

House Research Act Summary

CHAPTER: 144

SESSION: 2007 Regular Session

TOPIC: Omnibus Higher Education

Date: June 4, 2007

Analyst: Kathy Novak

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Table of Contents

Article 1: Higher Education Appropriations.....	1
Article 2: Related Higher Education.....	7
Article 3: Private Institutions.....	13

Article 1: Higher Education Appropriations

Overview

Summary of appropriations. Makes general fund appropriations of \$1.575 billion for fiscal year 2008 and \$1.588 billion for fiscal year 2009 and health care access fund appropriations of \$2.16 million each year. Total appropriations for the biennium are \$3.168 billion.

- 1 **Higher education appropriations.** Provides for appropriations by fiscal years.
- 2 See section 1.
- 3 **Minnesota Office of Higher Education.**

Subd. 1. Total appropriations. Appropriates \$188.3 million for fiscal year 2008

and \$188.8 million for fiscal year 2009.

Subd. 2. State grants. Appropriates \$147.4 million in FY 08 and \$144.1 million in FY 09 with authority to carry forward or back either year's appropriation. Increases the tuition and fee maximums to \$9,838 from \$9,438 for four-year programs and to \$6,114 in the first year and \$5,808 in the second year (from \$6,436) for two-year programs. Increases the living and miscellaneous allowance used to calculate the grant award from \$5,340 to \$5,900. (Two temporary increases in the LME occurred as directed in law, bringing the LME used to calculate 2006-2007 grant awards to \$6,065.) Other changes to the state grant program are made in article 2.

Subd. 3. Safety officers survivors. Appropriates \$100,000 each year for grants for dependent children and spouses of public safety officers killed in the line of duty with authority to carry forward or back either year's appropriation.

Subd. 4. Interstate tuition reciprocity. Appropriates \$2 million each year for interstate payments under the reciprocity program with authority to carry forward or back either year's appropriation.

Subds. 5 to 12. Other appropriations. Makes base level appropriations for state work study (\$12.444 million each year), MnLINK gateway (\$400,000 each year), Minnesota college savings plan (\$1.02 million), Intervention for college attendance program grants (ICAP) (\$496,000 each year, also limits administration to \$50,000 per year) and Midwest compact (\$90,000 each year).

Increases appropriations for:

- Learning Network of Minnesota (\$4,800,000 up from \$4,225,000), Minitex (\$5.631 million each year up from \$4.381 million), and child care grants (\$6.184 up from \$4.934 million each year).

Subd. 13. Achieve scholarship program. Appropriates \$3.4 million in FY 08 and \$7.4 million in FY 09.

(a) \$200,000 each year transferred to the University of Minnesota and MnSCU to increase access to college in the schools for remote and underserved districts without the resources for AP and IB programs. Students receive college credit at no cost for each successful course completed. Requires a report to the legislature by January 15, 2009.

(b) Provides funding for Achieve scholarships under article 2, section 25, including \$3 million in FY 08-09 to support rigorous high school programs, college attendance programs, college readiness programs and improved counseling. Authorizes \$350,000 in FY08-09 and \$200,000 in FY10-11 for administration. Sets the base at \$10 million each year for the next biennium.

Subd. 14. Other programs. Provides funding for programs:

- \$240,000 for a grant to increase service learning and community collaboration and the Minnesota campus compact with a \$2 campus for \$1 state match requirement;
- \$250,000 in the first year to the Augsburg program for chemically dependent students onetime;
- \$100,000 each year for loan repayment and forgiveness programs for attorneys entering public interest law (**vetoed by the governor**);
- \$50,000 the first year, onetime for the Washington Center for Internships with an equal nonstate match (**vetoed by the governor**); and
- \$250,000 each year for the TEACH initiative for early childhood education under article 2, section 24.

Subd. 15. United Family Residency Program. Appropriates \$414,000 in the first year and \$431,00 the second year to support up to 18 resident physicians each year for family care medicine in underserved areas. Sets the base appropriation at \$448,000 and \$467,000 for the next biennium.

Subd. 16. Agency administration. Appropriates \$2.71 million in FY 08 and \$2.77 million in FY 09.

