

SENATE

STATE OF MINNESOTA

EIGHTY-SEVENTH LEGISLATURE

S.F. No. 924

(SENATE AUTHORS: FISCHBACH, Robling, Gimse and Senjem)

DATE	D-PG	OFFICIAL STATUS
03/21/2011	598	Introduction and first reading Referred to Higher Education
03/24/2011	684a 699	Comm report: To pass as amended and re-refer to Finance Rule 12.10: report of votes in committee
03/25/2011	754 754	Comm report: To pass Second reading
03/29/2011	1050a 1055 1056	Special Order: Amended Third reading Passed Laid on table
04/04/2011	1166	HF substituted on Special Orders [HF1101] (Non-revisor companion) See HF4 (First Special Session)

A bill for an act

relating to higher education; amending postsecondary education provisions; prohibiting use of certain public funds to support human cloning; appropriating money; amending Minnesota Statutes 2010, sections 135A.51, subdivision 2; 136A.1787; 136G.01; 136G.03, subdivisions 1, 18, 27; 136G.05, subdivisions 1, 6, 8; 299A.45, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 145; repealing Minnesota Statutes 2010, section 136G.11, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10.

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

ARTICLE 1

HIGHER EDUCATION APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

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

SUMMARY BY FUND

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	\$ 1,252,884,000	\$ 1,252,634,000	\$ 2,505,518,000
<u>Health Care Access</u>	2,157,000	2,157,000	4,314,000
<u>Total</u>	\$ 1,255,041,000	\$ 1,254,791,000	\$ 2,509,832,000

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

SUMMARY BY AGENCY - ALL FUNDS

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>Minnesota Office of Higher Education</u>	\$ 184,220,000	\$ 183,970,000	\$ 368,190,000

2.1	<u>Mayo Medical Foundation</u>	<u>1,351,000</u>	<u>1,351,000</u>	<u>2,702,000</u>
2.2	<u>Board of Trustees of the</u>			
2.3	<u>Minnesota State Colleges and</u>			
2.4	<u>Universities</u>	<u>546,827,000</u>	<u>546,827,000</u>	<u>1,093,654,000</u>
2.5	<u>Board of Regents of the</u>			
2.6	<u>University of Minnesota</u>	<u>522,643,000</u>	<u>522,643,000</u>	<u>1,045,286,000</u>
2.7	<u>Total</u>	<u>\$ 1,255,041,000</u>	<u>\$ 1,254,791,000</u>	<u>\$ 2,509,832,000</u>

2.8 Sec. 2. HIGHER EDUCATION APPROPRIATIONS.

2.9 The sums shown in the columns marked "Appropriations" are appropriated to the
2.10 agencies and for the purposes specified in this article. The appropriations are from the
2.11 general fund, or another named fund, and are available for the fiscal years indicated
2.12 for each purpose. The figures "2012" and "2013" used in this article mean that the
2.13 appropriations listed under them are available for the fiscal year ending June 30, 2012, or
2.14 June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal
2.15 year 2013. "The biennium" is fiscal years 2012 and 2013.

2.16	<u>APPROPRIATIONS</u>
2.17	<u>Available for the Year</u>
2.18	<u>Ending June 30</u>
2.19	<u>2012 2013</u>

2.20 Sec. 3. MINNESOTA OFFICE OF HIGHER
2.21 EDUCATION

2.22	<u>Subdivision 1. Total Appropriation</u>	<u>\$ 184,220,000</u>	<u>\$ 183,970,000</u>
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2.23 The amounts that may be spent for each
2.24 purpose are specified in the following
2.25 subdivisions.

2.26	<u>Subd. 2. State Grants</u>	<u>147,857,000</u>	<u>147,857,000</u>
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2.27 (a) If the appropriation in this subdivision for
2.28 either year is insufficient, the appropriation
2.29 for the other year is available for it.

2.30 (b) For the biennium, the tuition maximum
2.31 is \$10,488 in each year for students in
2.32 four-year programs, and \$5,808 for students
2.33 in two-year programs.

