

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 109**

(SENATE AUTHORS: EKEN)

DATE  
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Introduction and first reading  
Referred to Higher Education Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to higher education; establishing a loan forgiveness program for individuals  
1.3 working in greater Minnesota; requiring a report; appropriating money; proposing  
coding for new law in Minnesota Statutes, chapter 136A.

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

1.6 Section 1. [136A.1794] GREATER MINNESOTA LOAN FORGIVENESS  
1.7 PROGRAM.

1.8 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have  
1.9 the meanings given.

1.10 (b) "Greater Minnesota" means the geographic areas in Minnesota located outside of  
1.11 the metropolitan area as defined in section 473.121, subdivision 2.

1.12 (c) "Debt-to-income ratio" means an applicant's monthly student loan payment obligation  
1.13 under a ten-year standard repayment plan, divided by the applicant's monthly gross income.

1.14 (d) "Qualifying educational institution" means an institution of higher education that  
1.15 had in effect at the time of an applicant's attendance a program participation agreement  
1.16 under United States Code, title 20, chapter 28, subchapter IV, part F, section 1094.

1.17 (e) "Qualifying position" means a position as an employee, as defined in section 181.723,  
1.18 subdivision 3, for which the primary work site is located in greater Minnesota.

1.19 (f) "Qualifying student loan" means a government, commercial, or foundation loan for  
1.20 actual costs paid for tuition and reasonable educational and living expenses related to  
1.21 attending a qualifying educational institution.

1.22 (g) "Working full time" means working an average of at least 30 hours per week.

2.1 Subd. 2. **Program established.** (a) The commissioner must establish a greater Minnesota  
2.2 loan forgiveness program for individuals who work in a qualifying position.

2.3 (b) Appropriations to the program do not cancel and are available until expended.

2.4 Subd. 3. **Eligibility.** (a) To be eligible to receive loan forgiveness under this section, an  
2.5 applicant must:

2.6 (1) be a Minnesota resident;

2.7 (2) have a qualifying student loan balance;

2.8 (3) have earned a degree, diploma, or certificate from a qualifying educational institution;

2.9 (4) have worked full time for a 12-month period in one or more qualifying positions;

2.10 and

2.11 (5) have a debt-to-income ratio of at least 0.10.

2.12 (b) An eligible applicant may receive one loan forgiveness award of the amount specified  
2.13 in this section for each 12-month period that the applicant works for a qualifying employer.

2.14 An individual may receive a loan forgiveness award under this section no more than five  
2.15 times.

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

2.18 (b) An applicant must reapply to the commissioner each year that the applicant wishes  
2.19 to receive an award. The application must include proof that the participant has worked full  
2.20 time for a 12-month period for one or more qualifying employers.

2.21 Subd. 5. **Prioritization of applicants.** If appropriations for the program under this  
2.22 section are insufficient to provide a loan forgiveness award to each eligible applicant, the  
2.23 commissioner must preferentially award loan forgiveness to applicants:

2.24 (1) with a qualifying student loan balance of at least \$5,000; and

2.25 (2) working in occupations that do not qualify for other state or federal loan forgiveness  
2.26 programs that are limited to particular occupations.

2.27 Subd. 6. **Amount of forgiveness.** (a) The commissioner must provide a loan forgiveness  
2.28 award to an eligible applicant on a funds available basis, as provided in this section.

2.29 (b) For each year of qualifying full-time work a participant completes, the participant  
2.30 is eligible for a loan forgiveness award equal to the lesser of:

2.31 (1) \$3,000;

3.1 (2) ten percent of the remaining balance of a participant's qualifying student loans the  
 3.2 first year a participant received an award under this section; or

3.3 (3) the remaining balance of a participant's qualifying student loans.

3.4 Subd. 7. **Disbursement.** The commissioner must disburse an award under this section  
 3.5 directly to the participant's student loan servicer or servicers.

3.6 Subd. 8. **Fund established.** A greater Minnesota loan forgiveness fund is created for  
 3.7 depositing money appropriated to or received by the commissioner for the program. Money  
 3.8 deposited in the fund shall not revert to any state fund at the end of any fiscal year but  
 3.9 remains in the fund and is continuously available for loan forgiveness under this section.

3.10 Subd. 9. **Reporting.** By February 1 of each year, the commissioner must annually report  
 3.11 to the legislative committees with jurisdiction over higher education and economic  
 3.12 development on the results of the program in the previous year. At a minimum, the report  
 3.13 must include data on:

3.14 (1) the number of applicants;

3.15 (2) the highest degree obtained by applicants;

3.16 (3) the industries in which applicants worked;

3.17 (4) the counties in which applicants worked and resided;

3.18 (5) the average student loan balance of applicants;

3.19 (6) the mean and median loan forgiveness award;

3.20 (7) the total amount of debt forgiven under the program;

3.21 (8) the mean and median income of applicants;

3.22 (9) the mean debt-to-income ratio of applicants; and

3.23 (10) the number of greater Minnesota loan forgiveness awards that award recipients  
 3.24 received previously.

3.25 Sec. 2. **APPROPRIATION; GREATER MINNESOTA LOAN FORGIVENESS**  
 3.26 **PROGRAM.**

3.27 \$10,000,000 in fiscal year 2018 and \$10,000,000 in fiscal year 2019 are appropriated  
 3.28 from the general fund to the commissioner of higher education for the greater Minnesota  
 3.29 loan forgiveness program under Minnesota Statutes, section 136A.1794. The commissioner  
 3.30 may use no more than three percent of this appropriation to administer the program.