SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 713

1.1   A bill for an act

1.2   relating to higher education; creating a pilot grant program for student loan debt

1.3   repayment counseling; appropriating money.

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

1.5   Section 1. **COUNSELING FOR COLLEGE STUDENT LOAN DEBTORS.**

1.6   Subdivision 1. **Pilot program created.** The commissioner of the Office of Higher

1.7   Education shall make a grant to a nonprofit qualified debt counseling organization

1.8   to provide individual student loan debt repayment counseling to borrowers who are

1.9   Minnesota residents concerning loans obtained to attend a Minnesota postsecondary

1.10   institution. The counseling shall be provided to borrowers who are 30 to 60 days

1.11   delinquent when they are referred to or otherwise identified by the organization as

1.12   candidates for counseling. The number of individuals receiving counseling may be limited

1.13   to those capable of being served with available appropriations for that purpose.

1.14   The purpose of the counseling is to assist borrowers to:

1.15   (1) understand their loan and repayment options;

1.16   (2) manage loan repayment; and

1.17   (3) develop a workable budget based on the borrower's full financial situation

1.18   regarding income, expenses, and other debt.

1.19   Subd. 2. **Qualified debt counseling organization.** A qualified debt counseling

1.20   organization is an organization that:

1.21   (1) has experience in providing individualized student loan counseling;

1.22   (2) employs certified financial loan counselors; and

1.23   (3) has offices at multiple rural and metropolitan area locations in the state to

1.24   provide in-person counseling.

2.1   Subd. 3. **Grant application.** Applications for a grant shall be on a form created by

2.2 the commissioner and on a schedule set by the commissioner. Among other provisions,

2.3 the application must include a description of:

2.4   (1) the characteristics of borrowers to be served;

2.5   (2) the services to be provided and a timeline for implementation of the services;

2.6   (3) how the services provided will help borrowers manage loan repayment;

2.7   (4) specific program outcome goals and performance measures for each goal; and

2.8   (5) how the services will be evaluated to determine whether the program goals

2.9 were met.

2.10   Subd. 4. **Grant.** The commissioner shall select one grant recipient.

2.11   Subd. 5. **Program evaluation.** (a) The grant recipient must submit a report to the

2.12 Office of Higher Education by January 15, 2017. The report must evaluate and measure

2.13 the extent to which program outcome goals have been met.

2.14   (b) The grant recipient must collect, analyze, and report on participation and

2.15 outcome data that enable the office to verify the outcomes.

2.16   (c) The evaluation must include information on the number of borrowers served with

2.17 on-time student loan payments, the number who brought their loans into good standing,

2.18 the number of student loan defaults, the number who developed a monthly budget plan,

2.19 and other information required by the commissioner. Recipients of the counseling must be

2.20 surveyed on their opinions about the usefulness of the counseling and the survey results

2.21 must be included in the report.

2.22   Subd. 6. **Report to legislature.** By February 1, 2017, the commissioner must

2.23 submit a report to the committees in the legislature with jurisdiction over higher education

2.24 finance regarding grant program outcomes.

2.25   Sec. 2. **APPROPRIATION.**

2.26 $....... in fiscal year 2016 and $....... in fiscal year 2017 are appropriated from the

2.27 general fund to the commissioner of the Office of Higher Education for the purpose of

2.28 section 1.