A bill for an act

relating to higher education; appropriating money; establishing the Minnesota GI Bill program; amending certain Minnesota Office of Higher Education provisions; establishing new grant and loan repayment programs; amending higher education programs; amending certain grant programs; amending certain higher education provisions; eliminating obsolete references; making technical changes; authorizing control of certain decreasing students' share of attendance; establishing a college readiness assessment; increasing revenue bond limits; authorizing control of certain deposits; authorizing lease agreements; authorizing interest rate swap; providing for the Textbook Disclosure, Pricing and Access Act; amending certain private postsecondary institution provisions; amending Minnesota Statutes 2006, sections 13.322, subdivision 3; 16B.70, by adding a subdivision; 41D.01, subdivision 1; 120B.023, subdivision 2; 120B.024; 135A.031, subdivision 7; 135A.053, subdivision 2; 135A.14, subdivision 1; 135A.51, subdivision 2; 135A.52, subdivisions 1, 2; 136A.01, subdivision 2; 136A.031, subdivision 5; 136A.0411; 136A.08, subdivision 7; 136A.101, subdivision 4; 136A.121, subdivision 5; 136A.125, subdivision 2; 136A.15, subdivisions 1, 6; 136A.233, subdivision 3; 136A.29, subdivision 9; 136A.61; 136A.62, subdivision 3; 136A.63; 136A.64; 136A.65; 136A.653; 136A.657; 136A.66; 136A.67; 136A.68; 136A.69; 136A.71; 136A.861, subdivisions 1, 2, 3, 6; 136F.02, subdivision 1; 136F.42, subdivision 1; 136F.71, subdivision 2, by adding a subdivision; 136G.11, subdivision 5; 141.21, subdivisions 1a, 5; 141.25, subdivisions 1, 5, 7, 9, 10, 12; 141.255, subdivision 2; 141.265, subdivision 2; 141.271, subdivisions 10, 12; 141.28, subdivision 1; 141.32; 141.35; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 141; 197; repealing Minnesota Statutes 2006, sections 135A.031, subdivisions 1, 2, 3, 4, 5, 6; 135A.032; 135A.033; 136A.07; 136A.08, subdivision 8; 137.0245; 137.0246.

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

ARTICLE 1

HIGHER EDUCATION APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		2008		2009		Total
General	$	1,561,448,000	$	1,644,178,000	$	3,205,626,000
Health Care Access		2,157,000		2,157,000		4,314,000
Total	**$**	**1,563,605,000**	**$**	**1,646,335,000**	**$**	**3,209,940,000**

Sec. 2. **HIGHER EDUCATION APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009.

		APPROPRIATIONS Available for the Year Ending June 30		
		2008		**2009**
Sec. 3. **MINNESOTA OFFICE OF HIGHER EDUCATION**				
Subdivision 1. **Total Appropriation**	**$**	**197,933,000**	**$**	**198,654,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.				
Subd. 2. **Minnesota GI Bill**		10,000,000		10,000,000
For grants to eligible veterans or the eligible spouses and children of veterans as provided under Minnesota Statutes, section 197.791.				
Of this appropriation, $152,000 the first year and $104,000 the second year are for the administrative costs of operating this program. For the 2010-2011 biennium, the base for this program's administrative costs must be included within the agency administration program activity.				
Subd. 3. **State Grants**		150,154,000		151,124,000

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

For the biennium, the tuition maximum for students in four-year programs is $9,957 in each year for students in four-year programs, and for students in two-year programs, is $4,717 in the first year and $4,859 in the second year.

This appropriation sets the living and miscellaneous expense allowance at $6,241 each year.

Subd. 4. **Safety Officers Survivors**	100,000	100,000

This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to dependent children under age 23 and to the spouses of public safety officers killed in the line of duty.

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Subd. 5. **Interstate Tuition Reciprocity**	2,000,000	2,000,000

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

Subd. 6. **State Work Study**	12,444,000	12,444,000
Subd. 7. **Child Care Grants**	4,934,000	4,934,000
Subd. 8. **Minitex**	5,881,000	5,881,000
Subd. 9. **MnLINK Gateway**	400,000	400,000
Subd. 10. **Learning Network of Minnesota**	4,800,000	4,800,000
Subd. 11. **Minnesota College Savings Plan**	1,020,000	1,020,000

Subd. 12. **Midwest Higher Education Compact**	90,000	90,000
Subd. 13. **Other Small Programs**	1,960,000	1,670,000

This appropriation includes funding for postsecondary service learning, student and parent information, get ready, outreach, and intervention for college attendance programs.

$265,000 each year is for grants to increase campus-community collaboration and service learning statewide, including operations of the Minnesota campus compact, grants to member institutions and grants for member institution initiatives. For every $1 in state funding, grant recipients must contribute $2 in campus or community-based support.

$100,000 each year is for a grant to the Loan Repayment Assistance Program of Minnesota, Inc. for loan repayment assistance awards.

$500,000 each year is for the teacher education and compensation helps (TEACH) and the Minnesota early childhood teacher retention programs in Minnesota Statutes, section 136A.126. This is a onetime appropriation.

$250,000 in the first year is for a grant to Augsburg College for the purpose of its Step UP program to provide educational opportunities to chemically dependent students and to work with other public and private colleges in Minnesota to help replicate this program. This is a onetime appropriation.

$40,000 in the first year is for a grant to the Washington Center for Internships and

Academic Seminars for a pilot program for scholarships for students enrolling in a Minnesota four-year college or university beginning in the fall semester of 2007. The grant is available only with a dollar-for-dollar match from nonstate sources.

Subd. 14. **Access to College and Helping Individuals Everywhere Value Education and Rural Pilot Programs**	1,000,000	1,000,000

For Access to College and Helping Individuals Everywhere Value Education pilot projects that provide distance-learning opportunities through the Minnesota State Colleges and Universities for high school students living in remote and underserved areas where the school district lacks the resources to provide academically challenging educational opportunities, including Advanced Placement and International Baccalaureate programs. Students who successfully complete a course must receive college credit at no cost to the student or the participating school district. The office must report to the committees of the legislature with responsibility for higher education finance by January 15, 2009, on the program outcomes with recommendations on continuing and expanding the program.

Subd. 15. **United Family Medicine Residency Program**	360,000	360,000

For a grant to the united family medicine residency program. This appropriation must be used to support up to 18 resident physicians each year in family practice at united family medicine residency programs and must prepare doctors to practice family care medicine in underserved rural and urban areas of the state. The legislature intends this program to improve health care in underserved communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

Subd. 16. **Agency Administration**	2,690,000	2,731,000

Of this appropriation, $39,000 the first year and $80,000 the second year are for compensation-related costs associated with the delivery of the office's services and programs.

Subd. 17. **Balances Forward**

A balance in the first year under this section does not cancel, but is available for the second year.

Subd. 18. **Transfers**

The Minnesota Office of Higher Education may transfer unencumbered balances from the appropriations in subdivisions 2 to 15 to the state grant appropriation, the safety officer survivors appropriation, the interstate tuition reciprocity appropriation, the Minnesota college savings plan appropriation, the child care appropriation, and the state work study appropriation.

Subd. 19. **Reporting**

(a) By November 1 and February 15, the Minnesota Office of Higher Education must provide updated state grant spending projections, taking into account the most current and projected enrollment and tuition and fee information, economic conditions, and other relevant factors. Before submitting state grant spending projections, the office must meet and consult with representatives of public and private postsecondary education, the Department of Finance, the governor's office, legislative staff, and financial aid administrators.

(b) The Minnesota Office of Higher Education shall report to the higher education divisions of the house and senate finance committees on participation in postsecondary education by income, and persistence and graduation rates of state grant recipients compared to students who did not receive state grants. The office is authorized to match individual student data from the student record enrollment database with individual student data from the state grant database on data elements necessary to perform the study.

Sec. 4. **BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES**

Subdivision 1. **Total Appropriation**	**$**	**668,388,000**	**$**	**704,288,000**

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Central Office and Shared Services Unit**	$	40,170,550	$	40,170,550

For the office of the chancellor and the shared services division.

Subd. 3. **Operations and Maintenance**	$	628,217,450	$	664,118,000

(a) This appropriation includes funding for the board's initiatives on recruiting and retaining underrepresented students, strategic educational advancements, STEM initiatives, and infrastructure and technology, and for the costs of inflation. This appropriation also includes funding to reduce the tuition rate increase to two percent from the board-approved plan of a four percent annual increase.

(b) Appropriations for technology and infrastructure under this subdivision must not be used to increase permanent positions in the office of the chancellor or the shared services office. Any new positions funded from the technology and infrastructure appropriation must be at a campus.

(c) $400,000 each year is for community-based energy development pilot projects at Mesabi Range Technical and Community College, the Minnesota West Community and Technical College, and Riverland Community College. Each campus must establish partnerships for community-based energy development pilot projects that involve students and faculty. An allocation for the pilot project is available to the participating institutions and the partnerships for the biennium ending June 30, 2009.

(d) $750,000 in the first year is for a modular clean-room research and training facility at St. Paul College. This is a onetime appropriation and is available until expended.

(e) $300,000 the first year is for a grant to the Range Association of Municipalities and Schools for a study of student demand and employer needs for higher education in the Mesabi Range region of northeastern Minnesota including the cities of Grand Rapids through Eveleth to Ely. The association must coordinate and contract for a study in cooperation with the Board of Regents of the University of Minnesota and the Board of Trustees of the Minnesota State Colleges and Universities. The governing boards must advise on which of the identified needs can be met by University of Minnesota courses and which can be met by the Minnesota State Colleges and Universities, and which degree programs may be offered jointly. The final report must be submitted to the committees of the legislature responsible for higher education finance by January 15, 2008, with recommendations and plans for the region.

(f) $120,000 in each year is for the Cook County Higher Education Board to provide educational programs and academic support services. The base appropriation for this program is $120,000 in each year of the biennium ending June 30, 2011.

(g) $2,000,000 the first year and $1,000,000 the second year are for a pilot project with the Northeast Minnesota Higher Education District and high schools in its area. Up to $1,200,000 of the first year appropriation must be used to purchase equipment that is necessary to reestablish a technical education curriculum in the area high schools to provide the students with the technical skills necessary for the workforce. Students from area high schools may also access the facilities and faculty of the Northeast

Minnesota Higher Education District for state-of-the-art technical education opportunities, including MnSCU's 2+2 Pathways initiative. $1,000,000 is added to the base for this project.

(h) $50,000 in the first year is for St. Paul College to collaborate with the United Auto Workers Local 879 to purchase a Ford Ranger pickup truck to retrofit to run on a battery-powered motor. This vehicle must be retrofitted to serve as a prototype that could be mass-produced at the St. Paul Ford assembly plant.

(i) $100,000 each year is for a grant to a Minnesota public postsecondary institution with a total student enrollment under 7,000 students, that has an existing women's hockey team competing in Division I in the Western Collegiate Hockey Association. The institution may use the grant for equipment, facility improvements, travel and compensation for coaches, trainers, and other necessary personnel.

(j) $450,000 each year is to establish a center for workforce and economic development at the Mesabi Range Community and Technical College and to enhance eFolio Minnesota. The board, in cooperation with the Iron Range Resources and Rehabilitation Board (IRRRB) and the Department of Employment and Economic Development, must establish the center to provide on-site and Internet-based support and technical assistance to users of the state's eFolio Minnesota system to promote workforce and economic development. The center must assist local economic development agencies and officials to enable them to access workforce information generated through the eFolio Minnesota system. The board must enhance the eFolio Minnesota system as necessary to serve these purposes. The center must report annually to the IRRRB and the Department of Employment and Economic Development on the outcomes of the center's activities.

(k) $1,000,000 the first year is to identify and improve on practices for selecting and purchasing textbooks and course materials that are used by students. The board, in collaboration with the Minnesota State University Student Association (MSUSA) and the Minnesota State College Student Association (MSCSA) must develop and implement pilot projects with this appropriation to address the financial burden that textbook prices and requirements place on students. These projects may include textbook rental programs, cooperative purchasing efforts, training, and education and awareness programs for students and faculty on cost considerations and textbook options. The student associations must be fully involved in the development and implementation of any project using this appropriation. Each student association must vote to approve a project before it is implemented. MSUSA and MSCSA must report to the committees of the legislature responsible for higher education finance by February 15, 2009, on the success of the pilot projects. This money is available until June 30, 2009.

Subd. 4. **Board Policies**

(a) The board must adopt a policy that allows students to add the cost of textbooks and required course materials purchased at a campus bookstore, owned by or operated under a contract with the campus, to the existing waivers or payment plans for tuition and fees.

