

HOUSE RESEARCH

Bill Summary

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Subject: Student loan entrance counseling.

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Overview

H.F. 1928 requires the Office of Higher Education (OHE) to publish a student loan entrance counseling video on its website, as well as written materials with information for students considering taking out student loans. Public and private postsecondary institutions must require students to view the video on the OHE website prior to releasing the first disbursement of a student's loan. The bill appropriates funds to OHE to develop the video and written materials.

Section

1 Student loan entrance counseling.

Subd. 1. Applicability. Specifies that the bill applies to all public and private postsecondary institutions in Minnesota that are subject to registration or licensure, including private career schools.

Subd. 2. Definitions. Defines the terms "student borrower" and "student loan" for the purposes of chapter 136A. The bill defines student borrower as any person who obtains a student loan for the purposes of attending a postsecondary institution in the state. The bill defines student loan as a loan issued by a government or nonprofit entity that is used for the cost of pursuing a degree at a private or public postsecondary institution.

Subd. 3. Commissioner of Office of Higher Education; duties. Requires the Office of Higher Education to make a student loan entrance counseling video publicly available on its website. Specifies the components that must be included in the video. The video must include a discussion of the following items:

Section

- The use and significance of a promissory note.
- The seriousness and importance of the repayment obligations a borrower is assuming.
- The possible consequences of a default.
- Information about the average indebtedness for student borrowers attending public and private institutions in Minnesota.
- The average anticipated monthly repayment for student borrowers with average levels of indebtedness.

The commissioner must also publish entrance counseling information in a written format with, at a minimum, the same components as the video.

Subd. 4. Public and private postsecondary institutions; duties. Requires postsecondary institutions to ensure that a student has viewed the video created under subdivision 3 prior to releasing the first disbursement of a student's loan. Institutions must also provide students with the written materials required under subdivision 3.

Prior to an institution releasing a student's first loan disbursement, student borrowers must sign a statement of understanding acknowledging that they have viewed the video created under subdivision 3. Postsecondary institutions must maintain documentation substantiating their compliance with these requirements.

- 2 **Appropriation.** Appropriates money to the Office of Higher Education to develop the video and printed materials required under section 1, subdivision 3.