A bill for an act

relating to higher education; amending postsecondary education provisions; requiring reports; changing Minnesota college savings plan matching grants; making technical changes; modifying definitions; setting requirements for credit transfer; providing stable undergraduate tuition rates; modifying achieve scholarship program; modifying contract and salary provisions; prohibiting use of certain public funds to support human cloning; requiring a study of graduate education in for-profit sector; repealing certain provisions related to equipment and apparel; appropriating money; amending Minnesota Statutes 2010, sections 15A.081, subdivision 7c; 135A.51, subdivision 2; 136A.121, subdivision 6; 136F.40, subdivision 2; 136G.01; 136G.03, subdivisions 1, 18, 27; 136G.05, subdivisions 1, 6, 8; proposing coding for new law in Minnesota Statutes, chapters 136F; 137; 145; repealing Minnesota Statutes 2010, sections 135A.26; 136G.11, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 181.986; Laws 2009, chapter 95, article 2, section 39.

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

ARTICLE 1

HIGHER EDUCATION APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

Subdivision 1. **Summary By Fund.** The amounts shown in this subdivision summarize direct appropriations, by fund, made in this article.

SUMMARY BY FUND

		2012		2013		Total
General	$	1,252,884,000	$	1,252,633,000	$	2,505,517,000
Health Care Access		2,157,000		2,157,000		4,314,000
Total	**$**	**1,255,041,000**	**$**	**1,254,790,000**	**$**	**2,509,831,000**

Subd. 2. **Summary By Agency - All Funds.** The amounts shown in this subdivision summarize direct appropriations, by agency, made in this article.

SUMMARY BY AGENCY - ALL FUNDS

		2012		2013		Total
Minnesota Office of Higher Education	$	193,008,000	$	192,757,000	$	385,765,000
Mayo Medical Foundation		1,351,000		1,351,000		2,702,000
Board of Trustees of the Minnesota State Colleges and Universities		529,839,000		529,839,000		1,059,678,000
Board of Regents of the University of Minnesota		530,843,000		530,843,000		1,061,686,000
Total	**$**	**1,255,041,000**	**$**	**1,254,790,000**	**$**	**2,509,831,000**

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 "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

		APPROPRIATIONS Available for the Year Ending June 30 2012		2013
Sec. 3. **MINNESOTA OFFICE OF HIGHER EDUCATION**				
Subdivision 1. **Total Appropriation**	**$**	**193,008,000**	**$**	**192,757,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.				
Subd. 2. **State Grants**		157,700,000		157,700,000
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 is $10,488 in each year for students in				

four-year programs, and $5,808 for students in two-year programs.

This appropriation sets the living and miscellaneous expense allowance at $7,000 each year.

Subd. 3. **Safety Officers' Survivors**	100,000	100,000

This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to eligible dependent children 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. 4. **Child Care Grants**	6,684,000	6,684,000
Subd. 5. **State Work-Study**	14,060,000	14,060,000
Subd. 6. **Indian Scholarships**	1,900,000	1,900,000

This appropriation includes funding each year to administer the Indian scholarship program.

Subd. 7. **Intervention for College Attendance Program Grants**	671,000	671,000

For grants under Minnesota Statutes, section 136A.861. Up to $50,000 of this appropriation each year may be used for administrative expenses.

Subd. 8. **Midwest Higher Education Compact**	95,000	95,000
Subd. 9. **Interstate Tuition Reciprocity**	3,150,000	3,250,000

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. 10. **Minnesota College Savings Plan**	350,000	-0-

Subd. 11. **MnLINK Gateway and Minitex**	5,730,000	5,730,000
Subd. 12. **Student and Parent Information**	119,000	118,000
Subd. 13. **Get Ready**	175,000	175,000
Subd. 14. **Minnesota Minority Partnership**	43,000	43,000
Subd. 15. **Agency Administration**	2,231,000	2,231,000

Subd. 16. **Balances Forward**

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

Subd. 17. **Transfers**

The Minnesota Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, the state work-study appropriation, and the public safety officers' survivors appropriation. Transfers from the child care or state work-study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs of the senate and house of representatives committees with jurisdiction over higher education finance.

