

HOUSE BILL NO. 6435

October 11, 2022, Introduced by Reps. LaGrand, Hope, Ellison, Glanville, Kuppa, Brenda Carter, Garza and Haadsma and referred to the Committee on Government Operations.

A bill to create a student loan forgiveness program for certain residents of this state who have graduated from college with unpaid student loans and are working in certain high-need fields; to provide for the powers and duties of certain state governmental officers and entities; and to require the promulgation of rules.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "targeted student loan
2 forgiveness act".

3 Sec. 2. This act is intended to alleviate the burden of

1 student loan debt and attract to this state qualified workers able
2 to provide essential services in certain high-need fields.

3 Sec. 3. As used in this act:

4 (a) "Department" means the department of labor and economic
5 opportunity.

6 (b) "Federal income-driven repayment plan" means a federal
7 student loan repayment option that assigns an individual's monthly
8 payment amount in a manner that is intended to be affordable based
9 on the individual's income and family size.

10 (c) "Fund" means the targeted student loan forgiveness fund
11 created in section 6.

12 (d) "High school equivalency certificate" means that term as
13 defined in section 4 of the school aid act of 1979, 1979 PA 94, MCL
14 388.1604.

15 (e) "Qualified high-need field" means K-12 teaching,
16 dentistry, nursing or other primary medical care, or any other
17 essential service that is experiencing a shortage of qualified
18 individuals who provide the essential service as determined by the
19 department. The department shall make its determinations under this
20 subdivision based on criteria promulgated by rule under the
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
22 24.328.

23 (f) "Targeted student loan forgiveness program" or "program"
24 means the targeted student loan forgiveness program created in
25 section 4.

26 Sec. 4. The targeted student loan forgiveness program is
27 created in the department. The department shall do all of the
28 following:

29 (a) Develop and implement an application process for program

1 participants, who must meet all of the following eligibility
2 requirements:

3 (i) Have graduated from high school with a diploma or
4 certificate of completion or achieved a high school equivalency
5 certificate.

6 (ii) Have graduated and obtained an undergraduate degree from a
7 college or university and applied for this program within 5 years
8 of obtaining that degree.

9 (iii) Be a participant in a federal income-driven repayment
10 plan.

11 (iv) Reside in this state.

12 (v) Work in a qualified high-need field.

13 (vi) Have a total annual household income of less than
14 \$50,000.00.

15 (vii) Not be delinquent or in default on a student loan made
16 under any state or federal education loan program.

17 (viii) Not be in default on a refund payment due under section
18 5(2).

19 (b) By January 1 each year, publish on its website in a manner
20 readily accessible to the public all of the following:

21 (i) A list of all qualified high-need fields.

22 (ii) A description of the criteria promulgated under section
23 3(e) used to determine qualified high-need fields.

24 (c) Publicize the targeted student loan forgiveness program to
25 potential program participants.

26 (d) Subject to section 5, disburse awards to program
27 participants.

28 Sec. 5. (1) The department shall award a program participant
29 who meets the eligibility requirements in section 4(a) a monthly

1 payment equal to 100% of the program participant's monthly
2 repayment under a federal income-driven repayment plan for not
3 longer than 24 months of repayment under the federal program.
4 However, an award granted under this section must be deferred for a
5 program participant who has received a deferment or forbearance
6 under the federal income-driven repayment plan. Upon completion of
7 a deferment or forbearance period, the program participant is
8 eligible to receive monthly payments under this subsection for the
9 remainder of the 24-month period described in this subsection.

10 (2) If an individual receives a payment under subsection (1)
11 at a time when the individual does not meet the eligibility
12 requirements in section 4(a), the individual shall refund the
13 payment to the department in accordance with rules promulgated by
14 the department under the administrative procedures act of 1969,
15 1969 PA 306, MCL 24.201 to 24.328. The department shall transmit
16 refunds received under this subsection to the state treasurer for
17 deposit in the targeted student loan forgiveness fund created in
18 section 6.

19 Sec. 6. (1) The targeted student loan forgiveness fund is
20 created in the state treasury.

21 (2) The state treasurer shall deposit money and other assets
22 received under section 5(2) or from any other source in the fund.
23 The state treasurer shall direct the investment of money in the
24 fund and credit interest and earnings from the investments to the
25 fund.

26 (3) The department is the administrator of the fund for audits
27 of the fund.

28 (4) The department shall expend money from the fund on
29 appropriation, only for the purpose of paying awards to program

1 participants as described in section 5(1).

2 Sec. 7. The department shall promulgate rules to implement
3 this act under the administrative procedures act of 1969, 1969 PA
4 306, MCL 24.201 to 24.328.