Subd. 17. Balances forward. Provides that balances in this section are available in the second year.

Subd. 18. Transfers. Authorizes the transfer of funds from other programs to financial aid programs and the reciprocity program. Transfers require written approval by the commissioner of finance and the legislative chairs.

Subd. 19. TANF work study. Exempts TANF funded work study jobs from a requirement for matching funds in OHE rules.

4 **Board of Trustees of the Minnesota State Colleges and Universities.**

Subd. 1. Total appropriations. \$666.883 million in fiscal year 2008 and \$689.228 million in fiscal year 2009.

Subd. 2. General appropriations. Appropriates \$666.88 million in fiscal year 2008 and \$689.22 million in fiscal year 2009, including:

- a permanent increase in funding for Cook County Higher Education Board with a requirement to continue to report on services for students;
- funding for operation and maintenance, including technology focused on student needs, and recruitment and retention of and services for underrepresented students with a direction to fund other initiatives from reallocations and productivity enhancements;
- specifies the expectation that tuition increases will be less than four percent per year

over the next biennium;

- provides one percent of the appropriation is contingent on MnSCU achieving three of five specified goals – increasing by 3% the students taking STEM courses, increasing by 2% enrollment in centers of excellence, increasing by 700 the number of students trained on electronic medical record technology, increasing by 10% students taking online courses or course offerings, expanding by 10% rewards to institutions or staff for innovations;
- funding to eliminate nonresident undergraduate tuition through FY 2009 at seven colleges (Century, St. Paul College, Minneapolis Community and Technical College, Rochester Community and Technical College, Inver Hills Community college, St. Cloud Technical College and Normandale Community College) with a prohibition for adding a nonresident tuition rate at colleges without a nonresident rate as of May 1, 2007;
- funding to improve textbook purchasing practices in collaboration with student associations, including pilot projects with a report to the legislature by February 15, 2009;
- funding for community-based energy pilot projects at Mesabi Range Technical and Community College, Minnesota West Community and Technical College, Inver Hills Community College and Riverland Community College;
- onetime funding for a modular clean-room at St. Paul college which is available until spent;
- funding for a pilot project for the Northeast Minnesota Higher Education District to reestablish technical education in area high schools, including the purchase of equipment with half the first year appropriation;
- onetime funding for expenses of a division 1 women’s hockey team at a school with total enrollment of less than 7,000;
- funding for a study of higher education needs in the Mesabi Range region, with a final report to the legislature by January 15, 2008;
- funding for a center at the Mesabi Range Community and Technical college to support and enhance the eFolio Minnesota system with an annual report to the legislature;
- permits any allocation of base funding resulting from a 2005 allocation for competitive compensation to be used to recruit or retain quality faculty.

Subd. 4. Board policies. Requires the MnSCU board to adopt policies allowing students to use waivers and other payment plans for books purchased at campus bookstores. Also requires the Board to adopt a policy by January 1, 2009 to set the maximum credits required for a degree at 120 semester credits for a baccalaureate degree and 60 credits for an associate degree with a process for granting waivers for

degrees that require more credits.

5

Board of Regents of the University of Minnesota.

Subd. 1. Appropriations. Appropriates \$714.729 million in fiscal year 2008 and \$705.369 million in fiscal year 2009, from the general fund and the health care access fund. (\$2.2 million each year).

Subd. 2. Operations and maintenance. Appropriates \$621.2 million in fiscal year 2008 and \$637.8 million in fiscal year 2009, including:

- funding for the board's initiatives to sustain quality and competitiveness and for advancing education, including the Ojibwe Indian language program at Duluth;
- funding for banded tuition at the coordinated campuses to reduce tuition costs;
- funding for scholarships to reduce the impact of rising tuition for students with family income under \$150,000, with a \$1.50 nonstate to \$1 state match;
- onetime funding for the Center for Transportation Studies to finish a greenhouse gas study with a report;
- onetime funding to establish an India Center to improve and promote relations with Southeast Asia and India with an equal nonstate match required and a report to the governor and legislature by February 15, 2008;
- onetime funding to assist the neighborhood alliance and for projects eligible for funding;
- funding for a Dakota language teacher training program on the Twin Cities campus; and
- provides one percent of the appropriation is contingent on the University of Minnesota achieving three of five specified goals – increasing financial support for students with financial need, maintain the same or higher rank in research expenditures, increase by 5% degrees awarded in STEM and health sciences, increase by 5% support for renewable energy research, and improve benefits to business and industry.