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

Subdivision 1. **Total Appropriation**	**$ 529,839,000**	**$ 529,839,000**

Appropriations by Fund

	2012	2013
General	529,839,000	529,839,000

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

Subd. 2. **Central Office and Shared Services Unit**	40,000,000	40,000,000

For the Office of the Chancellor and the Shared Services Division.

Any reductions in the amount of appropriations under this subdivision and the appropriations for the Office of the Chancellor and the Shared Services Division in the biennium ending June 30, 2011, must not be allocated to any institution and must not be charged back to any campus or institution.

Any new transformational initiatives for the Minnesota State Colleges and Universities undertaken by the Board of Trustees during fiscal years 2012 and 2013 must be funded out of the direct appropriation for the central office and shared services. None of the direct appropriations for operation and maintenance of the Minnesota State Colleges and Universities may be used for new transformational initiatives in the biennium ending June 30, 2013.

Subd. 3. **Operations and Maintenance**	485,669,000	485,669,000

$102,000 each year is for the Cook County Higher Education Board to provide educational programs and academic support services. The base appropriation under this paragraph is $102,000.

One percent of the fiscal year 2013 appropriation in this subdivision is available in fiscal year 2013 after the Board of Trustees of the Minnesota State Colleges and Universities demonstrates to the commissioner of management and budget that the board has achieved at least three of the following five performance goals:

(1) increase by at least seven percent, compared to fiscal year 2009, graduates or degrees, diplomas and certificates conferred;

(2) increase by at least ten percent, compared to fiscal year 2010, the number of students of color;

(3) increase by at least fifteen percent, compared to fiscal year 2010, the full year equivalent enrollment of students taking online or blended courses or the number of online and blended sections;

(4) increase by at least one percent the fall 2011 persistence and completion rate for fall 2010 entering students compared to the fall 2010 rate for fall 2009 entering students; and

(5) decrease by at least three percent, compared to calendar year 2009, total energy consumption.

By October 1, 2011, the Board of Trustees and the Minnesota Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be used to demonstrate the Minnesota State Colleges and Universities' attainment of each goal.

On or before April 1, 2012, the Board of Trustees must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the Minnesota State Colleges and Universities toward attaining the goals.

Subd. 4. **Learning Network of Minnesota**	4,170,000	4,170,000

Subd. 5. **Education Priorities**

The Board of Trustees, in fulfilling the requirements of Minnesota Statutes, section 136F.06, by making reductions, approving programs of study, establishing requirements for completion of programs, and approving course offerings and requirements for credentials, must place the highest priority on meeting the needs of Minnesota employers for a skilled workforce. The board must focus on the efficient delivery of higher education, eliminate duplication throughout the system, and streamline the operation of the system to provide an education that prepares students for the workforce needs of Minnesota.

Subd. 6. **Minnesota State Colleges and Universities Tuition Maximums**

In the biennium ending June 30, 2013, the maximum increase in tuition and mandatory fees for a Minnesota resident undergraduate student must not exceed:

(1) two percent per year at a state college; and

(2) four percent per year at a state university.

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

Subdivision 1. **Total Appropriation**	**$**	**530,843,000**	**$**	**530,843,000**

Appropriations by Fund

	2012	2013

General	528,686,000	528,686,000		
Health Care Access	2,157,000	2,157,000		

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

Subd. 2. **Operations and Maintenance**	466,700,000	466,700,000

This appropriation includes funding for operation and maintenance of the system.

