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Overview

H.F. 319 establishes a loan forgiveness program in the Office of Higher Education (OHE) for Minnesotans who work outside of the seven-county metropolitan area.

The program provides up to \$3,000 in loan forgiveness for each 12-month period that an individual works full time in a position with a work site in greater Minnesota. An individual may receive a loan forgiveness award from the program a maximum of five times. The program is limited to Minnesota residents who earned a higher education credential, have a qualifying student loan balance, who worked full time for a 12-month period at a work site in greater Minnesota, and who have a debt-to-income ratio of at least .1.

The bill appropriates \$10,000,000 in fiscal year 2018 and in fiscal year 2019 to OHE for the program, of which 3 percent may be used for administration.

Section

1 Greater Minnesota loan forgiveness program. Establishes a student loan forgiveness program for residents of greater Minnesota.

Subd. 1. Definitions. (a) Stipulates the terms defined have the meanings given.

(b) Defines “greater Minnesota” as the area outside of the Metropolitan Council’s jurisdiction. This is the area outside of the seven-county metro area, but including portions of Hanover, Northfield, New Prague, and Rockford that lie just inside the seven-county boundary.

Section

- (c) Defines “debt-to-income ratio” as an applicant’s monthly student loan payment obligation under a standard ten-year repayment plan, divided by the applicant’s monthly income.
- (d) Defines “qualifying educational institution” as an institution that is eligible to participate in federal student lending programs.
- (e) Defines “qualifying position” as a position as an employee for which the primary work site is in greater Minnesota.
- (f) Defines “qualifying student loan” as a government, commercial, or foundation loan for higher education expenses.
- (g) Defines “working full time” as working an average of 30 hours per week.

Subd. 2. Program established. Requires OHE to establish a greater Minnesota loan forgiveness program. Stipulates that appropriations do not cancel and are available until expended.

Subd. 3. Eligibility. (a) Defines eligibility criteria for the program. To participate, an applicant must be a Minnesota resident, have a qualifying student loan balance, have earned a credential from a qualifying educational institution, have worked full-time for a 12-month period in a qualifying position, and have a debt-to-income ratio of at least .10.

(b) Stipulates that an applicant may receive one loan forgiveness award for each 12-month period the applicant works for a qualifying employer. Limits an individual to receiving a maximum of five loan forgiveness awards.

Subd. 4. Application. Requires an applicant to apply in a form and manner established by the commissioner, and to reapply annually to receive multiple awards.

Subd. 5. Prioritization. If appropriations are insufficient, requires OHE to prioritize applicants with a student loan balance of at least \$5,000 and working in occupations that do not qualify for loan forgiveness programs limited to particular occupations.

Subd. 6. Amount of forgiveness. Requires OHE to provide loan forgiveness on a funds available basis. Limits awards to the lesser of \$3,000, ten percent of an applicant’s loan balance the first year the applicant applied, or the remaining balance on the applicant’s loans.

Subd. 7. Disbursement. Requires OHE to directly disburse an award to a participant’s student loan servicer.

Subd. 8. Fund established. Establishes a fund for the purposes of administering the program. Stipulates that appropriations do not revert to any other state fund at the end of a fiscal year, but remain in the fund and are continuously available.

Subd. 9. Reporting. Requires OHE to annually report to the higher education and economic development committees of the legislature on the program. Describes the data that must be included in the report.

Section

2

Appropriation; greater Minnesota loan forgiveness program.

Appropriates \$10,000,000 from the general fund in fiscal year 2018 and fiscal year 2019 for grants under the loan forgiveness program established in section 1. Permits three percent of the appropriation to be used for administration of the program.