Subd. 3. Primary care education initiatives. Appropriates \$2.2 million each year for primary care education from the health care access fund.

Subd. 4. Special Appropriations. Makes dedicated appropriations:

Agricultural special – \$53.2 million for fiscal year 2008 and \$52.2 million for fiscal year 2009, including the following:

- funding for the agriculture and extension service which includes additional funding to promote livestock research and outreach, and ongoing organic research and education;
- funding for research efforts to demonstrate a renewed emphasis on production

agriculture, renewable energy from biomass, extending the vegetable growing season, soil fertility, disease treatment through plant and livestock cells, use of biofuels coproducts, rapid agricultural response, UMore Park research, and organic research and education with a report to the legislature on funded research;

- specifies priorities in renewable energy research for biofuel, bioenergy crops and systems and issues of growing, harvesting and transporting biomass;
- funding to establish and maintain statewide organic research and education initiative;
- requires a report to the legislature by February 15, 2009 on the research initiatives funded in the agricultural special.

Health sciences special – \$5.3 million each year for health sciences \$346,000 each year for the St. Cloud residency program.

Institute of technology – \$1.4 million each year for the geological survey and talented youth mathematics program.

System specials – \$6.6 million each year for various appropriations including an additional funding for the industrial relations education special.

Requests the Board to not reduce funding for these purposes.

Subd. 5. University of Minnesota and Mayo Foundation Partnership. \$25 million in fiscal year 2008 and \$8 million in the base is appropriated for the collaborative research partnership with an annual report to the legislature and the governor by June 30 each fiscal year.

Subd. 6. Academic health center. Estimates that the appropriation from a dedication of a portion of the cigarette tax is \$22.25 million each year.

6 Mayo Clinic. Appropriates \$1.202 million in fiscal year 2008 and \$1.25 million in fiscal year 2009, as follows:

- \$591,000 in FY 08 and \$615,000 in FY 09 is for a capitation rate in the medical school for each Minnesota resident student to increase doctors practicing in rural areas, with authority to transfer money as needed between years and with the base for the next biennium set at \$640,000 in FY 10 and \$665,000 in FY 11;
- \$611,000 in FY 08 and \$635,000 in FY 09 for a stipend to support up to 27 residents and the base set at \$660,00 in FY 10 and \$686,000 in FY 11.

7 Department of veterans affairs. Appropriates \$6 million each year for the Minnesota GI bill, with up to three percent for administrative costs.

8 Center for rural policy and development. Makes an appropriation to the Center at Minnesota State University Mankato that was enacted in the environment, natural resources, energy and commerce omnibus bill available until June 30, 2009.

9 Financial aid program studies.

Subd. 1. State grant. Requires the Office to provide the legislature with

information from an evaluation of the state grant program focused on effectiveness in promoting access to higher education by analyzing the factors used in calculating grant amounts compared to the situations faced by students for work, family assistance, actual costs, and changing conditions. The study must consider the effects of any changes on students and families by income and institutional type. The study must also consider an expansion of the grant program for advanced studies

Subd. 2. Workforce needs. Requires the Office to study financial aid and loan programs with respect to the needs of the workforce for occupations that are in demand. The study must identify options for targeting aid as an incentive for high demand occupations such as speech pathologists. Requires a report to the legislature by February 15, 2008 with recommendations.

The Office must present a preliminary report on each study to the legislature by February 15, 2008 with a final report by October 1, 2008.

10 Postsecondary education participation study. Requires the Office to report on comparative participation in postsecondary education of state grant recipients to the legislature by January 15, 2008.

11 University of Minnesota Minneapolis area neighborhood alliance. Defines the following terms:

- *Alliance* is a representative body including the University of Minnesota, the city of Minneapolis, neighborhood organizations and business associations;
- *Board* is the Board of Regents;
- *Report* is the report *Moving Forward together; University of Minnesota Minneapolis Area Neighborhood Impact Report*;
- *University partnership district* is the neighborhoods around the University;
- *University* is the University of Minnesota.

