

A bill for an act

1.1 relating to higher education; authorizing data matching; modifying institution
1.2 eligibility; establishing award procedures; establishing a grant program;
1.3 modifying security requirements; requiring certain notice; establishing a central
1.4 system office; modifying bonding limits; authorizing bonding authority transfer;
1.5 providing for certain refunds; requiring a study; governing credit transfers;
1.6 requiring system office streamlining; providing postretirement premium
1.7 reimbursement; establishing a pilot project; making technical corrections;
1.8 defining and clarifying terms; governing appropriation reductions; amending
1.9 Minnesota Statutes 2008, sections 135A.15, subdivision 1; 135A.155; 135A.51,
1.10 subdivision 2; 136A.101, subdivision 10; 136A.121, subdivision 6; 136A.126,
1.11 by adding a subdivision; 136A.15, subdivision 6; 136A.16, subdivision 14;
1.12 136A.62, subdivision 3; 136A.645; 136A.646; 141.25, subdivisions 7, 13, by
1.13 adding a subdivision; 141.251, subdivision 2; 141.28, subdivision 2; 474A.04,
1.14 subdivision 6; 474A.091, subdivision 3; Minnesota Statutes 2009 Supplement,
1.15 sections 136A.01, subdivision 2; 136A.101, subdivision 4; 136F.98, subdivision
1.16 1; Laws 2010, chapter 215, article 2, sections 4, subdivision 3; 6; proposing
1.17 coding for new law in Minnesota Statutes, chapters 136A; 136F; repealing
1.18 Minnesota Statutes 2009 Supplement, section 136A.121, subdivision 9b.
1.19

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

1.21 Section 1. Minnesota Statutes 2008, section 135A.15, subdivision 1, is amended to
1.22 read:

1.23 Subdivision 1. **Policy required.** The Board of Trustees of the Minnesota State
1.24 Colleges and Universities shall, and the University of Minnesota is requested to, adopt
1.25 a clear, understandable written policy on sexual harassment and sexual violence that
1.26 informs victims of their rights under the crime victims bill of rights, including the right to
1.27 assistance from the Crime Victims Reparations Board and the commissioner of public
1.28 safety. The policy must apply to students and employees and must provide information
1.29 about their rights and duties. The policy must apply to criminal incidents occurring on
1.30 property owned by the postsecondary system or institution in which the victim is a

2.1 student or employee of that system or institution. It must include procedures for reporting
2.2 incidents of sexual harassment or sexual violence and for disciplinary actions against
2.3 violators. During student registration, each technical college, community college, or state
2.4 university shall, and the University of Minnesota is requested to, provide each student with
2.5 information regarding its policy. A copy of the policy also shall be posted at appropriate
2.6 locations on campus at all times. Each private postsecondary institution that is an eligible
2.7 institution as defined in section ~~136A.101, subdivision 4~~ 136A.155, must adopt a policy
2.8 that meets the requirements of this section.

2.9 Sec. 2. Minnesota Statutes 2008, section 135A.155, is amended to read:

2.10 **135A.155 HAZING POLICY.**

2.11 The board of trustees of the Minnesota State Colleges and Universities shall, and
2.12 the University of Minnesota is requested to, adopt a clear, understandable written policy
2.13 on student conduct, including hazing. The policy must include procedures for reporting
2.14 incidents of inappropriate hazing and for disciplinary actions against individual violators
2.15 and organizations. The policy shall be made available to students by appropriate means as
2.16 determined by each institution, which may include publication in a student handbook or
2.17 other institutional publication, or posting by electronic display on the Internet, and shall
2.18 be posted at appropriate locations on campus. A private postsecondary institution that
2.19 is an eligible institution as defined in section ~~136A.101, subdivision 4~~ 136A.155, must
2.20 adopt a policy that meets the requirements of this section.

2.21 Sec. 3. Minnesota Statutes 2008, section 135A.51, subdivision 2, is amended to read:

2.22 Subd. 2. **Senior citizen.** "Senior citizen" means a person who has reached ~~62~~ 66
2.23 years of age before the beginning of any term, semester or quarter, in which a course of
2.24 study is pursued, or a person receiving a railroad retirement annuity who has reached 60
2.25 years of age before the beginning of the term.