(b) The board must adopt a policy setting the maximum number of semester credits required for a baccalaureate degree at 120 semester credits or the equivalent and the number of semester credits required for an associate degree at 60 semester credits or the equivalent.

Sec. 5. **BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA**

Subdivision 1. **Total Appropriation**	**$**	**696,082,000**	**$**	**742,143,000**

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Operations and Maintenance**	611,112,000	667,550,000

(a) This appropriation includes amounts for the board:

(1) to make investments in the university's technology and related infrastructure;

(2) to award faculty and staff compensation increases differentially;

(3) for the board's health workforce and clinical sciences initiative;

(4) initiatives in science and engineering;

(5) initiatives relating to the environment, agriculture, and renewable energy; and

(6) for advancing education, including an Ojibwe Indian language program on the Duluth campus.

(b) $2,250,000 each year is to establish banded tuition at the Morris, Crookston, and Duluth campuses to reduce tuition costs for students.

(c) $7,000,000 for the biennium is for scholarships to mitigate the effects of rising tuition on Minnesota students and families. This appropriation must be matched with $2 of nonstate money for each $1 of state money.

(d) $12,404,000 in the second year is to reduce the proposed tuition rate increase. Any of this amount that is not used by the board to reduce tuition cancels to the general fund.

(e) $300,000 the first year is for the Center for Transportation Studies to complete a study to assess public policy options for reducing the volume of greenhouse gases emitted from the transportation sector in Minnesota. The Center for Transportation Studies must report its preliminary findings to the legislature by February 1, 2008, and must issue its full report by June 1, 2008. This is a onetime appropriation.

(f) $250,000 each year is to establish an India Center to improve and promote relations with India and Southeast Asia. The center must partner with public and private organizations in Minnesota to:

(1) foster an understanding of the history, culture, and values of India;

(2) serve as a resource and catalyst to promote economic, governmental, and academic pursuits involving India; and

(3) facilitate educational and business exchanges and partnerships, collaborative research, and teaching and training activities for Minnesota students and teachers.

The Board of Regents may establish an advisory council to facilitate the mission and objectives of the India Center and must report on the progress of the India Center by February 15, 2008, to the governor and chairs of the legislative committees responsible for higher education finance. This is a onetime appropriation.

(g) $750,000 in the first year is to assist in the formation of the neighborhood alliance and for projects identified in section 8. The alliance, the Board of Regents, and the city of Minneapolis may cooperate on the projects and may use a public services of other entities to complete all or a portion of a project.

(h) $300,000 the first year is to establish a Dakota language teacher training immersion program on the Twin Cities campus to prepare teachers to teach in Dakota language immersion programs. This is a onetime appropriation.

(i) $400,000 each year is for the Minnesota Institute for Sustainable Agriculture to provide funds for on-station and on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems including but not limited to multiple species selection and establishment, ecological management between planting and harvest, harvest technologies, financial and agronomic risk management, farmer goal setting and adoption of technologies, integration of wildlife habitat into management approaches, evaluation of carbon and other benefits, and robust polices needed to induce farmer conversion on marginal lands.

Subd. 3. **Health Care Access Fund**	2,157,000	2,157,000

This appropriation is from the health care access fund and is for primary care education initiatives.

Subd. 4. **Special Appropriation**	65,813,000	65,436,000
(a) **Agriculture and Extension Service**	52,625,000	52,275,000

(1) For the Agricultural Experiment Station, Minnesota Extension Service. This appropriation includes funding to promote alternative livestock research and outreach at the Minnesota Institute for Sustainable Agriculture, and to promote sustainable and organic agricultural research and education.

(2) This appropriation includes funding for research efforts that demonstrate a renewed emphasis on the needs of the state's production agriculture community and a continued focus on renewable energy derived from Minnesota biomass resources including agronomic crops, plant and animal wastes, and native plants or trees, with priority for

extending the Minnesota vegetable growing season; fertilizer and soil fertility research and development; treating and curing human diseases utilizing plant and livestock cells; using biofuel production coproducts as feed for livestock; and a rapid agricultural response fund for current or emerging animal, plant, and insect problems affecting production or food safety. In addition, the appropriation may be used to secure a facility and retain current faculty levels for poultry research currently conducted at UMore Park.

(3) In the area of renewable energy, priority should be given to projects pertaining to: biofuel and other energy production from small grains; alternative bioenergy crops and cropping systems; and growing, harvesting, and transporting biomass plant material.

(4) This appropriation includes funding for the college of food, agricultural, and natural resources sciences to establish and maintain a statewide organic research and education initiative to provide leadership for organic agronomic, horticultural, livestock, and food systems research, education, and outreach and for the purchase of state-of-the-art laboratory, planting, tilling, harvesting, and processing equipment necessary for this project.

(5) By February 1, 2009, the Board of Regents must report to the legislative committees with responsibility for agriculture and higher education finance on the research and initiatives under this paragraph.

(6) The base appropriation is $51,775,000 each year of the biennium ending June 30, 2011.

(b) **Health Sciences**	5,275,000	5,275,000

$346,000 each year is to support up to 12 resident physicians each year in the St. Cloud Hospital family practice residency program. The program must prepare doctors to practice primary care medicine in the rural areas of the state. The legislature intends this program to improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

The remainder of this appropriation is for the rural physicians associates program, the Veterinary Diagnostic Laboratory, health sciences research, dental care, and the Biomedical Engineering Center.

(c) **Institute of Technology**	1,387,000	1,387,000

For the Geological Survey and the talented youth mathematics program.

(d) **System Specials**	6,526,000	6,526,000

For general research, student loans matching money, industrial relations education, Natural Resources Research Institute, Center for Urban and Regional Affairs, and the Bell Museum of Natural History. $100,000 is added to the base appropriation for industrial relations education.

Subd. 5. **University of Minnesota and Mayo Foundation Partnership**	17,000,000	7,000,000

For the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. $7,000,000 is added to the base. This appropriation is available until expended. An annual report on the expenditure of these funds must be submitted to the governor and the chairs of the senate and house committees responsible for higher education and economic development by June 30 of each fiscal year.

Subd. 6. **Academic Health Center**

The appropriation for Academic Health Center funding under Minnesota Statutes, section 297F.10, is $22,250,000 each year.

Sec. 6. **MAYO CLINIC**

Subdivision 1. **Total Appropriation**	**$**	**1,202,000**	**$**	**1,250,000**

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Medical School**	591,000	615,000

The state of Minnesota must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations. The funding base for this program is $640,000 in fiscal year 2010 and $665,000 in fiscal year 2011.

It is intended that during the biennium the Mayo Clinic use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

Subd. 3. **Family Practice and Graduate Residency Program**	611,000	635,000

The state of Minnesota must pay stipend support for up to 27 residents each year. The funding base for this program is $660,000 in fiscal year 2010 and $686,000 in fiscal year 2011.

Sec. 7. **LEGISLATIVE COMMISSION ON POSTSECONDARY FUNDING.**

Subdivision 1. **Membership.** A 12-member legislative commission on postsecondary funding is established consisting of six members of the house of representatives appointed by the speaker and six members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration. The commission may elect a chair and other officers as necessary.

Subd. 2. **Charge.** The commission must develop an alternative funding formula or funding method for postsecondary education that creates incentives for high quality postsecondary education while maintaining access for students. In developing the formula or funding method, the commission must consider and address:

(1) both institutional aid and direct student aid;

(2) the major cost drivers in postsecondary education, such as inflation and enrollment;

(3) federal postsecondary funding and tax incentives for postsecondary education; and

(4) funding the formula or funding method within the projected constraints on the state budget in the coming decade.

Subd. 3. **Report.** The commission must report its recommendations to the house Division on Higher Education and Workforce Development Policy and Finance, and the senate Higher Education Budget and Policy Division by June 30, 2008.

Subd. 4. **Expiration.** The commission expires June 30, 2008.

Sec. 8. **UNIVERSITY OF MINNESOTA MINNEAPOLIS AREA NEIGHBORHOOD ALLIANCE.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Alliance" means a representative body of the constituencies, including, but not limited to, the University of Minnesota, the city of Minneapolis, and the recognized neighborhood organizations and business associations referenced in the report.

(c) "Board" means the Board of Regents of the University of Minnesota.

(d) "Report" means the report and appendix entitled Moving Forward Together: University of Minnesota Minneapolis Area Neighborhood Impact Report, submitted to the legislature in February 2007.

(e) "University partnership district" or "district" means the area located within the city that includes the neighborhoods of Cedar-Riverside, Marcy-Holmes, South East Como, Prospect Park, and University, as they are defined by the city, and the university's Minneapolis campus.

(f) "Tier two impact zone" means the neighborhoods of northeast Minneapolis that house significant numbers of university students and staff. Transportation and housing policy analysis and planning must include these areas but they must not be included in the projects funded through the alliance.

(g) "University" means the University of Minnesota.

Subd. 2. **Alliance; functions.** The alliance may facilitate, initiate, or manage projects with the board, city, or other public or private entities that are intended to maintain the university partnership district as a viable place to study, research, and live. Projects may include, but are not limited to, those outlined in the report, as well as efforts to involve students in activities to maintain and improve the university partnership district; cooperative university and university partnership district long-term planning; and incentives to increase homeownership within the district with particular emphasis on employees of the university and of other major employers located within the district.

Subd. 3. **Report.** The board must report to the legislature by January 15, 2009, on the expenditure of funds appropriated under section 3.

Sec. 9. **MINNESOTA OFFICE OF HIGHER EDUCATION FINANCIAL AID STUDY.**

The Minnesota Office of Higher Education must review and evaluate the existing financial aid programs that provide loans and grants to students in postsecondary education and the needs of the workforce for occupations that are currently or will be in demand. The study must evaluate how effective the financial aid programs are at linking the needs of the workforce with student need for financial aid. The study must also identify options for designing financial aid programs including loan forgiveness and loan repayment programs that target the needs of the workforce and provide incentives to students to pursue postsecondary education in fields with identified workforce needs. By February 15, 2008, the office must report to the legislative committees responsible for higher education and workforce development on the findings of the study and provide options and recommendations on how to deliver financial aid, provide incentives for students, and meet the needs of the workforce for occupations that include speech pathologists and other occupations with unmet need.

ARTICLE 2
MINNESOTA GI BILL FOR VETERANS

Section 1. Minnesota Statutes 2006, section 136A.01, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** The Minnesota Office of Higher Education is responsible for:

(1) necessary state level administration of financial aid and Minnesota GI Bill programs, including accounting, auditing, and disbursing state and federal financial aid funds, and reporting on financial aid programs to the governor and the legislature;

(2) approval, registration, licensing, and financial aid eligibility of private collegiate and career schools, under sections 136A.61 to 136A.71 and chapter 141;

(3) administering the Learning Network of Minnesota;

(4) negotiating and administering reciprocity agreements;

(5) publishing and distributing financial aid information and materials, and other information and materials under section 136A.87, to students and parents;

(6) collecting and maintaining student enrollment and financial aid data and reporting data on students and postsecondary institutions to develop and implement a process to measure and report on the effectiveness of postsecondary institutions;

(7) administering the federal programs that affect students and institutions on a statewide basis; and

(8) prescribing policies, procedures, and rules under chapter 14 necessary to administer the programs under its supervision.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to qualifying coursework taken on or after that date.

Sec. 2. **[197.791] MINNESOTA GI BILL PROGRAM.**

Subdivision 1. **Policy.** It is the policy of the state of Minnesota to provide postsecondary educational assistance to Minnesota veterans who have provided honorable service to this state and nation as members of the United States armed forces, whether in peacetime or in war, and to the spouses and children of Minnesota veterans who have become severely disabled or deceased during or as the direct result of military service.

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Commissioner" means the commissioner of veterans affairs, unless otherwise specified.

(c) "Cost of attendance" for both undergraduate and graduate students has the meaning given in section 136A.121, subdivision 6, multiplied by a factor of 1.2.

(d) "Child" means a natural or adopted child of a person described in subdivision 5, paragraph (a), clause (1), item (i) or (ii).

(e) "Director" means the director of the Minnesota Office of Higher Education.

(f) "Eligible institution" means a postsecondary institution located in this state that either (1) is operated by this state; or (2) is operated publicly or privately and, as determined by the office, maintains academic standards substantially equivalent to those of comparable institutions operated in this state.

(g) "Eligible student" means a person who:

(1) if the student is an undergraduate student, has applied for the federal Pell Grant and the Minnesota State Grant;

(2) is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs;

(3) is enrolled in an education program leading to a certificate, diploma, or degree at an eligible institution;

(4) has applied for educational assistance under the Minnesota GI Bill program prior to the end of the academic term for which the assistance is being requested.