Provides authority to the alliance for projects to maintain the district as a viable place for study, research, and living. Projects include those outlined in the report, and others to improve the area. Requires the Board to report to the legislature by January 15, 2009, on the use of money appropriated for this purpose.

Article 2: Related Higher Education

Overview

This article makes changes to the Office of Higher Education (Office), establishes new grant and loan repayment programs, and makes changes to existing programs for higher education.

1 Minnesota Office of Higher Education.; data sharing. Eliminates a repealed cite.
2 Establishment; membership; Minnesota Agriculture Education Leadership Council. Expands membership to 17 members by adding a representative of the Minnesota Private Colleges Council.

- 3 **Funding policy.** Clarifies the existing state policy of providing two-thirds of the support for higher education.
- 4 **State higher education objectives.** Moves the existing statutory objectives to a new section (the objectives in current law are repealed).
- 5 **Determination of appropriation.** Provides that state appropriations for public postsecondary systems are based on their budgets, progress toward state objectives, forecasted resources, balancing support for students and public institutions and other factors.
- 6 **Reports.** Puts in statute the reporting requirements for public postsecondary institutions that are in law. Requires public postsecondary systems to report on instructional expenditures and enrollment to the Office and Finance for inclusion in the biennial budget documents. A data advisory task force must consult on specific data reporting requirements.
- 7 **Operating budget.** Technical change to cross-reference. Repeals duplicate goal of providing two-thirds state support for public higher education.
- 8 **Personal financial management.** Requires MnSCU and requests the University of Minnesota to provide students with information on personal financial management when they first register.
- 9 **Sale of student information; marketing credit cards to students.** Prohibits postsecondary institutions from providing contact information on undergraduates to credit card issuers or enter into an agreement to market credit cards to undergraduate students. Authorizes penalties for violations through the powers of the attorney general. Applies to new agreements or to extensions of existing agreements upon expiration after July 1, 2007.
- 10 **Textbook disclosure pricing and access.**
- **Course material disclosures required.** Requires publishers selling or distributing material for use in postsecondary classrooms to disclose certain information beginning January 1, 2009. Information that must be disclosed includes identifying information, undiscounted price, the format (bundled or unbundled), price of components for bundled materials, summary of revisions, and return policies. Excludes mass-market books from the disclosure requirement.
 - **Educational strategies.** Requires public postsecondary institutions, and the Office for private institutions, to develop materials based on studies of textbook costs, and inform interested parties on the strategies for reducing costs to students. Also requires the Office to identify how to make information on compliance with the disclosure requirements available to students and faculty. Requests bookstores at the University of Minnesota and private institutions to comply with the bookstore requirements for MnSCU under section 41.
- 11 **Senior citizen.** Expands eligibility for seniors, 62 and older, to take classes at public postsecondary institutions to include persons 60 or older who receive a railroad retirement annuity.
- 12 **Fees and tuition.** Clarifies that the public postsecondary governing boards may set administrative fees for senior citizens taking college classes in an amount to recover costs.
- 13 **Term; income of senior citizens.** Eliminates professional continuing education programs from the types of education that are excluded from the senior citizen education benefits.
- 14 **Definitions.** Adds a new definition section for the chapter governing the Office of Higher Education and defines “office” to mean the Office of Higher Education.
- 15 **Expiration.** Repeals the expiration of student advisory groups.