2.34 (c) This appropriation sets the living and
2.35 miscellaneous expense allowance at \$7,000
2.36 each year.

3.1 (d) This appropriation includes \$100,000
3.2 the first year and \$100,000 the second year
3.3 for educational benefits under Minnesota
3.4 Statutes, section 299A.45, to eligible
3.5 dependent children and to the spouses of
3.6 public safety officers killed in the line of duty.
3.7 If the appropriation in this paragraph for
3.8 either year is insufficient, the appropriation
3.9 for the other year is available for it.

3.10	<u>Subd. 3. Child Care Grants</u>	<u>6,684,000</u>	<u>6,684,000</u>
3.11	<u>Subd. 4. State Work-Study</u>	<u>14,944,000</u>	<u>14,944,000</u>
3.12	<u>Subd. 5. Indian Scholarships</u>	<u>1,800,000</u>	<u>1,800,000</u>

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

3.16	<u>Subd. 6. Intervention for College Attendance</u>		
3.17	<u>Program Grants</u>	<u>671,000</u>	<u>671,000</u>

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

3.22	<u>Subd. 7. Midwest Higher Education Compact</u>	<u>95,000</u>	<u>95,000</u>
3.23	<u>Subd. 8. United Family Medicine Residency</u>		
3.24	<u>Program</u>	<u>467,000</u>	<u>467,000</u>

3.25 For a grant to the United Family Medicine
3.26 residency program. This appropriation
3.27 shall be used to support up to 18 resident
3.28 physicians each year in family practice at
3.29 United Family Medicine residency programs
3.30 and shall prepare doctors to practice family
3.31 care medicine in underserved rural and
3.32 urban areas of the state. It is intended
3.33 that this program will improve health
3.34 care in underserved communities, provide

4.1	<u>affordable access to appropriate medical</u>		
4.2	<u>care, and manage the treatment of patients in</u>		
4.3	<u>a cost-effective manner.</u>		
4.4	<u>Subd. 9. Interstate Tuition Reciprocity</u>	<u>3,150,000</u>	<u>3,250,000</u>
4.5	<u>If the appropriation in this subdivision for</u>		
4.6	<u>either year is insufficient, the appropriation</u>		
4.7	<u>for the other year is available to meet</u>		
4.8	<u>reciprocity contract obligations.</u>		
4.9	<u>Subd. 10. Minnesota College Savings Plan</u>	<u>350,000</u>	<u>-0-</u>
4.10	<u>Subd. 11. MnLINK Gateway and Minitex</u>	<u>5,480,000</u>	<u>5,480,000</u>
4.11	<u>Subd. 12. Other Programs</u>	<u>357,000</u>	<u>357,000</u>
4.12	<u>This appropriation includes \$125,000 each</u>		
4.13	<u>year for student and parent information,</u>		
4.14	<u>\$184,000 each year for the get ready outreach</u>		
4.15	<u>program, and \$48,000 each year for a</u>		
4.16	<u>grant to the Minnesota Minority Education</u>		
4.17	<u>Partnership.</u>		
4.18	<u>Subd. 13. Agency Administration</u>	<u>2,365,000</u>	<u>2,365,000</u>
4.19	<u>Subd. 14. Balances Forward</u>		
4.20	<u>A balance in the first year under this section</u>		
4.21	<u>does not cancel, but is available for the</u>		
4.22	<u>second year.</u>		
4.23	<u>Subd. 15. Transfers</u>		
4.24	<u>The Minnesota Office of Higher Education</u>		
4.25	<u>may transfer unencumbered balances from</u>		
4.26	<u>the appropriations in this section to the state</u>		
4.27	<u>grant appropriation, the interstate tuition</u>		
4.28	<u>reciprocity appropriation, the child care</u>		
4.29	<u>grant appropriation, the Indian scholarship</u>		
4.30	<u>appropriation, the state work-study</u>		
4.31	<u>appropriation, the achieve scholarship</u>		
4.32	<u>appropriation, the public safety officers'</u>		
4.33	<u>survivors appropriation, and the Minnesota</u>		

5.1 college savings plan appropriation. Transfers
5.2 from the child care or state work-study
5.3 appropriations may only be made to the
5.4 extent there is a projected surplus in the
5.5 appropriation. A transfer may be made only
5.6 with prior written notice to the chairs and
5.7 ranking minority members of the senate and
5.8 house of representatives committees with
5.9 jurisdiction over higher education finance.

