (3)

PURPOSE: To amend as needed for the efficient administration of the program and to make changes necessary to better assist regional economic development agencies participating in the program and eligible borrowers and for implementing changes in the legislative mandate.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: May 2010; Public Hearing: June 2010; Adoption Date: July 2010.

AFFECTED PARTIES: Low-income individuals starting or expanding a small business; regional community action programs which administer the revolving funds.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 305: Underground Oil Storage Facility or Tank Replacement Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 10 M.R.S.A. § 1023-D(3); 10 M.R.S.A. § 1023-F(3).

PURPOSE: To amend as needed for the efficient administration of the program and to make changes necessary to better assist eligible borrowers and to implement legislative changes.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: May 2010; Public Hearing: June 2010; Adoption Date: July 2010.

AFFECTED PARTIES: Maine businesses which are required to remove Underground Oil Storage Tanks or Facilities within the next two years or are undertaking an aboveground oil storage tank project or which are required to install equipment related to air quality improvement.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 306: Maine Opportunity Job Grants Program.**

SCHEDULE FOR ADOPTION: Repealed.

**CHAPTER 307: Maine Seed Capital Tax Credit Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 10 M.R.S.A. § 1100-T.

PURPOSE: To amend as needed for the efficient administration of the program and to make changes necessary to reflect legislative changes, and to better assist eligible applicants.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: June 2010; Public Hearing: July 2010; Adoption Date: August 2010.

AFFECTED PARTIES: Maine businesses and venture capital funds receiving investments and investors receiving tax benefits as a result of their investments in Maine businesses.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 308: Overboard Discharge Replacement Program.**

SCHEDULE FOR ADOPTION: Repealed.

**CHAPTER 309: Waste Reduction and Recycling Loan Fund Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 10 M.R.S.A. § 1023-F.

PURPOSE: To amend as needed for the efficient administration of the program and to make changes necessary to better assist eligible borrowers.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: May 2010; Public Hearing: June 2010; Adoption Date: July 2010.

AFFECTED PARTIES: Maine businesses receiving financial assistance for use in implementing a waste reduction or recycling project.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 310: Waste Oil Furnace Program.**

SCHEDULE FOR ADOPTION: Repealed.

**CHAPTER 311: Economic Recovery Loan Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 10 M.R.S.A. § 1026-J.

PURPOSE: To amend the rule as necessary to implement legislative changes and provide for the efficient administration of the Program to better assist eligible borrowers.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: January 2010; Public Hearing: February 2010; Adoption Date: March 2010.

AFFECTED PARTIES: Maine manufacturing, industrial, recreational or natural resource businesses.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 312: Intermediary Relending Loan Program.**

STATUTORY AUTHORITY: State: 10 M.R.S.A. § 969-A(14); Federal: 7 U.S.C. 2008(a).

PURPOSE: To amend the rule to incorporate changes necessitated by Federal legislative, regulatory or policy directives or to more efficiently administer the programs and assist borrowers.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: May 2010; Public Hearing: June 2010; Adoption Date: July 2010.

AFFECTED PARTIES: Potential new businesses or businesses requiring funds for expansion; businesses requiring funds to maintain or create jobs. Businesses providing employment to low-income individuals. All individuals who secure or retain employment as a result of funds loaned.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 314: Regional Economic Development Revolving Loan Program.**

STATUTORY AUTHORITY: P.L. 1994, Ch. 722; 10 M.R.S.A. § 1026-M.

PURPOSE: To amend the rule to incorporate legislative changes or to make changes to more efficiently administer the programs and assist borrowers.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: July 2010; Public Hearing: August 2010; Adoption Date: September 2010.

AFFECTED PARTIES: Local, regional and statewide nonprofit or governmental economic development corporations or entities and eligible businesses which receive loans.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 315: Family Development Account Program.**

STATUTORY AUTHORITY: P.L. 1997, Ch. 518; 10 M.R.S.A. § 1075, *et seq.*

PURPOSE: Amend the procedures, standards, fees, requirements, and criteria for participation in the program. Amendments will implement legislative changes, if any.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: February 2010; Public Hearing: March 2010; Adoption Date: April 2010.

