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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1692

04/04/2013 Authored by Pelowski and Poppe
The bill was read for the first time and referred to the Committee on Higher Education Finance and Policy
04/17/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to education; postsecondary; establishing a budget for higher education;
1.3 appropriating money to the Office of Higher Education, the Board of Trustees
1.4 of the Minnesota State Colleges and Universities, the Board of Regents of the
1.5 University of Minnesota, and the Mayo Clinic; prohibiting tuition increases;
1.6 regulating bonus payments; establishing the Minnesota Discovery, Research,
1.7 and InnoVation Economy funding program; providing statewide electronic
1.8 infrastructure; modifying provisions related to student grants, awards, and
1.9 aid, school registration, and licensure; requiring certain information to be
1.10 provided in higher education budget proposals; modifying procedures related
1.11 to terminating institutions from financial aid programs; establishing procedure
1.12 for cancellation of required surety bond; repealing Higher Education Advisory
1.13 Council; amending Minnesota Statutes 2012, sections 135A.031, subdivision 7;
1.14 136A.101, subdivision 9; 136A.125, subdivisions 2, 4; 136A.233, subdivision
1.15 2; 136A.646; 136A.65, subdivision 8; 136A.653, by adding a subdivision;
1.16 136F.40, subdivision 2; 137.027; 141.35; 299A.45, subdivision 4; proposing
1.17 coding for new law in Minnesota Statutes, chapters 136A; 137; repealing
1.18 Minnesota Statutes 2012, section 136A.031, subdivision 2; Minnesota Rules,
1.19 parts 4830.0120; 4830.0130; 4830.0140; 4830.0150; 4830.0160; 4830.0170;
1.20 4830.0180; 4830.0190; 4830.0195.

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

1.22 **ARTICLE 1**

1.23 **HIGHER EDUCATION APPROPRIATIONS**

1.24 Section 1. **SUMMARY OF APPROPRIATIONS.**

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

1.27 **SUMMARY BY FUND**

	<u>2014</u>	<u>2015</u>	<u>Total</u>
1.28 <u>General</u>	\$ <u>1,336,854,000</u> \$	<u>1,378,282,000</u> \$	<u>2,715,136,000</u>

2.1	<u>Health Care Access</u>		<u>2,157,000</u>		<u>2,157,000</u>		<u>4,314,000</u>
2.2	<u>Total</u>	\$	<u>1,339,011,000</u>	\$	<u>1,380,439,000</u>	\$	<u>2,719,450,000</u>

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

2.5 **SUMMARY BY AGENCY - ALL FUNDS**

2.6			<u>2014</u>		<u>2015</u>		<u>Total</u>
2.7	<u>Minnesota Office of Higher</u>						
2.8	<u>Education</u>	\$	<u>195,969,000</u>	\$	<u>196,197,000</u>	\$	<u>392,166,000</u>
2.9	<u>Board of Trustees of the</u>						
2.10	<u>Minnesota State Colleges and</u>						
2.11	<u>Universities</u>		<u>570,865,000</u>		<u>597,865,000</u>		<u>1,168,730,000</u>
2.12	<u>Board of Regents of the</u>						
2.13	<u>University of Minnesota</u>		<u>570,826,000</u>		<u>585,026,000</u>		<u>1,155,852,000</u>
2.14	<u>Mayo Clinic</u>		<u>1,351,000</u>		<u>1,351,000</u>		<u>2,702,000</u>
2.15	<u>Total</u>	\$	<u>1,339,011,000</u>	\$	<u>1,380,439,000</u>	\$	<u>2,719,450,000</u>

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

2.17 The sums shown in the columns marked "Appropriations" are appropriated to the
 2.18 agencies and for the purposes specified in this article. The appropriations are from the
 2.19 general fund, or another named fund, and are available for the fiscal years indicated
 2.20 for each purpose. The figures "2014" and "2015" used in this article mean that the
 2.21 appropriations listed under them are available for the fiscal year ending June 30, 2014, or
 2.22 June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal
 2.23 year 2015. "The biennium" is fiscal years 2014 and 2015.

2.24 **APPROPRIATIONS**
 2.25 **Available for the Year**
 2.26 **Ending June 30**
 2.27 **2014** **2015**

2.28 **Sec. 3. MINNESOTA OFFICE OF HIGHER**
 2.29 **EDUCATION**

2.30	<u>Subdivision 1. Total Appropriation</u>	\$	<u>195,969,000</u>	\$	<u>196,197,000</u>
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2.31 The amounts that may be spent for each
 2.32 purpose are specified in the following
 2.33 subdivisions.

2.34	<u>Subd. 2. State Grants</u>		<u>160,005,000</u>		<u>160,214,000</u>
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3.1 If the appropriation in this subdivision for
 3.2 either year is insufficient, the appropriation
 3.3 for the other year is available for it.

3.4 For the biennium, the tuition maximum is
 3.5 \$10,488 in each year for students in four-year
 3.6 programs, and \$5,808 in fiscal year 2014
 3.7 and \$5,808 in fiscal year 2015 for students
 3.8 in two-year programs.

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

3.12 Notwithstanding section 136A.101,
 3.13 subdivision 5a, for the biennium ending June
 3.14 30, 2015, the assigned family responsibility
 3.15 for independent students without dependents
 3.16 other than a spouse is 53 percent of the
 3.17 student contribution, and the assigned family
 3.18 responsibility for independent students with
 3.19 dependents other than a spouse is 80 percent
 3.20 of the student contribution.

3.21	<u>Subd. 3. Child Care Grants</u>	<u>6,684,000</u>	<u>6,684,000</u>
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3.22	<u>Subd. 4. State Work-Study</u>	<u>14,502,000</u>	<u>14,502,000</u>
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3.23	<u>Subd. 5. Interstate Tuition Reciprocity</u>	<u>3,250,000</u>	<u>3,250,000</u>
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3.24 If the appropriation in this subdivision for
 3.25 either year is insufficient, the appropriation
 3.26 for the other year is available to meet
 3.27 reciprocity contract obligations.

3.28	<u>Subd. 6. Safety Officer's Survivors</u>	<u>100,000</u>	<u>100,000</u>
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3.29 This appropriation is to provide educational
 3.30 benefits under Minnesota Statutes, section
 3.31 299A.45, to eligible dependent children and
 3.32 to the spouses of public safety officers killed
 3.33 in the line of duty.