5.10 Subd. 16. TANF Work-Study

5.11 Notwithstanding any rule to the contrary,
5.12 work-study jobs funded by a TANF
5.13 appropriation do not require employer
5.14 matching funds.

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

5.18	<u>Subdivision 1. Total Appropriation</u>	\$	546,827,000	\$	546,827,000
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5.19	<u>Appropriations by Fund</u>		
5.20	<u>2012</u>	<u>2013</u>	
5.21	<u>General</u>	<u>546,827,000</u>	<u>546,827,000</u>

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

5.25	<u>Subd. 2. Central Office and Shared Services</u>		
5.26	Unit	33,074,000	33,074,000

5.27 For the Office of the Chancellor and the
5.28 Shared Services Division. The reduction in
5.29 the appropriation made by this subdivision
5.30 from the net appropriation made for the
5.31 central office and shared services unit in the
5.32 biennium ending June 30, 2011, must not be
5.33 allocated to any institution nor charged back
5.34 to any campus or institution.

6.1	Subd. 3. Operations and Maintenance	509,693,000	509,693,000
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6.2	<u>\$120,000 each year is for the Cook</u>		
6.3	<u>County Higher Education Board to provide</u>		
6.4	<u>educational programs and academic support</u>		
6.5	<u>services.</u>		
6.6	<u>Subd. 4. Learning Network of Minnesota</u>	<u>4,060,000</u>	<u>4,060,000</u>
6.7	<u>Sec. 5. BOARD OF REGENTS OF THE</u>		
6.8	<u>UNIVERSITY OF MINNESOTA</u>		
6.9	<u>Subdivision 1. Total Appropriation</u>	<u>\$ 522,643,000</u>	<u>\$ 522,643,000</u>
6.10	<u>Appropriations by Fund</u>		
6.11		<u>2012</u>	<u>2013</u>
6.12	<u>General</u>	<u>520,486,000</u>	<u>520,486,000</u>
6.13	<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>
6.14	<u>The amounts that may be spent for each</u>		
6.15	<u>purpose are specified in the following</u>		
6.16	<u>subdivisions.</u>		
6.17	<u>Subd. 2. Operations and Maintenance</u>	<u>459,547,000</u>	<u>459,547,000</u>
6.18	<u>(a) This appropriation includes funding for</u>		
6.19	<u>operation and maintenance of the system.</u>		
6.20	<u>(b) This appropriation includes amounts for</u>		
6.21	<u>an Ojibwe Indian language program on the</u>		
6.22	<u>Duluth campus.</u>		
6.23	<u>(c) This appropriation includes money for the</u>		
6.24	<u>Dakota language teacher training immersion</u>		
6.25	<u>program on the Twin Cities campus to</u>		
6.26	<u>prepare teachers to teach in Dakota language</u>		
6.27	<u>immersion programs.</u>		
6.28	<u>(d) This appropriation includes money for</u>		
6.29	<u>the Veterinary Diagnostic Laboratory to</u>		
6.30	<u>preserve accreditation.</u>		
6.31	<u>(e) During the biennium, the Board</u>		
6.32	<u>of Regents is encouraged to at least</u>		
6.33	<u>proportionally reduce spending for</u>		
7.1	<u>administration relative to spending</u>		
7.2	<u>reductions in other budget areas.</u>		