One percent of the fiscal year 2013 appropriation in this subdivision is available in fiscal year 2013 when the Board of Regents of the University of Minnesota demonstrates to the commissioner of management and budget that the board has met at least three of the following five performance goals:

(1) increase the amount of institutional financial aid so that it is greater in fiscal year 2012 than in fiscal year 2010, excluding federal stimulus funding. Institutional financial aid includes funds from the University of Minnesota Foundation and the Minnesota Medical Foundation;

(2) produce at least 13,500 total degrees on all campuses in fiscal year 2012;

(3) increase the undergraduate four- and six-year graduation rates on the Twin Cities campus for 2011-2012, as reported in the federal completions survey, over the numbers for 2009-2010, as reported in the federal completion survey;

(4) produce total research and development expenditures, as reported to the National Science Foundation (NSF) for the University of Minnesota system so that the amount

in the 2012 NSF report is not less than the amount in the 2010 NSF report; and

(5) produce sponsored funding from business and industry so that funding in fiscal year 2012, as reported to the Board of Regents in December of that year, is not less than funding in fiscal year 2010.

By October 1, 2011, the Board of Regents and the Minnesota Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be used to demonstrate the University of Minnesota's attainment of each goal.

On or before April 1, 2012, the Board of Regents must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the University of Minnesota toward attaining the goals.

Subd. 3. **Education Priorities**

The Board of Regents, in fulfilling their governance responsibilities for the University of Minnesota by making reductions, approving programs of study, establishing requirements for completion of programs, approving course offerings and requirements for credentials, and authorizing and funding research are encouraged to place the highest priority on meeting the needs of Minnesota employers for a skilled workforce. The board must focus on the efficient delivery of higher education, eliminate duplication and redundancy, streamline administration, and focus on providing an education that prepares students for the workforce needs of Minnesota.

Subd. 4. **University of Minnesota Tuition Maximums**

The legislature expects that in the biennium ending June 30, 2013, net increases in tuition revenue attributable to tuition rate adjustments enacted by the Board of Regents for the 2011-2012 and 2012-2013 academic years for Minnesota resident undergraduate students enrolled in the University of Minnesota will not increase by more than $17,700,000 for the 2011-2012 academic year and $17,700,000 for the 2012-2013 academic year. The Board of Regents is encouraged to maximize tuition revenue gains through productivity measures including, but not limited to, enrollment growth, student credit hours, and other efficiency efforts in order to mitigate the need for tuition rate increases.

Subd. 5. **Primary Care Education Initiatives**	2,157,000	2,157,000

This appropriation is from the health care access fund.

Subd. 6. **Special Appropriations**

(a) **Agriculture and Extension Service**	42,514,000	42,514,000

For the Agricultural Experiment Station and the Minnesota Extension Service.

(b) **Health Sciences**	5,335,000	5,335,000

$346,000 each year is to support up to 12 resident physicians 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**	1,129,000	1,129,000

For the Geological Survey and the talented youth mathematics program.

(d) **System Special**	5,008,000	5,008,000

For general research, industrial relations education, Natural Resources Research Institute, Center for Urban and Regional Affairs, and the Bell Museum of Natural History.

(e) **University of Minnesota and Mayo Foundation Partnership**	8,000,000	8,000,000

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. 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 of representatives committees responsible for higher education and economic development by June 30 of each fiscal year.

Subd. 7. **Academic Health Center**

The appropriation for Academic Health Center funding under Minnesota Statutes, section 297F.10, is estimated to be $22,343,000 each year.

Sec. 6. **MAYO MEDICAL FOUNDATION**				
Subdivision 1. **Total Appropriation**	**$**	**1,351,000**	**$**	**1,351,000**

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

Subd. 2. **Medical School**	665,000	665,000

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.

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**	686,000	686,000

The state of Minnesota must pay stipend support for up to 27 residents each year.

ARTICLE 2

RELATED HIGHER EDUCATION PROVISIONS

Section 1. Minnesota Statutes 2010, section 15A.081, subdivision 7c, is amended to read:

Subd. 7c. **Minnesota State Colleges and Universities chancellor.** The Board of Trustees of the Minnesota State Colleges and Universities shall establish a salary range for the position of chancellor of the Minnesota State Colleges and Universities. The board shall submit the proposed salary range to the Legislative Coordinating Commission for approval, modification, or rejection in the manner provided in section 3.855. The board shall establish ~~the~~ a salary for the chancellor ~~within the approved salary range~~ that does not exceed the governor's salary.