(5) is in compliance with child support payment requirements under section 136A.121, subdivision 2, clause (5).

(h) "Part-time student" means an undergraduate student enrolled for fewer than 12 credits in a semester or the equivalent, or a graduate student as defined by the student's eligible institution.

(i) "Program" means the Minnesota GI Bill program established in this section, unless otherwise specified.

(j) "Service-connected" has the meaning given by the United States Department of Veterans Affairs.

(k) "Veteran" has the meaning given in section 197.447, and also includes a service member who has fulfilled the requirements for being a veteran but is still serving actively in the United States armed forces.

Subd. 3. **Program established.** There is established a program to provide postsecondary educational assistance to eligible Minnesota veterans and to the children and spouses of deceased and severely disabled Minnesota veterans. This program may be cited as the "Minnesota GI Bill program."

The director, in consultation with the commissioner and in cooperation with eligible postsecondary educational institutions, shall expend a biennial appropriation for the purpose of providing postsecondary educational assistance to eligible persons in accordance with this program. Each public postsecondary educational institution in the state must participate in the program and each private postsecondary educational institution in the state is encouraged to participate in the program. Any participating private institution may suspend or terminate its participation in the program at the end of any semester or other academic term.

Subd. 4. **Duties; responsibilities.** (a) The director, in consultation with the commissioner, shall establish policies and procedures including, but not limited to, procedures for student application record keeping, information sharing, payment to participating eligible institutions, and other procedures the director considers appropriate and necessary for effective and efficient administration of the program established in this section.

(b) The director, in consultation with the commissioner, may delegate part or all of the administrative procedures for the program to responsible representatives of participating eligible institutions.

Subd. 5. **Eligibility.** (a) A person is eligible for educational assistance under this section if:

(1) the person is:

(i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time on or after August 2, 1990;

(ii) a nonveteran who has served honorably for a total of 16 years or more cumulatively as a member of the Minnesota national guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after August 2, 1990;

(iii) the surviving spouse or child of a person described in (i) or (ii) who has died as a direct result of that military service; or

(iv) the spouse or child of a person described in (i) or (ii) who has a total and permanent service-connected disability as rated by the United States veterans administration;

(2) the person described in clause (1), item (i) or (ii), had Minnesota as the person's state of residence at the time of the person's initial enlistment or any reenlistment in the United States armed forces;

(3) the person receiving the educational assistance is a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(4) the person receiving the educational assistance is an eligible student.

(b) A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

(c) As proof of honorable service and disability or death status for a veteran or service member, the director, by policy and in consultation with the commissioner, may require official documentation, including the person's federal form DD-214 or other official military discharge papers, correspondence from the United States veterans administration, birth certificate, marriage certificate, proof of enrollment at an eligible institution, signed affidavits, proof of residency, proof of identity, or any other official documentation the director considers necessary to determine an applicant's eligibility status.

(d) The director, in consultation with the commissioner, may deny eligibility or terminate benefits under this section to any person who has not provided sufficient proof of eligibility for the program. An applicant may appeal the director's eligibility determination in writing to the director at any time. The director must rule on any application or appeal within 30 days of receipt of all documentation that the director requires. Upon receiving an application with insufficient documentation, the director must notify the applicant within 30 days of receipt of the application that the application is being suspended pending receipt by the director of sufficient documentation from the applicant. The decision of the director regarding an appeal is final; however, an applicant whose appeal of an eligibility determination has been rejected by the director may submit an additional appeal of that determination in writing to the director at any time that the applicant is able to provide substantively significant additional information relating to the person's eligibility for the program. An approval of an applicant's eligibility by the director following an appeal by the applicant is not retroactively effective beyond the later of one year previously or the semester of the person's original application.

Subd. 6. **Benefit amount.** (a) On approval by the director of an applicant's eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution. Eligibility for the program terminates upon exhaustion of a person's benefits as specified in paragraph (c).

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance at that eligible public institution, or in the case of an eligible private institution the cost of attendance for a comparable program at the Twin Cities campus of the University of Minnesota, the amount the person received or was eligible to receive in that semester or term from:

(1) the federal Pell Grant;

(2) the state grant under section 136A.121; and

(3) any federal military or veterans educational benefits, including, but not limited to, the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational rehabilitation benefits, and any other federal benefits associated with the person's status as a veteran, except veterans disability payments from the United States Department of Veterans Affairs.

(c) The amount of education assistance for any eligible person must not exceed any of the following amounts:

(1) $1,250 per semester or term of enrollment, or in the case of a part-time student $625 per semester or term of enrollment;

(2) $3,570 per state fiscal year; and

(3) $10,000 total.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to qualifying coursework taken on or after that date.

Sec. 3. **ANNUAL REVIEW AND RECOMMENDATION.**

The commissioner of veterans affairs, in consultation with the director of higher education, must annually review veterans' participation level in and expenditures for the Minnesota GI Bill program in Minnesota Statutes, section 197.791, and, by January 15 each year, must make recommendations to the chairs of the senate and house committees having oversight responsibility for veterans affairs regarding adjustment of individual benefit levels and program funding.

ARTICLE 3
RELATED HIGHER EDUCATION

Section 1. Minnesota Statutes 2006, section 13.322, subdivision 3, is amended to read:

Subd. 3. **Minnesota Office of Higher Education.** (a) **General.** Data sharing involving the Minnesota Office of Higher Education and other institutions is governed by ~~sections~~ section 136A.05 ~~and 136A.08, subdivision 8~~.

(b) **Student financial aid.** Data collected and used by the Minnesota Office of Higher Education on applicants for financial assistance are classified under section 136A.162.

(c) **Minnesota college savings plan data.** Account owner data, account data, and data on beneficiaries of accounts under the Minnesota college savings plan are classified under section 136G.05, subdivision 10.

(d) **School financial records.** Financial records submitted by schools registering with the Minnesota Office of Higher Education are classified under section 136A.64.

(e) **Enrollment and financial aid data.** Data collected from eligible institutions on student enrollment and federal and state financial aid are governed by sections 136A.121, subdivision 18, and 136A.1701, subdivision 11.

Sec. 2. Minnesota Statutes 2006, section 16B.70, is amended by adding a subdivision to read:

Subd. 4. **Construction management education surcharge and account.** (a) For nonresidential construction building permits, the surcharge under subdivision 1 is increased by an amount equal to one-quarter mill (.00025) of the fee or 25 cents, whichever amount is greater, and designated for and deposited in the construction management education account.

(b) The construction management education account is created as an account in the special revenue fund, administered by the Minnesota Office of Higher Education for the purpose of enhancing construction management education in public postsecondary institutions. Funds in the account are appropriated in fiscal years 2008 and 2009 to the director of the Minnesota Office of Higher Education for the purposes of section 136A.127.

Sec. 3. Minnesota Statutes 2006, section 41D.01, subdivision 1, is amended to read:

Subdivision 1. **Establishment; membership.** (a) The Minnesota Agriculture Education Leadership Council is established. The council is composed of ~~16~~ 17 members as follows:

(1) the chair of the University of Minnesota agricultural education program;

(2) a representative of the commissioner of education;

(3) a representative of the Minnesota State Colleges and Universities recommended by the chancellor;

(4) the president and the president-elect of the Minnesota Association of Agriculture Educators;

(5) a representative of the Future Farmers of America Foundation;

(6) a representative of the commissioner of agriculture;

(7) the dean of the College of Agriculture, Food, and Environmental Sciences at the University of Minnesota;

(8) a representative of the Minnesota Private Colleges Council;

(9) two members representing agriculture education and agriculture business appointed by the governor;

~~(9)~~ (10) the chair of the senate Committee on Agriculture, General Legislation and Veterans Affairs;

~~(10)~~ (11) the chair of the house Committee on Agriculture;

~~(11)~~ (12) the ranking minority member of the senate Committee on Agriculture, General Legislation and Veterans Affairs, and a member of the senate Education Committee designated by the Subcommittee on Committees of the Committee on Rules and Administration; and

~~(12)~~ (13) the ranking minority member of the house Agriculture Committee, and a member of the house Education Committee designated by the speaker.

(b) An ex officio member of the council under paragraph (a), clause (1), (4), (7), ~~(9),~~ (10), (11), ~~or~~ (12), or (13), may designate a permanent or temporary replacement member representing the same constituency.

Sec. 4. Minnesota Statutes 2006, section 120B.023, subdivision 2, is amended to read:

Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a review cycle for state academic standards and related benchmarks, consistent with this subdivision. During each review cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for college readiness and advanced work in the particular subject area.

(b) The commissioner in the 2006-2007 school year must revise and align the state's academic standards and high school graduation requirements in mathematics to require that students satisfactorily complete the revised mathematics standards, beginning in the 2010-2011 school year. Under the revised standards:

(1) students must satisfactorily complete an algebra I credit by the end of eighth grade; and

(2) students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete an algebra II credit or its equivalent.

The commissioner also must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 beginning in the 2010-2011 school year are aligned with the state academic standards in mathematics. The statewide 11th grade mathematics test administered to students under clause (2) beginning in the 2013-2014 school year must include algebra II test items that are aligned with corresponding state academic standards in mathematics. <u>The commissioner, in collaboration with the Minnesota State Colleges and Universities, must ensure that passing score for the statewide 11th grade mathematics test represents readiness for college so that a student who achieves a passing score on this test, upon graduation, is immediately ready to take college courses for college credit in a two-year or a four-year institution, consistent with section 135A.104.</u> The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

(c) The commissioner in the 2007-2008 school year must revise and align the state's academic standards and high school graduation requirements in the arts to require that students satisfactorily complete the revised arts standards beginning in the 2010-2011 school year. The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year.

(d) The commissioner in the 2008-2009 school year must revise and align the state's academic standards and high school graduation requirements in science to require that students satisfactorily complete the revised science standards, beginning in the 2011-2012 school year. Under the revised standards, students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete a chemistry or physics credit. The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year.

(e) The commissioner in the 2009-2010 school year must revise and align the state's academic standards and high school graduation requirements in language arts to require that students satisfactorily complete the revised language arts standards beginning in the 2012-2013 school year. <u>The commissioner, in collaboration with the Minnesota State Colleges and Universities, must ensure that the passing score for the statewide tenth grade reading and language arts test represents readiness for college so that a student who achieves a passing score on this test, upon graduation, is immediately ready to take college courses for college credit in a two-year or a four-year institution, consistent with section</u>

135A.104. The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year.

(f) The commissioner in the 2010-2011 school year must revise and align the state's academic standards and high school graduation requirements in social studies to require that students satisfactorily complete the revised social studies standards beginning in the 2013-2014 school year. The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year.

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, physical education, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, physical education, world languages, and career and technical education.

Sec. 5. Minnesota Statutes 2006, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

(a) Students beginning 9th grade in the 2004-2005 school year and later must successfully complete the following high school level course credits for graduation:

(1) four credits of language arts;

(2) three credits of mathematics, encompassing at least algebra, geometry, statistics, and probability sufficient to satisfy the academic standard;

(3) three credits of science, including at least one credit in biology;

(4) three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies, agriculture education, or business department;

(5) one credit in the arts; and

(6) a minimum of seven elective course credits.

A course credit is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter, as determined by the local school district.

(b) An agriculture science course may fulfill a science credit requirement in addition to the specified science credits in biology and chemistry or physics under paragraph (a), clause (3).

(c) The commissioner, in collaboration with the Minnesota State Colleges and Universities, must develop and implement a statewide plan to communicate with all Minnesota high school students no later than the beginning of ninth grade the state's expectations for college readiness, consistent with sections 120B.023, subdivision 2, paragraphs (b) and (e), and 135A.104.

Sec. 6. Minnesota Statutes 2006, section 135A.031, subdivision 7, is amended to read:

Subd. 7. **Reports.** Instructional expenditure and enrollment data ~~for each instructional category~~ shall be submitted by the public postsecondary systems to the Minnesota Office of Higher Education and the Department of Finance and included in the biennial budget document. The specific data shall be submitted only after the director of the Minnesota Office of Higher Education has consulted with a data advisory task force to determine the need, content, and detail of the information.

Sec. 7. **[135A.043] RESIDENT TUITION.**

(a) A student shall qualify for a resident tuition rate or its equivalent at state universities and colleges, including the University of Minnesota, if the student meets all of the following requirements:

(1) high school attendance within the state for three or more years;

(2) graduation from a state high school or attainment within the state of the equivalent of high school graduation; and

(3) registration as an entering student at, or current enrollment in, a public institution of higher education.

(b) This section is in addition to any other statute, rule, or higher education institution regulation or policy providing eligibility for a resident tuition rate or its equivalent to a student.