AFFECTED PARTIES: Individuals whose family income is below 200% of the non-farm income official poverty line as defined by the Federal Office of Management and Budget.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 316: Clean Fuel Vehicle Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 961

PURPOSE: Amend the procedures and standards applicable to borrowers and financial institutions participating in the Authority's statewide program for making or insuring loans to finance the acquisition or lease of clean fuel vehicles or related components or facilities.

SCHEDULE FOR ADOPTION: Approved for Rulemaking by FAME Board: May 2010, Public Hearing: June 2010, Adoption Date: July 2010.

AFFECTED PARTIES: Those seeking to implement clean vehicle programs will receive the economic benefit of low interest financing.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 317: Nutrient Management Loan Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14)

PURPOSE: Amend the procedures, standards and fees applicable to Borrowers applying for loans from the Authority's program of direct loans for the finance of construction of livestock manure and milk room waste containment and handling facilities as set forth in the Nutrient Management Act, 7 M.R.S.A. § 4201 et seq., and Chapter 565 of the Rules of the Department of Agriculture, Food and Rural Resources, from a portion of the Clean Water Revolving Loan Fund, provided by the United States Environmental Protection Agency through the Maine Municipal Bond Bank and the Maine Department of Environmental Protection.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: June 2010; Public Hearing: July 2010; Adoption Date: August 2010

AFFECTED PARTIES: Any agricultural enterprises in Maine which generate or utilize nutrients in their operations, and which are in immediate need for financing to build facilities to comply with applicable law and regulations.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 318: Wells and Plymouth Waste Oil Clean-up Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969 (14);

PURPOSE: Amend the rule to implement changes to the procedures and standards applicable to grant and loan recipients and financial institutions participating in the Authority's statewide program for awarding grants and for making or insuring loans to finance the response costs incurred by responsible parties for the investigation, removal and remediation of waste-oil contamination at the Portland-Bangor Waste Oil Services Sites in Wells and Plymouth, Maine.

SCHEDULE FOR ADOPTION: Approval for Rulemaking: May 2010; Public Hearing: June 2010; Adoption Date: July 2010.

AFFECTED PARTIES: Borrowers and financial institutions seeking direct loans, grants or mortgage loan insurance to finance the response costs incurred by borrowers in connection with the clean-up of the Wells and Plymouth Waste Oil Disposal Sites.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 319: Maine Economic Development Venture Capital Revolving Investment Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 10 M.R.S.A. § 1026-N

Purpose: To make necessary adjustments to the Maine Economic Development Venture Capital Revolving Investment program to insure its efficient administration.

SCHEDULE FOR ADOPTION: Approval for Rulemaking: June 2010, Public Hearing: July 2010; Adopted: August 2010.

AFFECTED PARTIES: Venture capital funds and early stage businesses may be benefited by the amendment.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**NEW RULE: CHAPTER 321: Waste Motor Oil Disposal Site Remediation Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A(14) and 10 M.R.S.A. Section 1020-A(8)

PURPOSE: Amend procedures to allocate the proceeds of revenue obligation securities to persons eligible to receive such proceeds pursuant to the Waste Motor Oil Disposal Site Remediation Program in the event that the motor vehicle oil premiums assessed to pay the debt service on the bonds generates insufficient revenues to support issuance of bonds in an amount which will pay all response costs of all eligible persons, as well as amending as required by legislative changes or as needed for more efficient administration of the Program.

SCHEDULE FOR ADOPTION: Approval for Rulemaking: June 2010; Public Hearing: July 2010; Adopted: September 2010.

AFFECTED PARTIES: Those who are eligible to receive proceeds of revenue obligation securities.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 601: Maine State Grant Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 20-A M.R.S.A. § 11613.

PURPOSE: To make necessary adjustments to the Maine State Grant Program to insure its efficient administration.

SCHEDULE FOR ADOPTION: Approval for Rulemaking: July 2010; Public Hearing: August 2010; Adopted: September 2010.

AFFECTED PARTIES: Secondary school students who may be eligible for a Maine State Grant.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 602: Maine Guaranteed Student Loan Programs.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 20-A M.R.S.A. § 11401 et seq.