2.26 Sec. 4. Minnesota Statutes 2009 Supplement, section 136A.01, subdivision 2, is
2.27 amended to read:

2.28 Subd. 2. **Responsibilities.** (a) The Minnesota Office of Higher Education is
2.29 responsible for:

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

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

3.3 (3) negotiating and administering reciprocity agreements;

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

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

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

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

3.13 (b) The office is authorized to match individual student data from the student record
3.14 enrollment database with individual student financial aid data collected and maintained
3.15 by the office in order to audit or evaluate federal or state supported education programs
3.16 as permitted by United States Code, title 20, section 1232g(b)(3), and Code of Federal
3.17 Regulations, title 34, section 99.35. The office may match data from the following
3.18 financial aid program databases with data from the student record enrollment database:
3.19 tuition reciprocity; the state grant; the SELF loan; state work study; the postsecondary
3.20 child care grant; the American Indian Scholarship; and the achieve scholarship. The office
3.21 shall conduct the study in a manner that does not permit personal identification of parents
3.22 or students by individuals other than representatives of the office.

3.23 Sec. 5. Minnesota Statutes 2009 Supplement, section 136A.101, subdivision 4, is
3.24 amended to read:

3.25 Subd. 4. **Eligible institution.** "Eligible institution" means ~~a postsecondary~~
3.26 ~~educational institution located in this state or in a state with which the office has entered~~
3.27 ~~into a higher education reciprocity agreement on state student aid programs that (1) is~~
3.28 ~~operated by this state or the Board of Regents of the University of Minnesota, or (2)~~
3.29 ~~is operated privately and, as determined by the office, meets all of the following: (i)~~
3.30 ~~maintains academic standards substantially equivalent to those of comparable institutions~~
3.31 ~~operated in this state; (ii) is licensed or registered as a postsecondary institution by the~~
3.32 ~~office or another state agency; and (iii) by July 1, 2013, is participating in the federal~~
3.33 ~~Pell Grant program under Title IV of the Higher Education Act of 1965, as amended~~ an
3.34 institution that meets the eligibility requirements under section 136A.103.

4.1 Sec. 6. Minnesota Statutes 2008, section 136A.101, subdivision 10, is amended to read:

4.2 Subd. 10. **Satisfactory academic progress.** "Satisfactory academic progress"
4.3 means ~~that~~ satisfactory academic progress as defined under Code of Federal Regulations,
4.4 title 34, sections 668.16(e), 668.32(f), and 668.34.

4.5 ~~(1) by the end of a student's second academic year of attendance at an institution, the~~
4.6 ~~student has at least a cumulative grade point average of C or its equivalent, or academic~~
4.7 ~~standing consistent with the institution's graduation requirements; and~~

4.8 ~~(2) by the end of the first term of the third and fourth academic year of attendance,~~
4.9 ~~the student has a cumulative grade point average of at least a C or its equivalent.~~

4.10 Sec. 7. **[136A.103] INSTITUTION ELIGIBILITY REQUIREMENTS.**

4.11 (a) A postsecondary institution is eligible for state student aid under chapter 136A
4.12 and sections 197.791 and 299A.45, if the institution is located in this state or in a state
4.13 with which the office has entered into a higher education reciprocity agreement on state
4.14 student aid programs that:

4.15 (1) is operated by this state or the Board of Regents of the University of Minnesota;
4.16 or

4.17 (2) is operated privately and, as determined by the office, meets the requirements of
4.18 paragraph (b).

4.19 (b) A private institution must:

4.20 (1) maintain academic standards substantially equivalent to those of comparable
4.21 institutions operated in this state;

4.22 (2) be licensed or registered as a postsecondary institution by the office; and

4.23 (3)(i) by July 1, 2010, participate in the federal Pell Grant program under Title IV of
4.24 the Higher Education Act of 1965, as amended; or

4.25 (ii) if an institution was participating in state student aid programs as of June 30,
4.26 2010, and the institution did not participate in the federal Pell Grant program by June 30,
4.27 2010, the institution must require every student who enrolls to sign a disclosure form,
4.28 provided by the office, stating that the institution is not participating in the federal Pell
4.29 Grant program.

4.30 (c) An institution that offers only graduate-level degrees or graduate-level nondegree
4.31 programs, or that offers only degrees or programs that do not meet the required minimum
4.32 program length to participate in the federal Pell Grant program, is an eligible institution if
4.33 the institution is licensed or registered as a postsecondary institution by the office.