In deciding whether to approve a salary increase, the board shall consider the performance of the chancellor in areas including educational leadership, student success, system management, human resources, and affirmative action.

EFFECTIVE DATE. This section is effective the day following final enactment for contracts entered into on or after that date.

Sec. 2. Minnesota Statutes 2010, section 135A.51, subdivision 2, is amended to read:

Subd. 2. **Senior citizen.** "Senior citizen" means a person who has reached ~~66~~ 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.

EFFECTIVE DATE. This section is effective the day following final enactment for terms beginning after July 1, 2011.

Sec. 3. Minnesota Statutes 2010, section 136A.121, subdivision 6, is amended to read:

Subd. 6. **Cost of attendance.** (a) The recognized cost of attendance consists of (1) allowances specified in law for living and miscellaneous expenses, and (2) an allowance for tuition and fees equal to ~~the lesser of~~ the average tuition and fees charged by the institution~~,~~ that is: (i) for two-year programs, the highest tuition and fees charged by a Minnesota public college; (ii) for four-year programs, the highest average tuition and fees charged by a Minnesota public university; or (iii) for any program the tuition and fee maximums if established in law.

(b) For a student registering for less than full time, the office shall prorate the cost of attendance to the actual number of credits for which the student is enrolled.

(c) The recognized cost of attendance for a student who is confined to a Minnesota correctional institution shall consist of the tuition and fee component in paragraph (a), with no allowance for living and miscellaneous expenses.

(d) For the purpose of this subdivision, "fees" include only those fees that are mandatory and charged to full-time resident students attending the institution. Fees do not include charges for tools, equipment, computers, or other similar materials where the student retains ownership. Fees include charges for these materials if the institution retains ownership. Fees do not include optional or punitive fees.

Sec. 4. Minnesota Statutes 2010, section 136F.40, subdivision 2, is amended to read:

Subd. 2. **Contracts.** (a) The board may enter into a contract with the chancellor, a vice-chancellor, or a president, containing terms and conditions of employment. The terms of the contract must be authorized under a plan approved under section 43A.18, subdivision 3a. The salary established for a contract under this section must not exceed the governor's salary.

(b) Notwithstanding section 43A.17, subdivision 11, or other law to the contrary, a contract under this section may provide a liquidated salary amount or other compensation if a contract is terminated by the board prior to its expiration.

(c) Notwithstanding section 356.24 or other law to the contrary, a contract under this section may contain a deferred compensation plan made in conformance with section 457(f) of the Internal Revenue Code.

(d) Notwithstanding any provision of the plan approved under section 43A.18, subdivision 3a, a contract under this section must not authorize or otherwise provide for a bonus payment.

(e) To promote transparency and accountability, the board must provide timely, complete, and easily accessible information on its website on the compensation of persons with contracts under this section.

EFFECTIVE DATE. This section is effective the day following final enactment for contracts entered into on or after that date.

Sec. 5. **[136F.705] UNDERGRADUATE TUITION GUARANTEE PLAN.**

(a) The board of trustees is encouraged to offer entering students a plan providing stable tuition for students pursuing two-year or four-year degrees that can provide students a tuition option designed to meet the goals in this section.

(b) A Minnesota resident student who first enrolls in a degree program at a state college or university beginning in the fall of 2011 or later is guaranteed a stable tuition for up to four consecutive academic years.

(c) For an undergraduate student enrolled in a baccalaureate degree program at a state university, the tuition charged to the student for each semester of enrollment during a four-year period, beginning with the first semester of enrollment, must not exceed the amount of tuition that the student was charged for the first semester of enrollment. For a student who continues to be enrolled after four consecutive academic years, the tuition rate for each semester in excess of four years is equal to the tuition rate paid by new enrollees at the state university.

