



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

In Support of and In Partial Opposition to L.D. 210

An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027

**Joint Standing Committee on Appropriations and Financial Affairs
Joint Standing Committee on Education and Cultural Affairs**

February 7, 2025

Senators Rotundo and Rafferty, Representatives Gattine and Murphy, and Distinguished Members of the Joint Standing Committees on Appropriations and Financial Affairs and Education and Cultural Affairs:

My name is Bill Norbert. I am the Governmental Affairs and Communications Manager at the Finance Authority of Maine (FAME). I am here to testify in support of the Governor's proposed budget lines found on pages A-289 – A-292 of your printed materials, but against the General Fund Bill Language initiative set forth in Part CCCC at pages 126-127.

FAME is a quasi-independent state agency whose mission is to enrich business and educational outcomes through relevant, timely financial support to Maine's people. Our vision is a Maine where all people have access to improved economic outcomes through business growth and education attainment.

To begin with, I would like to point out that all of the items discussed here today are zero-funded or flat-funded lines of the biennial budget, with the exception of the initiative contained in Part CCCC of the Language document. There are no new initiatives associated with the other programs.

The first program is found on the top of Page A-289 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 programs' continued operations. 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. A commitment in this program is four years for both students receiving loans and for dentists receiving loan repayments. Effective academic year 2024-2025, the Legislature amended the program to include dental hygienists, dental therapists, expanded function dental assistants, and dental assistants, as well. No new funding was provided, however. In FY 24, the Maine Dental Loan Program disbursed \$275,000 to assist eleven students (three initial loans and eight renewals). Students received awards ranging from \$10,000 to \$25,000 each.

The second item may be found at Page A-292 of your materials. It provides flat funding for FAME's **Student Financial Assistance Programs** in the amounts of \$27,890,394 in FY 25-26 and FY 26-27 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. There are no new initiatives here.

The vast majority of funding in this line goes to the **Maine State Grant Program**, which is the state's basic need-based undergraduate grant program. We award on average approximately 15,000 Maine students a 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. Last Legislature, Governor Mills proposed increased funding to the program to enable increasing awards for full-time students from \$2,500 to \$3,000 per year. We enthusiastically supported that proposal and were disappointed that the Legislature did not ultimately enact a budget that included it. The grant has not kept pace with inflation and rising college costs, so we look forward to a day when the budget and state revenues will support an increase in funding to allow for an increase in the grant amounts.

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** 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. Last year, forty-eight students were assisted

with loans through the program and nine borrowers were granted forgiveness in return for their service.

Another program funded through this line is the **Maine Veterinary Medicine Loan Program**. Loans in the amount of \$25,000 annually were available to students. Beginning in academic year 2023-24, the program was expanded 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). Nine veterinary students were assisted with loans last year.

The **Doctors for Maine’s Future Scholarship Program** receives \$400,000 in funding annually through this appropriation. The program has benefitted from periodic appropriations by the Legislature, as well, and now has approximately \$984,000 remaining in the fund. 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. We realize the budget is tight and tough, but we are hopeful, as are the various program stakeholders, that additional funding might be provided to the program in the near future to allow us to continue making awards near the current levels. Due to declining funds, last year we reduced the number of awards from five to three per medical school and these awards will be reduced further to two per school by 2029-30 should no new funding be provided.

We are grateful for the Governor’s proposed continued funding for these important programs, which help to increase access to various forms of higher education and also help to meet our state’s workforce needs. We would appreciate your continued support, as well. We know you face numerous competing priorities in a challenging budget environment, and we wish you all the best in your work and deliberations.

Finally, with respect to the Proposed Language on pages 126-127 in **Part CCCC** of the budget: this initiative by the Governor would limit use of Maine State Grant awards to students attending a Maine public institution of higher education, except under limited circumstances, and would preclude Maine State Grant awards to students attending a private institution of higher learning in the state. There is no fiscal impact to

the proposed change; it is, rather, a policy choice on how best to utilize these public dollars. The Governor believes that public dollars should be limited to Maine students attending Maine public higher educational institutions. Although we understand the Administration's policy preference on this matter, we respectfully disagree with this proposed change. Limiting use of the grant to students attending a Maine public institution of higher education would be a major change to the program and it is important to understand its potential impact on Maine students. Historically, FAME and key program stakeholders, including the Legislature, have supported a grant that is student-centered and based on a student's individual needs and educational choices, whether it be to use the grant at Husson University or Thomas College or at University of New England or at the University of Maine System or the Maine Community College System. FAME's 2021 *Decennial Review of the Maine State Grant Program: Report to the Joint Standing Committee on Education and Cultural Affairs of the 130th Maine Legislature (First Session)* recommended that the Legislature keep the program student-centered, not institution-centered, and continue allowing for student choice as to which institution best meets their needs. That report was informed by student surveys, stakeholder participation (including financial aid officers and higher education institution representatives), and FAME's own review of the history and data associated with the program. Stakeholders in that process acknowledged the good core elements of the program and the importance of maintaining the program's key attributes -- it is student-centered, easy to understand, and based on need. Moreover, stakeholders emphasized that the grant is an essential piece of the financial aid package for many students and families, and that funding should be increased (and it was) in order to address the needs of Maine students and the workforce.

Please consider recent program utilization:

- Last year, 82% of Maine State Grant award dollars went to students attending one of Maine's public higher educational institutions (UMS, MCCA, Maine Maritime Academy)
- 18% of total Maine State Grant funding last year went to students attending one of Maine's private institutions of higher education (\$5 million of \$28 million)
- Of that \$5 million, \$224,000 went to students attending Bowdoin, Bates, or Colby Colleges (combined)
- More students used the grant at Husson University (\$1.8 million); Thomas College (\$628,000); University of New England (\$449,000); and St. Joseph's College (\$431,000)
- New England Board of Higher Education (NEBHE) Compact students represented \$81,000 only (.29% of funds)
- For profit schools: \$1.1 million

For the 18% of Maine State Grant students using the award last year for their studies at a Maine private higher ed, many of which do not enjoy significant endowments, the grant remains an important piece of their financing package. These schools, like our public higher eds, also help to meet the students' and our state's workforce needs in such fields as health care. This of course is ultimately a policy choice

for lawmakers, however, and we would be pleased to serve as a resource for you as you consider your options.

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