4.1	<u>If the appropriation in this subdivision for</u>		
4.2	<u>either year is insufficient, the appropriation</u>		
4.3	<u>for the other year is available for it.</u>		
4.4	<u>Subd. 7. Indian Scholarships</u>	<u>1,850,000</u>	<u>1,850,000</u>
4.5	<u>The director must contract with or employ</u>		
4.6	<u>at least one person with demonstrated</u>		
4.7	<u>competence in American Indian culture and</u>		
4.8	<u>residing in or near the city of Bemidji to</u>		
4.9	<u>assist students with the scholarships under</u>		
4.10	<u>Minnesota Statutes, section 136A.126, and</u>		
4.11	<u>with other information about financial aid for</u>		
4.12	<u>which the students may be eligible. Bemidji</u>		
4.13	<u>State University must provide office space</u>		
4.14	<u>at no cost to the Minnesota Office of Higher</u>		
4.15	<u>Education for purposes of administering the</u>		
4.16	<u>American Indian scholarship program under</u>		
4.17	<u>Minnesota Statutes, section 136A.126. This</u>		
4.18	<u>appropriation includes funding to administer</u>		
4.19	<u>the American Indian scholarship program.</u>		
4.20	<u>Subd. 8. Intervention for College Attendance</u>		
4.21	<u>Program Grants</u>	<u>671,000</u>	<u>671,000</u>
4.22	<u>For the intervention for college attendance</u>		
4.23	<u>program under Minnesota Statutes, section</u>		
4.24	<u>136A.861.</u>		
4.25	<u>This appropriation includes funding to</u>		
4.26	<u>administer the intervention for college</u>		
4.27	<u>attendance program grants.</u>		
4.28	<u>Subd. 9. Student-Parent Information</u>	<u>122,000</u>	<u>122,000</u>
4.29	<u>Subd. 10. Get Ready</u>	<u>180,000</u>	<u>180,000</u>
4.30	<u>Subd. 11. Midwest Higher Education Compact</u>	<u>95,000</u>	<u>95,000</u>
4.31	<u>Subd. 12. Minnesota Minority Partnership</u>	<u>45,000</u>	<u>45,000</u>
4.32	<u>Subd. 13. United Family Medicine Residency</u>		
4.33	<u>Program</u>	<u>351,000</u>	<u>351,000</u>
4.34	<u>Subd. 14. MnLINK Gateway and Minitex</u>	<u>5,605,000</u>	<u>5,605,000</u>

5.1 Subd. 15. Agency Administration 2,491,000 2,491,000

5.2 Subd. 16. Balances Forward

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

5.6 Sec. 4. BOARD OF TRUSTEES OF THE
 5.7 MINNESOTA STATE COLLEGES AND
 5.8 UNIVERSITIES

5.9 Subdivision 1. Total Appropriation \$ 570,865,000 \$ 597,865,000

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

5.13 Subd. 2. Central Office and Shared Services
 5.14 Unit 33,074,000 33,074,000

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

5.17 Subd. 3. Operations and Maintenance 533,676,000 560,676,000

5.18 This appropriation includes \$25,500,000 in
 5.19 fiscal year 2014 and \$52,500,000 in fiscal
 5.20 year 2015 for student tuition relief. The
 5.21 Board of Trustees may not set the tuition
 5.22 rate in any undergraduate degree-granting
 5.23 program for the 2013-2014 and 2014-2015
 5.24 academic years at a rate greater than the
 5.25 2012-2013 academic year rate. The student
 5.26 tuition relief may not be offset by increases
 5.27 in mandatory fees, charges, or other
 5.28 assessments to the student.

5.29 To the extent that appropriations under
 5.30 this subdivision are insufficient to meet
 5.31 obligations contained in a labor or program
 5.32 contract, the Board of Trustees shall fund
 5.33 those obligations through reductions in costs
 5.34 associated with central administration of

6.1 the system and executive administration of
 6.2 individual campuses, or through reallocation
 6.3 of nonstate funds received by the system.
 6.4 These outstanding obligations may not be
 6.5 funded through reduction in any program or
 6.6 service that directly impacts students or that
 6.7 is newly-authorized by the legislature for the
 6.8 2014-2015 biennium, or through increased
 6.9 fees or costs directly assessed to students.

6.10 Subd. 4. **Learning Network of Minnesota** 4,115,000 4,115,000

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

6.13 Subdivision 1. **Total Appropriation** \$ 570,826,000 \$ 585,026,000

6.14	<u>Appropriations by Fund</u>	
6.15	<u>2014</u>	<u>2015</u>
6.16	<u>General</u> <u>568,669,000</u>	<u>582,869,000</u>
6.17	<u>Health Care Access</u> <u>2,157,000</u>	<u>2,157,000</u>

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

6.21 Subd. 2. **Operations and Maintenance** 507,081,000 521,281,000

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

6.24 This appropriation includes \$14,200,000 in
 6.25 fiscal year 2014 and \$28,400,000 in fiscal
 6.26 year 2015 for tuition relief for resident
 6.27 undergraduate students. Notwithstanding
 6.28 section 137.025, subdivision 1, the
 6.29 commissioner of management and budget
 6.30 may not distribute any appropriation provided
 6.31 under this subdivision until the Board of
 6.32 Regents certifies to the commissioner that
 6.33 it has established resident tuition rates for
 6.34 courses in all undergraduate degree-granting
 6.35 programs at a rate no greater than the rate

7.1 charged for the 2012-2013 academic year,
 7.2 and that the student tuition relief is not offset
 7.3 by increases in mandatory fees, charges, or
 7.4 other assessments to the student.

7.5 The Board of Regents of the University
 7.6 of Minnesota must transfer \$645,000 in
 7.7 fiscal year 2014 and \$645,000 in fiscal year
 7.8 2015 from the appropriations made to it for
 7.9 operations and maintenance to the Hennepin
 7.10 County Medical Center for graduate family
 7.11 medicine education programs at Hennepin
 7.12 County Medical Center.

7.13 \$9,000,000 in fiscal year 2014 and \$9,000,000
 7.14 in fiscal year 2015 are for the Minnesota
 7.15 Discovery, Research, and InnoVation
 7.16 Economy (MnDRIVE) funding program.