4.34 (d) An eligible institution under paragraph (b), clause (3), item (ii), that changes
4.35 ownership as defined in section 136A.63, subdivision 2, must participate in the federal

5.1 Pell Grant program within four calendar years of the first ownership change to continue
5.2 eligibility.

5.3 (e) An institution that loses its eligibility for the federal Pell Grant program is not an
5.4 eligible institution.

5.5 Sec. 8. Minnesota Statutes 2008, section 136A.121, subdivision 6, is amended to read:

5.6 Subd. 6. **Cost of attendance.** (a) The recognized cost of attendance consists of
5.7 allowances specified in law for living and miscellaneous expenses, and an allowance
5.8 for tuition and fees equal to the lesser of the average tuition and fees charged by the
5.9 institution, ~~or~~ the tuition and fee maximums established in law, or for students at for-profit
5.10 institutions, the average tuition and fee amount for public two-year institutions for a
5.11 student in a two-year program or the average tuition and fee amount for a state university
5.12 for students in four-year programs.

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

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

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

5.23 **EFFECTIVE DATE.** This section is effective for grants made beginning on July
5.24 1, 2010.

5.25 Sec. 9. Minnesota Statutes 2008, section 136A.126, is amended by adding a
5.26 subdivision to read:

5.27 Subd. 5. **Awarding procedure.** (a) Complete applications are ranked in order of
5.28 completion date. If there are multiple applications with identical completion dates, those
5.29 applications are further sorted by application receipt date.

5.30 (b) Awards must be made on a first-come, first-served basis in the order complete
5.31 applications are received.

5.32 (c) Awards are made to eligible students until the appropriation is expended.

5.33 (d) Applicants not receiving a grant and for whom the office has received a
5.34 completed application are placed on a waiting list in order of application completion date.

6.1 Sec. 10. [136A.129] ONETIME GRANT FOR HIGH SCHOOL-TO-COLLEGE
6.2 DEVELOPMENTAL TRANSITION PROGRAM.

6.3 (a) Within the limits of appropriations, a student who enrolls in a program under
6.4 section 135A.61 is eligible for a onetime grant to help pay expenses to attend the program.
6.5 The amount of the grant must be determined according to section 136A.121, subdivision
6.6 5, except as modified by paragraph (b). The requirement in 136A.121, subdivision 9a,
6.7 that subtracts a federal Pell Grant award for which a student would be eligible, even if
6.8 the student has exhausted the federal Pell Grant award, does not apply to a student who
6.9 receives a grant under this subdivision in the award year in which the grant is received.
6.10 The maximum grant under this subdivision must be reduced by the average amount a
6.11 student would earn working in an on-campus work-study position for ten hours per
6.12 week during a summer term. The office must determine an amount for student earnings
6.13 in a summer term, using available data about earnings, before determining the amount
6.14 awarded under this subdivision.

6.15 (b) For a student with an expected family contribution of zero, the maximum amount
6.16 of the grant is the cost of attendance under section 136A.121, subdivision 6.

6.17 (c) A grant under this subdivision counts as one of the eight semesters of eligibility
6.18 under section 136A.121, subdivision 9. A grant under this subdivision must not be
6.19 awarded for the same term for which another grant is awarded under this section.

6.20 (d) Beginning in fiscal year 2012, up to \$1,000,000 each year may be used for
6.21 grants under this section.

6.22 Sec. 11. [136A.1291] LEGISLATIVE NOTICE.

6.23 The office shall notify the chairs of the legislative committees with primary
6.24 jurisdiction over higher education finance of any proposed material change to the
6.25 administration of any of the grant or financial aid programs in sections 136A.095 to
6.26 136A.128.

6.27 Sec. 12. Minnesota Statutes 2008, section 136A.15, subdivision 6, is amended to read:

6.28 Subd. 6. **Eligible institution.** "Eligible institution" means ~~a postsecondary~~
6.29 ~~educational institution that (1) is operated or regulated by this state or the Board of Regents~~
6.30 ~~of the University of Minnesota; (2) is operated publicly or privately in another state, is~~
6.31 ~~approved by the United States Secretary of Education, and, as determined by the office,~~
6.32 ~~maintains academic standards substantially equal to those of comparable institutions~~
6.33 ~~operated in this state; (3) is licensed or registered as a postsecondary institution by the~~
6.34 ~~office or another state agency; and (4) by July 1, 2011, is participating in the federal Pell~~

7.1 ~~Grant program under Title IV of the Higher Education Act of 1965, as amended. It also~~
7.2 ~~includes any institution chartered in a province~~ an institution that meets the eligibility
7.3 requirements under section 136A.155.

