

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 2517

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DATE
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D-PG

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; creating a low-interest student loan program;
 1.3 authorizing rulemaking; 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.165] HIGHER EDUCATION LOAN PROGRAM.**

1.7 Subdivision 1. **Establishment.** The higher education loan program (HELP) is established
 1.8 to provide low-interest loans to eligible students attending eligible Minnesota postsecondary
 1.9 institutions.

1.10 Subd. 2. **Loans.** The commissioner shall issue HELP loans to eligible students at a fixed
 1.11 interest rate not to exceed three percent unless another fixed rate is established in law. Loans
 1.12 shall be made based on the availability of funds. A HELP loan must not exceed \$5,000
 1.13 annually. The cumulative amount borrowed by a student under this section shall not exceed
 1.14 \$20,000. The commissioner may contract with an outside servicer to implement the loan
 1.15 program in this section.

1.16 Subd. 3. **Account established.** A HELP loan account is established in the special revenue
 1.17 fund for the purpose of making loans under this section. Appropriations to the commissioner
 1.18 for purposes of the program are for transfer to the account. Principal and interest repaid to
 1.19 the commissioner shall be deposited in the account. All money in the account, including
 1.20 interest, is appropriated to the commissioner to make loans under this section. Appropriations
 1.21 from the account do not cancel and are available until expended.

1.22 Subd. 4. **Eligibility.** A student is eligible for a HELP loan if:

2.1 (1) the student is a Minnesota resident;

2.2 (2) the student is attending a public or not-for-profit postsecondary institution located
2.3 in Minnesota that is an eligible institution under section 136A.103; and

2.4 (3) the student's household income is less than or equal to 300 percent of the federal
2.5 poverty guidelines for the student's household size.

2.6 Subd. 5. **Rulemaking.** The commissioner may adopt rules to implement the provisions
2.7 of this section.

2.8 Sec. 2. **APPROPRIATIONS.**

2.9 (a) \$17,500,000 in fiscal year 2020 and \$17,500,000 in fiscal year 2021 are appropriated
2.10 from the general fund to the commissioner of the Office of Higher Education for deposit in
2.11 the HELP loan account under Minnesota Statutes, section 136A.165. The commissioner
2.12 may use up to three percent of this appropriation for administrative costs.

2.13 (b) \$..... in fiscal year 2020 is appropriated from the general fund to the commissioner
2.14 of the Office of Higher Education to secure a loan service for the higher education loan
2.15 program under Minnesota Statutes, section 136A.165. This is a onetime appropriation.