7.3	<u>Subd. 3. Primary Care Education Initiatives</u>	<u>2,157,000</u>	<u>2,157,000</u>
7.4	<u>This appropriation is from the health care</u>		
7.5	<u>access fund.</u>		
7.6	<u>Subd. 4. Special Appropriations</u>		
7.7	<u>(a) Agriculture and Extension Service</u>	<u>43,329,000</u>	<u>43,329,000</u>
7.8	<u>For the Agricultural Experiment Station and</u>		
7.9	<u>the Minnesota Extension Service:</u>		
7.10	<u>(1) the agricultural experiment stations</u>		
7.11	<u>and Minnesota Extension Service must</u>		
7.12	<u>convene agricultural advisory groups to</u>		
7.13	<u>focus research, education, and extension</u>		
7.14	<u>activities on producer needs and implement</u>		
7.15	<u>an outreach strategy that more effectively</u>		
7.16	<u>and rapidly transfers research results and best</u>		
7.17	<u>practices to producers throughout the state;</u>		
7.18	<u>(2) this appropriation includes funding for</u>		
7.19	<u>research and outreach on the production of</u>		
7.20	<u>renewable energy from Minnesota biomass</u>		
7.21	<u>resources, including agronomic crops, plant</u>		
7.22	<u>and animal wastes, and native plants or trees.</u>		
7.23	<u>The following areas should be prioritized and</u>		
7.24	<u>carried out in consultation with Minnesota</u>		
7.25	<u>producers, renewable energy, and bioenergy</u>		
7.26	<u>organizations:</u>		
7.27	<u>(i) biofuel and other energy production from</u>		
7.28	<u>perennial crops, small grains, row crops,</u>		
7.29	<u>and forestry products in conjunction with</u>		
7.30	<u>the Natural Resources Research Institute</u>		
7.31	<u>(NRRI);</u>		
7.32	<u>(ii) alternative bioenergy crops and cropping</u>		
7.33	<u>systems; and</u>		
8.1	<u>(iii) biofuel coproducts used for livestock</u>		
8.2	<u>feed;</u>		

8.3 (3) this appropriation includes funding
8.4 for the College of Food, Agricultural, and
8.5 Natural Resources Sciences to establish and
8.6 provide leadership for organic agronomic,
8.7 horticultural, livestock, and food systems
8.8 research, education, and outreach and for
8.9 the purchase of state-of-the-art laboratory,
8.10 planting, tilling, harvesting, and processing
8.11 equipment necessary for this project;
8.12 (4) this appropriation includes funding
8.13 for research efforts that demonstrate a
8.14 renewed emphasis on the needs of the state's
8.15 agriculture community. The following
8.16 areas should be prioritized and carried
8.17 out in consultation with Minnesota farm
8.18 organizations:
8.19 (i) vegetable crop research with priority for
8.20 extending the Minnesota vegetable growing
8.21 season;
8.22 (ii) fertilizer and soil fertility research and
8.23 development;
8.24 (iii) soil, groundwater, and surface water
8.25 conservation practices and contaminant
8.26 reduction research;
8.27 (iv) discovering and developing plant
8.28 varieties that use nutrients more efficiently;
8.29 (v) breeding and development of turf seed
8.30 and other biomass resources in all three
8.31 Minnesota biomes;
8.32 (vi) development of new disease-resistant
8.33 and pest-resistant varieties of turf and
8.34 agronomic crops;
9.1 (vii) utilizing plant and livestock cells to treat
9.2 and cure human diseases;

