

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 2528

(SENATE AUTHORS: RARICK, Farnsworth, Pratt and Mathews)

DATE	D-PG	OFFICIAL STATUS
03/13/2025	767	Introduction and first reading Referred to Higher Education

1.1

A bill for an act

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relating to higher education; imposing an in-state residency and work requirement

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for recipients of North Star Promise scholarships; amending Minnesota Statutes

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2024, section 136A.1465, subdivision 2, by adding a subdivision.

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

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Section 1. Minnesota Statutes 2024, section 136A.1465, subdivision 2, is amended to

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read:

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Subd. 2. **Conditions for eligibility.** A scholarship may be awarded to an eligible student

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who:

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(1) has completed the Free Application for Federal Student Aid (FAFSA) or the state

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aid application;

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(2) has a family adjusted gross income below \$80,000;

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(3) is a graduate of a secondary school or its equivalent, or is 17 years of age or over

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and has met all requirements for admission as a student to an eligible college or university;

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(4) has not earned a baccalaureate degree at the time the scholarship is awarded;

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(5) is enrolled in at least one credit per fall, spring, or summer semester;

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(6) is enrolled in a program or course of study that applies to a degree, diploma, or

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certificate;

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(7) is not in default, as defined by the office, of any federal or state student educational

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loan;

(8) is not more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement or, if the applicant is more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement, but is complying with a written payment agreement under section 518A.69 or order for arrearages;

(9) has not been convicted of or pled nolo contendere or guilty to a crime involving fraud in obtaining federal Title IV funds within the meaning of Code of Federal Regulations, subtitle B, chapter VI, part 668, subpart C; ~~and~~

(10) is meeting satisfactory academic progress as defined in section 136A.101, subdivision 10; and

(11) has signed a contract with the Office of Higher Education to have the applicant's total scholarship award under this section converted to a student loan if the applicant fails to fulfill the residency employment requirement in subdivision 2a.

Sec. 2. Minnesota Statutes 2024, section 136A.1465, is amended by adding a subdivision to read:

Subd. 2a. **Minnesota residency and employment requirement.** (a) To receive a scholarship under this section, an eligible student must agree to reside and be employed in Minnesota for a three-year term beginning within six months of completion of the degree or credential program for which the scholarship was awarded. If a scholarship recipient fails to meet this residency and employment requirement, the commissioner must convert the recipient's total scholarship award to a student loan and collect from the recipient the total amount paid plus interest at a rate established according to section 270C.40.

(b) The commissioner may waive the residency and employment requirement for a scholarship recipient if, within six years of the initial scholarship award, the scholarship recipient:

(1) has not completed the degree or credential program for which the scholarship was awarded;

(2) has not earned a baccalaureate degree; and

(3) is no longer enrolled in any postsecondary institution.

(c) The commissioner may defer the residency and employment requirement:

(1) to allow a scholarship recipient to attend a postgraduate education program, provided that the recipient is enrolled on at least a half-time basis in that program;

3.1 (2) to perform full-time volunteer service through Peace Corps, AmeriCorps, or a similar
3.2 program; or

3.3 (3) for circumstances involving extreme hardship.

3.4 (d) A scholarship recipient who becomes ineligible for a scholarship under this section,
3.5 or who has a scholarship terminated under subdivision 6, remains subject to the residency
3.6 and employment requirement and must complete the requirement within six years of the
3.7 initial scholarship award, unless the recipient qualifies for waiver or deferment under
3.8 paragraph (b) or (c).

3.9 (e) An eligible student who receives scholarship awards for more than one degree or
3.10 credential program is only required to meet the residency and employment requirement
3.11 once. Any obligation to comply with this subdivision cancels upon the death or permanent
3.12 and total disability of the scholarship recipient.

3.13 Sec. 3. **EFFECTIVE DATE.**

3.14 This act is effective the day following final enactment and applies to scholarship awards
3.15 beginning in the fall term of the 2026-2027 academic year.