- 16 **Reporting; reciprocity.** Adds a requirement to an existing report. by the Office of Higher Education to include summary statistics on graduates, degrees, and graduation year for reciprocity students attending Minnesota institutions.
- 17 **Eligible institutions.** Clarifies a definition of institutions eligible to participate in financial aid programs. Requires private institutions to be registered or licensed and be a Pell grant participant by July 1, 2011.
- 18 **Assigned family responsibility.** Reduces by five percent for all family types, the assigned family responsibility factor used to calculate state grant awards.
- 19 **Surplus appropriation.** Extends to 2009 the expiration of a provision allowing the use of surplus state grant appropriations for temporary increases in the living and miscellaneous allowance, a factor used to calculate state grant awards.
- 20 **Reporting.** Puts into statute a requirement in law that the Office must provide to the legislature updated state grant projections by November 1 and February 15 based on the most recent enrollment, cost and economic information and in consultation with representatives of postsecondary education and financial aid administrators, finance, the governor's office, and legislative staff.
- 21 **Eligible students.** Clarifies the enrollment status treatment for students who get an additional semester of state grant eligibility after withdrawing for active military service.
- 22 **Amount and length of grants; childcare.** Increases the maximum child care grant to \$2,600 from \$2,300 per eligible child per academic year.
- 23 **Teacher education and compensation helps; Minnesota early childhood teacher education incentive programs.** Creates § 136A.126.

Subd. 1. TEACH. Establishes the teacher education and compensation helps (TEACH) program to provide tuition scholarships and education incentives. Requires the director of the Minnesota Office of Higher Education to transfer funds provided through a grant to a nonprofit organization licensed to administer TEACH.

Subd. 2. Program components. Paragraph (a) lists the activities for which the nonprofit organization must distribute funds, including tuition scholarships and education incentives.

Paragraph (b) lists the criteria applicants must meet to receive a scholarship, with higher priority given to lower wage earners. Requires scholarship recipients to contribute 10 percent of the total scholarship and be sponsored by their employers, who must also contribute to the scholarship. Requires scholarship recipients who are self-employed to contribute 20 percent of the total scholarship.

Subd. 3. Advisory committee. Authorizes an advisory board meeting national standards.

24 **Achieve scholarship program.**

Subd. 1. Establishment. Establishes the Achieve Scholarship Program.

Subd. 2. Definition; qualifying course. Defines "qualifying course" by reference to an agreement with the U.S. Department of Education on the Academic Competitiveness grants.

Subd. 3. Documentation of qualifying courses. Requires high schools, at the request of a student, to certify and submit a transcript to the office listing qualifying courses.

Subd. 4. Student eligibility. Requires that students to complete an application for federal financial aid, receive at least a C grade for qualifying courses, have family income under \$75,000, and be a U.S. citizen or eligible noncitizen and a Minnesota resident as defined for the state grant program.

Subd. 5. Administration. Assigns Achieve administration to the Office.

Subd. 6. Application. Requires students to apply for the scholarship.

Subd. 7. Deadline. Sets a deadline for applications at 30 days after the beginning of an academic term.

Subd. 8. Documentation of qualifying family income. Requires family income to be documented by declaration and permits the Office to request tax returns.

Subd. 9. Scholarship awards. Provides an award of \$1,200 for students who take qualifying courses and receive at least a C to used for postsecondary expenses at eligible institutions..

Subd. 10. Qualifying expenses. Defines qualifying expenses by reference to federal definition of the cost of attendance.

Subd. 11. Eligible institution. Allows scholarships to be used at Minnesota degree granting public and private institutions that are accredited, registered or licensed

Subd. 12. Availability of scholarship funds. Makes the scholarship available to the student for the four years immediately following high school graduation. Requires annual certification of amounts that cancel.

Subd. 13. Disbursement of scholarships. Requires the \$1,200 award to be paid in two equal payments with second payment made after completion of the first term.

Subd. 13. Evaluation report. Requires a report by the Office to the legislature by January 15 of each odd-numbered year on how successful the program is in increasing enrollment in rigorous courses. Describes the information that must be included in the report.

Makes the program effective July 1, 2007, for students graduating in 2008.

25 **Scope.** Technical change.

26 **Eligible institution.** Clarifies a definition of institutions eligible to participate in student loan programs. Requires private institutions to be registered or licensed and be a Pell grant participant by July 1, 2011.

27 **Investments.** Technical change.

28 **Interest rate swaps and other agreements.** Authorizes the office to use up to \$20 million of bonds and notes, for interest rate swaps including credit enhancements, liquidity or remarketing. Agreements can be negotiated or competitive on terms that include reserve requirements, asset or revenue pledges, contracts or bond issues. Authorizes fixed or variable interest rates according to an agreement and termination payments. Authorizes the office to issue bonds or notes for payments under an authorized agreement.