(d) For an undergraduate student enrolled in an associate degree program at a college, the tuition charged to the student for each semester of enrollment during a two-year period, beginning with the first semester of enrollment, must not exceed the amount of tuition that the student was charged for the first semester of enrollment. For a student who continues to be enrolled after two consecutive academic years, the tuition rate for each semester in excess of two years is equal to the tuition rate for new enrollees at the college.

(e) Time limits for the stable tuition plan under this section do not apply to a student in the military while the student is on active military duty.

Sec. 6. Minnesota Statutes 2010, section 136G.01, is amended to read:

136G.01 PLAN ESTABLISHED.

A college savings plan known as the Minnesota college savings plan is established. In establishing this plan, the legislature seeks to encourage individuals to save for postsecondary education by:

(1) providing a qualified tuition plan under federal tax law; and

~~(2) providing matching grants for contributions to the program by low- and middle-income families; and~~

~~(3)~~ (2) encouraging individuals, foundations, and businesses to provide additional grants to participating students.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 7. Minnesota Statutes 2010, section 136G.03, subdivision 1, is amended to read:

Subdivision 1. **General.** For purposes of sections 136G.01 to ~~136G.13~~ 136G.14, the following terms have the meanings given.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 8. Minnesota Statutes 2010, section 136G.03, subdivision 18, is amended to read:

Subd. 18. **Matching grant.** "Matching grant" means an amount added to a matching grant account under section 136G.11 for eligible account beneficiaries for account contributions in calendar years 2001 to 2010.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 9. Minnesota Statutes 2010, section 136G.03, subdivision 27, is amended to read:

Subd. 27. **Plan.** "Plan" refers to the plan established under sections 136G.01 to ~~136G.13~~ 136G.14.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 10. Minnesota Statutes 2010, section 136G.05, subdivision 1, is amended to read:

Subdivision 1. **Responsibilities.** (a) The director shall establish the rules, terms, and conditions for the plan, subject to the requirements of sections 136G.01 to ~~136G.13~~ 136G.14.

(b) The director shall prescribe the application forms, procedures, and other requirements that apply to the plan.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 11. Minnesota Statutes 2010, section 136G.05, subdivision 6, is amended to read:

Subd. 6. **Three-year period for withdrawal of grants.** A matching grant deposited in ~~the~~ a matching grant account based on account owner contributions during calendar years 2001 to 2010 under section 136G.11 may not be withdrawn within three years of the establishment of the account of the beneficiary. In calculating the three-year period, the period held in another account is included, if the account includes a rollover from another account under section 529(c)(3)(C) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 12. Minnesota Statutes 2010, section 136G.05, subdivision 8, is amended to read:

Subd. 8. **Administration.** The director shall administer the program, including accepting and processing applications, maintaining account records, making payments, ~~making matching grants under section 136G.11,~~ and undertaking any other necessary tasks to administer the program. The office may contract with one or more third parties to carry out some or all of these administrative duties, including providing incentives and marketing the program. The office and the board may jointly contract with third-party providers, if the office and board determine that it is desirable to contract with the same entity or entities for administration and investment management.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 13. **[137.105] UNDERGRADUATE TUITION GUARANTEE PLAN.**

The Board of Regents is encouraged to offer students a guaranteed tuition plan that can provide students a tuition option designed to meet the goals in this section. A Minnesota resident student who first enrolls in a degree program at the University of Minnesota beginning in the fall of 2011 or later may be offered guaranteed stable tuition for up to four consecutive academic years. Under the guaranteed plan, for an undergraduate student enrolled in a baccalaureate degree program, the tuition charged to the student for each semester of enrollment during a four-year period, beginning with the first semester of enrollment, must not exceed the amount of tuition that the student was charged for the first semester of enrollment. For a student who continues to be enrolled after four consecutive academic years, the tuition rate for each semester in excess of four years is equal to the tuition rate paid by new enrollees at the University of Minnesota. Time limits for the stable tuition plan under this section do not apply to a student in the military while the student is on active military duty.