7.4 Sec. 13. **[136A.155] ADDITIONAL INSTITUTION ELIGIBILITY**
7.5 **REQUIREMENTS.**

7.6 A postsecondary institution is an eligible institution for purposes of sections
7.7 136A.15 to 136A.1702, if the institution:

7.8 (1) meets the eligibility requirements under section 136A.103; or

7.9 (2) is operated publicly or privately in another state, is approved by the United States
7.10 Secretary of Education, and, as determined by the office, maintains academic standards
7.11 substantially equal to those of comparable institutions operated in this state.

7.12 Sec. 14. Minnesota Statutes 2008, section 136A.16, subdivision 14, is amended to read:

7.13 Subd. 14. **Notes.** The office may sell at public or private sale, at the price or prices
7.14 determined by the office, any note or other instrument or obligation evidencing or securing
7.15 a loan made by the office or its predecessor, including the Minnesota Higher Education
7.16 Coordinating Board and the Minnesota Higher Education Services Office.

7.17 Sec. 15. Minnesota Statutes 2008, section 136A.62, subdivision 3, is amended to read:

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

7.19 (1) any partnership, company, firm, society, trust, association, corporation, or any
7.20 combination thereof, which (i) is, owns, or operates a private, nonprofit postsecondary
7.21 education institution; (ii) is, owns, or operates a private, for-profit postsecondary education
7.22 institution; or (iii) provides a postsecondary instructional program or course leading to a
7.23 degree whether or not for profit;

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

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

8.1 Sec. 16. Minnesota Statutes 2008, section 136A.645, is amended to read:

8.2 **136A.645 SCHOOL CLOSURE.**

8.3 (a) When a school decides to cease postsecondary education operations, it must
8.4 cooperate with the office in assisting students to find alternative means to complete their
8.5 studies with a minimum of disruption, and inform the office of the following:

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

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

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

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

8.12 (b) Upon notice from a school of its intention to cease operations, the office shall
8.13 notify the school of the date on which it must cease the enrollment of students and all
8.14 postsecondary educational operations.

8.15 Without limitation as to other circumstance, a school shall be deemed to have ceased
8.16 operations when the school:

8.17 (1) has an unscheduled nonemergency closure or cancellation of classes for more
8.18 than 24 hours without prior notice to the office;

8.19 (2) announces it is closed or closing; or

8.20 (3) files for bankruptcy.

8.21 Sec. 17. Minnesota Statutes 2008, section 136A.646, is amended to read:

8.22 **136A.646 ADDITIONAL SECURITY.**

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

8.32 (b) In lieu of a bond, the institution may deposit with the commissioner of finance:

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

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

9.1 Sec. 18. 136F.08] CENTRAL SYSTEM OFFICE.

9.2 Subdivision 1. Establishment. A central system office is established for the
9.3 Minnesota State Colleges and Universities to provide central support to the institutions
9.4 enrolling students and to assist the board in fulfilling its missions under section 136F.05.
9.5 The central office must not assume responsibility for services that are most effectively
9.6 and efficiently provided at the institution level. The central system office is under the
9.7 direction of the chancellor.

9.8 Subd. 2. General duties. The central system office must coordinate system level
9.9 responsibilities for financial management, personnel management, facilities management,
9.10 information technology, credit transfer, legal affairs, government relations, and auditing.
9.11 The central system office shall coordinate its services with the services provided at the
9.12 institution level so as not to duplicate any functions that are provided by institutions.

9.13 Sec. 19. Minnesota Statutes 2009 Supplement, section 136F.98, subdivision 1, is
9.14 amended to read:

9.15 Subdivision 1. **Issuance of bonds.** The Board of Trustees of the Minnesota State
9.16 Colleges and Universities or a successor may issue revenue bonds under sections 136F.90
9.17 to 136F.97 whose aggregate principal amount at any time may not exceed ~~\$200,000,000~~
9.18 \$275,000,000, and payable from the revenue appropriated to the fund established by
9.19 section 136F.94, and use the proceeds together with other public or private money that
9.20 may otherwise become available to acquire land, and to acquire, construct, complete,
9.21 remodel, and equip structures or portions thereof to be used for dormitory, residence hall,
9.22 student union, food service, parking purposes, or for any other similar revenue-producing
9.23 building or buildings of such type and character as the board finds desirable for the good
9.24 and benefit of the state colleges and universities. Before issuing the bonds or any part
9.25 of them, the board shall consult with and obtain the advisory recommendations of the
9.26 chairs of the house of representatives Ways and Means Committee and the senate Finance
9.27 Committee about the facilities to be financed by the bonds.