(c) To qualify for resident tuition under this section an individual who is not a citizen or permanent resident of the United States must provide the college or university with an affidavit that the individual will file an application to become a permanent resident at the earliest opportunity the individual is eligible to do so.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to tuition for school terms commencing on or after that date.

Sec. 8. Minnesota Statutes 2006, section 135A.053, subdivision 2, is amended to read:

Subd. 2. **Performance and accountability.** Higher education systems and campuses are expected to achieve the objectives in subdivision 1 and will be held accountable for doing so. The legislature is increasing the flexibility of the systems and campuses to provide greater responsibility to higher education in deciding how to achieve statewide objectives, and to decentralize authority so that those decisions can be made at the level where the education is delivered. ~~To demonstrate their accountability, the legislature expects each system and campus to measure and report on its performance, using meaningful indicators that are critical to achieving the objectives in subdivision 1, as provided in section 135A.033.~~ Nothing in this section precludes a system or campus from determining its own objectives and performance measures beyond those identified in this section.

Sec. 9. **[135A.104] COLLEGE READINESS.**

(a) Minnesota State Colleges and Universities must collaborate with the commissioner of education in establishing passing scores on the Minnesota comprehensive assessments in reading for grade 10 and in mathematics for grade 11 under section 120B.30 so that "passing score" performances on those two assessments represent a student's college readiness. For purposes of this section and chapter 120B, "college readiness" means that a student who graduates from a public high school is immediately ready to take college courses for college credit in a two-year or a four-year institution. Minnesota State Colleges and Universities also must collaborate with the commissioner of education to develop and implement a statewide plan to communicate with all Minnesota high school students no later than the beginning of ninth grade the state's expectations for college readiness.

(b) The entrance and admission materials that the Minnesota State Colleges and Universities provide to prospective students must clearly indicate the level of academic preparation that the students must have in order to be ready to immediately take college courses for college credit in two-year and four-year institutions.

Sec. 10. Minnesota Statutes 2006, section 135A.14, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given them.

(a) "Administrator" means the administrator of the institution or other person with general control and supervision of the institution.

(b) "Public or private postsecondary educational institution" or "institution" means any of the following institutions having an enrollment of more than 100 persons during any quarter, term, or semester during the preceding year: (1) the University of Minnesota; (2) the state universities; (3) the state community colleges; (4) public technical colleges;

(5) private four-year, professional and graduate institutions; (6) private two-year colleges; and (7) schools subject to either chapter 141, sections ~~136A.61~~ 136A.615 to 136A.71, or schools exempt under section 136A.657, and which offer educational programs within the state for an academic year greater than six consecutive months. An institution's report to the Minnesota Office of Higher Education or the Minnesota Department of Education may be considered when determining enrollment.

(c) "Student" means a person born after 1956 who did not graduate from a Minnesota high school in 1997 or later, and who is (1) registering for more than one class during a full academic term, such as a quarter or a semester or (2) housed on campus and is registering for one or more classes. Student does not include persons enrolled in extension classes only or correspondence classes only.

Sec. 11. Minnesota Statutes 2006, section 135A.51, subdivision 2, is amended to read:

Subd. 2. **Senior citizen.** "Senior citizen" means a person who has reached 62 years of age before the beginning of any term, semester or quarter, in which a course of study is pursued, or a person receiving a railroad retirement annuity who has reached 60 years of age before the beginning of the term.

Sec. 12. Minnesota Statutes 2006, section 135A.52, subdivision 1, is amended to read:

Subdivision 1. **Fees and tuition.** Except for an administration fee established by the governing board at a level to recover costs, to be collected only when a course is taken for credit, a senior citizen who is a legal resident of Minnesota is entitled without payment of tuition or activity fees to attend courses offered for credit, audit any courses offered for credit, or enroll in any noncredit courses in any state supported institution of higher education in Minnesota when space is available after all tuition-paying students have been accommodated. A senior citizen enrolled under this section must pay any materials, personal property, or service charges for the course. In addition, a senior citizen who is enrolled in a course for credit must pay an administrative fee in an amount established by the governing board of the institution to recover ~~the course~~ costs. There shall be no administrative fee charges to a senior citizen auditing a course. For the purposes of this section and section 135A.51, the term "noncredit courses" shall not include those courses designed and offered specifically and exclusively for senior citizens.

The provisions of this section and section 135A.51 do not apply to noncredit courses designed and offered by the University of Minnesota, and the Minnesota State Colleges and Universities specifically and exclusively for senior citizens. Senior citizens enrolled under the provisions of this section and section 135A.51 shall not be included by such institutions in their computation of full-time equivalent students when requesting staff or appropriations.

Sec. 13. Minnesota Statutes 2006, section 135A.52, subdivision 2, is amended to read:

Subd. 2. **Term; income of senior citizens.** (a) Except under paragraph (b), there shall be no limit to the number of terms, quarters or semesters a senior citizen may attend courses, nor income limitation imposed in determining eligibility.

(b) A senior citizen enrolled in a closed enrollment contract training ~~or professional continuing education~~ program is not eligible for benefits under subdivision 1.

Sec. 14. **[136A.002] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Office of Higher Education or office.** "Office of Higher Education" or "office" means the Minnesota Office of Higher Education.

Sec. 15. Minnesota Statutes 2006, section 136A.01, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** The Minnesota Office of Higher Education is responsible for:

(1) necessary state level administration of financial aid programs, including accounting, auditing, and disbursing state and federal financial aid funds, and reporting on financial aid programs to the governor and the legislature;

(2) approval, registration, licensing, and financial aid eligibility of private collegiate and career schools, under sections ~~136A.61~~ 136A.615 to 136A.71 and chapter 141;

(3) administering the Learning Network of Minnesota;

(4) negotiating and administering reciprocity agreements;

(5) publishing and distributing financial aid information and materials, and other information and materials under section 136A.87, to students and parents;

(6) collecting and maintaining student enrollment and financial aid data and reporting data on students and postsecondary institutions to develop and implement a process to measure and report on the effectiveness of postsecondary institutions;

(7) administering the federal programs that affect students and institutions on a statewide basis; and

(8) prescribing policies, procedures, and rules under chapter 14 necessary to administer the programs under its supervision.

Sec. 16. Minnesota Statutes 2006, section 136A.031, subdivision 5, is amended to read:

Subd. 5. **Expiration.** Notwithstanding section 15.059, subdivision 5, the advisory groups established in this section do not expire ~~on June 30, 2007~~.

Sec. 17. Minnesota Statutes 2006, section 136A.0411, is amended to read:

136A.0411 COLLECTING FEES.

The office may charge fees for seminars, conferences, workshops, services, and materials. The office may collect fees for registration and licensure of private institutions under sections ~~136A.61~~ 136A.615 to 136A.71 and chapter 141. The money is annually appropriated to the office.

Sec. 18. Minnesota Statutes 2006, section 136A.08, subdivision 7, is amended to read:

Subd. 7. **Reporting.** The Minnesota Office of Higher Education must annually, before the last day in January, submit a report to the committees in the house of representatives and the senate with responsibility for higher education finance on:

(1) participation in the tuition reciprocity program by Minnesota students and students from other states attending Minnesota postsecondary institutions under a reciprocity agreement;

(2) reciprocity and resident tuition rates at each institution; ~~and~~

(3) interstate payments and obligations for each state participating in the tuition reciprocity program in the prior year~~.~~; and

(4) summary statistics on number of graduates by institution, degree granted, and year of graduation for reciprocity students who attended Minnesota postsecondary institutions.

Sec. 19. Minnesota Statutes 2006, section 136A.101, subdivision 4, is amended to read:

Subd. 4. **Eligible institution.** "Eligible institution" means a postsecondary educational institution located in this state or in a state with which the office has entered into a higher education reciprocity agreement on state student aid programs that ~~either~~ (1) is operated by this state or the Board of Regents of the University of Minnesota, or (2) is operated ~~publicly or~~ privately and, as determined by the office, meets all of the following: (i) maintains academic standards substantially equivalent to those of comparable institutions operated in this state; (ii) is licensed or registered as a postsecondary institution by the office or another state agency; and (iii) by July 1, 2011, is participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended.

Sec. 20. Minnesota Statutes 2006, section 136A.121, subdivision 5, is amended to read:

Subd. 5. **Grant stipends.** The grant stipend shall be based on a sharing of responsibility for covering the recognized cost of attendance by the applicant, the applicant's family, and the government. The amount of a financial stipend must not exceed a grant applicant's recognized cost of attendance, as defined in subdivision 6, after deducting the following:

(1) the assigned student responsibility of at least ~~46~~ 45.5 percent of the cost of attending the institution of the applicant's choosing;

(2) the assigned family responsibility as defined in section 136A.101; and

(3) the amount of a federal Pell grant award for which the grant applicant is eligible.

The minimum financial stipend is $100 per academic year.

Sec. 21. Minnesota Statutes 2006, section 136A.125, subdivision 2, is amended to read:

Subd. 2. **Eligible students.** (a) An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is disabled as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;

(3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;

(4) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters or the equivalent;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;

(6) is enrolled at least half time in an eligible institution; and

(7) is in good academic standing and making satisfactory academic progress.

(b) A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility and will be considered to be in continuing enrollment status upon return.

Sec. 22. **[136A.126] TEACHER EDUCATION AND COMPENSATION HELPS; MINNESOTA EARLY CHILDHOOD TEACHER RETENTION PROGRAMS.**

Subdivision 1. **TEACH.** The teacher education and compensation helps program (TEACH) is established to provide tuition scholarships, education incentives, and an early childhood teacher retention program to provide retention incentives to early care and education providers. The director shall make a grant with appropriations for this purpose to a nonprofit organization licensed to administer the TEACH early childhood program.

Subd. 2. **Program components.** (a) The nonprofit organization must use the grant for:

(1) tuition scholarships up to $5,000 per year for courses leading to the nationally recognized child development associate credential or college-level courses leading to an associate's or bachelor's degree in early childhood development and school-age care; and

(2) education incentives of a minimum of $100 to participants in the tuition scholarship program if they complete a year of working in the early care and education field.

(b) Applicants for the scholarship must be employed by a licensed early childhood or child care program and working directly with children, a licensed family child care provider, or an employee in a school-age program exempt from licensing under section 245A.03, subdivision 2, clause (12). Lower wage earners must be given priority in awarding the tuition scholarships. Scholarship recipients must contribute ten percent of the total scholarship and must be sponsored by their employers, who must also contribute ten percent of the total scholarship. Scholarship recipients who are self-employed must contribute 20 percent of the total scholarship.

(c) The organization must also use the grant for teacher retention incentives of $1,000 to $3,500 annually to be paid biannually. Applicants for the retention incentives must be employed by a licensed early childhood or child care program and working directly with children, a licensed family child care provider, or an employee in a school-age program exempt from licensing under section 245A.03, subdivision 2, clause (12). Lower wage earners must be given priority for the retention incentives. The amount of the retention incentive must be based on the applicant's level of education at the time of application. A provider is eligible for the retention incentive if the provider:

(1) has worked in the field for at least one year and has been working at the same location for at least one year at the time of application;

(2) agrees to remain in the provider's current position for a period of at least one year; and

(3) has an associate's or bachelor's degree or a child development associate's degree.

Subd. 3. **Advisory committee.** The TEACH early childhood and Minnesota early childhood teacher retention programs must have an advisory board as prescribed by the national TEACH organization.

Sec. 23. **[136A.127] CONSTRUCTION MANAGEMENT EDUCATION PROGRAM.**

Subdivision 1. **Construction Management Education Account Advisory Committee.** The director must establish an advisory committee for the construction management education account. Members of the committee must include: the executive vice-president of the Minnesota Mechanical Contractors association or designee, a chapter manager of one of the Minnesota chapters of the National Electrical Contractors Association or designee, the executive director of the Associated General Contractors of Minnesota or designee, two members of the nonresidential construction industry, and a construction management program coordinator or director from an accredited construction management program in the Minnesota State Colleges and Universities. Members serve three-year terms. Advisory committee members are reimbursed for expenses related to committee activities. The director may accept funds from federal, state, or local public agencies, or from private foundations or individuals for deposit into the construction management education account under section 16B.70. All money in the account must be used for the purposes of this section.

Subd. 2. **Grants.** Grants from the construction management education account must be used to maintain and increase the quality and availability of education programs for the construction industry by awarding grants to accredited construction management programs in the Minnesota State Colleges and Universities. Grants must be used to maintain and upgrade facilities and provide greater industry access to modern construction standards and management practices. In making grants, the director, in consultation with the committee, must:

(1) confirm the qualifications of any program applying for a grant;

(2) affirm applications for American Council for Construction Education accreditation and, when funds are available, award grants to complete the accreditation process;

(3) promote close ties between technical and community colleges and four-year construction management programs; and

(4) support the development of new educational programs with specific emphasis on outreach to the construction industry at large.