Sec. 14. **[145.4221] STATE FUNDS; PROHIBITED USE FOR HUMAN CLONING.**

Subdivision 1. **Prohibited use of state funds.** No state funds or federal funds the state receives for state programs may be used to either support human cloning or to pay for any expenses incidental to human cloning. For purposes of this section, "cloning" means generating a genetically identical copy of an organism at any stage of development by combining an enucleated egg and the nucleus of a somatic cell to make an embryo.

Subd. 2. **Scientific research.** Nothing in this section shall affect areas of scientific research not specifically addressed by this section, including research in the use of nuclear transfer or other cloning techniques to produce molecules, DNA, cells other than human embryos, tissues, organs, plants, or animals other than humans. In addition, not withstanding section 145.422, nothing in this section shall affect the scientific field of stem cell research, unless explicitly prohibited.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 15. **STUDY OF GRADUATE EDUCATION IN FOR-PROFIT SECTOR.**

The Minnesota Office of Higher Education must study graduate education in the for-profit institutions that offer graduate education to Minnesota students. The study must examine the rights and responsibilities of graduate students attending for-profit institutions. At a minimum, the study must include an analysis of contractual arrangements with graduate students, fulfillment of these contracts by all parties, protection of graduate students' intellectual property rights, communication of well-defined expectations for completion of graduation requirements, provision of adequate notice of changing expectations for completion of graduate degrees, and ease of access by the graduate student to information on the policies and procedures of the institution. The study must evaluate the extent to which these institutions provide clear guidelines for graduate studies on due process, academic freedom of inquiry, and recourse for graduate students if a potential conflict of interest situation, including access to alternative dispute resolution systems, and provide examples of effective guidelines and policies. The office must report on the findings of this study by January 15, 2013, to the committees of the legislature with jurisdiction over higher education finance. The report must include recommendations for any changes to improve graduate education in the for-profit sector.

Sec. 16. **CREDIT TRANSFER WITHIN MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

By February 15, 2012, the Board of Trustees of the Minnesota State Colleges and Universities must adopt a policy requiring every college and university of the Minnesota State Colleges and Universities to grant credit for a course that is taken for credit at any of the colleges or universities in the system. The policy must require the credit to transfer to the receiving institution at the same number of credits granted at the transferring institution. The policy must also address the transfer of credits awarded to students in the Anoka STEP and other 2+2 programs offered in conjunction with colleges in the Minnesota State Colleges and Universities (MnSCU) to all colleges within MnSCU. The policy adopted under this section may allow credits to transfer as an equal number of elective credits.

Sec. 17. **REPORT ON TRANSFORMING HIGHER EDUCATION.**

The Board of Trustees of the Minnesota State Colleges and Universities shall do a comprehensive evaluation of the structure of the Minnesota State Colleges and Universities and report to the legislature with recommendations for improvements to increase the efficiency and effectiveness of delivering postsecondary education through public two-year colleges and state universities. The study must evaluate the organization of the Minnesota State Colleges and Universities system, and must consider and evaluate the following organizational alternatives:

(1) the alignment of the two-year and four-year institutions into separate administrative systems;

(2) establishment of regional education districts;

(3) formation of multi-campus institutions;

(4) district or subdistrict accreditation of institutions;

(5) regional delivery of shared services and programs; and

(6) elimination of duplicate services and programs.

The study must identify potential structural and operational efficiencies and must recommend methods to refocus administration at the campus level and reduce or eliminate duplicative administration through central services. The costs and benefits of each alternative in the study must be evaluated and reported with the study findings and recommendations by January 30, 2012, to the committees of the legislature with responsibility for higher education finance.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 18. **REPEALER.**

(a) Minnesota Statutes 2010, sections 135A.26; and 181.986, are repealed.

(b) Minnesota Statutes 2010, section 136G.11, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10, are repealed effective July 2, 2012.

(c) Laws 2009, chapter 95, article 2, section 39, is repealed effective July 1, 2011.

APPENDIX

Article locations in H1101-2