PURPOSE: To amend as needed for the efficient administration of the Program to allow eligible students to apply for and obtain Guaranteed Student Loans; to make changes in accordance with Federal legislation, and U.S. Dept. of Education regulatory and policy changes.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: November 2009; Public Hearing: December 2009; Adoption Date: January 2010.

AFFECTED PARTIES: Students who wish to participate in the Maine Guaranteed Student Loan programs; lenders participating in the Maine Guaranteed Student Loan programs.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 605: Robert C. Byrd Honors Scholarship Program.**

STATUTORY AUTHORITY: State Authority - 10 M.R.S.A. § 969-A and 10 M.R.S.A. § 1013; Federal Authority -20 U.S.C. 1070 d-31 *et seq.*; 34 CFR Part 654.

PURPOSE: To amend as needed for the efficient administration of the Program to allow eligible students to apply for and obtain Robert C. Byrd Scholarships and to make changes as necessary to comply with federal legislation, regulation and policy directives.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: April 2010; No Public Hearing Proposed; Adoption Date: June 2010.

AFFECTED PARTIES: Students who wish to participate in the Robert C. Byrd Scholarship Program.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 607: Access to Medical Education and Health Professions Loan Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 20-A M.R.S.A. § 12103.

PURPOSE: To amend the procedures for eligibility for participants in the Access to Medical Education and Health Professions Loan Programs for the more efficient administration of the Programs.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: March 2010; Public Hearing: April 2010; Adoption Date: May 2010.

AFFECTED PARTIES: Maine residents entering post-graduate studies in medical professions.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 608: Tuition Waiver at Post-Secondary Educational Institutions.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 20-A M.R.S.A. § 12554.

PURPOSE: To amend the guidelines for the administration and implementation of the program. To make amendments necessary to implement legislative changes.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: July 2010; Public Hearing: August 2010; Proposed Adoption Date: September 2010.

AFFECTED PARTIES: Children or spouses of firefighters, law enforcement officers, or emergency medical service providers who were killed or received an injury resulting in death in the line of duty or children in the custody of the State.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 610: Educators for Maine Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14); 20-A M.R.S.A. § 12501.

PURPOSE: To amend as needed for the implementation and administration of the Educators for Maine Program.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: July 2010; Public Hearing: August 2010; Adoption Date: September 2010.

AFFECTED PARTIES: Students evidencing an interest in becoming teachers, or speech pathologists, or child care providers and teachers pursuing continuing education.  
CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 611: Maine College Savings Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. §969-A(14); 20-A M.R.S.A. §11489.

PURPOSE: To amend current procedures to incorporate federal and state law changes, program enhancements, and to provide for the efficient administration of the Maine College Savings Program.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: February 2010; Public Hearing: March 2010; Adoption Date: April 2010.

AFFECTED PARTIES: All Maine residents interested in attending an institution of higher education or assisting someone else to attend an institution of higher education.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 612: Maine Dental Education Loan and Loan Repayment Programs.**

STATUTORY AUTHORITY: 20-A M.R.S.A. § 12301, P.L. 1999, Ch. 401.

PURPOSE: To amend as needed to efficiently administer the Program or accommodate legislative changes.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: February 2010; Public Hearing: No Public Hearing proposed; Adoption Date: April 2010.

AFFECTED PARTIES: All Maine residents interested in attending or who are currently enrolled in or recently graduated from an institution offering a doctorate of dental education.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 613: Quality Child Care Education Scholarship Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A (14), 20-A M.R.S.A. § 11670; and P.L. 1999, Ch. 401

PURPOSE: Amend as necessary to effectively administer the requirements and standards for obtaining grants from the Quality Child Care Education Scholarship Fund.

SCHEDULE FOR ADOPTION: Approval for Rulemaking: May 2010, Public Hearing: June 2010; Adoption Date: July 2010.

AFFECTED PARTIES: Those who are eligible for grants from the Quality Child Care Education Scholarship Fund.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 614: The University Of Maine System Scholarship Program.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 969-A(14); 20-A M.R.S.A. § 11631.

PURPOSE: Amend procedures and standards for the distribution of proceeds from the sales of University of Maine System license plates and eligibility criteria for grant recipients and procedures for the administration and implementation of the program. May be repealed due to statutory changes.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: January 2010; Public Hearing: February 2010; Adoption Date: March 2010.