7.17 <u>Subd. 3. Primary Care Education Initiatives</u>	<u>2,157,000</u>	<u>2,157,000</u>
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7.18 This appropriation is from the health care
 7.19 access fund.

7.20 Subd. 4. **Special Appropriations**

7.21 <u>(a) Agriculture and Extension Service</u>	<u>42,922,000</u>	<u>42,922,000</u>
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7.22 For the Agricultural Experiment Station and
 7.23 the Minnesota Extension Service:

7.24 (1) the agricultural experiment stations
 7.25 and Minnesota Extension Service must
 7.26 convene agricultural advisory groups to
 7.27 focus research, education, and extension
 7.28 activities on producer needs and implement
 7.29 an outreach strategy that more effectively
 7.30 and rapidly transfers research results and best
 7.31 practices to producers throughout the state;

7.32 (2) this appropriation includes funding for
 7.33 research and outreach on the production of
 7.34 renewable energy from Minnesota biomass

8.1 resources, including agronomic crops, plant
8.2 and animal wastes, and native plants or trees.
8.3 The following areas should be prioritized and
8.4 carried out in consultation with Minnesota
8.5 producers, renewable energy, and bioenergy
8.6 organizations:

8.7 (i) biofuel and other energy production from
8.8 perennial crops, small grains, row crops,
8.9 and forestry products in conjunction with
8.10 the Natural Resources Research Institute
8.11 (NRRRI);

8.12 (ii) alternative bioenergy crops and cropping
8.13 systems; and

8.14 (iii) biofuel coproducts used for livestock
8.15 feed;

8.16 (3) this appropriation includes funding
8.17 for the College of Food, Agricultural, and
8.18 Natural Resources Sciences to establish and
8.19 provide leadership for organic agronomic,
8.20 horticultural, livestock, and food systems
8.21 research, education, and outreach and for
8.22 the purchase of state-of-the-art laboratory,
8.23 planting, tilling, harvesting, and processing
8.24 equipment necessary for this project;

8.25 (4) this appropriation includes funding
8.26 for research efforts that demonstrate a
8.27 renewed emphasis on the needs of the state's
8.28 agriculture community. The following
8.29 areas should be prioritized and carried
8.30 out in consultation with Minnesota farm
8.31 organizations:

8.32 (i) vegetable crop research with priority for
8.33 extending the Minnesota vegetable growing
8.34 season;

- 9.1 (ii) fertilizer and soil fertility research and
9.2 development;
- 9.3 (iii) soil, groundwater, and surface water
9.4 conservation practices and contaminant
9.5 reduction research;
- 9.6 (iv) discovering and developing plant
9.7 varieties that use nutrients more efficiently;
- 9.8 (v) breeding and development of turf seed
9.9 and other biomass resources in all three
9.10 Minnesota biomes;
- 9.11 (vi) development of new disease-resistant
9.12 and pest-resistant varieties of turf and
9.13 agronomic crops;
- 9.14 (vii) utilizing plant and livestock cells to treat
9.15 and cure human diseases;
- 9.16 (viii) the development of dairy coproducts;
- 9.17 (ix) a rapid agricultural response fund for
9.18 current or emerging animal, plant, and insect
9.19 problems affecting production or food safety;
- 9.20 (x) crop pest and animal disease research;
- 9.21 (xi) developing animal agriculture that is
9.22 capable of sustainably feeding the world;
- 9.23 (xii) consumer food safety education and
9.24 outreach;
- 9.25 (xiii) programs to meet the research and
9.26 outreach needs of organic livestock and crop
9.27 farmers; and
- 9.28 (xiv) alternative bioenergy crops and
9.29 cropping systems; and growing, harvesting,
9.30 and transporting biomass plant material; and
- 9.31 (5) by February 1, 2015, the Board of
9.32 Regents must submit a report to the
9.33 legislative committees with responsibility

10.1	<u>for agriculture and higher education finance</u>		
10.2	<u>on the status and outcomes of research and</u>		
10.3	<u>initiatives funded in this section.</u>		
10.4	<u>(b) Health Sciences</u>	<u>4,854,000</u>	<u>4,854,000</u>
10.5	<u>\$346,000 each year is to support up to 12</u>		
10.6	<u>resident physicians in the St. Cloud Hospital</u>		
10.7	<u>family practice residency program. The</u>		
10.8	<u>program must prepare doctors to practice</u>		
10.9	<u>primary care medicine in rural areas of the</u>		
10.10	<u>state. The legislature intends this program</u>		
10.11	<u>to improve health care in rural communities,</u>		
10.12	<u>provide affordable access to appropriate</u>		
10.13	<u>medical care, and manage the treatment of</u>		
10.14	<u>patients in a more cost-effective manner.</u>		
10.15	<u>The remainder of this appropriation is for</u>		
10.16	<u>the rural physicians associates program, the</u>		
10.17	<u>Veterinary Diagnostic Laboratory, health</u>		
10.18	<u>sciences research, dental care, and the</u>		
10.19	<u>Biomedical Engineering Center.</u>		
10.20	<u>(c) Institute of Technology</u>	<u>1,140,000</u>	<u>1,140,000</u>
10.21	<u>For the Geological Survey and the talented</u>		
10.22	<u>youth mathematics program.</u>		
10.23	<u>(d) System Special</u>	<u>5,181,000</u>	<u>5,181,000</u>
10.24	<u>For general research, the Labor Education</u>		
10.25	<u>Service, Natural Resources Research</u>		
10.26	<u>Institute, Center for Urban and Regional</u>		
10.27	<u>Affairs, Bell Museum of Natural History, and</u>		
10.28	<u>the Humphrey exhibit.</u>		
10.29	<u>Of this amount, \$125,000 in fiscal year 2014</u>		
10.30	<u>and \$125,000 in fiscal year 2015 are added</u>		
10.31	<u>to the base for the Labor Education Service.</u>		
10.32	<u>(e) University of Minnesota and Mayo</u>		
10.33	<u>Foundation Partnership</u>	<u>7,491,000</u>	<u>7,491,000</u>
10.34	<u>Subd. 5. Academic Health Center</u>		