9.3	<u>(viii) the development of dairy coproducts;</u>		
9.4	<u>(ix) a rapid agricultural response fund for</u>		
9.5	<u>current or emerging animal, plant, and insect</u>		
9.6	<u>problems affecting production or food safety;</u>		
9.7	<u>(x) crop pest and animal disease research;</u>		
9.8	<u>(xi) developing animal agriculture that is</u>		
9.9	<u>capable of sustainably feeding the world;</u>		
9.10	<u>(xii) consumer food safety education and</u>		
9.11	<u>outreach;</u>		
9.12	<u>(xiii) programs to meet the research and</u>		
9.13	<u>outreach needs of organic livestock and crop</u>		
9.14	<u>farmers; and</u>		
9.15	<u>(xiv) alternative bioenergy crops and</u>		
9.16	<u>cropping systems; and growing, harvesting,</u>		
9.17	<u>and transporting biomass plant material; and</u>		
9.18	<u>(5) by February 1, 2013, the Board of</u>		
9.19	<u>Regents must submit a report to the</u>		
9.20	<u>legislative committees with responsibility</u>		
9.21	<u>for agriculture and higher education finance</u>		
9.22	<u>on the status and outcomes of research and</u>		
9.23	<u>initiatives funded in this section.</u>		
9.24	<u>(b) Health Sciences</u>	<u>4,374,000</u>	<u>4,374,000</u>
9.25	<u>\$346,000 each year is to support up to 12</u>		
9.26	<u>resident physicians in the St. Cloud Hospital</u>		
9.27	<u>family practice residency program. The</u>		
9.28	<u>program must prepare doctors to practice</u>		
9.29	<u>primary care medicine in the rural areas of</u>		
9.30	<u>the state. The legislature intends this program</u>		
9.31	<u>to improve health care in rural communities,</u>		
9.32	<u>provide affordable access to appropriate</u>		
9.33	<u>medical care, and manage the treatment of</u>		
9.34	<u>patients in a more cost-effective manner.</u>		
10.1	<u>The remainder of this appropriation is for</u>		
10.2	<u>the rural physicians associates program, the</u>		

10.3	<u>Veterinary Diagnostic Laboratory, health</u>		
10.4	<u>sciences research, dental care, and the</u>		
10.5	<u>Biomedical Engineering Center.</u>		
10.6	<u>(c) Institute of Technology</u>	<u>1,150,000</u>	<u>1,150,000</u>
10.7	<u>For the Geological Survey and the talented</u>		
10.8	<u>youth mathematics program.</u>		
10.9	<u>(d) System Special</u>	<u>5,104,000</u>	<u>5,104,000</u>
10.10	<u>For general research, industrial relations</u>		
10.11	<u>education, Natural Resources Research</u>		
10.12	<u>Institute, Center for Urban and Regional</u>		
10.13	<u>Affairs, Bell Museum of Natural History, and</u>		
10.14	<u>the Humphrey exhibit.</u>		
10.15	<u>(e) University of Minnesota and Mayo</u>		
10.16	<u>Foundation Partnership</u>	<u>6,982,000</u>	<u>6,982,000</u>
10.17	<u>For the direct and indirect expenses of the</u>		
10.18	<u>collaborative research partnership between</u>		
10.19	<u>the University of Minnesota and the Mayo</u>		
10.20	<u>Foundation for research in biotechnology</u>		
10.21	<u>and medical genomics. This appropriation</u>		
10.22	<u>is available until expended. All parties</u>		
10.23	<u>to the partnership and chairs and ranking</u>		
10.24	<u>minority members of the senate and house of</u>		
10.25	<u>representatives committees responsible for</u>		
10.26	<u>higher education finance must be consulted</u>		
10.27	<u>before the Board of Regents reduces the</u>		
10.28	<u>amount allocated to the partnership under</u>		
10.29	<u>this paragraph during the biennium ending</u>		
10.30	<u>June 30, 2013. An annual report on the</u>		
10.31	<u>expenditure of these funds must be submitted</u>		
10.32	<u>to the governor and the chairs of the senate</u>		
10.33	<u>and house of representatives committees</u>		
10.34	<u>responsible for higher education and</u>		
11.1	<u>economic development by June 30 of each</u>		
11.2	<u>fiscal year.</u>		
11.3	<u>Subd. 5. Academic Health Center</u>		

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

11.7 Sec. 6. MAYO MEDICAL FOUNDATION

11.8 <u>Subdivision 1. Total Appropriation</u>	<u>\$ 1,351,000</u>	<u>\$ 1,351,000</u>
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11.9 The amounts that may be spent for the
11.10 purposes are specified in the following
11.11 subdivisions.

