



**Testimony by William Norbert
Governmental Affairs and Communications Manager**

In Support of L.D. 258

An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2023, June 30, 2024 and June 30, 2025

**Joint Standing Committee on Appropriations and Financial Affairs
Joint Standing Committee on Innovation, Development,
Economic Advancement & Business**

February 15, 2023

Senators Rotundo and Curry, Representatives Sachs and Roberts, and Distinguished Members of the Joint Standing Committees on Appropriations and Financial Affairs and Innovation, Development, Economic Advancement & Business:

My name is Bill Norbert. I am the Governmental Affairs and Communications Manager at the Finance Authority of Maine (FAME). I live in Brunswick and am here to testify in support of the Governor's proposed initiatives found on pages A-293 – A-299 of your printed materials.

FAME is a quasi-independent state agency that provides financial solutions that help Maine people achieve their business and higher education goals. We create business and educational opportunities through our willingness to invest at greater risk based on public benefit. FAME's mission is to provide financial solutions that help Maine people achieve their business and higher educational goals. Our vision is to help create a Maine workforce with good paying jobs by focusing on the nexus of economic and educational development.

To begin with, I would like to point out that most of the items discussed here today are flat-funded lines. There are two new initiatives, however, and these relate to funding to continue the Maine Health Care Professionals Loan Repayment Pilot Program and increased Maine State Grant funding.

The first FAME program may be found on Page A-294 of your materials. Although not a new budget initiative this year, it reflects that \$1 million in federal ARPA funding, approved during the 130th Maine Legislature, is budgeted in FY 23-24 for the **Doctors for Maine's Future Scholarship Program**. This program provides a tuition subsidy of fifty percent of the cost of attendance annually, up to a maximum of \$25,000

per student annually, for eligible students who enter qualifying Maine-based medical school programs. For each student funded with a Doctors for Maine's Future Scholarship, the participating medical schools fund an additional scholarship on similar terms. Thus, the program in effect has a 1:1 match ratio. The goal of the program is to increase the number of physicians in the state who practice in primary care, underserved specialties, or underserved areas of Maine. The Maine Medical Center-Tufts University Medical School and the University of New England College of Osteopathic Medicine participate in the program.

The second program, also found on Page A-294, is termed as the **Educational Opportunity Tax Credit Marketing Fund**. \$75,000 is provided for in both years of the biennium for ongoing marketing of the newly named **Student Loan Repayment Program**, formerly known as the **Educational Opportunity Tax Credit**. As you will recall, last Legislature the program was simplified and renamed, providing for up to \$25,000 in lifetime refundable tax credits (or \$2,500 per year) for eligible Maine residents who make student loan repayments. Maine Revenue Services administers that tax credit, but FAME helps to market it. FAME has been directed by the Legislature to contract with a private, nonprofit entity to help market the tax credit. FAME contracts with Live and Work in Maine, LLC, to help publicize the program. Live and Work in Maine, LLC has been doing a good job at increasing awareness of this credit. Among other things, they have been targeting graduating Maine students and former Maine residents to retain and attract them to Maine. We are grateful for the Administration's support of continued funding for these marketing funds. It helps Maine businesses and taxpayers with loan debt to become better aware of this important and underutilized tool for workforce attraction and retention.

The third program is found on the top of Page A-295 of your materials and concerns Fund for A Healthy Maine allocations to the **Maine Dental Education Loan and Loan Repayment Programs**, which are administered by FAME. There is no new initiative here, but the budget provides flat funding of \$237,740 in each year of the biennium for the program's continued operation.

The Maine Dental Education Loan and Loan Repayment Programs provide need-based, forgivable loans of up to \$25,000 annually to Maine residents pursuing postgraduate education in dentistry and loan repayments up to \$25,000 annually for dentists providing services to underserved populations in Maine. The proposed funding will allow for the selection of new participants in the program and provide continued funding for students needing loans and loan repayment as dentists practicing in underserved areas in Maine. FAME will be able to meet its commitment to existing program participants, as well as add approximately four new participants. A commitment in this program is four years for both students receiving loans and for dentists receiving loan repayments.

The fourth item relates to the **Maine Area Health Education Centers (AHECs)** and is also found on Page A-295 of your printed materials. The budget proposes flat funding of \$110,000 in FY 23-24 and \$110,000 in FY 24-25. This is "pass-through" money which FAME transfers to the University of New England, which helps to fund the rural health workforce development programs in the Area Health Education Centers

located in Bangor, Farmington and Presque Isle. These funds are matched 1:1 by the Health Resources and Services Administration (HRSA) within the U.S. Department of Health and Human Services.

The AHEC network works to alleviate shortages of health professionals in Maine's rural and underserved areas by actively engaging with academic and community partners to:

- Encourage Maine youth and mid-career professionals to explore health careers and create a "pipeline" to target those Maine residents, particularly those from rural areas with the most likelihood of staying within Maine to live and work;
- Provide rural, community-based clinical training experiences for medical and other health professions students. Evidence shows that where students' initial placements occur creates a likelihood that they will return to practice in those communities; and
- Support practicing health professionals with continuing education and distance learning opportunities to train and retain Maine health professionals within the state of Maine.

The fifth program pertains to the **Foreign Credentialing and Skills Recognition Revolving Loan Program Fund**. It may be found on page A-296 of your materials and proposes continued funding of \$75,000 in each year of the biennium. This program was established to provide small loans to assist eligible immigrants living in Maine who are not yet eligible to work in the United States. Loans up to \$700 are available to help pay for the costs associated with the process of becoming work-ready while waiting for issuance of a work permit by federal immigration authorities.

