



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-4167/1
MDK:amn

2015 BILL

1 **AN ACT** *to create* 20.235 (1) (fr) and 39.51 of the statutes; **relating to:** student
2 loan reimbursements for certain individuals domiciled in rural counties,
3 granting rule-making authority, and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill requires the Higher Educational Aids Board to make student loan reimbursement payments on behalf of certain individuals who establish domiciles in rural counties. To be eligible for the payments, an individual must have an outstanding balance on a student loan for attending an “institution of higher education,” which is defined as a nonprofit or public educational institution that either awards a bachelor’s or higher degree, provides a program acceptable for full credit toward such a degree, or provides a training program to prepare students for gainful employment in a recognized occupation. In addition, the institution must admit as regular students only individuals who have a high school graduation certificate or its equivalent. Also, to be eligible, for at least six months, an individual must have been domiciled in a “rural county,” which the bill defines as a county that does not include a metropolitan statistical area as delineated by the U.S. Office of Management and Budget. Immediately prior to establishing that domicile, the individual must have been domiciled outside this state for a period of at least five years. In addition, to be eligible, an individual must be employed on a full-time basis and not receive any public assistance benefits.

The bill requires an individual to submit an application that is prescribed by HEAB. The application must identify 1) all student loans with an outstanding

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balance; 2) the balance amounts; 3) loan payment schedules and maturity dates; and 4) the names and addresses of lenders. For each eligible individual who submits an application, the bill requires HEAB to make five annual student loan payments to the lenders identified on the application. The total amount of payments for an individual must equal 40 percent of the outstanding balances, or \$45,000, whichever is less. If there are multiple lenders, HEAB must prorate the payments among the lenders. If an individual pays the outstanding balance of a student loan prior to HEAB making payments to a lender, HEAB must pay directly to the individual the amounts that HEAB would have paid to the lender. If an individual who receives payments does any of the following, the individual is ineligible for additional payments: 1) establishes a domicile outside a rural county; 2) fails to be employed on a full-time basis; or 3) receives public assistance benefits.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.235 (1) (fr) of the statutes is created to read:

2 20.235 (1) (fr) *Rural county assistance.* A sum sufficient for administering s.
3 39.51 and making payments under s. 39.51 (3).

4 **SECTION 2.** 39.51 of the statutes is created to read:

5 **39.51 Rural county assistance. (1) DEFINITIONS.** In this section:

6 (a) “Institution of higher education” has the meaning given in s. 108.02 (18).

7 (b) “Lender” means a person to whom a student loan is repayable, including an
8 agency, subdivision, or agent of federal or state government with respect to a student
9 loan made under a federal or state student loan program.

10 (c) “Public assistance benefits” means services, benefits, payments, or other
11 assistance provided under a program administered by the department of health
12 services or the department of children and families under s. 253.06 or ch. 49.

13 (d) “Rural county” means a county that does not include a metropolitan
14 statistical area as delineated by the U.S. Office of Management and Budget.

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1 (e) “Student loan” means a loan made for the purpose of providing financial
2 assistance to attend an institution of higher education.

3 (2) ELIGIBILITY. (a) An individual is eligible for payments under sub. (3) if all
4 of the following apply:

5 1. The individual submits an application prescribed under par. (b) to the board
6 and, at the time of application, the individual has an outstanding balance on any
7 student loan made to the individual.

8 2. The individual has been domiciled in a rural county for at least 6 months.

9 3. Immediately prior to establishing the domicile under subd. 2., the individual
10 was domiciled outside this state for a period of at least 5 years.

11 4. The individual is employed on a full-time basis.

12 5. The individual does not receive public assistance benefits.

13 (b) The board shall prescribe the form of the application required under par.
14 (a) that shall require an applicant to identify all of the following:

15 1. All student loans made to the applicant for which there remains an
16 outstanding balance at the time of the application.

17 2. For each student loan identified under subd. 1., the amount of the
18 outstanding balance at the time of the application, the payment schedule for the
19 loan, and the scheduled maturity date of the loan.

20 3. For each student loan identified under subd. 1., the name of the lender and
21 the address for sending student loan payments to the lender.

22 (3) PAYMENTS. (a) Except as provided in par. (b) and sub. (4), for each eligible
23 individual under sub. (2) (a) from whom the board receives an application, the board
24 shall make 5 annual student loan payments to each lender identified under sub. (2)

25 (b) 3. The total amount of all payments made on behalf of an individual under this

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1 paragraph shall equal 40 percent of the outstanding balances of the individual's
2 student loans at the time of the application, or \$45,000, whichever is less. If the
3 individual has identified more than one lender under sub. (2) (b) 3., the board shall
4 prorate the payments among the lenders.

5 (b) If an individual pays the entire outstanding balance of a student loan prior
6 to the board making payments to the lender under par. (a), the board shall pay
7 directly to the individual the amounts that the board would have paid to the lender.

8 (4) DISQUALIFICATION. If an individual for whom or to whom payments are made
9 under sub. (3) establishes a domicile outside a rural county, fails to be employed on
10 a full-time basis, or receives public assistance benefits, the board may not make any
11 additional payment on behalf of or to the individual under sub. (3).

12 (5) RULES. The board may promulgate rules to administer this section.

13 (END)