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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3963

04/25/2016 Authored by Kahn

The bill was read for the first time and referred to the Committee on Higher Education Policy and Finance

1.1 A bill for an act
1.2 relating to higher education; requiring development of a pilot program for higher
1.3 education income-share agreements; appropriating money.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **DEVELOPMENT OF AN INCOME-SHARE AGREEMENT PILOT**
1.6 **PROGRAM PROPOSAL.**

1.7 Subdivision 1. **Development of a pilot program proposal.** (a) For the purposes of
1.8 this section, "income-share agreement" means a method of financing higher education in
1.9 which a student signs a contract to pay to the state of Minnesota, or to the institution in
1.10 which the student is enrolled, a certain percentage of the student's annual adjusted gross
1.11 income for a specified number of years upon graduation from the institution.

1.12 (b) The commissioner of higher education must convene a working group to design
1.13 a proposal for a pilot program to pay for higher education costs for participating students
1.14 using income-share agreements. The working group must include the president of the
1.15 University of Minnesota, the chancellor of the Minnesota State Colleges and Universities,
1.16 student representatives from both systems, and other interested stakeholders as determined
1.17 by the commissioner.

1.18 (c) The commissioner must submit a report to the legislature describing the pilot
1.19 program proposal no later than January 31, 2017. The report must describe any legislation
1.20 required for implementation of the pilot program, including an estimate of the funding
1.21 required.

1.22 Subd. 2. **Proposed pilot program.** (a) The pilot program proposal designed
1.23 under this section must:

2.1 (1) identify institutions, or individual programs within an institution, to participate in
2.2 the pilot program and the duration of their participation;

2.3 (2) specify the number of years of payment and the percentage of annual adjusted
2.4 gross income required for payment contracts at each institution, or within each program,
2.5 participating in the pilot program;

2.6 (3) identify potential sources of start-up and ongoing funding for the pilot program,
2.7 including a determination on the feasibility of financing the pilot program through revenue
2.8 bonds and establishing a revolving fund to deposit payments made once the pilot program
2.9 begins;

2.10 (4) specify whether income-share agreements under the pilot program should
2.11 cover part or all of the costs of attending a higher education institution for participating
2.12 students; and

2.13 (5) other details of the proposed pilot program, as determined by the commissioner
2.14 in consultation with the working group.

2.15 (b) The terms of the proposed pilot program and associated payment contracts may
2.16 vary by institution or participating program, taking into consideration the total cost of
2.17 education at the participating institution or within the participating program, the portion of
2.18 the total cost of education paid by the state of Minnesota under current funding structures,
2.19 and other appropriate factors as determined by the commissioner.

2.20 Subd. 3. **Appropriation.** \$..... in fiscal year 2017 is appropriated from the general
2.21 fund to the commissioner of higher education to develop the income-share agreement
2.22 pilot program proposal under this section.

2.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.