

## OFFICE OF POLICY AND LEGAL ANALYSIS

Date: March 3, 2021

To: Committee on Innovation, Development, Economic Advancement and Commerce

From: Rachel Olson, Legislative Analyst

### **LD 292 “An Act To Increase the Minimum Grant Amount under the Maine State Grant Program” (Pierce)**

#### **SUMMARY**

This bill amends the law to specify that the minimum grant amount under the Maine State Grant Program within the Finance Authority of Maine may not be less than \$2,500 if sufficient funds are appropriated for that purpose.

The bill provides ongoing funds of \$10,000,000 per year beginning in fiscal year 2021-22 to the Maine State Grant Program within the Finance Authority of Maine to increase the minimum grant award from \$1,000 to \$2,500.

#### **TESTIMONY**

**Proponents:** Rep. Teresa Pierce, sponsor; Rep. Ed Crockett, co-sponsor; Katherine Johnston, Educate Maine; James Myall, Maine Center for Economic Policy; Bill Norbert, FAME; Tawnee Roberts, UMF student and grant recipient; Jamie Santiago, Director of Financial Aid at UMA; Becky Smith, MCCS; Aurora Turmelle, UMF student and grant recipient; Daniel Walker, MICA;

- Lowest income students face significant financial burden
- Grant money will go a long way in supporting young people in the state
- High-need students still face an average of \$5,500 gap to cover costs at UMS (after federal loans)
- Students often have to choose between going to/staying in school or working more hours in order to make ends meet
- Pandemic has made the need even greater
- Investments now pay off for individuals and Maine communities down the line
- This increase is long over-due, current grant has not kept pace with inflation
- This change to a \$2,000 minimum is only if funds are available; would not want to see an increase for some and others not receiving anything
- Demand for need-based assistance is increasing, outpacing aid
- Critical to improving individual well-being, meeting employer needs, and to the state’s overall economic growth
- Represents ERC takeaways of capitalizing on infrastructure and assets already in place and creating educational and training pathways for Maine’s workforce
- Commission to Study College Affordability and Completion from 126<sup>th</sup> Legislature (2014) recommended increase to \$2,500
- Bill is consistent with first recommendation of Decennial Review
- Grant money turned dreams into reality

**Opponents:** None

**Neither for nor against:** None

## INFORMATION REQUESTS:

- The Maine State Grant award for full-time students was increased from \$1,000 to \$1,500 in academic year 2015-2016 (July 1, 2015 – June 30, 2016)

## ADDITIONAL INFORMATION:

- [FAME's Decennial Review of the Maine State Grant Program](#)

## FISCAL IMPACT:

- [Fiscal Note Required](#)
  - *Fiscal Detail and Notes:* This bill includes ongoing General Fund appropriations of \$10,000,000 per year beginning in fiscal year 2021-22 to the Student Financial Assistance Programs within the Finance Authority of Maine to increase the minimum grant award for the Maine State Grant Program from \$1,000 to \$2,500.

## LINKS:

- [LD 292](#)
- [Title 20-A, Chapter 419-A: Maine State Grant Program](#)

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### Statute of reference

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#### §11614. Determination of grants

Grants to eligible students must be determined as follows, subject to the limitations set forth in section 11613.

**1. Priority for awards of grants.** Students with the lowest expected family contributions must be given priority over all other eligible students for the awards of grants.

**2. Minimum amount.** It is the intent of the Legislature that grants awarded under this chapter, except as provided in subsections 4, 5 and 6, may not be less than \$1,000. The authority may establish by rule increased grant amounts for students attending their 2nd, 3rd and 4th years, or the equivalents thereof, at institutions of higher education. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

**3. Scholarships for students attending private institutions.**

**4. Prorated grants.** A grant recipient whose course load is reduced from full time is entitled to receive a grant prorated for that term of the recipient's enrollment.

**5. Withdrawal.** If a recipient of a grant withdraws from an institution and the student is entitled to a refund of tuition, fees or other charges, the institution shall make a refund payment directly to the authority in accordance with the institution's refund policy.

**6. Safety net.** Notwithstanding the provisions of this section, the authority may not allocate less in grants under this chapter for students attending the University of Maine System, the Maine Maritime Academy, the Maine Community College System and private postsecondary institutions than was allocated for students in each of those institutions or groups of institutions of higher education in 1988-89.

**7. Part-time students.** The authority may allocate grants to eligible part-time students. The authority must establish eligibility criteria by rulemaking pursuant to the Maine Administrative Procedure Act.

**8. Exception for certain public institutions outside the State.** The authority may adopt rules establishing criteria and an application process for making grant awards to students who wish to pursue a course of study available only at a public institution outside the State as part of the New England regional student program offered by the New England Board of Higher Education established by Title 5, section 12004-K, subsection 2. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.