

## CHAPTER 894—H. F. No. 820

[Coded]

*An act relating to a state program of student loans for vocational and higher education; prescribing the policies under which the program shall be operated.*

Be it enacted by the Legislature of the State of Minnesota:

**Section 1. [136A.14] State program of student loans; purpose.** The legislature has found and hereby declares that the encouragement of the maximum educational development of the young men and women of Minnesota is in the best interest of the state. The state loan program would encourage students to continue their education and provide financial assistance for those who would not otherwise be able to do so. The state loan program provided for herein is designated to be compatible with the provisions of the National Vocational Student Loan Insurance Act of 1965 and the Higher Education Act of 1965, both of which provide interest subsidies on student loans which are guaranteed by a state program.

**Sec. 2. [136A.15] Definitions.** Subdivision 1. For purposes of this act, the terms defined in this section have the meanings ascribed to them:

Subd. 2. "Academic year or its equivalent" shall be as defined in the federal regulations which govern the administration of the National Vocational Student Loan Insurance Act of 1965 and Title IV of the Higher Education Act of 1965.

Subd. 3. "Commission" means the Minnesota liaison and facilities commission for higher education.

Subd. 4. "Director" means the executive director of the Minnesota liaison and facilities commission for higher education.

Subd. 5. "Eligible institution" in the case of loans for vocational instruction means a business or trade school, or technical institution or other technical or vocational school, in any state, which is approved by the U.S. commissioner of education in accordance with requirements set forth in the National Vocational Student Loan Insurance Act of 1965. In the case of loans for higher education, "eligible institution" means any educational institution offering at least a two year program acceptable for full credit toward a baccalaureate degree, and any graduate professional school, including any public educational institution and any private educational institution, in any state which is approved by the U. S. commissioner of education in

**Changes or additions indicated by italics, deletions by ~~strikeout~~.**

accordance with requirements set forth in the Higher Education Act of 1965.

Subd. 6. "Eligible lender" means an eligible institution, an agency or instrumentality of a state, or a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the state of Minnesota or of the United States.

Subd. 7. "Eligible student" means a student who is officially registered or accepted for enrollment at an eligible institution.

Sec. 3. **[136A.16] Powers and duties of commission.**  
Subdivision 1. The Minnesota liaison and facilities commission for higher education is hereby designated as the administrative agency for carrying out the purposes and terms of this act.

Subd. 2. The commission shall adopt policies and prescribe appropriate rules and regulations to carry out the purposes of this act. Such policies, rules, and regulations shall be compatible with the provisions of the National Vocational Student Loan Insurance Act of 1965 and the provisions of Title IV of the Higher Education Act of 1965, and any amendments thereof.

Subd. 3. The commission shall be authorized to make or to guarantee loans in amounts not to exceed \$1,500 in any academic year or its equivalent to residents of this state who are attending or accepted for enrollment at eligible institutions, both public and private.

Subd. 4. The commission shall have the right to contract with or to enter into agreements with eligible lenders for purposes of guaranteeing loans to residents in accordance with the policies, rules, and regulations of the commission.

Subd. 5. The commission shall have the right to contract with guarantee agencies and/or collection agencies to carry out the purposes of the act.

Subd. 6. The commission shall be empowered to charge for insurance on each guaranteed loan a premium, payable each year in advance, in an amount not to exceed the premium in the federal regulations which govern the vocational and higher education loan program. Premium fees shall be available to the commission without fiscal year limitation for the purposes of making and guaranteeing loans and meeting expenses incurred in administering the program.

Subd. 7. The commission is designated the state agency to apply for, receive, accept, and disburse federal funds, as well as funds from other public and private sources, made available to the state for

**Changes or additions indicated by *italics*, deletions by ~~strikeout~~.**

use as reserves to guarantee student loans or as administrative moneys to operate student loan programs. In making application for federal funds, it may comply with all requirements of such federal law and such rules and regulations to enable it to receive, accept, and administer such funds.

Subd. 8. Moneys made available to the commission which are not immediately needed for the purposes of this act may be invested by the state board of investment at the request of the commission. Such moneys shall be invested in bonds, certificates of indebtedness, and other fixed income securities, except preferred stocks, which are legal investments for the permanent school fund. Such moneys may also be invested in such prime quality commercial paper as is eligible for investment in the state employees retirement fund. All interest and profits from such investments shall inure to the benefit of the commission. The state treasurer shall be the custodian of all securities purchased under the conditions of this subdivision.

