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loan debt, rolling out a new program that could allow thousands of residents to refinance student loans and drive down monthly payments.

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Minnesota state officials are trying to take some of the sting out of high student-loan debt, rolling out a new program that could allow thousands of residents to refinance student loans and drive down monthly payments.

“If a student is graduating with such a high debt load, it makes it just so much more difficult for them to do so much more in our economy, whether it is buy a house or start a small business or buy a car,” Lt. Gov. Tina Smith said Thursday. “If we want to have an economy that works for everyone in Minnesota, we cannot allow these high debt loads to put a crunch on our competitiveness.”

Smith and Higher Education Commissioner Larry Pogemiller announced the launch of the program Thursday at Winona State University.

Pogemiller said that for a borrower who owes \$40,000 at an 8 percent interest rate, the new refinancing option could lower monthly payments between \$200 and \$300. If the same borrower chose a quicker repayment option, they could save \$25,000 in interest charges. “For some borrowers, this could be very significant,” Pogemiller said.

The issue is a huge one in Minnesota, which ranks fifth nationally in the amount of college-loan debt carried by residents. Minnesotans have an average of nearly \$32,000 in outstanding loans, according to the Project on Student Debt.

The new proposal comes as the hardship of student debt is taking a larger role in national politics, gaining new attention from presidential candidates during debates and at campaign stops.

Nationally, student-loan debt reached \$1.3 trillion in November of last year,

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staggering problem of student debt,” said Rep. Gene Pelowski, DFL-Winona, who was a leading champion of the change that year.

Nationally, seven in 10 college students who graduated in 2014 had loan debt, according to the survey by the nonprofit Institute for College Access & Success, with an average of \$28,950 per borrower.

The issue has strong bipartisan appeal.

Minnesota House Republicans on Thursday said their current tax proposal could provide tax credits for those with student loans.

The legislation “would have put money back in the pockets of more than 100,000 Minnesotans working to pay back their student loans,” said Rep. Marion O’Neill, vice chair of the House Higher Education Committee.

### Balancing loan payments

Amy Nicholas, 40, and her husband both took out student loans to pay for their educations, but have had to guard their budget carefully in recent years.

Nicholas, who works in the information technology field, graduated from Augsburg College in December and said she owes about \$70,000 in student loans. She and her husband, who has a master’s degree, are preparing to dig deep this year to pay off what they owe, she said. Collectively, they owe roughly \$220,000 in student loans.

“Our student loans together would be what a house payment would be,” Nicholas said. “It’ll affect the way we live, even though we’re both in fairly well-paying jobs.

The economic recession hit their family hard. They lost their home during the downturn, and their student loan debt makes future plans to own a home uncertain. “I don’t know if we’ll ever buy a home again,” she said.

Matthew O’Flaherty, a 25-year-old loan document specialist, graduated from

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Rebecca Kelly, 22, of Haley, graduated with a degree in biology from Augsburg College in May of 2015. She currently works two restaurant jobs in order to keep up with her monthly loan payments on \$80,000 in debt, and she also moved back home with her family to cut down on expenses.

“There needs to be a bit more focus on the younger generation,” she said. “A lot of people aren’t going to school because they can’t afford it.”

### How refinancing works

To be eligible, borrowers must be Minnesota residents and have completed at least one postsecondary credentialed program. They must also meet certain credit requirements or have a creditworthy co-signer.

Qualified borrowers could refinance some student loans and there are different repayment options. Borrowers could repay their loan over time periods of as little as five years, and as long as 15 years.

The maximum loan amount that can be refinanced for a bachelor or graduate degree is \$70,000. The maximum loan amount for a two-year diploma or certificate is \$25,000.

Federal loans qualify under the program, and so do private loans, so long as they paid for “qualified” education expenses.

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