

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 42

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Introduction and first reading
Referred to Higher Education Finance and Policy

1.1 A bill for an act
1.2 relating to higher education; establishing a loan forgiveness program for mental
1.3 health professionals; proposing coding for new law in Minnesota Statutes, chapter
1.4 136A.

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

1.6 Section 1. [136A.1786] MENTAL HEALTH PROFESSIONAL LOAN
1.7 FORGIVENESS PROGRAM.

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

1.10 (b) "Mental health professional" as defined in section 245.462, subdivision 18.

1.11 (c) "Qualified education loan" means a government, commercial, or foundation loan for
1.12 actual costs paid for tuition, reasonable education expenses, and reasonable living expenses
1.13 related to the graduate or undergraduate education of a mental health professional.

1.14 (d) "Rural area that is underserved" means an area in Minnesota that is at least 15 miles
1.15 from a metropolitan statistical area, according to the United States Census Bureau, and is
1.16 a mental health designated health professional shortage area, according to the Department
1.17 of Health, Office of Rural Health.

1.18 Subd. 2. Account; appropriation. A mental health professional loan forgiveness account
1.19 is established in the special revenue fund to provide mental health professionals with financial
1.20 assistance to repay qualified education loans. Money in the account, including interest, is
1.21 appropriated to the commissioner for the purposes of this section and does not cancel. The
1.22 commissioner shall use the funds from the account to establish and administer the loan

2.1 forgiveness program. The commissioner shall not expend more than three percent to
2.2 administer the program.

2.3 Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan forgiveness program
2.4 under this section, an individual must:

2.5 (1) be a mental health professional;

2.6 (2) have attended a public or private not-for-profit Minnesota postsecondary institution
2.7 preparing the individual to be a mental health professional;

2.8 (3) agree to work in a rural area that is underserved;

2.9 (4) be a Minnesota resident under section 136A.15, subdivision 9;

2.10 (5) not be participating in the loan forgiveness program under section 144.1501 or the
2.11 loan repayment program administered by the commissioner of health; and

2.12 (6) submit an application to the commissioner in the form and manner prescribed by the
2.13 commissioner.

2.14 (b) An applicant selected to participate must sign a contract to agree to serve a minimum
2.15 five-year full-time service obligation according to subdivision 4. To complete the service
2.16 obligation, the applicant must work full time in a rural area that is underserved in Minnesota
2.17 as a mental health professional. A participant must complete one year of service under this
2.18 paragraph for each year the participant receives an award under this section.

2.19 Subd. 4. **Service obligation.** Before receiving loan repayment disbursements and as
2.20 requested, a participant must verify to the commissioner that the participant is employed in
2.21 a position that fulfills the service obligation as required under subdivision 3, paragraph (b).

2.22 Subd. 5. **Penalty for nonfulfillment.** If a participant does not fulfill the required service
2.23 obligation under subdivision 4, the commissioner must collect from the participant the total
2.24 amount paid to the participant under the loan forgiveness program plus interest at a rate
2.25 established according to section 270C.40. The commissioner must deposit the money
2.26 collected in the mental health professional loan forgiveness account. The commissioner
2.27 must allow waivers of all or part of the money owed the commissioner as a result of a
2.28 nonfulfillment penalty if emergency circumstances prevented fulfillment of the minimum
2.29 service commitment.

2.30 Subd. 6. **Loan forgiveness.** (a) The commissioner may select eligible applicants each
2.31 year for participation in the mental health professional loan forgiveness program within the

3.1 limits of available funding. Applicants are responsible for securing their own qualified
3.2 education loans.

3.3 (b) The commissioner must make annual disbursements directly to the eligible participant
3.4 of \$7,000 or the balance of the participant's qualified education loans, whichever is less,
3.5 for each year that the participant meets the eligibility requirements under subdivision 3, up
3.6 to a maximum of five years.

3.7 (c) The participant must provide the commissioner with verification that the full amount
3.8 of the loan repayment disbursement received by the participant has been applied toward the
3.9 designated qualified education loan. After each disbursement, verification must be received
3.10 by the commissioner and approved before the next repayment disbursement is made.