9.28 Sec. 20. Minnesota Statutes 2008, section 141.25, is amended by adding a subdivision
9.29 to read:

9.30 Subd. 2a. Refunds. If a contract is deemed unenforceable under subdivision 2, a
9.31 school must refund tuition, fees, and other charges received from a student or on behalf
9.32 of a student within 30 days of receiving written notification and demand for refund from
9.33 the Minnesota Office of Higher Education.

10.1 Sec. 21. Minnesota Statutes 2008, section 141.25, subdivision 7, is amended to read:

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

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

10.6 (i) meet the school's financial obligations;

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

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

10.11 (iv) maintain and support the school;

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

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

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

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

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

10.24 (7) that the living quarters which are owned, maintained, recommended, or approved
10.25 by the applicant for students are sanitary and safe;

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

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

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

10.33 Sec. 22. Minnesota Statutes 2008, section 141.25, subdivision 13, is amended to read:

10.34 Subd. 13. **Schools licensed by another state agency or board.** A school required
10.35 to obtain a private career school license due to the use of "academy," "institute," "college,"

11.1 or "university" in its name or licensed for the purpose of participating in state financial aid
11.2 under chapter 136A, and which is also licensed by another state agency or board shall be
11.3 required to satisfy only the requirements of subdivisions 3, clauses (1), (2), (3), (5), (7),
11.4 and (10); 4; 5, paragraph (b), clause (2); 7, clauses (1) and (10); 8; 9, clause (13); and 12.

11.5 Sec. 23. Minnesota Statutes 2008, section 141.251, subdivision 2, is amended to read:

11.6 Subd. 2. **Conditions.** The office shall adopt rules establishing the conditions for
11.7 renewal of a license. The conditions shall permit two levels of renewal based on the record
11.8 of the school. A school that has demonstrated the quality of its program and operation
11.9 through longevity and performance in the state may renew its license based on a relaxed
11.10 standard of scrutiny. A school that has been in operation in Minnesota for a limited period
11.11 of time or that has not performed adequately on performance indicators shall renew its
11.12 license based on a strict standard of scrutiny. The office shall specify minimum longevity
11.13 standards and performance indicators that must be met before a school may be permitted
11.14 to operate under the relaxed standard of scrutiny. The performance indicators used in this
11.15 determination shall include, but not be limited to: ~~degree granting status~~, regional or
11.16 national accreditation, loan default rates, placement rate of graduates, student withdrawal
11.17 rates, audit results, student complaints, and school status with the United States
11.18 Department of Education. Schools that meet the requirements established in rule shall be
11.19 required to submit a full relicensure report once every four years, and in the interim years
11.20 will be exempt from the requirements of section 141.25, subdivision 3, clauses (4), (5),
11.21 and (8), and Minnesota Rules, parts 4880.1700, subpart 6; and 4880.2100, subpart 4.

11.22 Sec. 24. Minnesota Statutes 2008, section 141.28, subdivision 2, is amended to read:

11.23 Subd. 2. **Unlawful designation.** No school organized after November 15, 1969,
11.24 shall apply to itself either as a part of its name or in any other manner the designation of
11.25 "college" or "university" ~~unless such school applies for and receives certification from the~~
11.26 ~~office that it meets appropriate standards and is entitled to such designation.~~ Operating
11.27 schools now using such designation may continue use thereof.

11.28 Sec. 25. Minnesota Statutes 2008, section 474A.04, subdivision 6, is amended to read:

11.29 Subd. 6. **Entitlement transfers.** An entitlement issuer may enter into an agreement
11.30 with another entitlement issuer whereby the recipient entitlement issuer issues obligations
11.31 pursuant to bonding authority allocated to the original entitlement issuer under this
11.32 section. An entitlement issuer may enter into an agreement with an issuer which is not
11.33 an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to

12.1 \$100,000 of which are issued pursuant to bonding authority allocated to the original
12.2 entitlement issuer under this section. The agreement may be approved and executed by the
12.3 mayor of the entitlement issuer with or without approval or review by the city council.
12.4 Notwithstanding section 474A.091, subdivision 4, prior to December 1, the Minnesota
12.5 Housing Finance Agency, Minnesota Office of Higher Education, and Minnesota Rural
12.6 Finance Authority may transfer allocated bonding authority made available under this
12.7 chapter to one another under an agreement by each agency and the commissioner.