The sixth item, which is found on Page A-297, relates to the **Maine Health Care Provider Loan Repayment Pilot Program**. It provides the first new "initiative" in the budget for a FAME program. Part "SS" of the budget language would transfer \$4 million in FY 23-24 from the unappropriated surplus of the General Fund to this program. The \$4 million in one-time federal ARPA funds would enable the program to make loan repayments to eligible program participants to address critical workforce shortages exacerbated by the COVID-19 pandemic, including but not limited to, the behavioral health and oral care sectors. The program is designed to attract and retain health care professionals in Maine by repaying outstanding student loans of selected participants who commit to living and working in Maine for at least three years. FAME will pay up to \$25,000 per year or, in aggregate, the lesser of \$75,000 or 50% of the recipient's outstanding loan balance. During the first round of this pilot program, FAME received over 1,000 applications from interested health care professionals. We were only able to fund 18 individuals with the limited \$1 million we were provided by the state, however. We would like to use this money to help the other qualified individuals who applied previously, as well as perhaps consider new applications if funds permit.

The seventh program, found on Page A-298, pertains to the **Small Enterprise Growth Fund**, which does business as the Maine Venture Fund. The budget proposes to continue the \$500,000 in ongoing funding for the Maine Venture Fund. FAME administers the money for this separate and independent entity. It is a professionally

managed fund that invests exclusively in Maine-based companies that demonstrate a potential for substantial growth and success that will contribute to Maine's prosperity. Joe Powers is the managing director of the Fund, and he is also submitting testimony in support of this line. Since inception, the Fund has invested over \$28 million in more than eighty Maine companies; has a current portfolio of thirty-three companies; and has had several profitable "exits," including four in FY 2017, including Certify, which has over 150 employees in Portland. Companies in the Maine Venture Fund portfolio include Sea Bags, a manufacturer located on the working waterfront in Portland, which now has over 100 employees working across a variety of skilled, well-paying jobs and a strong Maine brand that is known far beyond the borders of our state. Other notable companies include Tanbark in Saco, Coursestorm in Orono, and BlueTrace in Castine, providing innovative solutions in forestry, software and aquaculture, respectively.

The eighth line, found at Page A-299 of your materials, provides funding for FAME's **Student Financial Assistance Programs** in the amounts of \$32,890,394 in FY 23-24 and FY 24-25 of the biennium. The programs funded through this line of the budget include the Maine State Grant Program; the Educators for Maine Program; the Maine Health Professions Loan Program; the Maine Veterinary Medicine Loan Program; and the Doctors For Maine's Future Scholarship Program. The initiative here, the second of two regarding FAME, provides \$10 million (\$5 million more in each year of the biennium) in Other Special Revenue Funds to increase Maine State Grant awards for full-time students from \$2,500 to \$3,000 per academic year.

FAME is excited about and deeply appreciative of Governor Mills's proposal to boost the Maine State Grant again. The **Maine State Grant** is the state's basic need-based undergraduate grant program. We award on average approximately 12,500 Maine students a maximum grant of \$2,500 annually (full-time) and \$1,250 (part-time) through this appropriation. Over the years, the Legislature has continually emphasized the preeminent position of this program amongst FAME's higher education programs, and we have, accordingly, given it top priority in General Fund budgeting. Thanks to the Governor's and to the Legislature's support, in recent years we have been able to increase full-time awards from \$1,500 to \$2,500, and now if enacted, this new funding will enable us to increase the award to \$3,000 per year.

Another program funded through this line of the budget is the **Educators for Maine Program**. The Educators for Maine Program is a merit-based forgivable loan of no less than \$3,000 for Maine undergraduate students and no less than \$2,000 for Maine graduate students annually pursuing initial certification as a teacher, including speech pathology or a career in early childhood education. Loans are forgiven if the student teaches or serves as a speech pathologist in an eligible elementary or secondary school or a quality childcare program in Maine. The program currently funds about forty new loans and approximately seventy-five renewals per year.

The **Maine Health Professions Loan Program**, different from the loan repayment program mentioned above, is also a part of this budget line. The program features a repayable loan of up to \$25,000 per year for Maine residents pursuing post-graduate medical, dental, or veterinary education. The loan provides a zero percent

interest rate incentive to encourage recipients to practice primary care medicine or dentistry in underserved areas of Maine.

Another program funded through this line is the **Maine Veterinary Medicine Loan Program**. This previously was a need-based forgivable loan for large-animal veterinary students enrolled in a program leading to a Doctor of Veterinary Medicine degree. Loans in the amount of \$25,000 annually were available to students. As a result of successful legislation sponsored last Legislature by Representative Fay, beginning in academic year 2023-24, the program will be expanded (funds permitting) as follows: increased number of loans that may be awarded from two per year to eight per year, with overall aggregate program loans increased from eight to thirty-two; at least half of these (and no fewer than two) must be awarded to livestock veterinary students, unless we do not receive enough applications, in which case we may award remaining loans to other eligible applicants; increased maximum loan amounts from \$25,000 per year to \$35,000 per year; expanded program eligibility to veterinarians who practice “emergency and critical care” (to be defined by the Department of Agriculture, Conservation, and Forestry (DACF), but to include non-livestock animals like cats and dogs); and expanded program eligibility to veterinarians of any kind who practice in “underserved geographic regions” (to be defined by DACF, but priority must be given to Aroostook, Oxford, Penobscot, Piscataquis, Somerset, and Washington Counties).

The **Doctors for Maine’s Future Scholarship Program**, referenced previously, also receives \$400,000 from this line to help continue its operation.

We are grateful for the Governor’s funding proposals for FAME’s student financial assistance programs and would appreciate your continued support of increasing access to higher education in Maine. We know you face numerous competing priorities, but we wish you all the best in your work and deliberations.

Thank you for this opportunity and I would be happy to answer any questions.