11.12 <u>Subd. 2. Medical School</u>	<u>665,000</u>	<u>665,000</u>
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11.13 The state of Minnesota must pay a capitation
11.14 each year for each student who is a resident
11.15 of Minnesota. The appropriation may be
11.16 transferred between years of the biennium to
11.17 accommodate enrollment fluctuations.

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

11.22 <u>Subd. 3. Family Practice and Graduate</u>		
11.23 <u>Residency Program</u>	<u>686,000</u>	<u>686,000</u>

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

11.26 Sec. 7. TUITION LIMITATION AT MINNESOTA STATE COLLEGES AND
11.27 UNIVERSITIES.

11.28 During the biennium ending June 30, 2013, the maximum tuition rate increase for
11.29 all tuition rates at a Minnesota State Colleges and Universities institution or campus to a
11.30 Minnesota resident undergraduate student may not exceed:

- 11.31 (1) three percent per academic year at a state college; and
11.32 (2) four percent per academic year at a state university.

12.1 Sec. 8. TUITION LIMITATION; UNIVERSITY OF MINNESOTA.

12.2 The legislature expects that during the biennium ending June 30, 2013, the
12.3 maximum tuition rate increase to a Minnesota resident undergraduate student enrolled at
12.4 the University of Minnesota shall not exceed four percent per academic year.

12.5 **Sec. 9. ALLOCATION OF MNSCU SALARY SAVINGS.**

12.6 During the biennium ending June 30, 2013, any salary savings to the Minnesota
12.7 State Colleges and Universities system caused by legislation that limits, reduces, or
12.8 eliminates salary increases during that biennium shall, at the discretion of the Board of
12.9 Trustees, be used to mitigate tuition increases or allocated to institutions and campuses
12.10 under the board's allocation model used for distribution of state appropriations.

12.11 Sec. 10. INSUFFICIENCY IN STATE GRANT APPROPRIATION; AWARD
12.12 REDUCTION CALCULATION.

12.13 During the biennium ending June 30, 2013, the calculation for reducing state grant
12.14 awards due to an insufficient appropriation to make full awards shall be governed by
12.15 Minnesota Statutes, section 136A.121, subdivision 7, except that the reductions caused by
12.16 Minnesota Statutes, section 136A.121, subdivision 7, clause (1), shall be approximately
12.17 three times the reductions caused by Minnesota Statutes, section 136A.121, subdivision
12.18 7, clause (2).

12.19 **Sec. 11. STUDY OF GRADUATE EDUCATION IN FOR-PROFIT SECTOR.**

12.20 The Minnesota Office of Higher Education must study graduate education in
12.21 for-profit institutions with a physical presence in the state. The study must examine
12.22 the rights and responsibilities of graduate students attending those institutions. At a
12.23 minimum, the study must include an analysis of graduate student disciplinary processes;
12.24 processes and policies adopted for the protection of graduate students' intellectual property
12.25 rights; policies and guidelines addressing academic freedom of inquiry for students; and
12.26 administrative processes in place to address disputes. The office must report on the
12.27 findings of this study by January 15, 2013, to the committees of the legislature with
12.28 responsibility for higher education finance. The report must include recommendations for
12.29 any changes to improve graduate education in the for-profit sector.

13.1 ARTICLE 2

13.2 HIGHER EDUCATION STATUTORY CHANGES

13.3 Section 1. Minnesota Statutes 2010, section 135A.51, subdivision 2, is amended to
13.4 read:

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

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

13.11 Sec. 2. Minnesota Statutes 2010, section 136A.1787, is amended to read:

13.12 **136A.1787 SELF LOAN REVENUE BONDS ANNUAL CERTIFICATE OF**
13.13 **NEED.**

13.14 (a) In order to ensure the payment of the principal of and interest on bonds and
13.15 notes of the office and the continued maintenance of the loan capital fund under section
13.16 136A.1785, the office shall annually determine and certify to the governor, on or before
13.17 December 1, the amount, if any:

13.18 (1) needed to restore the loan capital fund to the minimum amount required by a
13.19 resolution or indenture relating to any bonds or notes of the office, not exceeding the
13.20 maximum amount of principal and interest to become due and payable in any subsequent
13.21 year on all bonds or notes which are then outstanding;

13.22 (2) determined by the office to be needed in the immediately ~~ensuing~~ following
13.23 fiscal year, with other funds pledged and estimated to be received during that year, for
13.24 the payment of the principal and interest due and payable in that year on all outstanding
13.25 bonds and notes; and

13.26 (3) needed to restore any debt service reserve fund securing any outstanding bonds
13.27 or notes of the office to the amount required in a resolution or indenture relating to such
13.28 outstanding bonds or notes.

13.29 (b) If the office determines the need under paragraph (a), clause (2) or (3), to be for
13.30 the immediately following fiscal year, the governor shall include and submit the amounts
13.31 certified by the office in accordance with this section to the legislature in the governor's
13.32 budget for the immediately following fiscal year, ~~or. If the office determines the need~~
13.33 under paragraph (a), clause (2) or (3), to be for the current fiscal year, the governor shall
14.1 include and submit the amounts certified in a governor's supplemental budget if the regular
14.2 budget for that year has previously been ~~approved~~ enacted.

14.3 Sec. 3. Minnesota Statutes 2010, section 136G.01, is amended to read:

14.4 **136G.01 PLAN ESTABLISHED.**

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

- 14.8 (1) providing a qualified tuition plan under federal tax law; and
14.9 (2) ~~providing matching grants for contributions to the program by low- and~~
14.10 ~~middle-income families; and~~
14.11 (3) encouraging individuals, foundations, and businesses to provide additional
14.12 grants to participating students.

14.13 Sec. 4. Minnesota Statutes 2010, section 136G.03, subdivision 1, is amended to read:

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

14.16 Sec. 5. Minnesota Statutes 2010, section 136G.03, subdivision 18, is amended to read:

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

14.20 Sec. 6. Minnesota Statutes 2010, section 136G.03, subdivision 27, is amended to read:

14.21 Subd. 27. **Plan.** "Plan" refers to the plan established under sections 136G.01 to
14.22 ~~136G.13~~ 136G.14.

14.23 Sec. 7. Minnesota Statutes 2010, section 136G.05, subdivision 1, is amended to read:

14.24 Subdivision 1. **Responsibilities.** (a) The director shall establish the rules, terms,
14.25 and conditions for the plan, subject to the requirements of sections 136G.01 to ~~136G.13~~
14.26 136G.14.

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

14.29 Sec. 8. Minnesota Statutes 2010, section 136G.05, subdivision 6, is amended to read:

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

Sec. 9. Minnesota Statutes 2010, section 136G.05, subdivision 8, is amended to read:

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

Sec. 10. **[145.4221] STATE FUNDS; PROHIBITED USE FOR HUMAN CLONING.**

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

Subd. 2. **Scientific research.** Nothing in this section shall affect areas of scientific research not specifically addressed by subdivision 1, including research in the use of nuclear transfer or other cloning techniques to produce molecules, DNA, cells other than human embryos, tissues, organs, plants, or animals other than humans. In addition, nothing in this section shall affect the scientific field of stem cell research, unless explicitly prohibited.

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

Sec. 11. Minnesota Statutes 2010, section 299A.45, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** A person is eligible to receive educational benefits under this section if the person:

(1) is certified under section 299A.44 and in compliance with this section and rules of the commissioner of public safety and the Minnesota Office of Higher Education;

(2) is enrolled in an undergraduate degree or certificate program after June 30, 1990, at an eligible Minnesota institution as provided in section 136A.101, subdivision 4;

(3) has not received a baccalaureate degree or been enrolled full time for ~~nine~~ ten semesters or the equivalent, except that a student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of eligibility; and

16.9 (4) is related in one of the following ways to a public safety officer killed in the
16.10 line of duty on or after January 1, 1973:

16.11 (i) as a dependent child less than 23 years of age;

16.12 (ii) as a surviving spouse; or

16.13 (iii) as a dependent child less than 30 years of age who has served on active military
16.14 duty 181 consecutive days or more and has been honorably discharged or released to the
16.15 dependent child's reserve or National Guard unit.