AFFECTED PARTIES: Maine students attending a University of Maine System school who seek financial aid and the schools they attend may be affected.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**CHAPTER 615: Higher Education Loan Purchase Program.**

STATUTORY AUTHORITY: 20-A M.R.S.A. §§ 417F, as enacted by PL 2003, Ch. 455.

PURPOSE: To amend as needed to effectively administer the Higher Education Loan Purchase Program, and any legislative changes thereto.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: April 2010; Public Hearing: May 2010; Adoption Date: June 2010.

AFFECTED PARTIES: Maine students and families, students attending institutions of higher education, lenders offering or holding guaranteed student loans to Maine students or families.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**NEW RULE: Chapter 616: Doctors for Maine's future Scholarship Program.**

STATUTORY AUTHORITY: 20-A M.R.S.A. Section 12107; 10 M.R.S.A. Section 969-A(14)

PURPOSE: Amend as necessary to implement the provisions of L.D. 853, "An Act to Encourage Maine Residents to Attend Medical School and Practice in Maine," and make any changes needed to efficiently administer the program.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by FAME Board: July, 2010; Public Hearing: August; 2010 Adoption Date: September, 2010.

AFFECTED PARTIES: Those who are eligible to receive scholarships.

CONSENSUS-BASED RULE DEVELOPMENT: The Authority does not intend to employ consensus-based rule development.

**EXPECTED 2009-2010 RULE-MAKING ACTIVITY:**

**CHAPTER 501: Kim Wallace Adaptive Equipment Loan Program Fund Board Rule.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 374(4), et seq.; 5 M.R.S.A. § 8051, 5 M.R.S.A. § 9001.

PURPOSE: To make such changes as are necessary to provide loans to eligible borrowers in the most efficient manner.

SCHEDULE FOR ADOPTION: Approval for Rulemaking: June 2010; Public Hearing: July 2010; Adoption Date: August 2010.

AFFECTED PARTIES: Individuals enabled to lead more independent lives as a result of equipment purchased with loan proceeds; businesses able to comply with the Americans Disability Act and the Maine Human Rights Act as a result of use of loan process.

CONSENSUS-BASED RULE DEVELOPMENT: The Board does not intend to employ consensus-based rule development.

**CHAPTER 502: Bylaws and Administration of the Adaptive Equipment Loan Program Fund Board.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 374(4), et seq.; 5 M.R.S.A. § 8051, 5 M.R.S.A. § 9001.

PURPOSE: To amend bylaws; administrative procedures, and the appeals process as necessary for the efficient administration of the Board and the Program.



SCHEDULE FOR ADOPTION: Approval for Rulemaking: June 2010; Public Hearing: July 2010; Adoption Date: August 2010.

AFFECTED PARTIES: Any applicant seeking to appeal a decision of the Board. Board members who are provided guidance in the operation of the Board.

CONSENSUS-BASED RULE DEVELOPMENT: The Board does not intend to employ consensus-based rule development.

**CHAPTER 801: Northern Maine Transmission Corporation.**

NEW RULE: Northern Maine Transmission Corporation—By-Laws and Operating Procedures

STATUTORY AUTHORITY: 10 M.R.S.A. § 9203(5); PL 2003, Ch. 506 § 9.

PURPOSE: To amend the By-laws and operating guidelines for the Northern Maine Transmission Corporation.

SCHEDULE FOR ADOPTION: Approval for Rulemaking: December 2009; Public Hearing: January 2010; Adopting Date: February 2010.

CONSENSUS-BASED RULE DEVELOPMENT: The Corporation does not intend to employ consensus-based rule development.

**CHAPTER 802: Northern Maine Transmission Corporation.**

NEW RULE: Transmission Facilities Project Program

STATUTORY AUTHORITY: 10 M.R.S.A. § 9203(5); PL 2003, Ch. 506 § 9.

PURPOSE: To amend the procedures and fees for review of transmission facilities projects.

SCHEDULE FOR ADOPTION: Approval for Rulemaking: December 2009; Public Hearing: January 2010; Adopting Date: February 2010.

CONSENSUS-BASED RULE DEVELOPMENT: The Corporation does not intend to employ consensus-based rule development.