12.1 (3) a five-year history of the system's total revenues by funding source, including
 12.2 tuition, state operations and maintenance appropriations, state special appropriations, other
 12.3 restricted state funds, federal appropriations, sponsored research funds, gifts, auxiliary
 12.4 revenue, indirect cost recovery, and any other revenue sources;

12.5 ~~(b) By February 1 of each even-numbered year, the Board of Regents of the University~~
 12.6 ~~of Minnesota and the Board of Trustees of the Minnesota State Colleges and Universities~~
 12.7 ~~must submit a report to the chairs of the legislative committees with jurisdiction over~~
 12.8 ~~higher education policy and finance. The report must describe the following:~~

12.9 ~~(1)~~ (4) an explanation describing how state appropriations made to the system in
 12.10 the previous ~~odd-numbered year~~ biennium were allocated and the methodology used to
 12.11 determine the allocation;

12.12 ~~(2)~~ (5) data describing how the institution reallocated resources to advance the
 12.13 priorities set forth in the budget submitted under section 135A.034 and the statewide
 12.14 objectives under section 135A.011. The information must indicate whether instruction
 12.15 and support programs received a reduction in or additional resources. The total amount
 12.16 reallocated must be clearly explained;

12.17 ~~(3)~~ (6) the tuition rates and fees established by the governing board in each of the
 12.18 past ten years and comparison data for peer institutions and national averages;

12.19 ~~(4)~~ (7) data on the number and proportion of students graduating within four, five,
 12.20 and six years from universities and within three years from colleges as reported in the
 12.21 integrated postsecondary education data system. These data must be provided for each
 12.22 institution by race, ethnicity, and gender. Data and information must be submitted that
 12.23 describe the system's plan and progress toward attaining the goals set forth in the plan
 12.24 to increase the number and proportion of students that graduate within four, five, or six
 12.25 years from a university or within three years from a college;

12.26 ~~(5)~~ (8) data on, and the methodology used to measure, the number of students
 12.27 traditionally underrepresented in higher education enrolled at the system's institutions.
 12.28 Data and information must be submitted that describe the system's plan and progress
 12.29 toward attaining the goals set forth in the plan to increase the recruitment, retention, and
 12.30 timely graduation of students traditionally underrepresented in higher education; and

12.31 ~~(6)~~ (9) data on the revenue received from all sources to support research or
 12.32 workforce development activities or the system's efforts to license, sell, or otherwise
 12.33 market products, ideas, technology, and related inventions created in whole or in part by
 12.34 the system. Data and information must be submitted that describe the system's plan and
 12.35 progress toward attaining the goals set forth in the plan to increase the revenue received

13.1 to support research or workforce development activities or revenue received from the
 13.2 licensing, sale, or other marketing and technology transfer activities by the system.

13.3 ~~(e) Instructional expenditure and enrollment data~~ (b) Data required by this
 13.4 subdivision shall be submitted by the public postsecondary systems to the Minnesota
 13.5 Office of Higher Education and the Department of Management and Budget and included
 13.6 in the biennial budget document. The specific data shall be submitted only after the
 13.7 director of the Minnesota Office of Higher Education has consulted with a data advisory
 13.8 task force to determine the need, content, and detail of the information. Representatives
 13.9 from each system, in consultation with the commissioner of management and budget
 13.10 and the director of the Office of Higher Education, shall develop consistent reporting
 13.11 practices for this purpose.

13.12 (c) To the extent practicable, each system shall develop the ability to respond to
 13.13 legislative requests for financial analyses that are more detailed than those required by this
 13.14 subdivision, including but not limited to analyses that show expenditures or revenues by
 13.15 institution or program, or in multiple categories of expenditures or revenues, and analyses
 13.16 that show revenue sources for particular types of expenditures.

13.17 Sec. 2. Minnesota Statutes 2012, section 136A.101, subdivision 9, is amended to read:

13.18 Subd. 9. **Independent student.** "Independent student" has the meaning given it in
 13.19 under Title IV of the Higher Education Act of 1965, United States Code, title 20, section
 13.20 1070a-6 as amended, and applicable regulations.

13.21 Sec. 3. **[136A.104] INSTITUTION TERMINATION.**

13.22 (a) The office shall have the authority to terminate a postsecondary institution's
 13.23 eligibility to participate in state student aid programs if the institution meets one of the
 13.24 following criteria:

13.25 (1) violates a provision of Minnesota Statutes, Minnesota Rules, or administrative
 13.26 policies governing student aid programs and fails to correct the violation and reimburse
 13.27 the office for audit findings within the time frame specified in the audit report or other
 13.28 notice furnished by the office;

13.29 (2) has a consistent pattern of noncompliance with Minnesota Statutes, Minnesota
 13.30 Rules, or administrative policies governing student aid programs as documented by the
 13.31 office or lacks administrative capability to successfully administer student financial aid
 13.32 programs on campus based on factors including, but not limited to:

13.33 (i) adequacy of financial aid staffing levels, experience, training, and turnover of key
 13.34 financial aid staff;

- 14.1 (ii) adequate checks and balances in its system of internal controls;
 14.2 (iii) maintenance of records required for programs; or
 14.3 (iv) the ability to participate in the electronic processes used for program
 14.4 administration;
 14.5 (3) refuses to allow inspection of or provide information relating to financial aid
 14.6 records, after written request by the office;
 14.7 (4) misappropriates student aid program funds;
 14.8 (5) falsifies information or engages in misleading or deceptive practices involving
 14.9 the administration of student financial aid programs;
 14.10 (6) no longer meets institutional eligibility criteria in section 136A.103 or 136A.155,
 14.11 or additional criteria for state grant participation in Minnesota Rules, part 4830.0300,
 14.12 subparts 1 and 2; or
 14.13 (7) is terminated from participating in federal financial aid programs by the United
 14.14 States Department of Education, if such termination was based on violation of laws,
 14.15 regulations, or participation agreements governing federal financial aid programs.

14.16 **Sec. 4. [136A.1041] TERMINATION PROCEDURE.**

14.17 The office shall provide written notice of its intent to terminate an institution's
 14.18 eligibility to participate in student financial aid programs if the institution meets any of
 14.19 the criteria for termination in section 136A.104. The office shall send the institution
 14.20 written notification of the termination which is effective 90 days from the date of the
 14.21 written notification. The office shall also provide an institution an opportunity for a
 14.22 hearing pursuant to chapter 14.

