

HOUSE RESEARCH

Bill Summary

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Subject: Student Loan Debt Counseling

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Overview

H.F. 952 establishes a pilot program at the Office of Higher Education to provide students who are delinquent on their student loans with debt counseling. Under the pilot program, the Office of Higher Education will provide a grant to one nonprofit organization in the state that has experience in providing student loan counseling, employs certified financial loan counselors, and has multiple locations in metropolitan and rural Minnesota.

To be considered for the grant, nonprofit organizations must submit a grant application to the Office of Higher Education. The recipient of the grant must submit a report to the Office of Higher Education that includes an evaluation of the program, and the Office of Higher Education must submit a report on program outcomes to the higher education committees of the legislature.

Section

1 **Pilot program created.** Authorizes the Office of Higher Education to offer a grant to a nonprofit organization that provides debt counseling to Minnesota residents who are delinquent on their student loans. This debt counseling will help borrowers understand their loan and repayment options, manage their loan repayments, and develop a personal budget.

The Office of Higher Education may provide grants to nonprofit organizations that have experience in student loan counseling, employ certified loan counselors, and have offices at multiple locations in rural and metropolitan Minnesota. This section describes the information that nonprofit organizations must include on their applications for grants. The Office of Higher Education must select one grant recipient.

Section

The recipient of the grant must submit a report to the Office of Higher Education that includes an evaluation of the program. This report must contain a number of different pieces of data, including the number of borrowers served who made on-time payments, the number who brought their loans in to good standing, the number of borrowers who defaulted, and the number who developed a monthly budget. The organization must survey counseling recipients about their opinions of the usefulness of the program. The Office of Higher Education must submit a report on the outcomes of the program to the higher education committees of the legislature by February 1, 2017.

- 2** **Appropriation.** Appropriates money to the Office of Higher Education to establish the pilot program created in section 1.