AGENCY NAME: **Small Enterprise Growth Board**

**CONTACT PERSON:** Christopher H. Roney, Counsel, c/o Finance Authority of Maine, 5 Community Drive, PO Box 949, Augusta, Maine 04332-0949. Tel: (207) 623-3263. (croney@famemaine.com)

**EMERGENCY RULES ADOPTED SINCE LAST REGULATORY AGENDA:** None

**EXPECTED FY 2009 - 2010 RULEMAKING ACTIVITY:**

**CHAPTER 701: Small Enterprise Growth Board.**

STATUTORY AUTHORITY: 10 M.R.S.A. § 385.

PURPOSE: To amend and/or implement enhancements to the procedures and standards applicable to the Small Enterprise Growth Program, a statewide program that provides funding to eligible small businesses demonstrating potential for high growth and significant public benefit.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by Board: January 2010; Public Hearing: February 2010; Adoption Date: April 2010.

AFFECTED PARTIES: Small businesses demonstrating the potential for strong growth and public benefit will benefit from the Program.

CONSENSUS-BASED RULE DEVELOPMENT: The Board does not intend to employ consensus-based rule development.

AGENCY NAME: **Treasurer of State**

CONTACT PERSON: Christopher H. Roney, General Counsel, Finance Authority of Maine, 5 Community Drive, PO Box 949, Augusta, Maine 04332-0949. Tel: (207) 623-3263. (croney@famemaine.com)

**EMERGENCY RULES ADOPTED SINCE LAST REGULATORY AGENDA:** None

**EXPECTED 2009-2010 RULE-MAKING ACTIVITY:**

**CHAPTER 101: Linked Investment Program.**

STATUTORY AUTHORITY: 5 M.R.S.A. § 153, 5 M.R.S.A. § 135.

PURPOSE: To make such adjustments to the program as may be necessary to provide for its effective administration and to provide the most benefit to potential users of the program.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by Treasurer of State: February 2010; No Public Hearing Proposed; Adoption Date: April 2010.

AFFECTED PARTIES: Eligible agricultural enterprises.

CONSENSUS-BASED RULE DEVELOPMENT: The Treasurer does not intend to employ consensus-based rule development.

**CHAPTER 102: Linked Investment Program for Commercial Enterprises.**

STATUTORY AUTHORITY: 5 M.R.S.A. § 153, 5 M.R.S.A. § 135.

PURPOSE: To make such adjustments to the program as may be necessary to provide for its effective administration and to provide the most benefit to potential users of the program.

SCHEDULE FOR ADOPTION: Approval for Rulemaking by Treasurer of State: February 2010; No Public Hearing Proposed; Adoption Date: April 2010.

AFFECTED PARTIES: Eligible commercial enterprises.

CONSENSUS-BASED RULE DEVELOPMENT: The Treasurer does not intend to employ consensus-based rule development.



## **Alternative and Cooperative Delivery Efforts**

As noted under the discussion of constituency groups, FAME often uses intermediaries to deliver financial services. Lenders, investors, economic development entities and other state government agencies often partner with FAME business programs. Lenders, the Maine Association of Student Financial Aid Administrators (MASFAA), colleges, middle schools and high schools, hospitals, and government agencies all help deliver our education services. The use of intermediaries has several benefits:

- It extends FAME's reach by expanding its communication network in Maine via the intermediaries.
- It leverages state resources by requiring the intermediary to provide time and/or funds to the project, as well.
- It often helps Maine businesses and people by placing resource allocation decisions with the local communities that know their applicants well.

Three examples of programs that offer very clear alternative delivery methods are the Maine Economic Development Venture Capital Revolving Investment Program (VRIP), the Regional Economic Development Revolving Loan Program (REDLP), and educational outreach, including financial aid nights, financial literacy, college aspirations and savings.

The first program puts capital into the hands of private, professional venture capital investors by allowing the state to become a limited partner in a venture capital fund. This puts the investment decisions into the hands of professionals, but, at the same time, gives those professionals strong incentive to invest in deserving Maine companies.

The second program, also known as "REDLP," disburses funds to local economic development groups that then reinvest the funds as loans to businesses in the communities in which they operate. This program has benefitted Maine in two ways: it develops local sources of community funds for business finance and creates a larger pool of trained business lenders in our local communities.