12.8 Sec. 26. Minnesota Statutes 2008, section 474A.091, subdivision 3, is amended to read:

12.9 Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available
12.10 bonding authority under this section on the Monday of every other week beginning with
12.11 the first Monday in August through and on the last Monday in November. Applications
12.12 for allocations must be received by the department by 4:30 p.m. on the Monday preceding
12.13 the Monday on which allocations are to be made. If a Monday falls on a holiday, the
12.14 allocation will be made or the applications must be received by the next business day
12.15 after the holiday.

12.16 (b) Prior to October 1, only the following applications shall be awarded allocations
12.17 from the unified pool. Allocations shall be awarded in the following order of priority:

- 12.18 (1) applications for residential rental project bonds;
12.19 (2) applications for small issue bonds for manufacturing projects; and
12.20 (3) applications for small issue bonds for agricultural development bond loan
12.21 projects.

12.22 (c) On the first Monday in October through the last Monday in November,
12.23 allocations shall be awarded from the unified pool in the following order of priority:

- 12.24 (1) applications for student loan bonds issued by or on behalf of the Minnesota
12.25 Office of Higher Education;
12.26 (2) applications for mortgage bonds;
12.27 (3) applications for public facility projects funded by public facility bonds;
12.28 (4) applications for small issue bonds for manufacturing projects;
12.29 (5) applications for small issue bonds for agricultural development bond loan
12.30 projects;
12.31 (6) applications for residential rental project bonds;
12.32 (7) applications for enterprise zone facility bonds;
12.33 (8) applications for governmental bonds; and
12.34 (9) applications for redevelopment bonds.

13.1 (d) If there are two or more applications for manufacturing projects from the
13.2 unified pool and there is insufficient bonding authority to provide allocations for all
13.3 manufacturing projects in any one allocation period, the available bonding authority shall
13.4 be awarded based on the number of points awarded a project under section 474A.045
13.5 with those projects receiving the greatest number of points receiving allocation first. If
13.6 two or more applications for manufacturing projects receive an equal amount of points,
13.7 available bonding authority shall be awarded by lot unless otherwise agreed to by the
13.8 respective issuers.

13.9 (e) If there are two or more applications for enterprise zone facility projects from
13.10 the unified pool and there is insufficient bonding authority to provide allocations for
13.11 all enterprise zone facility projects in any one allocation period, the available bonding
13.12 authority shall be awarded based on the number of points awarded a project under section
13.13 474A.045 with those projects receiving the greatest number of points receiving allocation
13.14 first. If two or more applications for enterprise zone facility projects receive an equal
13.15 amount of points, available bonding authority shall be awarded by lot unless otherwise
13.16 agreed to by the respective issuers.

13.17 (f) If there are two or more applications for residential rental projects from the
13.18 unified pool and there is insufficient bonding authority to provide allocations for all
13.19 residential rental projects in any one allocation period, the available bonding authority
13.20 shall be awarded in the following order of priority: (1) projects that preserve existing
13.21 federally subsidized housing; (2) projects that are not restricted to persons who are 55
13.22 years of age or older; and (3) other residential rental projects.

13.23 (g) From the first Monday in August through the last Monday in November,
13.24 \$20,000,000 of bonding authority or an amount equal to the total annual amount of
13.25 bonding authority allocated to the small issue pool under section 474A.03, subdivision 1,
13.26 less the amount allocated to issuers from the small issue pool for that year, whichever is
13.27 less, is reserved within the unified pool for small issue bonds to the extent such amounts
13.28 are available within the unified pool.

13.29 (h) The total amount of allocations for mortgage bonds from the housing pool and
13.30 the unified pool may not exceed:

13.31 (1) \$10,000,000 for any one city; or

13.32 (2) \$20,000,000 for any number of cities in any one county.

13.33 (i) The total amount of allocations for student loan bonds from the unified pool may
13.34 not exceed ~~\$10,000,000~~ \$25,000,000 per year.

13.35 (j) If there is insufficient bonding authority to fund all projects within any qualified
13.36 bond category other than enterprise zone facility projects, manufacturing projects, and

14.1 residential rental projects, allocations shall be awarded by lot unless otherwise agreed to
14.2 by the respective issuers.