- 29 **Legislative oversight.** Replaces an obsolete requirement to report on OHE loan programs to the legislative advisory committee with a requirement to notify the legislature of any proposed material changes to its loan programs.
- 30 **Payments; work-study.** Authorizes payment for one term in an academic year when a student is not enrolled or enrolled less than half time, if the student enrolls at least half time the next academic term.
- 31 **Revenue bonds; limit.** Increases the revenue bond limit for the higher education facilities authority from \$800 million to \$950 million.
- 32 **Grants; intervention for college attendance.** Expands the purpose for the existing ICAP grant program to include college retention in addition to attendance. Expands the population receiving outreach services to include historically underrepresented college students.
- 33 **Eligible students; intervention for college attendance.** Specifies that undergraduates are eligible for ICAP if they met the eligibility criteria when they were in 6th through 12th grade.
- 34 **Application process.** Incorporates postsecondary retention into the application process for the ICAP program.
- 35 **Program evaluation.** Incorporates undergraduate retention into the report and evaluation for the ICAP program.
- 36 **Membership; Board of Trustees.** Directs the governor to consider the needs of the Board for racial, gender, geographic, ethnic and business and labor representation when making appointments.
- 37 **Duties; advisory council.** Directs the advisory council to include criteria on diversity in racial, gender, geographic, occupation and experience and the needs of the board for skills and characteristics in the selection process.
- 38 **Recommendations; Board of Trustees.** Exempts the student appointments to the Board from the advisory council's recommendation process.
- 39 **Time reporting.** Eliminates an obsolete reporting requirement.
- 40 **MnSCU Bookstores; course material, acquisition.** Directs instructors to attempt to provide adequate notice to a bookstore of orders and bookstores to provide information to the instructor before placing the order. The bookstore must attempt to get information prior to the order that includes identifying information, price, format, price of alternative formats, availability, revision, and plans for revisions. Directs the board of trustees to consider uniform forms for its bookstores to request this information and to encourage faculty to use the information to obtain the lowest cost for students.
- 41 **Activity funds.** Eliminates the reference to the deposit of activity funds (amounts related to the administration and provision of supplemental student activities) into the state treasury.
- 42 **Banking services.** Authorizes the Board of Trustees to control the deposit of all MnSCU receipts including appropriations, tuition and fees, activity funds and other revenues into depositories selected by the board. The board's authority includes specifying all conditions related to deposits and the depository, and compensation or consideration for depository services.
- 43 **Amount of matching grant.** Increases the matching grant in the college savings program by \$100 to a maximum of \$400 for families with an annual family income of \$50,000 or less, and to ten percent of contributions for those with family income between \$50,000 and \$80,000 from the five percent in current law.
- 44 **Establishment; regent candidate advisory council.** Directs the council to make recommendations to the joint legislative committee under section 47.
- 45 **Recommendations; regent candidate advisory council.** See section 45.
- 46 **Regent nomination and election.** Eliminates the requirement for the Governor to recommend regent candidates to the joint committee. Changes the composition of the

regent nomination joint committee to include the members of the house and senate committees on higher education policy and finance. Authorizes the joint committee to recommend candidates to the joint convention that have been recommended by the candidate advisory council or other candidates.

The joint committee may consider other candidates if the candidate has the support of three committee members from the house and two from the senate. The joint committee must recommend to the joint convention, one candidate for each vacancy considering the needs and balance of the board. The joint committee must meet twice – once to interview and select candidates for consideration and once to vote on candidates for recommendation to the joint convention.

47 Appropriation; contract buyout. Prohibits the governing board of the University of Minnesota from using state appropriations for the direct or indirect cost of early terminations of athletic department coaches.

48 Delayed payment of tuition. Adds delayed state payments to the exemption for late fees imposed by postsecondary institutions for delayed federal payments for veterans.

49 Minnesota GI Bill Program. Creates new law in Ch. 197 for the *Minnesota GI Bill Program* to provide aid for undergraduate and graduate studies.