14.23 **Sec. 5. [136A.1042] REQUEST FOR HEARING.**

14.24 An institution may request a hearing pursuant to chapter 14 regarding its termination
 14.25 of eligibility to participate in a student aid program. The request must be in writing and
 14.26 must be received by the director within 30 days of the date on the written notification of
 14.27 termination sent by the office. Within ten days of receipt of the request for hearing, the
 14.28 office shall contact the Office of Administrative Hearings to arrange a hearing date.

14.29 **Sec. 6. [136A.1043] RESTRICTION ON AWARDS DURING TERMINATION**
 14.30 **PERIOD.**

14.31 After the notice of termination and until such time as the termination becomes
 14.32 effective, the office reserves the right to withhold further financial aid disbursements to the
 14.33 institution. During this period, the institution may not make any new awards to students

15.1 but may use any remaining student aid program funds on campus to make disbursements
15.2 to any students awarded funds prior to the notice of termination.

15.3 **Sec. 7. [136A.1044] FINAL DECISION; ORDERS.**

15.4 The director shall render a decision and order in writing following receipt of the
15.5 report issued by the administrative law judge after the hearing. The final decision of the
15.6 director shall take into consideration the hearing record and the report of the administrative
15.7 law judge. The order of the director is the final decision in the termination of the
15.8 institution's eligibility to participate in a student aid program administered by the office.

15.9 **Sec. 8. [136A.1045] REINSTATEMENT OF ELIGIBILITY.**

15.10 An institution terminated from participating in student financial aid programs
15.11 may submit a request for reinstatement of eligibility. The institution must wait at least
15.12 12 consecutive months from the effective date of the termination to submit a request
15.13 for reinstatement. A request for reinstatement must be in writing and submitted to the
15.14 director. If the institution is initially denied reinstatement, the institution must wait at
15.15 least 90 days from the date of denial of reinstatement to resubmit a subsequent request
15.16 for reinstatement. If an institution's eligibility is reinstated after the start of the academic
15.17 term, eligible students shall receive payment retroactively to the beginning of the term
15.18 during which the institution was reinstated.

15.19 **Sec. 9. [136A.1046] REINSTATEMENT REQUIREMENTS.**

15.20 An institution's reinstatement request must include:

- 15.21 (1) written documentation specifying changes the institution has made to
15.22 successfully address the reasons for termination, as outlined in the termination notice;
15.23 (2) permission for the office's staff to conduct a reinstatement audit and to evaluate
15.24 systems put in place to address the reasons for termination;
15.25 (3) evidence of full repayment to the office of student aid program funds the
15.26 institution improperly received, withheld, disbursed, or caused to be disbursed;
15.27 (4) new participation agreements with the office for all student aid programs in
15.28 which the institution wishes to participate; and
15.29 (5) if applicable, documentation of the institution's eligibility to participate in
15.30 federal financial aid programs.

15.31 **Sec. 10. [136A.1047] RESPONSE TO REINSTATEMENT REQUEST.**

16.1 Within 60 days of receiving the institution's reinstatement request, the office shall
16.2 conduct a reinstatement audit and either:
16.3 (1) place the institution on probationary status for a period of one year; or
16.4 (2) deny the request based on the institution meeting one or more of the termination
16.5 criteria in section 136A.104.

16.6 Sec. 11. **[136A.1048] PROBATIONARY PERIOD.**

16.7 During the probationary period, the office may audit the institution's records without
16.8 notice. If, while on probation, the institution violates a condition under section 136A.104,
16.9 as documented by the office's audit staff, the office must remove the institution from
16.10 probationary status and deny the request for reinstatement. If the institution fails to
16.11 successfully complete the probationary period, termination is final and effective within 30
16.12 days of written notice of the denial of the reinstatement request.

16.13 Sec. 12. **[136A.1049] REINSTATEMENT.**

16.14 If an institution no longer violates a condition under section 136A.104 and
16.15 successfully completes the probationary period, the office must reinstate the institution's
16.16 eligibility to participate in student financial aid programs effective the last date of the
16.17 probationary period.

16.18 Sec. 13. **[136A.105] STUDENT AWARDS AFTER TERMINATION.**

16.19 If an institution is terminated from participating in student financial aid programs
16.20 during a payment period, and a student at the institution was eligible for an award other
16.21 than a Student Educational Loan Fund loan before the effective date of the institution's
16.22 termination, the office must issue a payment for that payment period, as long as the student
16.23 will not receive a payment for the same payment period from another institution and the
16.24 student continues to meet the program's eligibility requirements.

16.25 Sec. 14. Minnesota Statutes 2012, section 136A.125, subdivision 2, is amended to read:

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

- 16.28 (1) is a resident of the state of Minnesota;
- 16.29 (2) has a child 12 years of age or younger, or 14 years of age or younger who is
16.30 disabled as defined in section 125A.02, and who is receiving or will receive care on a
16.31 regular basis from a licensed or legal, nonlicensed caregiver;

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

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

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

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

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

17.9 (b) A student who withdraws from enrollment for active military service or for a
17.10 major illness, while under the care of a medical professional, that substantially limits the
17.11 student's ability to complete the term is entitled to an additional semester or the equivalent
17.12 of grant eligibility and will be considered to be in continuing enrollment status upon return.

17.13 Sec. 15. Minnesota Statutes 2012, section 136A.125, subdivision 4, is amended to read:

17.14 Subd. 4. **Amount and length of grants.** (a) The amount of a child care grant
17.15 must be based on:

17.16 (1) the income of the applicant and the applicant's spouse;

17.17 (2) the number in the applicant's family, as defined by the office; and

17.18 (3) the number of eligible children in the applicant's family.

17.19 (b) The maximum award to the applicant shall be ~~\$2,600~~ \$2,800 for each eligible
17.20 child per academic year, except that the campus financial aid officer may apply to the
17.21 office for approval to increase grants by up to ten percent to compensate for higher market
17.22 charges for infant care in a community. The office shall develop policies to determine
17.23 community market costs and review institutional requests for compensatory grant
17.24 increases to ensure need and equal treatment. The office shall prepare a chart to show the
17.25 amount of a grant that will be awarded per child based on the factors in this subdivision.
17.26 The chart shall include a range of income and family size.