In the third example, MASFAA works with FAME to deliver the standard FAME financial aid presentation to parents and high school students. This financial aid presentation provides an overview of the process and assists parents with the Free Application for Federal Student Aid (FAFSA). Maine hospitals work with FAME to educate Maine parents about the Harold Alfond College Challenge and the importance of saving for college.

In addition to delivering these and other specific programs enumerated in the program description section, FAME also partners with a variety of other agencies, boards, foundations and funds to coordinate assistance to Mainers such as the Fund Insurance Review Board, the Northern Maine Transmission Corporation, the Kim Wallace Adaptive Equipment Loan Program, and the Maine Health Access Foundation. Among others, FAME actively partners with the Maine Departments of Agriculture, Economic and Community Development, Education, Environmental Protection, and Labor; the Governor's Office of Energy Independence and Security; the Maine Public Utilities Commission/Efficiency Maine; the U.S. Small Business Administration; the U.S. Departments of Education and Energy; Maine's regional economic development agencies; and Maine's public and private educational institutions.

## FAME PARTNERSHIP PROGRAMS

### Maine Department of Labor

#### **Occupational Safety Loan Program**

Loan underwriting and servicing  
Fund management

#### **Lifelong Learning Accounts (LiLA) Program**

### Kim Wallace Adaptive Equipment Loan Program

Contractor management  
Loan underwriting and servicing  
Fund management  
Board administrative support

### Maine Department of Economic and Community Development

#### **Development Fund**

Loan underwriting and servicing

#### **Business Assistance Program**

Loan underwriting and servicing

### Northern Maine Transmission Corporation

Fund and contract management  
Contractor management  
Negotiations  
Board administrative support

### Maine Public Utilities Commission/Efficiency Maine

#### **Energy Conservation Loan Program**

Loan underwriting

### Family Development Account Program

Advisory board support services  
Tax credit approval  
Contractor management

### Fund Insurance Review Board

Contractor management  
Board support  
Appeals review and follow-up  
Fund management

### Agriculturally Derived Fuel Products Utilization Task Force

Staff support  
Grant development

### Department of Agriculture

#### **Potato Market Improvement Fund**

Loan underwriting and servicing

#### **Agricultural Market Loan Fund**

Loan underwriting and servicing

### Small Enterprise Growth Fund

Accounting  
Fund management support

### Maine Rural Development Authority

Rural economic development

### Alfond Scholarship Foundation

#### **Harold Alfond College Challenge**

### Maine Compact for Higher Education

Higher Education issues

### Maine Association of Student Financial Aid Administrators (MASFAA)

#### **College Goal Sunday**

### GEAR UP

Maine Department of Education

### Delta Dental Plan of Maine

Dental loan and loan repayment

### Maine Health Access Foundation

Electronic medical records loan fund

### Maine Department of Health and Human Services

Dental loan repayment and dental equipment revolving loan fund



## Emerging Issues

This is an interesting time to discuss emerging issues. In recent years, the economic situation, coupled with increasing demand and diminishing resources at FAME, have presented quite a challenge. Being able to provide effective and timely service to meet the needs of our customers has, in such a difficult environment, been quite a victory in and of itself. As we prepare for the future, FAME faces the following emerging issues:

### **Economic Challenges: Determining the Correct Level of Risk**

The staggering effects of the past year's recession will take years to overcome. Maine businesses will continue to face challenges as people continue to pay down debt and limit their use of credit for purchases, and financial institutions remain more guarded in their extension of credit. Accordingly, for the next several years, FAME's core products--loan insurance to help lenders take additional risk and direct loans that assist businesses to which banks will not lend--will be key components to helping Maine businesses and the Maine economy recover. Determining the correct level of risk will be a challenge for FAME. While FAME is expected to take more risk than financial institutions, FAME is also expected to be a guardian of taxpayer funds. It is inevitable that FAME's losses will be higher during this recession, but FAME also must take care that losses remain sustainable to assure our capacity into the future.