Subd. 1. Definitions. Defines *commissioner, cost of attendance, child, eligible institution, program, time of hostilities, and veteran.*

Subd. 2. Program establishment. Establishes the program under the administration of the commissioner of veterans affairs in cooperation with postsecondary institutions. Requires public institutions to participate.

Subd. 3. Duties; responsibilities. Requires the commissioner to establish policies and procedures for managing the program. The commissioner may delegate any administrative responsibilities to the participating eligible institutions and have an interagency agreement for services related to the program.

Subd. 4. Eligibility. Establishes eligibility criteria based on service since September 11, 2001 including: veterans with honorable active service; non-veterans with honorable service of 5 years or more as a member of the Minnesota National Guard or other Reserves, with any part of that service after September 11, 2001; the surviving spouse or child of such veteran who has died as a result of that military service; the spouse or child of such veteran who has a *total and permanent service-connected disability.*

To be eligible, the veteran or service member must have been a Minnesota resident within six months of the person's initial enlistment or any reenlistment. The GI bill recipient must also be a Minnesota resident for the purposes of financial aid and be an eligible undergraduate or graduate student enrolled in a program leading to a degree or other credential, making adequate academic progress, applied for aid before the end of the term, and in compliance with child support payments.

Specifies the types of proof that may be required to establish eligibility, and establish an eligibility appeals process, with final authority resting with the commissioner.

Subd. 5. Benefit amount. Applicants, if approved, are funded to the extent of the appropriation. Provides a formula for determining grant awards based on deducting

from the cost of attendance:

- the amount of the federal Pell Grant, if any;
- the amount of the State Grant amount, if any; and
- the amount of all other federal military or educational benefits being received by the person, if any.

Establishes maximum assistance amounts of:

- \$1,000 per semester for full-time enrollment and \$500 for part-time;
- \$2,000 per state fiscal year; and
- \$10,000 total during the person's lifetime.

Authorizes the commissioner to reduce the semester and fiscal year amounts to stay within the appropriations.

50 Minnesota West Community and Technical College at Worthington; YMCA lease agreement. Authorizes the MnSCU Board of Trustees to enter into a 40-year lease agreement for campus land to construct a YMCA facility consistent with MnSCU building standards and the campus master plan.

51 Interest rate protection agreements; report. Requires the Office to report by February 1, 2009, to the legislature on the results of the interest rate swaps authorized in this article.

52 Repealer. (a) Repeals the funding policies and procedures for public higher education including Minnesota Statutes, sections 135A.031, subdivisions 2 to 6 (providing appropriations for instructional services for certain enrollments, adjustments for performance and change items); 135A.032 (appropriations for noninstructional services); and 135A.033 (performance funding). Repeals sections 135A.045 (report on the petroleum tank release fund); 135A.053 (higher education policy – objectives are recoded in this article); 136A.07 (a requirement for the Office of Higher Education to report in even number years with information to be included with the governor's budget); and 136A.08, subdivision 8 (data sharing request for the Office to develop data collection procedures for monitoring students participating in reciprocity agreements).

(b) Repeals laws of Minnesota 2001, First Special Session chapter 1, article 1, sections 3, subdivision 3 and section 4, subdivision 5 (requirements for reports from MnSCU and the U of M, similar reports are made statutory in this article).

Article 3: Private Institutions

Overview

Article 3 changes the Office of Higher Education regulation of private postsecondary institutions.

1 Policy. Clarifies that both for profit and nonprofit institutions are included in the state policy for higher education.