17.27 Sec. 16. Minnesota Statutes 2012, section 136A.233, subdivision 2, is amended to read:

17.28 Subd. 2. **Definitions.** For purposes of sections 136A.231 to 136A.233, the words
17.29 defined in this subdivision have the meanings ascribed to them.

17.30 (a) "Eligible student" means a Minnesota resident enrolled or intending to enroll at
17.31 least half time in a degree, diploma, or certificate program in a Minnesota postsecondary
17.32 institution.

17.33 (b) "Minnesota resident" means a student who meets the conditions in section
17.34 136A.101, subdivision 8.

18.1 (c) "Financial need" means the need for financial assistance in order to attend a
18.2 postsecondary institution as determined by a postsecondary institution according to
18.3 guidelines established by the Minnesota Office of Higher Education.

18.4 (d) "Eligible employer" means any eligible postsecondary institution, any nonprofit,
18.5 nonsectarian agency or state institution located in the state of Minnesota, a disabled person
18.6 or a person over 65 who employs a student to provide personal services in or about the
18.7 person's residence, or a private, for-profit employer employing a student as an intern in a
18.8 position directly related to the student's field of study that will enhance the student's
18.9 knowledge and skills in that field.

18.10 (e) "Eligible postsecondary institution" means any postsecondary institution eligible
18.11 for participation in the Minnesota state grant program as specified in section 136A.101,
18.12 subdivision 4.

18.13 (f) "Independent student" has the meaning given ~~it in~~ under Title IV of the Higher
18.14 Education Act of 1965, United States Code, title 20, section 1070a-6 as amended, and
18.15 applicable regulations.

18.16 (g) "Half time" for undergraduates has the meaning given in section 136A.101,
18.17 subdivision 7b, and for graduate students is defined by the institution.

18.18 Sec. 17. Minnesota Statutes 2012, section 136A.646, is amended to read:

18.19 **136A.646 ADDITIONAL SECURITY.**

18.20 (a) In the event any registered institution is notified by the United States Department
18.21 of Education that it has fallen below minimum financial standards and that its continued
18.22 participation in Title IV will be conditioned upon its satisfying either the Zone Alternative,
18.23 Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit
18.24 Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), the
18.25 institution shall provide a surety bond conditioned upon the faithful performance of all
18.26 contracts and agreements with students in a sum equal to the "letter of credit" required by
18.27 the United States Department of Education in the Letter of Credit Alternative, but in no
18.28 event shall such bond be less than \$10,000 nor more than \$250,000.

18.29 (b) In lieu of a bond, the applicant may deposit with the commissioner of
18.30 management and budget:

18.31 (1) a sum equal to the amount of the required surety bond in cash; or

18.32 (2) securities, as may be legally purchased by savings banks or for trust funds, in an
18.33 aggregate market value equal to the amount of the required surety bond.

19.1 (c) The surety of any bond may cancel it upon giving 60 days' notice in writing to
 19.2 the office and shall be relieved of liability for any breach of condition occurring after
 19.3 the effective date of cancellation.

19.4 Sec. 18. Minnesota Statutes 2012, section 136A.65, subdivision 8, is amended to read:

19.5 Subd. 8. **Disapproval of registration appeal.** ~~(a) If a school's degree or use of a~~
 19.6 ~~term in its name is disapproved by the office, the school may request a hearing under~~
 19.7 ~~chapter 14. The request must be in writing and made to the office within 30 days of the~~
 19.8 ~~date the school is notified of the disapproval.~~

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

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

19.15 (1) violating the provisions of sections 136A.61 to 136A.71;

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

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

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

19.21 (c) Any order refusing, revoking, or suspending a school's registration, approval of a
 19.22 school's degree, or use of a regulated term in the school's name is appealable in accordance
 19.23 with chapter 14. The request must be in writing and made to the office within 30 days of the
 19.24 date the school is notified of the action of the office. If a school has been operating and its
 19.25 registration has been revoked, suspended, or refused by the office, the order is not effective
 19.26 until the final determination of the appeal, unless immediate effect is ordered by the court.

19.27 Sec. 19. Minnesota Statutes 2012, section 136A.653, is amended by adding a
 19.28 subdivision to read:

19.29 Subd. 5. **Free educational courses.** A school providing exclusively free training or
 19.30 instructional programs or courses where no tuition, fees, or any other charges are required
 19.31 for a student to participate is exempt from the provisions of sections 136A.61 to 136A.71.

19.32 Sec. 20. **[136A.89] STATEWIDE ELECTRONIC INFRASTRUCTURE;**
 19.33 **PORTFOLIO SOLUTIONS.**

20.1 Subdivision 1. Collaborative infrastructure. (a) The Department of Employment
20.2 and Economic Development, the Department of Education, the Office of Higher
20.3 Education, the University of Minnesota, and the Minnesota State Colleges and Universities
20.4 shall collaborate to implement an electronic infrastructure, maintained under the direction
20.5 and control of the Office of Higher Education, to support academic and workforce success
20.6 statewide. The infrastructure shall first utilize existing assets, tools, and services, including
20.7 but not limited to efolioMinnesota and GPS LifePlan. To facilitate implementation of this
20.8 section, the Minnesota State Colleges and Universities shall transfer hosting, support, help
20.9 desk responsibilities, software maintenance, and its intellectual property rights associated
20.10 with efolioMinnesota and GPS LifePlan to the Office of Higher Education.

20.11 (b) To the extent possible, the basic electronic infrastructure shall be available at no
20.12 charge to all state residents and to all students attending Minnesota educational institutions.

20.13 Subd. 2. Goals; programs. The office may enhance the efolioMinnesota platform
20.14 to allow, at a minimum, implementation of:

20.15 (1) a portfolio-based individual learning plan solution that includes comprehensive
20.16 academic and life planning instruments, to support student transitions to postsecondary
20.17 school or to work; and

20.18 (2) a student-owned proficiency portfolio solution to support student transitions to
20.19 the workplace and employers seeking first-day-work-ready employees.

20.20 Subd. 3. Resources; accountability reports. (a) The office may seek and accept
20.21 contributions from individuals, businesses, and other organizations to support the goals
20.22 required by this section. The parties listed in subdivision 1 are not required to contribute.
20.23 All contributions received are appropriated to the office and shall be administered as
20.24 directed by the office.