14.3 (k) If an application is rejected, the commissioner must notify the applicant and
14.4 return the application deposit to the applicant within 30 days unless the applicant requests
14.5 in writing that the application be resubmitted.

14.6 (l) The granting of an allocation of bonding authority under this section must be
14.7 evidenced by issuance of a certificate of allocation.

14.8 Sec. 27. Laws 2010, chapter 215, article 2, section 4, subdivision 3, is amended to read:

14.9 Subd. 3. **Operations and Maintenance** -0- (9,967,000)

14.10 For fiscal years 2012 and 2013, the base for
14.11 operations and maintenance is ~~\$592,792,000~~
14.12 \$580,802,000 each year.

14.13 Sec. 28. Laws 2010, chapter 215, article 2, section 6, the effective date, is amended to
14.14 read:

14.15 **EFFECTIVE DATE.** This section is effective the day following final enactment,
14.16 for grant awards beginning July 1, 2010.

14.17 Sec. 29. **STUDY OF CERTIFICATES AND DIPLOMAS; EDUCATIONAL**
14.18 **CAREER PATH.**

14.19 The Board of Trustees of the Minnesota State Colleges and Universities, in
14.20 conjunction with the Minnesota Chamber of Commerce, representatives of industry
14.21 groups, and labor unions, shall study the program requirements for certificates and
14.22 diplomas awarded by the Minnesota State Colleges and Universities to determine the
14.23 feasibility of designing technical education programs to allow students to have more
14.24 opportunities to earn credentials with lower credit requirements that could be combined
14.25 into higher level certificates or diplomas. The study must consult with business and
14.26 industry representatives as well as labor unions and faculty on the types of credentials that
14.27 would be recognized for employment purposes. In addition, the study must address the
14.28 feasibility of increasing the capacity to accumulate credentials in related programs into
14.29 an educational career path leading to a diploma or degree. The study must also address
14.30 the need for workers in other fields and take into account other job training programs
14.31 provided by labor unions and business.

15.1 The board must report the study findings to the committees of the legislature with
15.2 responsibility for postsecondary education finance by February 15, 2011.

15.3 Sec. 30. **STREAMLINED MINNESOTA STATE COLLEGES AND**
15.4 **UNIVERSITIES SYSTEM OFFICE.**

15.5 Notwithstanding any law or policy to the contrary, the Board of Trustees of the
15.6 Minnesota State Colleges and Universities shall streamline services provided through
15.7 the system's central service office to reduce expenditures, better target the use of state
15.8 resources, and provide services at the most appropriate and efficient level so as not
15.9 to duplicate any services provided at the institutional level. These actions must be
15.10 implemented so as to achieve budgetary savings and efficiencies in delivery of services
15.11 and the accomplishment of the academic mission. The board must revise any board
15.12 policies in a way that is consistent with the requirements of this section.

15.13 Sec. 31. **CREDIT TRANSFER; MINNESOTA STATE COLLEGES AND**
15.14 **UNIVERSITIES.**

15.15 (a) The Board of Trustees of the Minnesota State Colleges and Universities must
15.16 develop and implement a plan to improve credit transfers within the system. At a
15.17 minimum, the board must:

15.18 (1) enhance the availability of easily used information on transferring and tracking
15.19 credits;

15.20 (2) improve training for all staff involved with credit transfer;

15.21 (3) identify barriers to transferring credits including intellectual property issues for
15.22 faculty and devise methods to eliminate these barriers; and

15.23 (4) identify discrepancies in the treatment of transferring and accepting credits
15.24 by various institutions within the system and devise methods to improve the uniform
15.25 treatment of credit transfers.

15.26 (b) The board must convene working groups of affected faculty, staff, and
15.27 administrators representing institutions and academic and technical disciplines in the
15.28 system to work on issues and barriers to credit transfer. The purpose of the working
15.29 groups is to develop specific actions that will remove any barriers to credit transfer and to
15.30 improve the ease and transparency of credit transfer for students.