Subd. 3. **Grant awards.** (a) The committee may award grants to a Minnesota State Colleges and Universities institution to support construction management education and to promote outreach and continuing education in the construction industry.

(b) An eligible institution must provide one of the following:

(1) a bachelor of science construction management degree accredited by the American Council for Construction Education;

(2) a degree with an American Council for Construction Education accredited option, including, but not limited to, Engineering Technology and Industrial Technology;

(3) a bachelor of science degree program documenting placement of more than 50 percent of their graduates with Minnesota nonresidential contractors; and

(4) the development of a construction management curriculum to meet the American Council for Construction Education criteria.

(c) Grant awards may be made as follows:

(1) $3,000 per graduate during the past academic year up to a maximum of $100,000 for institutions qualifying under paragraph (b), clause (1);

(2) $3,000 per graduate during the past academic year up to a maximum of $100,000 for institutions qualifying under paragraph (b), clause (2);

(3) $3,000 per graduate placed with Minnesota nonresidential contractors during the past academic year to a maximum of $20,000 for institutions qualifying under paragraph (b), clause (3);

(4) up to $25,000 for the purpose of becoming accredited by the American Council for Construction Education for two years which may be renewed if the institution is continuing progress towards accreditation; and

(5) for faculty recruitment and development in construction management programs, including support for postgraduate work leading to advanced degrees, visiting lecturer compensation and expenses, teaching assistant positions, and faculty positions; and

(6) to support general classroom and laboratory operating expenses.

Grants may only be awarded from the construction management education account to the extent that funds are available. No other state funding may be provided for these grants.

Subd. 4. **Reports.** (a) The director must annually report to the committees of the legislature responsible for higher education finance by January 15. The report must include the names of the public postsecondary educational institutions receiving grants, the amount of the grant, the purposes for each grant, the number of students served, and the number of placements made to the construction industry for the previous academic year.

(b) After receiving an initial grant, the president of the public postsecondary educational institution must annually submit a report to the director listing the amount of all past grants awarded from the construction management education account and the uses of those funds. The report must be submitted with a request for a new or continuing grant and at a minimum must include the following:

(1) the number of graduates placed with the Minnesota contractors during the previous academic year;

(2) the expected enrollment in construction management courses in the upcoming academic year; and

(3) continuing education and extension courses offered in construction management during the previous academic year and their enrollments.

Subd. 5. **Administration.** Up to $15,000 per year from the construction management education account may be used for the administration of this program.

Sec. 24. Minnesota Statutes 2006, section 136A.15, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections 136A.15 to 136A.1702, the terms defined in this section have the meanings ~~ascribed to~~ given them.

Sec. 25. Minnesota Statutes 2006, section 136A.15, subdivision 6, is amended to read:

Subd. 6. **Eligible institution.** "Eligible institution" means a postsecondary educational institution that ~~either~~ (1) is operated or regulated by this state~~,~~ or the Board of Regents of the University of Minnesota; (2) is operated publicly or privately in another state, is approved by the United States Secretary of Education, and, as determined by the office, maintains academic standards substantially equal to those of comparable institutions operated in this state; (3) is licensed or registered as a postsecondary institution by the office or another state agency; and (4) by July 1, 2011, is participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended. It also includes any institution chartered in a province.

Sec. 26. Minnesota Statutes 2006, section 136A.233, subdivision 3, is amended to read:

Subd. 3. **Payments.** Work-study payments shall be made to eligible students by postsecondary institutions as provided in this subdivision.

(a) Students shall be selected for participation in the program by the postsecondary institution on the basis of student financial need.

(b) In selecting students for participation, priority must be given to students enrolled for at least 12 credits. In each academic year, a student may be awarded work-study payments for one period of nonenrollment or less than half-time enrollment if the student will enroll on at least a half-time basis during the following academic term.

(c) Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the federal college work-study program.

(d) Minimum pay rates will be determined by an applicable federal or state law.

(e) The office shall annually establish a minimum percentage rate of student compensation to be paid by an eligible employer.

(f) Each postsecondary institution receiving money for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution. However, a public employer other than the institution may not terminate, lay off, or reduce the working hours of a permanent employee for the purpose of hiring a work-study student, or replace a permanent employee who is on layoff from the same or substantially the same job by hiring a work-study student.

(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.

(h) An institution may use up to 30 percent of its allocation for student internships with private, for-profit employers.

Sec. 27. Minnesota Statutes 2006, section 136A.29, subdivision 9, is amended to read:

Subd. 9. **Revenue bonds; limit.** The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~$800,000,000~~ $950,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

Sec. 28. Minnesota Statutes 2006, section 136A.861, subdivision 1, is amended to read:

Subdivision 1. **Grants.** The director of the Minnesota Office of Higher Education shall award grants to foster postsecondary attendance and retention by providing outreach services to historically underserved students in grades six through 12 and historically underrepresented college students. Grants must be awarded to programs that provide precollege services, including, but not limited to:

(1) academic counseling;

(2) mentoring;

(3) fostering and improving parental involvement in planning for and facilitating a college education;

(4) services for students with English as a second language;

(5) academic enrichment activities;

(6) tutoring;

(7) career awareness and exploration;

(8) orientation to college life;

(9) assistance with high school course selection and information about college admission requirements; and

(10) financial aid counseling.

Grants shall be awarded to postsecondary institutions, professional organizations, community-based organizations, or others deemed appropriate by the director.

Grants shall be awarded for one year and may be renewed for a second year with documentation to the Minnesota Office of Higher Education of successful program outcomes.

Sec. 29. Minnesota Statutes 2006, section 136A.861, subdivision 2, is amended to read:

Subd. 2. **Eligible students.** Eligible students include students in grades six through 12 who meet one or more of the following criteria:

(1) are counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 (Title I);

(2) are eligible for free or reduced-price lunch under the National School Lunch Act;

(3) receive assistance under the Temporary Assistance for Needy Families Law (Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996); or

(4) are a member of a group traditionally underrepresented in higher education.

Eligible undergraduate students include those who met the student eligibility criteria as 6th through 12th graders.

Sec. 30. Minnesota Statutes 2006, section 136A.861, subdivision 3, is amended to read:

Subd. 3. **Application process.** The director of the Minnesota Office of Higher Education shall develop a grant application process. The director shall attempt to support projects in a manner that ensures that eligible students throughout the state have access to ~~precollege~~ program services.

The grant application must include, at a minimum, the following information:

(1) a description of the characteristics of the students to be served reflective of the need for services listed in subdivision 1;

(2) a description of the services to be provided and a timeline for implementation of the activities;

(3) a description of how the services provided will foster postsecondary attendance and support postsecondary retention;

(4) a description of how the services will be evaluated to determine whether the program goals were met; and

(5) other information as identified by the director.

Grant recipients must specify both program and student outcome goals, and performance measures for each goal.

Sec. 31. Minnesota Statutes 2006, section 136A.861, subdivision 6, is amended to read:

Subd. 6. **Program evaluation.** Each grant recipient must annually submit a report to the Minnesota Office of Higher Education delineating its program and student outcome goals, and activities implemented to achieve the stated outcomes. The goals must be clearly stated and measurable. Grant recipients are required to collect, analyze, and report on participation and outcome data that enable the office to verify that the program goals were met. The office shall maintain:

(1) information about successful precollege program and undergraduate student retention program activities for dissemination to individuals throughout the state interested in adopting or replicating successful program practices; and

(2) data on the success of the funded projects in increasing the high school graduation ~~and~~, college participation, and college graduation rates of students served by the grant recipients. The office may convene meetings of the grant recipients, as needed, to discuss issues pertaining to the implementation of precollege services and undergraduate retention programs.

Sec. 32. Minnesota Statutes 2006, section 136F.02, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The board consists of ~~15~~ 17 members appointed by the governor with the advice and consent of the senate. At least one member of the board must be a resident of each congressional district. Three members must be students who are enrolled at least half time in a degree, diploma, or certificate program or have graduated from an institution governed by the board within one year of the date of appointment. The student members shall include: one member from a community college, one member from a state university, and one member from a technical college. Two members must be members of the AFL-CIO. The remaining members must be appointed to represent the state at large.

Sec. 33. **[136F.045] UNION MEMBER SELECTION.**

Notwithstanding section 136F.03, the AFL-CIO has the responsibility for recruiting, screening, and recommending qualified candidates for their members of the board. The

AFL-CIO must develop a statement of selection criteria for board membership and a process for recommending candidates. Beginning in 2008, and every six years thereafter, the AFL-CIO must recommend four candidates for the two board positions to the governor by April 15. The governor must appoint two of the candidates to the board of trustees.

Sec. 34. Minnesota Statutes 2006, section 136F.42, subdivision 1, is amended to read:

Subdivision 1. **Time reporting.** As provided in Executive Order 96-2, the board, in consultation with the commissioners of employee relations and finance, may develop policies to allow system office or campus employees on salaries, as defined in section 43A.17, subdivision 1, to use negative time reporting in which employees report only that time for which leave is taken. ~~By the end of the 1997 fiscal year, the board, in consultation with the commissioners of employee relations and finance, shall evaluate the use of negative time reporting and its potential for use with other state employees.~~

Sec. 35. Minnesota Statutes 2006, section 136F.71, subdivision 2, is amended to read:

Subd. 2. **Activity funds.** All receipts attributable to the state colleges and universities activity funds ~~and deposited in the state treasury~~ are appropriated to the board and are not subject to budgetary control as exercised by the commissioner of finance.

Sec. 36. Minnesota Statutes 2006, section 136F.71, is amended by adding a subdivision to read:

Subd. 4. **Banking services.** Notwithstanding section 16A.27, the board shall have authority to control the amount and manner of deposit of all receipts described in this section in depositories selected by the board. The board's authority shall include specifying the considerations, financial activities, and conditions required from the depository, including the requirement of collateral security or a corporate surety bond as described in section 118A.03. The board may compensate the depository, including paying a reasonable charge to the depository, maintaining appropriate compensating balances with the depository, or purchasing non-interest-bearing certificates of deposit from the depository for performing depository-related services.

Sec. 37. Minnesota Statutes 2006, section 136G.11, subdivision 5, is amended to read:

Subd. 5. **Amount of matching grant.** The amount of the matching grant for a beneficiary equals:

(1) if the beneficiary's family income is $50,000 or less, 15 percent of the sum of the contributions made to the beneficiary's account during the calendar year, not to exceed ~~$300~~ $400; and

(2) if the beneficiary's family income is more than $50,000 but not more than $80,000, ~~five~~ ten percent of the sum of the contributions made to the beneficiary's account during the calendar year, not to exceed ~~$300~~ $400.

Sec. 38. **MINNESOTA WEST COMMUNITY AND TECHNICAL COLLEGE AT WORTHINGTON; YMCA LEASE AGREEMENT.**

(a) The Board of Trustees of Minnesota State Colleges and Universities may enter into a lease agreement with the YMCA not to exceed 40 years, for the lease of land on the Minnesota West Community and Technical College at Worthington campus for the construction of a YMCA facility. The lease may also include the city of Worthington.

(b) Siting and design of the facility must be consistent with the college's master plan and Minnesota State Colleges and Universities' building standards. Minnesota West Community and Technical College may negotiate for use of the facility for college purposes. The lease must contain a provision that the lease shall terminate if the improved property is no longer used for the partial benefit of the students at the Worthington campus.

Sec. 39. **INTEREST RATE SWAP AND OTHER AGREEMENTS; IMPLEMENTATION PLAN.**

The Minnesota Office of Higher Education must develop a plan for implementing interest rate exchanges, swaps, or other interest rate protection agreements for its student loan programs. The plan must be presented in a report to the committees of legislature responsible for higher education finance by January 15, 2008. The report must address potential contracting arrangements and options, benefits and risks associated with these agreements, and the potential impacts on the student loan program, its assets, and its objectives.

Sec. 40. **REPEALER.**

(a) Minnesota Statutes 2006, sections 135A.031, subdivisions 1, 2, 3, 4, 5, and 6; 135A.032; 135A.033; 136A.07; and 136A.08, subdivision 8, are repealed.

(b) Minnesota Statutes 2006, sections 137.0245; and 137.0246, are repealed.

ARTICLE 4
TEXTBOOK PRICING AND ACCESS

Section 1. **[135A.25] TEXTBOOK DISCLOSURE, PRICING, AND ACCESS.**

Subdivision 1. **Short title.** This section may be cited as the Textbook Disclosure, Pricing, and Access Act.