20.25 (b) The director of the Office of Higher Education shall submit, no later than January
20.26 15 of each year, a report to the governor and legislature on the progress of the office's
20.27 activities related to implementation of this section.

20.28 Sec. 21. Minnesota Statutes 2012, section 136F.40, subdivision 2, is amended to read:

20.29 Subd. 2. **Contracts.** (a) The board may enter into a contract with the chancellor,
20.30 a vice-chancellor, or a president, containing terms and conditions of employment. The
20.31 terms of the contract must be authorized under a plan approved under section 43A.18,
20.32 subdivision 3a.

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

21.1 (c) Notwithstanding section 356.24 or other law to the contrary, a contract under
 21.2 this section may contain a deferred compensation plan made in conformance with section
 21.3 457(f) of the Internal Revenue Code.

21.4 (d) Notwithstanding any provision of the plan approved under section 43A.18,
 21.5 subdivision 3a, a contract under this section must not authorize or otherwise provide for a
 21.6 discretionary or mandatory bonus or other performance-based incentive payment.

21.7 **EFFECTIVE DATE.** This section is effective the day following final enactment
 21.8 and applies to contracts entered into on or after that date.

21.9 Sec. 22. Minnesota Statutes 2012, section 137.027, is amended to read:

21.10 **137.027 APPROPRIATION; FRINGE BENEFITS.**

21.11 (a) Direct appropriations to the University of Minnesota include money to pay
 21.12 the employer's share of Social Security, state retirement, and health insurance. Money
 21.13 provided for these purposes shall be expended only for these purposes and any amounts in
 21.14 excess of the employer's share shall be returned to the state treasury.

21.15 (b) Unless otherwise explicitly provided for in law, direct appropriations to the
 21.16 University of Minnesota do not include, and may not be used to pay, any mandatory or
 21.17 discretionary bonus or other performance-based incentive payment provided for in an
 21.18 employment contract with the president or vice-presidents, chancellors, provosts, vice
 21.19 provosts, deans, or directors of individual programs.

21.20 Sec. 23. **[137.71] MINNESOTA DISCOVERY, RESEARCH, AND INNOVATION**
 21.21 **ECONOMY FUNDING PROGRAM.**

21.22 Subdivision 1. Establishment. (a) The Minnesota Discovery, Research, and
 21.23 InnoVation Economy (MnDRIVE) funding program is established to discover new
 21.24 knowledge through scientific research that will:

21.25 (1) advance the state's economy;

21.26 (2) leverage opportunities and establish priorities in sectors of state strength and
 21.27 comparative advantage;

21.28 (3) improve the health and wellbeing of Minnesota's citizens;

21.29 (4) advance the capacity and competitiveness of existing and emerging food- and
 21.30 manufacturing-related science and technology industries; and

21.31 (5) build a better Minnesota by driving progress and advancing the common good.

21.32 (b) The MnDRIVE funding program shall establish priorities by investing in
 21.33 scientific research that promotes:

22.1 (1) programs that can position Minnesota as a leader in engineering, science,
 22.2 technology, and food-related solutions;

22.3 (2) initiatives that support the growth of targeted industry clusters and the
 22.4 competitiveness of existing Minnesota engineering, science, technology, and food
 22.5 companies in developing new products and services;

22.6 (3) initiatives that can result in creating new Minnesota-based companies;

22.7 (4) initiatives that can improve the quality of life of Minnesota's citizens, decrease
 22.8 the incidence of disease, and transform how we prevent, treat, and cure diseases; and

22.9 (5) initiatives that can secure a safer environment, seek sustainable energy solutions,
 22.10 and prevent, diagnose, and treat environmental problems associated with Minnesota
 22.11 industry.

22.12 Subd. 2. **Funding requests.** The Board of Regents of the University of Minnesota,
 22.13 acting alone or in partnership with other public or private entities, is requested to submit
 22.14 investment proposals consistent with the goals and objectives of the MnDRIVE funding
 22.15 program as part of the Board of Regents biennial budget request to the legislature. The
 22.16 Board of Regents must give consideration to investments in existing scientific research
 22.17 programs that meet these guidelines but may require additional resources in order to
 22.18 preserve or accelerate Minnesota into a national or global leadership position. The
 22.19 governor shall submit a recommendation to the legislature regarding funding requests
 22.20 submitted by the Board of Regents.

22.21 Subd. 3. **Reporting.** By March 1 of each odd-numbered year, the Board of Regents
 22.22 of the University of Minnesota must provide to the chairs and ranking minority members
 22.23 of the legislative committees with primary jurisdiction over higher education policy and
 22.24 finance a summary report of investments and accomplishments related to funds received
 22.25 from the state under subdivision 2 from the prior biennium.

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

22.27 Sec. 24. Minnesota Statutes 2012, section 141.35, is amended to read:

22.28 **141.35 EXEMPTIONS.**

22.29 Sections 141.21 to 141.32 shall not apply to the following:

22.30 (1) public postsecondary institutions;

22.31 (2) postsecondary institutions registered under sections 136A.61 to 136A.71;

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

23.1 (4) private schools complying with the requirements of section 120A.22, subdivision
23.2 4;

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

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

23.7 (7) schools licensed by boards authorized under Minnesota law to issue licenses
23.8 except schools required to obtain a private career school license due to the use of
23.9 "academy," "institute," "college," or "university" in their names;

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

23.13 (9) schools engaged exclusively in the teaching of purely avocational, recreational,
23.14 or remedial subjects as determined by the office except schools required to obtain a private
23.15 career school license due to the use of "academy," "institute," "college," or "university" in
23.16 their names unless the school used "academy" or "institute" in its name prior to August
23.17 1, 2008;

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

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

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

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

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

24.1 schools required to obtain a private career school license due to the use of "academy,"
24.2 "institute," "college," or "university" in their names;

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

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

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

24.11 (18) schools providing exclusively free training or instructional programs or courses
24.12 where no tuition, fees, or any other charges are required for a student to participate.

24.13 Sec. 25. Minnesota Statutes 2012, section 299A.45, subdivision 4, is amended to read:

24.14 Subd. 4. **Renewal.** Each award must be given for one academic year and is
24.15 renewable for a maximum of eight semesters or the equivalent. A student who withdraws
24.16 from enrollment for active military service or for a major illness, while under the care
24.17 of a medical professional, that substantially limits the student's ability to complete the
24.18 term is entitled to an additional semester or the equivalent of grant eligibility. An award
24.19 must not be given to a dependent child who is 23 years of age or older on the first day of
24.20 the academic year.