2 Citation. Authorizes citation as the Minnesota Private and Out-of-State Public Postsecondary Education Act

- 3 **School.** Clarifies the definition used to regulate private schools and changes it to include schools located outside Minnesota that contract with Minnesota schools to provide postsecondary education to Minnesota residents.
- 4 **Registration.** Clarifies that the requirement for annual registration applies to institutions offering degree programs. Provides that an application to renew a registration must be made within 30 days of a change of ownership. Defines *change of ownership*.
- 5 **Information required for registration.** Specifies the information required for registration, including information on business organization, mission, financing, licenses, officers and faculty, and information on the school facilities, offerings, requirements, policies, and fees and charges. Provides the Office with authority to request and verify information, assess penalties, and recover expenses. Makes all of the submitted information public except the financial and accreditation information.
- 6 **School closure.** Requires a school to cooperate with the Office to minimize disruption to students when the school closes by providing specified information.
- 7 **Additional security.** Requires an institution to post a \$10,000 to \$250,000 bond if it has been notified by the federal government that it is below standards for participation in federal financial aid.
- 8 **Approval of degrees and name.** Requires registered schools to be accredited by a recognized organization the degrees offered. Specifies the business and academic information that a school must provide the Office to register degrees and get name approval. Sets standards for degree approval including teachers, programs, financing, policies, advertisements and recruitment, procedures for awarding aid, and facilities necessary. Provides for the use of the terms *academy*, *institute*, *college*, and *university*. Allows a grandfathered approval of names in use before August 1, 2007. Also provides for an appeal process for disapproval of a name.
- 9 **Statement required; religious nature.** Requires a statement of the religious nature of academic awards by institutions with an exemption.
- 10 **List.** Clarifying change-replacing *schools* with *registered institutions*.
- 11 **Unauthorized representations.** Specifies which statements may be used by registered institutions to refer to their status as being registered by the office.
- 12 **Risk analysis.** Requires the Office to develop evaluation metrics to assist in identifying schools that may fail, including indicators of stability in financing, staffing, enrollment, and programs. The Office must provide copies of the metrics to registered institutions and must rely on reported data, but may require more frequent reporting.
- 13 **Records.** Replaces existing record keeping requirements for registered schools with requirements that each school, including distance schools with Minnesota students, keep specified student records for 50 years and file a record keeping plan that meets listed requirements. Schools without binding agreements on preservation of student records must post a bond in an amount that is less than \$20,000.
- 14 **Fees.** Establishes registration fees for adding a degree level (\$2,000 per program), adding a program (\$500 per program), fact-finding or office visits (\$300 base fee, \$300 per team member per day for site visits plus travel costs), and to modify programs (\$100 if the change is 25 percent or more from approved time measure or content, or a change in academic measures).
- 15 **Penalty.** Authorizes the director to assess fines for failure to comply with the requirements for registration up to \$500 per day.
- 16 **Office of Higher Education; office.** Defines *office* as the Office of Higher Education in the chapter on licensing postsecondary schools.
- 17 **School.** Defines *schools* for licensing as entities that provide programs at less than the associate degree level and are not registered by the Office.
- 18 **Technical.** Changes to update citations or clarify requirements.

- 19 **Technical.** See section 18
- 20 **Technical.** See section 18
- 21 **Catalog, brochure, or electronic display.** Adds a requirement to provide notice to students on transferability of credits to the requirements for licensing applicants under current law.
- 22 **Technical.** Changes to clarify requirements.
- 23 **Technical.** Changes to clarify requirements.
- 24 **Renewal licensure fee; late fee.** Caps the \$100 per day late fee for license renewals in current law at \$3,000.
- 25 **Contract information.** Clarifies the current requirements for the enrollment contracts used by schools by prohibiting the use of a wage assignment provision or a confession of judgment clause.
- 26 **Cancellation occurrence.** Clarifies requirements for establishing when a student is considered to have withdrawn from school.
- 27 **Instrument not to be negotiated.** Technical change
- 28 **Disclosure required.** Clarifies the existing requirements for disclosure and advertisements.
- 29 **Penalty.** Clarifies the director's existing authority to impose penalties for failure to comply and the maximum fine of \$500 per day per violation.
- 30 **Exemptions.** Makes conforming changes to the exemptions and eliminates an exemption for driver training schools.
- 31 **Exemption; religious schools.** Exempts religious schools or departments owned by bona fide religious organizations or churches offering programs particular to the faith and intended to prepare students for religious vocations or religious life from the licensing requirements. Limits the exemption to exclude programs that are represented to prepare students for broader educational purposes. Requires a statement of the religious nature of academic awards by institutions with an exemption.
- 32 **Effective date; transition process.** Requires qualifying schools to change their registration or licensing status before the expiration of their current registration or license. Authorizes the Office to extend existing licenses or registrations, as necessary, to facilitate the new process.