15.31 (c) The board must report to the legislature by January 15, 2012, on the plans for and
15.32 progress towards improvements in the transfer of credits. Any proposal to develop and
15.33 implement a mandatory or voluntary common course numbering system for the Minnesota

16.1 State Colleges and Universities must not be required until after the receipt of the report
16.2 under this section.

16.3 Sec. 32. **POSTRETIREMENT HEALTH INSURANCE PREMIUM**
16.4 **REIMBURSEMENT.**

16.5 The Minnesota State Colleges and Universities system shall waive premium
16.6 reimbursement payments including any late payment charges, fees, penalties, or interest
16.7 payments imposed on overdue health insurance premium reimbursements owed by a
16.8 college retiree to the college under a contractual or collective bargaining agreement
16.9 providing for postretirement health insurance benefits arising from employment under
16.10 a contract or collective bargaining agreement with a school district or technical college
16.11 prior to July 1, 1995, and who became an employee of Minnesota State Colleges and
16.12 Universities on July 1, 1995. This section applies only if the college has failed to bill
16.13 the retiree for the premium reimbursement payments as required under the applicable
16.14 collective bargaining or contractual agreement, or if not otherwise established, within 90
16.15 days following the date on which the premium was due.

16.16 **EFFECTIVE DATE.** This section is effective July 1, 2010.

16.17 Sec. 33. **PILOT PROJECT; LOCAL DEPOSIT OF RESERVES OF**
16.18 **MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

16.19 Subdivision 1. **Establishment.** To increase the distribution of potential economic
16.20 benefit of deposits of reserve funds of the institutions of the Minnesota State Colleges and
16.21 Universities, a pilot project is established to transfer certain reserve deposits of selected
16.22 institutions from the state treasury to a community financial institution. Notwithstanding
16.23 Minnesota Statutes, section 16A.27, by December 31, 2010, the commissioner of
16.24 management and budget shall transfer the designated amount of board-required reserve
16.25 funds of colleges and universities selected by the Board of Trustees under subdivision
16.26 2, to a community financial institution designated for each of the participating colleges
16.27 and universities.

16.28 Subd. 2. **Participating colleges and universities.** By August 15, 2010, colleges
16.29 and universities must apply to the Board of Trustees of the Minnesota State Colleges and
16.30 Universities for participation in the pilot project. Each applicant must designate one or
16.31 more community financial institutions for the deposit of board-required reserves with the
16.32 terms of the deposit for each designated community financial institution. The designated
16.33 community financial institution must be located in the geographic area of a participating
16.34 campus. From the applicants, the board shall select up to eight postsecondary institutions

17.1 to participate in the local deposit pilot project. In making its selection, the board must
17.2 consider the size of the institution's reserves and the terms offered by the designated
17.3 community financial institutions. Two-year and four-year institutions must be selected
17.4 to participate in the pilot project and the majority of the selected institutions must be
17.5 located in greater Minnesota.

17.6 By December 1, 2010, the board must notify the commissioner of management
17.7 and budget of the participating colleges and universities and the associated community
17.8 financial institutions.

17.9 Subd. 3. **Community financial institution.** As used in this section, "community
17.10 financial institution" means a federally insured bank or credit union, chartered as a bank
17.11 or credit union by the state of Minnesota or the United States, that is headquartered in
17.12 Minnesota and that has no more than \$2,500,000,000 in assets.

17.13 Subd. 4. **Evaluation and report.** The commissioner of management and budget and
17.14 the Board of Trustees shall independently evaluate the effectiveness or harm of the local
17.15 deposit pilot project in increasing the use of community financial institutions and providing
17.16 wider distribution of the economic benefit of the deposit of postsecondary reserves. Each
17.17 evaluation must include the participating colleges, universities, and community financial
17.18 institutions. The commissioner and the board shall report the results of the pilot project
17.19 evaluation to the appropriate committees of the legislature by December 1, 2011, with
17.20 recommendations on the future implementation of the pilot project.

17.21 Sec. 34. **APPROPRIATION REDUCTIONS.**

17.22 Any reduction in appropriations for the biennium ending June 30, 2011, for the
17.23 central system office of the Minnesota State Colleges and Universities must not be passed
17.24 through to any institution or campus. The Board of Trustees of the Minnesota State
17.25 Colleges and Universities must not charge any institution for appropriation reductions
17.26 made to the central office.

17.27 Sec. 35. **UNIVERSITY MAYO PARTNERSHIP.**

17.28 Any reductions to the University of Minnesota for operations and maintenance
17.29 in fiscal year 2011 must not be allocated to the University of Minnesota and Mayo
17.30 Foundation Partnership.

17.31 Sec. 36. **REPEALER.**

17.32 Minnesota Statutes 2009 Supplement, section 136A.121, subdivision 9b, is repealed.