Subd. 2. **Purpose and intent.** The purpose of this act is to ensure that every student in higher education is offered better and more timely access to affordable course materials by educating and informing faculty, students, administrators, institutions, bookstores, and publishers on all aspects of the selection, purchase, sales, and use of the materials. It is the policy of the state of Minnesota that all involved parties must work together to identify ways to decrease the cost of course materials for students while protecting the academic freedom of faculty members to provide high-quality course materials for students.

Subd. 3. **Definitions.** For the purposes of this section, the following definitions have the meanings given.

(1) "Bundled" means any course material packaged together to be sold for one price.

(2) "Bookstore" means a store that is affiliated with a postsecondary institution or has a contract with a postsecondary institution to sell course materials to students enrolled at the postsecondary institution.

(3) "Course material" means textbooks as defined in section 297A.67, subdivision 13, custom course materials, and instructional materials as defined in section 297A.67, subdivision 13a, sold to students by a bookstore in a bundled or unbundled form.

(4) "Custom course materials" means any combination of textbooks, course materials, or any part thereof that has been customized, produced, and sold by a distributor or publisher specifically for a specific course, program, or field of study.

(5) "Distributor" means an independent contractor, including its employees or agents, that is in the business of selling, distributing, advertising, marketing, or maintaining an inventory of course materials for a postsecondary institution or bookstore.

(6) "Postsecondary institution" means a Minnesota institution defined under section 136A.101, subdivision 4.

(7) "Publisher" means a publishing house, firm, or business, including its employees or agents, acting with authority of the publisher that publishes, sells, markets, or maintains an inventory of course materials to a postsecondary institution or bookstore.

Subd. 4. **Publisher disclosures.** (a) Beginning January 1, 2008, a publisher or distributor must post on its Web site, include in a catalog, or disclose in writing to a faculty member or other individual at a postsecondary institution responsible for selecting course material within seven days of a request, at least the following:

(1) the title, edition, author, and International Standard Book Number (ISBN) of all course material and custom course materials, if applicable;

(2) the price for the course material;

(3) whether the required course material is bundled with optional material, whether it can be unbundled, and the price for each bundled and unbundled component;

(4) whether the material is available in an alternative format and the cost for the alternatively formatted material; and

(5) summary of revisions to requested course material for the previous edition or release for materials that have been in circulation for five years or less and a detailed breakdown of revisions must be made available in writing within seven days of the request.

(b) A publisher or distributor must make all bundled course materials available to bookstores or postsecondary institutions in an unbundled form or provide written or verbal notice within seven days of a request under this subdivision if the unbundled materials are not available.

(c) A publisher or distributor must post on its Web site, include in its marketing materials, or disclose in writing when a request is made under this subdivision for the return policy for course material, including any penalties or conditions for returns.

(d) Disclosure under this section is not required for mass market and trade books that are not published, marketed, or sold primarily for use in or by postsecondary institutions.

Subd. 5. **Payment for course material.** Each postsecondary institution must adopt policies that allow students to add the costs of course material purchased at a bookstore to existing waivers or payment plans for tuition and fees.

Subd. 6. **Notice to purchase.** (a) An instructor shall make reasonable efforts to notify a bookstore of the final order for required and recommended course material including, but not limited to, alternative formats, previous editions, or custom course materials at least 30 days prior to the commencement of the term.

(b) The bookstore must notify students of the following information concerning the required and recommended course material at least 15 days prior to the commencement of the term for which the course material is required, including, but not limited to:

(1) the title, edition, author, and International Standard Book Number (ISBN) of the course material;

(2) the price for the course material;

(3) whether the required course material is bundled with optional material, whether it can be unbundled, and the price for each bundled and unbundled component; and

(4) whether the material is available in an alternative format and the cost for the alternatively formatted material.

Subd. 7. **Educational strategies.** (a) During the biennium ending June 30, 2009, the Minnesota Office of Higher Education shall work with postsecondary institutions to develop educational materials based upon the findings of the Minnesota Textbook Advisory Task Force recommendations and other relevant information, convene and sponsor meetings and workshops, and provide educational materials for faculty, students, administrators, institutions, bookstores, and publishers in order to educate all interested parties on strategies for reducing the costs of course materials for students attending postsecondary institutions.

(b) The Minnesota Office of Higher Education must develop and maintain a standardized request form for publisher disclosure under this section with all required information. The request form must be in an electronic format that can be downloaded from the office Web site.

ARTICLE 5
PRIVATE INSTITUTIONS

Section 1. Minnesota Statutes 2006, section 136A.61, is amended to read:

136A.61 POLICY.

The legislature has found and hereby declares that the availability of legitimate courses and programs leading to academic degrees offered by responsible private not for profit and for profit institutions of postsecondary education and the existence of legitimate private colleges and universities are in the best interests of the people of this state. The legislature has found and declares that the state can provide assistance and protection for persons choosing private institutions and programs, by establishing policies and procedures to assure the authenticity and legitimacy of private postsecondary education institutions and programs. The legislature has also found and declares that this same policy applies to any private and public postsecondary educational institution located in another state or country which offers or makes available to a Minnesota resident any course, program or educational activity which does not require the leaving of the state for its completion.

Sec. 2. **[136A.615] CITATION.**

Sections 136A.615 to 136A.71 may be cited as the "Minnesota Private and Out-of-State Public Postsecondary Education Act."

Sec. 3. Minnesota Statutes 2006, section 136A.62, subdivision 3, is amended to read:

Subd. 3. **School.** "School" means:

(1) any ~~individual,~~ partnership, company, firm, society, trust, association, corporation, or any combination thereof, which ~~(a)~~ (i) is, owns, or operates a private, nonprofit postsecondary education institution; ~~(b)~~ (ii) is, owns, or operates a private, for profit postsecondary education institution; (iii) provides a postsecondary instructional program or course leading to a degree whether or not for profit; ~~(c)~~ (iv) is, owns, or operates a private, postsecondary education institution which uses the term "college", "academy", "institute" or "university" in its name; ~~or (d) operates for profit and provides programs or courses which are intended to allow an individual to fulfill in part or totally the requirements necessary to maintain a license to practice an occupation. School shall also mean~~

(2) any public postsecondary educational institution located in another state or country which offers or makes available to a Minnesota resident any course, program or educational activity which does not require the leaving of the state for its completion; or

(3) any individual, entity, or postsecondary institution located in another state that contracts with any school located within the state of Minnesota for the purpose of providing educational programs, training programs, or awarding postsecondary credits or continuing education credits to Minnesota residents that may be applied to a degree program.

Sec. 4. Minnesota Statutes 2006, section 136A.63, is amended to read:

136A.63 REGISTRATION.

Subdivision 1. **Annual registration.** All schools located within Minnesota and all schools located outside Minnesota which offer degree programs or courses within Minnesota shall register annually with the office.

Subd. 2. **Sale of an institution.** Within 30 days of a change of ownership the school must submit a registration renewal application, all usual and ordinary information and materials for an initial registration, and applicable registration fees for a new institution. For purposes of this subdivision, "change of ownership" means a merger or consolidation with a corporation; a sale, lease, exchange, or other disposition of all or substantially all of the assets of a school; the transfer of a controlling interest of at least 51 percent of the school's stock; or a change in the not-for-profit or for profit status of a school.

Sec. 5. Minnesota Statutes 2006, section 136A.64, is amended to read:

136A.64 INFORMATION REQUIRED FOR REGISTRATION.

Subdivision 1. **Schools to provide information.** As a basis for registration, schools shall provide the office with such information as the office needs to determine the nature and activities of the school, including but not limited to~~, requirements for admission, enrollments, tuition charge, refund policies, curriculum, degrees granted, and faculty employed. The office shall have the authority to verify the accuracy of the information submitted to it by inspection or any other means it deems necessary.~~ the following which shall be accompanied by an affidavit attesting to its accuracy and truthfulness:

(1) articles of incorporation, constitution, bylaws, or other operating documents;

(2) a duly adopted statement of the school's mission and goals;

(3) evidence of current school or program licenses granted by departments or agencies of any state;

(4) a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past fiscal year including any management letters provided by the independent auditor or, if the school is a public institution outside Minnesota, an income statement for the immediate past fiscal year;

(5) all current promotional and recruitment materials and advertisements; and

(6) the current school catalog and, if not contained in the catalog:

(i) the members of the board of trustees or directors, if any;

(ii) the current institutional officers;

(iii) current full-time and part-time faculty with degrees held or applicable experience;

(iv) a description of all school facilities;

(v) a description of all current course offerings;

(vi) all requirements for satisfactory completion of courses, programs, and degrees;

(vii) the school's policy about freedom or limitation of expression and inquiry;

(viii) a current schedule of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

(ix) the school's policy about refunds and adjustments;

(x) the school's policy about granting credit for prior education, training, and experience; and

(xi) the school's policies about student admission, evaluation, suspension, and dismissal.

Subd. 2. **Financial records.** The office shall not disclose financial records or accreditation reports provided to it by a school pursuant to this section except for the purpose of defending, at hearings pursuant to chapter 14, or other appeal proceedings, its decision to approve or not to approve the granting of degrees or the use of a name by the school. Section 15.17, subdivision 4, shall not apply to such records.

Subd. 3. **Additional information.** If the office is unable to determine the nature and activities of a school on the basis of the information in subdivision 1, the office shall notify the school of additional information needed.

Subd. 4. **Verification of information.** The office may verify the accuracy of submitted information by inspection, visitation, or any other means it considers necessary.

Subd. 5. **Public information.** All information submitted to the office is public information except financial and accreditation records and information. The office may disclose financial records or information to defend its decision to approve or disapprove granting of degrees or the use of a name or its decisions to revoke the approval at a hearing under chapter 14 or other legal proceedings.

Subd. 6. **Late registration penalty.** Applications for renewal for any registration received after the deadline date specified in the renewal materials provided by the office are subject to a late fee equal to 20 percent of the annual registration renewal fee.

Subd. 7. **Out-of-state expenses.** A school shall reimburse the office for actual costs associated with a site evaluation visit outside Minnesota if the visit is necessary under section 136A.64, subdivision 1 or 3.

Sec. 6. **[136A.645] SCHOOL CLOSURE.**

(a) When a school decides to cease postsecondary education operations, or if its registration is refused, revoked, or suspended it must cooperate with the office in assisting students to find alternative means to complete their studies with a minimum of disruption, and inform the office of the following:

(1) the planned date for termination of postsecondary education operations;

(2) the planned date for the transfer of the student records;

(3) confirmation of the name and address of the organization to receive and hold the student records; and

(4) the official at the organization receiving the student records who is designated to provide official copies of records or transcripts upon request.

(b) Upon notice from a school of its intention to cease operations, or if a school's registration is revoked, refused, or suspended, the office shall notify the school of the date on which it must cease the enrollment of students and all postsecondary educational operations.

Sec. 7. **[136A.646] ADDITIONAL SECURITY.**

In the event any registered institution is notified by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), the institution shall provide a surety bond conditioned upon the faithful performance of all contracts and agreements with students in a sum equal to the "letter of credit" required by the United States Department of Education in the Letter of Credit Alternative, but in no event shall such bond be less than $10,000 and not more than $250,000.

Sec. 8. Minnesota Statutes 2006, section 136A.65, is amended to read:

136A.65 APPROVAL OF DEGREES AND NAME.

Subdivision 1. **Prohibition.** No school subject to registration shall grant a degree unless such degree ~~is~~ and its underlying curriculum are approved by the office, nor shall any school subject to registration use the name "college," "academy," "institute" or "university" in its name without approval by the office.

Subd. 1a. **Accreditation; requirement.** A school must not be registered or authorized to offer any degree at any level unless the school is accredited by an agency recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. Any registered school undergoing institutional accreditation shall inform the office of site visits by the accrediting agency and provide office staff the opportunity to attend the visits, including any exit interviews. The institution must provide the office with a copy of the final report upon receipt.

Subd. 2. **Procedures.** The office shall establish procedures for approval, including notice and an opportunity for a hearing pursuant to chapter 14 if such approval is not granted. If a hearing is requested, no disapproval shall take effect until after such hearing.

Subd. 3. **Application.** A school subject to registration shall be granted approval to use the term "college," "academy," "institute" or "university" in its name whether or not it offers a program leading to a degree, if it was organized, operating and using such term in its name on or before August 1, 1975, and if it meets the other policies and standards for approval established by the office.