24.21 Sec. 26. **REPEALER.**

24.22 (a) Minnesota Statutes 2012, section 136A.031, subdivision 2, is repealed.

24.23 (b) Minnesota Rules, parts 4830.0120; 4830.0130; 4830.0140; 4830.0150;
24.24 4830.0160; 4830.0170; 4830.0180; 4830.0190; and 4830.0195, are repealed.

APPENDIX
Article locations in H1692-1

ARTICLE 1	HIGHER EDUCATION APPROPRIATIONS	Page.Ln 1.22
ARTICLE 2	HIGHER EDUCATION POLICY	Page.Ln 11.13

APPENDIX
Repealed Minnesota Statutes: H1692-1

136A.031 ADVISORY GROUPS.

Subd. 2. **Higher Education Advisory Council.** A Higher Education Advisory Council (HEAC) is established. The HEAC is composed of the president of the University of Minnesota or designee; the chancellor of the Minnesota State Colleges and Universities or designee; the commissioner of education; the president of the Private College Council; a representative from the Minnesota Career College Association; and a member appointed by the governor. The HEAC shall bring to the attention of the Minnesota Office of Higher Education any matters that the HEAC deems necessary.

4830.0120 SCOPE.

For the purposes of this chapter and chapter 4850, the procedure in parts 4830.0130 to 4830.0195 applies to the termination of an institution's eligibility to participate in a student financial aid program administered by the Minnesota Office of Higher Education.

4830.0130 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 4830.0120 to 4830.0195, the terms defined in this part have the meanings given them.

Subp. 2. **Director.** "Director" means the director of the office, or office staff who perform duties as assigned by the director.

Subp. 3. **Fiscal year.** "Fiscal year" means the period from July 1 to the following June 30.

Subp. 4. **Funds.** "Funds" means money disbursed or the commitment to disburse money under any program to an institution or to an institution on behalf of students enrolled and attending the institution.

Subp. 5. **Institution.** "Institution" means a post-secondary institution that participates in a student financial aid program or student loan program administered by the office.

Subp. 6. **Office.** "Office" means the Minnesota Office of Higher Education.

Subp. 7. **Program.** "Program" means a financial aid and loan program administered by the Minnesota Office of Higher Education.

4830.0140 TERMINATION.

The office shall terminate an institution's eligibility to participate in a program if the institution:

- A. violates a provision of Minnesota statutes or rules governing the program, and fails to correct the violation within 90 days from the date on the written notification of the termination;
- B. refuses to allow inspection of or provide information relating to financial aid records, after written request by the office;
- C. is no longer eligible to participate in a program under part 4830.0300, subparts 1 and 2; 4830.7200; or 4850.0011, subpart 14; or
- D. is not complying with chapter 4850.

4830.0150 TERMINATION PROCEDURE.

Subpart 1. **Termination.** The office shall provide written notice of its intent to terminate an institution's eligibility to participate in a program or programs if there is evidence that the institution has been in noncompliance based on the criteria under part 4830.0140. At the time the office provides notice of its intent to terminate, it shall also provide an institution an opportunity for a hearing pursuant to Minnesota Statutes, chapter 14.

Subp. 2. **Notification.** The office shall send the institution written notification of the termination of the institution's eligibility to participate in a program. Termination shall be effective 90 days from the date of the written notification.

4830.0160 REQUEST FOR HEARING.

An institution may request a hearing pursuant to Minnesota Statutes, chapter 14, regarding its termination of eligibility to participate in a program. The request must be in writing and must be received by the director within 30 days of the date on the written notification of termination sent by the office. Within ten days of receipt of the request for hearing, the office shall contact the Office of Administrative Hearings to arrange a hearing date.

4830.0170 FINAL DECISION, ORDERS.

The director shall render a decision and order in writing following receipt of the report issued by the administrative law judge after the hearing. The final decision of the director shall take into consideration the hearing record and the report of the administrative law judge. The order of the director is the final decision in the termination of the institution's eligibility to participate in a program administered by the office.

4830.0180 REIMBURSEMENTS AND REFUNDS.

APPENDIX
Repealed Minnesota Rule: H1692-1

A. The office's director of student financial aid services or the director of the office shall require an institution to remedy a violation of applicable program statutes and rules.

B. If an institution is required to reimburse or make other payments to the office, the director shall offset these claims against benefits or claims due to the institution.

4830.0190 STUDENT AWARDS AFTER TERMINATION.

Subpart 1. **Payment of awards.** If an institution is terminated from participating in a program during a payment period, a student at the institution who was eligible for an award before the effective date of the termination shall receive a payment for that payment period.

Subp. 2. **Notice.** For the purposes of subpart 1, "notice" occurs:

A. under the Student Educational Loan Fund (SELF) Program when the director or servicer advises the student, in writing, that the loan is approved; and

B. under the state grant and campus-based programs when the director or institution has notified the student, in writing, of the award.

4830.0195 REINSTATEMENT.

Subpart 1. **Application.** An institution terminated from participation in a program by the office under part 4830.0140, may request reinstatement to participate in the program. The institution must wait at least 12 consecutive months from the effective date of the termination to submit a request for reinstatement. A request for reinstatement must be in writing and submitted to the director. If the institution is initially denied reinstatement, the institution must wait at least 90 days from the date of denial of reinstatement, as specified in subpart 3, to resubmit a request for reinstatement. If an institution's eligibility is reinstated after the start of the academic term, eligible students shall receive payment retroactively to the beginning of the term when the institution was reinstated.

Subp. 2. **Reinstatement requirements.** An institution's reinstatement request must include:

A. written documentation of the process used to correct a violation, and how the violation will be prevented in the future;

B. evidence of full repayment to the office of program funds the institution improperly received, withheld, disbursed, or caused to be disbursed; and

C. new participation agreements with the office for all programs the institution wishes to participate in.

Subp. 3. **Response to reinstatement request.** Within 60 days of receiving the institution's reinstatement request, the office shall:

A. grant the request; or

B. deny the request based on evidence of noncompliance with the requirements in subpart 2.