### **Meeting New Needs: Supporting Maine's Small Businesses**

Maine has undertaken and executed an important initiative to ensure there are technical and financial resources available for innovative businesses and creative ideas through a myriad of resources, including the Maine Technology Institute, the Maine Manufacturing Extension Partnership, public and private collaborations through the University of Maine and other public college campuses, as well as the recent focus on entrepreneurship education. There is a general consensus that these programs have nurtured numerous businesses and the emerging cluster in composites that will be essential to Maine's economic future. There remains, however, the unmet need of businesses that have produced a workable project or service, but require additional funds to determine whether the product can be produced on a commercial scale. Such funds historically came from angel investors and friends and family willing to take on such risk. Such investors have become increasingly risk averse, however, seeking instead to invest in products that have demonstrated some commercial viability. The Maine Seed Capital Tax Credit Program is instrumental in encouraging such investments. Enhancing its potential as a tool to encourage additional investments should be considered. Additionally, FAME will need to work with its partners to develop a high-risk pool of funds that may be used to take promising products to the next phase of their development.

### **Alternative Energy Generation and Conservation: Ensuring that Maine Remains Competitive**

Just as it is essential to develop resources to move forward Maine's emerging small businesses, finding a way to finance hugely expensive alternative energy generators and help businesses conserve energy will be crucial to Maine's continued growth and prosperity. FAME has some tools that can assist in these endeavors, tax exempt bonds and loan insurance, but projects of this size will require resources beyond what FAME can appropriately accommodate with current resources.

### **Sweeping Federal Student Loan Changes: Preparing for the Termination of FFELP**

Since 1990, FAME has served as the state-designated guarantor of student loans made through the Federal Family Education Loan Program (FFELP). In that capacity, FAME has offered default prevention services, helped students attending schools that closed mid-way through the year, and created a comprehensive outreach and counseling program that we were able to build upon with the federal College Access Challenge Grant money. Importantly, FAME has used FFELP revenues to support each of the state student financial assistance programs we administer. These revenues have allowed FAME to use less than 3% of its General Fund appropriation annually to support the administration of all of the state programs, and allowed us to develop effective and efficient Web-based disbursement tools. If FFELP is terminated as currently proposed by the Obama Administration and Congress, FAME will need to use more of its annual appropriation and/or find other sources to support the administration of the state student financial assistance programs. With the costs of higher education higher than ever, it also is essential that the state's commitment to need-based grant funding, such as the Maine State Grant Program, be preserved and strengthened.

### **Financial Literacy and College Aspirations: Preparing the Next Generation**

Maine has a unique opportunity to develop college aspirations and financial literacy for Maine students by using the foundation created through the Harold Alfond College Challenge. Soon most Maine babies will have a college savings account thanks to this first-in-the-nation program. Maine parents will receive quarterly reminders, not only of the college account for their children, but also about the importance of nutrition, literacy, science, technology, engineering and math (STEM) education, and financial literacy for their children's future. It is imperative that other services be developed to complement the message being received at home quarterly. FAME is in a unique position to expand the many financial literacy, college aspirations, career development and student financial assistance services it provides and to coordinate the many wonderful opportunities offered by other organizations across the state. These possibilities may be very much constrained, however, if the Federal Family Education Loan Program (FFELP) is terminated as provided under legislation being considered in Congress. As noted above, as a FFELP guarantor, FAME is obligated to provide outreach services to Maine families. FAME has a similar mandate under state law; however, the state has never funded that mandate. FAME has instead used funds earned through the FFELP to provide the services meeting both the state and federal mandate. For the current year, FAME has been able to supplement those funds with federal funds received through the College Access Challenge Grant to build on and expand the services provided. A challenge for FAME will be to develop resources to meet these needs with the expected termination or significant reduction of the FFELP.

### **Educating Maine's Workforce: Ensuring that Maine Workers Have the Skills Businesses Need**

Over the years, the Legislature has developed several financial aid-based programs designed to encourage development of certain needed workforce resources, including those that encourage students to pursue careers as teachers, quality day care providers, school-based speech therapists, primary care physicians, dentists, engineers, and nurse educators. Not all of these initiatives have been funded, however. It is essential that there be an evaluation of the true workforce needs of the state and an aligning of the use of limited resources to ensure that loan forgiveness and loan repayment programs are being targeted where they will do the most good to meet the emerging needs of Maine's employers.