Subd. 4. **Criteria for approval.** (a) A school applying to be registered and to have its degree or degrees and name approved must substantially meet the following criteria:

(1) the school has an organizational framework with administrative and teaching personnel to provide the educational programs offered;

(2) the school has financial resources sufficient to meet the school's financial obligations, including refunding tuition and other charges consistent with its stated policy if the institution is dissolved, or if claims for refunds are made, to provide service to the students as promised, and to provide educational programs leading to degrees as offered;

(3) the school operates in conformity with generally accepted budgeting and accounting procedures, such as the standards adopted by the National Association of College and University Business Officers, located at 1 Dupont Circle, Washington, D.C., 20036;

(4) the school provides an educational program leading to the degree it offers;

(5) the school provides appropriate and accessible library, laboratory, and other physical facilities to support the educational program offered;

(6) the school has a policy on freedom or limitation of expression and inquiry for faculty and students which is published or available on request;

(7) the school uses only publications and advertisements which are truthful and do not give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school, its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment;

(8) the school's compensated recruiting agents who are operating in Minnesota identify themselves as agents of the school when talking to or corresponding with students and prospective students; and

(9) the school provides information to students and prospective students concerning:

(i) comprehensive and accurate policies relating to student admission, evaluation, suspension, and dismissal;

(ii) clear and accurate policies relating to granting credit for prior education, training, and experience and for courses offered by the school;

(iii) current schedules of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

(iv) policies regarding refunds and adjustments for withdrawal or modification of enrollment status; and

(v) procedures and standards used for selection of recipients and the terms of payment and repayment for any financial aid program.

(b) An application for degree approval must also include:

(i) title of degree and formal recognition awarded;

(ii) location where such degree will be offered;

(iii) proposed implementation date of the degree;

(iv) admissions requirements for the degree;

(v) length of the degree;

(vi) projected enrollment for a period of five years;

(vii) the curriculum required for the degree, including course syllabi or outlines;

(viii) statement of academic and administrative mechanisms planned for monitoring the quality of the proposed degree;

(ix) statement of satisfaction of professional licensure criteria, if applicable;

(x) documentation of the availability of clinical, internship, externship, or practicum sites, if applicable; and

(xi) statement of how the degree fulfills the institution's mission and goals, complements existing degrees, and contributes to the school's viability.

Subd. 5. **Requirements for degree approval.** For each degree a school offers to a student, where the student does not leave Minnesota for the major portion of the program or course leading to the degree, the school must have:

(1) qualified teaching personnel to provide the educational programs for each degree for which approval is sought;

(2) appropriate educational programs leading to each degree for which approval is sought;

(3) appropriate and accessible library, laboratory, and other physical facilities to support the educational program for each degree for which approval is sought; and

(4) a rationale showing that degree programs are consistent with the school's mission and goals.

Subd. 6. **Name.** A school may use the term "academy" or "institute" in its name without meeting any additional requirements. A school may use the term "college" in its name if it offers at least one program leading to an associate degree. A school may use the term "university" in its name if it offers at least one program leading to a master's or doctorate degree.

Subd. 7. **Grandfathered names.** Names used before August 1, 2007, by a school, organized, operating, and using the term "academy," "institute," "college," or "university" in its name on or before August 1, 2007, may continue using such term whether or not it offers a program leading to a degree.

Subd. 8. **Conditional approval.** The office may grant conditional approval for a degree or use of a term in its name for a period of less than one year if doing so would be in the best interests of currently enrolled students or prospective students.

Subd. 9. **Disapproval of registration appeal.** If a school's degree or use of a term in its name is disapproved by the office, the school may request a hearing under chapter

14. The request must be in writing and made to the office within 30 days of the date the school is notified of the disapproval.

(a) The office may refuse to renew, revoke, or suspend registration, approval of a school's degree, or use of a regulated term in its name by giving written notice and reasons to the school. The school may request a hearing under chapter 14. If a hearing is requested, no revocation or suspension shall take effect until after the hearing.

(b) Reasons for revocation or suspension of registration or approval may be for one or more of the following reasons:

(1) violating the provisions of sections 136A.615 to 136A.71;

(2) providing false, misleading, or incomplete information to the office;

(3) presenting information about the school which is false, fraudulent, misleading, deceptive, or inaccurate in a material respect to prospective students; or

(4) refusing to allow reasonable inspection or to supply reasonable information after a written request by the office has been received.

Sec. 9. Minnesota Statutes 2006, section 136A.653, is amended to read:

136A.653 EXEMPTIONS.

Subdivision 1. **Exemption.** A school that is subject to licensing by the office under chapter 141, is exempt from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71. The determination of the office as to whether a particular school is subject to regulation under chapter 141 is final for the purposes of this exemption.

Subd. 2. **Educational program; nonprofit organizations.** Educational programs which are sponsored by a bona fide and nonprofit trade, labor, business, professional or fraternal organization, which programs are conducted solely for that organization's membership or for the members of the particular industries or professions served by that organization, and which are not available to the public on a fee basis, are exempted from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71.

Subd. 3. **Educational program; business firms.** Educational programs which are sponsored by a business firm for the training of its employees or the employees of other business firms with which it has contracted to provide educational services at no cost to the employees are exempted from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71.

Subd. 4. **Voluntary submission.** Any school or program exempted from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71 by the provisions of this section may voluntarily submit to the provisions of those sections.

Sec. 10. Minnesota Statutes 2006, section 136A.657, is amended to read:

136A.657 EXEMPTION; RELIGIOUS SCHOOLS.

Subdivision 1. **Exemption.** Any school or any department or branch of a school (a) which is substantially owned, operated or supported by a bona fide church or religious organization; (b) whose programs are primarily designed for, aimed at and attended by persons who sincerely hold or seek to learn the particular religious faith or beliefs of that church or religious organization; and (c) whose programs are primarily intended to prepare its students to become ministers of, to enter into some other vocation closely related to, or to conduct their lives in consonance with, the particular faith of that church or religious organization, is exempt from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71.

Subd. 2. **Limitation.** This exemption shall not extend to any school or to any department or branch of a school which through advertisements or solicitations represents to any students or prospective students that the school, its aims, goals, missions or purposes or its programs are different from those described in subdivision 1. This exemption shall not extend to any school which represents to any student or prospective student that the major purpose of its programs is to prepare the student for a vocation not closely related to that particular religious faith, or to provide the student with a general educational program recognized by other schools or the broader educational, business or social community as being substantially equivalent to the educational programs offered by schools or departments or branches of schools which are not exempt from sections ~~136A.61~~ 136A.615 to 136A.71, and rules adopted pursuant thereto.

Subd. 3. **Scope.** Nothing in sections ~~136A.61~~ 136A.615 to 136A.71, or the rules adopted pursuant thereto, shall be interpreted as permitting the office to determine the truth or falsity of any particular set of religious beliefs.

Subd. 4. **Statement required; religious nature.** Any degree awarded upon completion of a religiously exempt program shall include descriptive language to make the religious nature of the award clear.

Sec. 11. Minnesota Statutes 2006, section 136A.66, is amended to read:

136A.66 LIST.

The office shall maintain a list of ~~schools~~ registered institutions authorized to grant degrees and schools authorized to use the name "college," "academy," "institute" or "university," and shall make such list available to the public.

Sec. 12. Minnesota Statutes 2006, section 136A.67, is amended to read:

136A.67 UNAUTHORIZED REPRESENTATIONS.

~~No school and none of its officials or employees shall advertise or represent in any manner that such school is approved or accredited by the office or state of Minnesota except that any~~ A school which is duly registered with the office, or any of its officials or employees, may represent in advertising and shall disclose in catalogues, applications, and enrollment materials that the school is registered with the office~~.~~ by prominently displaying the following statement: "(Name of school) is registered as a private institution with the Minnesota Office of Higher Education pursuant to sections 136A.615 to 136A.71. Registration is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions."

Sec. 13. **[136A.675] RISK ANALYSIS.**

The office shall develop a set of financial and programmatic evaluation metrics to aid in the detection of the failure or potential failure of a school to meet the standards established under sections 136A.61 to 136A.71. These metrics shall include indicators of financial stability, changes in the senior management or the financial aid and senior administrative staff of an institution, changes in enrollment, changes in program offerings, and changes in faculty staffing patterns. The development of financial standards shall use industry standards as benchmarks. The development of the nonfinancial standards shall include a measure of trends and dramatic changes in trends or practice. The agency must specify the metrics and standards for each area and provide a copy to each registered institution and post them on the agency Web site. The agency shall use regularly reported data submitted to the federal government or other regulatory or accreditation agencies wherever possible. The agency may require more frequent data reporting by an institution to ascertain whether the standards are being met.

Sec. 14. Minnesota Statutes 2006, section 136A.68, is amended to read:

136A.68 RECORDS.

~~After August 1, 1975, all schools located in this state must maintain permanent records of all students enrolled therein at any time. The office may require schools to provide a plan acceptable to the office for preserving all such records for at least ten years. The office may require that such plan include the filing of a continuous surety bond or a deposit of funds in trust in an amount not to exceed $20,000 for the purpose of preserving records after such school ceases to exist.~~ A registered school shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A registered school offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include a student's academic transcript, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a school shall submit a plan that meets the following requirements:

(1) at least one copy of the records must be held in a secure, fireproof depository or duplicate records must be maintained off site in a secure location and in a manner approved by the office;

(2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;

(3) an alternative method approved by the office of complying with clauses (1) and (2) must be established if the school ceases to exist; and

(4) if the school has no binding agreement approved by the office for preserving student records, a continuous surety bond must be filed with the office in an amount not to exceed $20,000. The bond shall run to the state of Minnesota.

Sec. 15. Minnesota Statutes 2006, section 136A.69, is amended to read:

136A.69 FEES.

Subdivision 1. **Registration fees.** The office shall collect reasonable registration fees that are sufficient to recover, but do not exceed, its costs of administering the registration program. The office shall charge $1,100 for initial registration fees and $950 for annual renewal fees.

Subd. 2. **Degree level addition fee.** The office processing fee for adding a degree level to an existing program is $2,000 per program.

Subd. 3. **Program addition fee.** The office processing fee for adding a program that represents a significant departure in the objectives, content, or method of delivery of programs that are currently offered by the school is $500 per program.

Subd. 4. **Visit or consulting fee.** If the office determines that a fact-finding visit or outside consultant is necessary to review or evaluate any new or revised program, the office shall be reimbursed for the expenses incurred related to the review as follows:

(1) $300 for the team base fee or for a paper review conducted by a consultant if the office determines that a fact-finding visit is not required;

(2) $300 for each day or part thereof on site per team member; and

(3) the actual cost of customary meals, lodging, and related travel expenses incurred by team members.

Subd. 5. **Modification fee.** The fee for modification of any existing program is $100 and is due if there is:

(1) an increase or decrease of 25 percent or more from the original date of program approval, in clock hours, credit hours, or calendar length of an existing program;

(2) a change in academic measurement from clock hours to credit hours or vice versa; or

(3) an addition or alteration of courses that represent a 25 percent change or more in the objectives, content, or methods of delivery.

Sec. 16. **[136A.705] PENALTY.**

The director may assess fines for violations of a provision of sections 136A.615 to 136A.71. Each day's failure to comply with a provision of sections 136A.615 to 136A.71 shall be a separate violation and fines shall not exceed $500 per day per violation. Amounts received under this section must be deposited in the special revenue fund and are appropriated in fiscal years 2008 and 2009 for the purposes in sections 136A.615 to 136A.71.

Sec. 17. Minnesota Statutes 2006, section 136A.71, is amended to read:

136A.71 INJUNCTION.

Upon application of the attorney general the district courts shall have jurisdiction to enjoin any violations of sections ~~136A.61~~ 136A.615 to 136A.71.

Sec. 18. Minnesota Statutes 2006, section 141.21, subdivision 1a, is amended to read:

Subd. 1a. **Office of Higher Education or office.** "Office of Higher Education" or "office" means the Minnesota Office of Higher Education.

Sec. 19. Minnesota Statutes 2006, section 141.21, subdivision 5, is amended to read:

Subd. 5. **School.** "School" means any person, within or outside the state, who maintains, advertises, administers, solicits for, or conducts any program ~~for profit~~ at ~~any~~ less than an associate degree level ~~other than baccalaureate or graduate programs, and is not specifically exempted by sections 141.21 to~~ and is not registered as a private institution under sections 136A.615 to 136A.71 and is not specifically exempted by section 141.35 or 141.37.

Sec. 20. Minnesota Statutes 2006, section 141.25, subdivision 1, is amended to read:

Subdivision 1. **Required.** A school must not maintain, advertise, solicit for, administer, or conduct any program in Minnesota without first obtaining a license from the office.

