

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2501

03/08/2016 Authored by Thissen

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; establishing a state educational service award
1.3 for certain volunteers; appropriating money; proposing coding for new law in
1.4 Minnesota Statutes, chapter 136A.

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

1.6 Section 1. **[136A.1261] STATE EDUCATIONAL SERVICE AWARDS.**

1.7 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in
1.8 this subdivision have the meanings given them.

1.9 (b) "Federal education award" means an educational award under United States
1.10 Code, title 42, chapter 129, subchapter I, division D.

1.11 (c) "Maximum federal award" means the maximum award that may be disbursed to
1.12 pay current education expenses under United States Code, title 42, chapter 129, subchapter
1.13 I, division D, section 12604, paragraph (c).

1.14 (d) "Qualifying student loan" means:

1.15 (1) a federal student loan under United States Code, title 20, chapter 28;

1.16 (2) a loan issued under sections 136A.15 to 136A.1787; or

1.17 (3) a commercial loan used to pay for qualifying educational expenses.

1.18 (e) "Qualifying educational expenses" means tuition, fees, and other education
1.19 expenses associated with attending an institution of higher education that has in effect
1.20 a program participation agreement under United States Code, title 20, chapter 28,
1.21 subchapter IV, part F, section 1094.

1.22 (f) "Qualifying job training expenses" means expenses incurred in enrolling in an
1.23 educational institution or training establishment approved under United States Code, title
1.24 38, chapter 36, for offering programs of education, apprenticeship, or on-the-job training.

(g) "State educational service award" means an award provided under this section.

Subd. 2. **Program established.** The commissioner must establish a program to provide state educational service awards to eligible applicants, as provided in this section.

Subd. 3. **Eligibility.** (a) An applicant is eligible for a state educational service award if the office finds that the applicant:

(1) is a resident of the state of Minnesota; and

(2) on or after July 1, 2016, completed an AmeriCorps or AmeriCorps VISTA program and earned a federal education award.

(b) An applicant is eligible for one state educational service award for each federal education award earned after July 1, 2016.

Subd. 4. **Application.** To be considered for an award, an applicant must apply for an award in a form and manner specified by the commissioner.

Subd. 5. **Allocation.** Awards must be granted on a funds-available basis to applicants who meet the eligibility requirements.

Subd. 6. **Insufficient appropriation.** Notwithstanding subdivision 5, if the commissioner estimates that the appropriation for awards under this section is insufficient to cover the projected demand, the commissioner must reduce award amounts proportionally to ensure sufficient funding.

Subd. 7. **Award availability.** A recipient may use a state educational service award up to seven years after the day the recipient completed a service program listed in subdivision 3, paragraph (a), clause (2).

Subd. 8. **Authorized uses of award funds.** A recipient may use an award to pay for the following qualifying expenditures:

(1) to repay a qualifying student loan;

(2) to pay for qualifying educational expenses at a postsecondary educational institution; and

(3) to pay for qualifying job training expenses.

Subd. 9. **Award amount.** (a) Except as provided in subdivision 6, a recipient's state educational service award is equal to one-half of the amount of the recipient's federal award.

(b) An award recipient who applies part, but not all, of an award towards a qualifying expenditure may use the remaining amount of the award for one or more additional qualifying expenditures. The commissioner must maintain a record of a recipient's remaining award balance until the award is no longer available to the recipient under subdivision 7.

3.1 Subd. 10. **Amount of eligible expenses.** (a) The maximum amount of a state
3.2 educational service award that a recipient may apply towards a qualifying expenditure is
3.3 the lesser of:

3.4 (1) the recipient's state educational service award; or

3.5 (2) the sum of paragraph (b), clause (2); paragraph (c), clause (2); and paragraph
3.6 (d), clause (2).

3.7 (b) The maximum amount a recipient may apply towards qualifying educational
3.8 expenses is the lesser of:

3.9 (1) the recipient's state educational service award; or

3.10 (2) the recipient's maximum federal award less the amount of the recipient's federal
3.11 award applied towards the education expenses.

3.12 (c) The maximum amount a recipient may apply towards qualifying student loans is
3.13 the lesser of:

3.14 (1) the recipient's state educational service award; or

3.15 (2) the balance remaining on the recipient's qualifying student loans after the
3.16 application of the recipient's federal award.

3.17 (d) The maximum amount a recipient may apply towards a qualifying job training
3.18 program is the lesser of:

3.19 (1) the recipient's state educational service award; or

3.20 (2) the cost of enrolling in the program, less the amount of the recipient's federal
3.21 award used to pay for the program.

3.22 Subd. 11. **Disbursement of awards.** (a) The commissioner must disburse an award
3.23 used to pay for qualifying educational expenses or qualifying job training expenses
3.24 directly to the educational institution or program.

3.25 (b) The commissioner must disburse an award used to repay qualifying student loans
3.26 directly to the award recipient's student loan servicer.

3.27 Sec. 2. **APPROPRIATION; STATE EDUCATIONAL SERVICE AWARDS.**

3.28 \$5,300,000 in fiscal year 2017 is appropriated from the general fund to the
3.29 commissioner of higher education for state educational service awards under Minnesota
3.30 Statutes, section 136A.1261.