Subd. 9. The commission shall be empowered to employ such professional and clerical staff as the director deems necessary for the proper administration of the loan program established and defined by this act.

Subd. 10. Subject to its directives and review, the commission may delegate to the director the responsibility for issuance of public information concerning provisions of this act, for design of loan application forms, and for prescribing procedures for submission of applications for loans.

Subd. 11. The commission shall periodically review and evaluate its programs and activities and shall report to the governor on or before the beginning of each session of the state legislature.

Subd. 12. The commission shall establish and maintain appropriate accounting and related records.

Sec. 4. [136A.17] **Program requirements.** Subdivision

1. Eligibility of student borrowers: An applicant shall be eligible to apply for a loan under the provisions of this act if the commission finds that he:

(a) is a citizen of the United States

(b) is a resident of the state of Minnesota

(c) has been accepted for enrollment at an eligible institution or, in the case of a student already attending such institution, is in good standing there as determined by the institution

**Changes or additions indicated by *italics*, deletions by ~~strikeout~~.**

(d) is carrying at least one half of the normal full time workload as determined by the institution.

Subd. 2. The student loan program shall be administered in compliance with Title VI of the Civil Rights Act of 1964.

Subd. 3. The commission may loan and guarantee the loan of money, upon such terms and conditions as the commission may prescribe; provided that the total amount of outstanding guaranteed loans at any one time may not exceed fifteen times the amount of the reserve funds on deposit at that time for the purposes of guaranteeing loans.

Subd. 4. No loan or guarantee of a loan shall be made in excess of \$1,500 for any academic year or its equivalent. The aggregate insured unpaid principal amount of insured loans for vocational study made to any student shall not at any time exceed \$2,000. The aggregate insured unpaid principal amount of insured loans for higher education made to any student shall not at any time exceed \$7,500 in the case of any graduate or professional student, including any such insured loans made to such person before he became a graduate or professional student, or \$5,000 in the case of any other student.

Subd. 5. The commission may insure loans for vocational study to an individual student for a maximum of three academic years or their equivalent and loans for higher education to an individual student for a maximum of eight academic years of study or their equivalent.

Subd. 6. No loans made or guaranteed by the commission shall be made at an annual rate of interest in excess of the maximum prescribed in the National Vocational Student Loan Insurance Act of 1965 and the Higher Education Act of 1965, and any amendments thereof.

Subd. 7. The benefits of the loan insurance program will not be denied any student because of his family income or lack of need if his adjusted annual family income at the time the note is executed is less than the maximum prescribed in the applicable federal regulations.

Subd. 8. The repayment procedures applicable for loans made or guaranteed by the commission shall be consistent with federal regulations governing interest payments under the National Vocational Student Loan Insurance Act of 1965 and the Higher Education Act of 1965.

**Changes or additions indicated by *italics*, deletions by ~~strikeout~~.**

Subd. 9. The commission may take, hold, and administer, on behalf of the commission and for any of its purposes, real property, personal property and moneys, or any interest therein, and the income therefrom, either absolutely or in trust, for any purposes of the commission. The commission may acquire property or moneys for such purposes by purchase or lease and by the acceptance of gifts, grants, bequests, devises or loans; and may enter into contracts with other nonprofit corporations or institutions with the same or similar purposes as will benefit and improve the operation of the commission.

Subd. 10. All moneys received by the commission, regardless of the source, shall be deposited in the state treasury and are hereby appropriated to it annually for the purpose for which such funds are received.

Subd. 11. No moneys originating from state sources in the state treasury shall be made available for student loans and all student loans shall be made from moneys originating from non state sources.

Approved May 25, 1967.

---

#### CHAPTER 895—H. F. No. 897

[Coded in Part]

*An act relating to the liaison and facilities commission for higher education; amending Minnesota Statutes 1965, Sections 136A.02, Subdivision 1; and by adding a subdivision thereto; 136A.03; and 136A.06.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1965, Section 136A.02, Subdivision 1, is amended to read:

136A.02 **Liaison and facilities commission for higher education; membership; officers; compensation; advisory committees.** Subdivision 1. The liaison and facilities commission shall consist of 18 members comprised as follows:

(a) Eight citizen members to be appointed by the governor with the advice and consent of the senate, seven of whom shall be selected for their knowledge and interest in higher education and one of whom shall be selected for his knowledge and interest in vocational education. At the time of their appointment, each member shall be from a different congressional district;

**Changes or additions indicated by italics, deletions by ~~strikeout~~.**