Sec. 21. Minnesota Statutes 2006, section 141.25, subdivision 5, is amended to read:

Subd. 5. **Bond.** (a) No license shall be issued to any school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

(b) The amount of the surety bond shall be ten percent of the preceding year's gross income from student tuition, fees, and other required institutional charges, but in no event less than $10,000 nor greater than $250,000, except that a school may deposit a greater amount at its own discretion. A school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision, unless the school maintains a surety bond equal to at least $250,000. A school that operates at two or more locations may combine gross income from student tuition, fees, and other required institutional charges for all locations for the purpose of determining the annual surety bond requirement. The gross tuition and fees used to determine the amount of the surety bond required for a school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the school by the students recruited from Minnesota.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum deposited by the school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of finance a sum equal to the amount of the required surety bond in cash, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a school to post and maintain the required surety bond or deposit under paragraph (d) ~~may~~ shall result in denial, suspension, or revocation of the school's license.

Sec. 22. Minnesota Statutes 2006, section 141.25, subdivision 7, is amended to read:

Subd. 7. **Minimum standards.** A license shall be issued if the office first determines:

(1) that the applicant has a sound financial condition with sufficient resources available to:

(i) meet the school's financial obligations;

(ii) refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the school or in the event of any justifiable claims for refund against the school by the student body;

(iii) provide adequate service to its students and prospective students; and

(iv) maintain and support the school;

(2) that the applicant has satisfactory facilities with sufficient tools and equipment and the necessary number of work stations to prepare adequately the students currently enrolled, and those proposed to be enrolled;

(3) that the applicant employs a sufficient number of qualified teaching personnel to provide the educational programs contemplated;

(4) that the school has an organizational framework with administrative and instructional personnel to provide the programs and services it intends to offer;

(5) that the premises and conditions under which the students work and study are sanitary, healthful, and safe, according to modern standards;

(6) that the quality and content of each occupational course or program of study provides education and adequate preparation to enrolled students for entry level positions in the occupation for which prepared;

(7) that the living quarters which are owned, maintained, <u>recommended,</u> or approved by the applicant for students are sanitary and safe;

(8) that the contract or enrollment agreement used by the school complies with the provisions in section 141.265;

(9) that contracts and agreements do not contain a wage assignment provision or a confession of judgment clause; and

(10) that there has been no adjudication of fraud or misrepresentation in any criminal, civil, or administrative proceeding in any jurisdiction against the school or its owner, officers, agents, or sponsoring organization.

Sec. 23. Minnesota Statutes 2006, section 141.25, subdivision 9, is amended to read:

Subd. 9. **Catalog, brochure, or electronic display.** Before a license is issued to a school, the school shall furnish to the office a catalog, brochure, or electronic display including:

(1) identifying data, such as volume number and date of publication;

(2) name and address of the school and its governing body and officials;

(3) a calendar of the school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;

(4) the school policy and regulations on enrollment including dates and specific entrance requirements for each program;

(5) the school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;

(6) the school policy and regulations about standards of progress for the student including the grading system of the school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the school, and conditions of reentrance for those dismissed for unsatisfactory progress;

(7) the school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;

(8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;

(9) the school policy and regulations, including an explanation of section 141.271, about refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;

(10) a description of the available facilities and equipment;

(11) a course outline syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;

(12) the school policy and regulations about granting credit for previous education and preparation;

(13) a notice to students relating to the transferability of any credits earned at the school to other institutions;

(14) a procedure for investigating and resolving student complaints; and

~~(14)~~ (15) the name and address of the Minnesota Office of Higher Education.

A school that is exclusively a distance education school is exempt from clauses (3) and (5).

Sec. 24. Minnesota Statutes 2006, section 141.25, subdivision 10, is amended to read:

Subd. 10. **Placement records.** (a) Before a license is ~~issued~~ reissued to a school that offers, advertises or implies a placement service, the school shall file with the office for the past year and thereafter at reasonable intervals determined by the office, a certified copy of the school's placement record, containing a list of graduates, a description of their jobs, names of their employers, and other information as the office may prescribe.

(b) Each school that offers a placement service shall furnish to each prospective student, upon request, prior to enrollment, written information concerning the percentage of the previous year's graduates who were placed in the occupation for which prepared or in related employment.

Sec. 25. Minnesota Statutes 2006, section 141.25, subdivision 12, is amended to read:

Subd. 12. **Permanent records.** A school licensed under this chapter and located in Minnesota shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include school transcripts, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a school shall submit a plan that meets the following requirements:

(1) at least one copy of the records must be held in a secure, fireproof depository;

(2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;

(3) an alternative method, approved by the office, of complying with clauses (1) and (2) must be established if the school ceases to exist; and

(4) a continuous surety bond must be filed with the office in an amount not to exceed $20,000 if the school has no binding agreement approved by the office, for preserving student records ~~or a trust must be arranged if the school ceases to exist~~. The bond shall run to the state of Minnesota.

Sec. 26. Minnesota Statutes 2006, section 141.255, subdivision 2, is amended to read:

Subd. 2. **Renewal licensure fee; late fee.** (a) The office processing fee for a renewal licensure application is:

(1) for a category A school, as determined by the office, the fee is $865 if the school offers one program or $1,150 if the school offers two or more programs; and

(2) for a category B or C school, as determined by the office, the fee is $430 if the school offers one program or $575 if the school offers two or more programs.

(b) If a license renewal application is not received by the office by the close of business at least 60 days before the expiration of the current license, a late fee of $100 per business day, not to exceed $3,000, shall be assessed.

Sec. 27. Minnesota Statutes 2006, section 141.265, subdivision 2, is amended to read:

Subd. 2. **Contract information.** A contract or enrollment agreement used by a school must include at least the following:

(1) the name and address of the school, clearly stated;

(2) a clear and conspicuous disclosure that the agreement is a legally binding instrument upon written acceptance of the student by the school unless canceled under section 141.271;

(3) the school's cancellation and refund policy that shall be clearly and conspicuously entitled "Buyer's Right to Cancel";

(4) a clear statement of total cost of the program including tuition and all other charges;

(5) the name and description of the program, including the number of hours or credits of classroom instruction, or distance instruction, that shall be included; and

(6) a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address of the seller to which the notice should be sent or delivered.

The contract or enrollment agreement must not include a wage assignment provision or a confession of judgment clause.

Sec. 28. Minnesota Statutes 2006, section 141.271, subdivision 10, is amended to read:

Subd. 10. **Cancellation occurrence.** Written notice of cancellation shall take place on the date the letter of cancellation is postmarked or, in the cases where the notice is hand carried, it shall occur on the date the notice is delivered to the school. If a student has not attended ~~classes~~ class for a period of 21 consecutive days without contacting the school to indicate an intent to continue in school or otherwise making arrangements concerning the absence, the student is considered to have withdrawn from school for all purposes as of the student's last documented date of attendance.

Sec. 29. Minnesota Statutes 2006, section 141.271, subdivision 12, is amended to read:

Subd. 12. **Instrument not to be negotiated.** A school shall not negotiate any promissory instrument received as payment of tuition or other charge prior to completion of 50 percent of the program~~.~~, except that prior to that time, instruments may be transferred by assignment to purchasers who shall be subject to all defenses available against the school named as payee.

Sec. 30. Minnesota Statutes 2006, section 141.28, subdivision 1, is amended to read:

Subdivision 1. ~~**Not to advertise state approval**~~ **Disclosure required.** ~~Schools, agents of schools, and solicitors may not advertise or represent in writing or orally that such school is approved or accredited by the state of Minnesota, except that any~~ A school, agent, or solicitor may ~~advertise~~ represent in advertisements and shall disclose in catalogues, applications, and enrollment materials that the school ~~and solicitor have been~~ is duly licensed by the state ~~using~~ by prominently displaying the following ~~language~~ statement:

"(Name of school) is licensed as a private career school with the Minnesota Office of Higher Education. Licensure is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions. ~~The educational programs may not meet the needs of every student or employer.~~"

Sec. 31. Minnesota Statutes 2006, section 141.32, is amended to read:

141.32 PENALTY.

~~Violation of a provision of this chapter shall be a misdemeanor. Each day's failure to comply with this chapter shall be a separate violation. The office shall adopt rules establishing a list of civil penalties and the fine associated with each violation. Fines for violations shall not exceed $500 per day per violation.~~ The director may assess fines for violations of a provision of this chapter. Each day's failure to comply with a provision of sections 136A.615 to 136A.71 shall be a separate violation and fines shall not exceed $500 per day per violation. Amounts received under this section must be deposited in the special revenue fund and are appropriated in fiscal years 2008 and 2009 for the purposes of this chapter.

Sec. 32. Minnesota Statutes 2006, section 141.35, is amended to read:

141.35 EXEMPTIONS.

Sections 141.21 to ~~141.35~~ 141.32 shall not apply to the following:

(1) public postsecondary institutions;

(2) ~~private~~ postsecondary institutions registered under sections ~~136A.61~~ 136A.615 to 136A.71 ~~that are nonprofit, or that are for profit and registered under sections 136A.61 to 136A.71 as of December 31, 1998, or are approved to offer exclusively baccalaureate or postbaccalaureate programs~~;

(3) schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;

(4) private schools complying with the requirements of section 120A.22, subdivision 4;

(5) courses taught to students in a valid apprenticeship program taught by or required by a trade union;

(6) schools exclusively engaged in training physically or mentally disabled persons for the state of Minnesota;

(7) schools licensed by boards authorized under Minnesota law to issue licenses;

(8) schools and educational programs, or training programs, contracted for by persons, firms, corporations, government agencies, or associations, for the training of their own employees, for which no fee is charged the employee;

(9) schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office;

(10) ~~driver training schools and instructors as defined in section 171.33, subdivisions 1 and 2;~~

~~(11)~~ classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

~~(12)~~ (11) programs in the fine arts provided by organizations exempt from taxation under section 290.05 and registered with the attorney general under chapter 309. For the purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the office may seek the advice and recommendation of the Minnesota Board of the Arts;

~~(13)~~ (12) classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, that have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession, and that are offered exclusively to an individual practicing the profession;

~~(14)~~ (13) classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;

~~(15)~~ (14) classes, courses, or programs providing 16 or fewer clock hours of instruction that are not part of the curriculum for an occupation or entry level employment;

~~(16)~~ (15) classes, courses, or programs providing instruction in personal development, modeling, or acting;

~~(17)~~ (16) training or instructional programs, in which one instructor teaches an individual student, that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment; and

~~(18)~~ (17) schools with no physical presence in Minnesota, as determined by the office, engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions.

Sec. 33. **[141.37] EXEMPTION; RELIGIOUS SCHOOLS.**

Subdivision 1. **Exemption.** Any school or any department or branch of a school:

(1) which is substantially owned, operated, or supported by a bona fide church or religious organization;

(2) whose programs are primarily designed for, aimed at, and attended by persons who sincerely hold or seek to learn the particular religious faith or beliefs of that church or religious organization; and

(3) whose programs are primarily intended to prepare its students to become ministers of, to enter into some other vocation closely related to, or to conduct their lives in consonance with the particular faith of that church or religious organization,

is exempt from the provisions of sections 141.21 to 141.32.

Subd. 2. **Limitations.** (a) An exemption shall not extend to any school, department or branch of a school, or program of a school which through advertisements or solicitations represents to any students or prospective students that the school, its aims, goals, missions, purposes, or programs are different from those described in subdivision 1.

(b) An exemption shall not extend to any school which represents to any student or prospective student that the major purpose of its programs is to:

(1) prepare the student for a vocation not closely related to that particular religious faith; or

(2) provide the student with a general educational program recognized by other schools or the broader educational, business, or social community as being substantially equivalent to the educational programs offered by schools or departments or branches of

schools which are not religious in nature and are not exempt from chapter 141 and from rules adopted pursuant under this chapter.

Subd. 3. **Scope.** Nothing in this chapter or the rules adopted under it shall be interpreted as permitting the office to determine the truth or falsity of any particular set of religious beliefs.

Subd. 4. **Descriptive language required.** Any certificate, diploma, degree, or other formal recognition awarded upon completion of any religiously exempt program shall include such descriptive language as to make the religious nature of the award clear.

Sec. 34. **EFFECTIVE DATE; TRANSITION PROCESS.**

Changes in Minnesota Statutes, chapter 141, and sections 136A.615 to 136A.71, shall be effective July 1, 2007. Schools currently licensed pursuant to Minnesota Statutes, chapter 141, that qualify for private institution registration after July 1, 2007, shall apply for and complete the process for registration prior to the expiration of their current private career school license. Schools currently registered as private institutions pursuant to Minnesota Statutes, sections 136A.61 to 136A.71, that are required to obtain a private career school license after August 1, 2007, shall apply for and complete the process for licensure prior to the expiration of the current registration, but in any event no later than December 31, 2007. The office is authorized to extend existing license or registration for a reasonable period of time to allow for the completion of the new processes when necessary.