16.16 Sec. 12. **REPEALER.**

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

16.19 Sec. 13. **EFFECTIVE DATE.**

16.20 Sections 3 to 9 are effective July 1, 2012.

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136G.11 MATCHING GRANTS.

Subdivision 1. **Matching grant qualification.** By July 1 of each year, a state matching grant must be added to each account established under the program if the following conditions are met:

- (1) the contributor applies, in writing in a form prescribed by the director, for a matching grant;
 - (2) a minimum contribution of \$200 was made during the preceding calendar year;
 - (3) the beneficiary's family meets Minnesota college savings plan residency requirements;
- and
- (4) the family income of the beneficiary did not exceed \$80,000.

Subd. 2. **Family income.** (a) For purposes of this section, "family income" means:

(1) if the beneficiary is under age 25, the combined adjusted gross income of the beneficiary's parents or legal guardians as reported on the federal tax return or returns for the calendar year in which contributions were made. If the beneficiary's parents or legal guardians are divorced, the income of the parent claiming the beneficiary as a dependent on the federal individual income tax return and the income of that parent's spouse, if any, is used to determine family income; or

(2) if the beneficiary is age 25 or older, the combined adjusted gross income of the beneficiary and spouse, if any.

(b) For a parent or legal guardian of beneficiaries under age 25 and for beneficiaries age 25 or older who resided in Minnesota and filed a federal individual income tax return, the matching grant must be based on family income from the calendar year in which contributions were made.

Subd. 3. **Residency requirement.** (a) If the beneficiary is under age 25, the beneficiary's parents or legal guardians must be Minnesota residents to qualify for a matching grant. If the beneficiary is age 25 or older, the beneficiary must be a Minnesota resident to qualify for a matching grant.

(b) To meet the residency requirements, the parent or legal guardian of beneficiaries under age 25 must have filed a Minnesota individual income tax return as a Minnesota resident and claimed the beneficiary as a dependent on the parent or legal guardian's federal tax return for the calendar year in which contributions were made. If the beneficiary's parents are divorced, the parent or legal guardian claiming the beneficiary as a dependent on the federal individual income tax return must be a Minnesota resident. For beneficiaries age 25 or older, the beneficiary, and a spouse, if any, must have filed a Minnesota and a federal individual income tax return as a Minnesota resident for the calendar year in which contributions were made.

(c) A parent of beneficiaries under age 25 and beneficiaries age 25 or older who did not reside in Minnesota in the calendar year in which contributions were made are not eligible for a matching grant.

Subd. 4. **Age and date of birth determination of beneficiary.** In determining the age of the beneficiary for purposes of a matching grant, the plan administrator shall use the age of the beneficiary as reported on the participation agreement on December 31 of the year in which the request for a matching grant is made.

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

- (1) if the beneficiary's family income is \$50,000 or less, 15 percent of the sum of the contributions made to the beneficiary's account during the calendar year, not to exceed \$400; and
- (2) if the beneficiary's family income is more than \$50,000 but not more than \$80,000, ten percent of the sum of the contributions made to the beneficiary's account during the calendar year, not to exceed \$400.

Subd. 6. **Budget limit.** If the total amount of matching grants determined under subdivision 3 exceeds the amount of the appropriation for the fiscal year, the director shall proportionately reduce each grant so that the total equals the available appropriation. The director must reduce matching grants so that the amount of the matching grant assigned to a beneficiary's account equals:

- (1) the ratio of state appropriations for the matching grant divided by the total dollar amount of matching grants for all beneficiaries; multiplied by
- (2) the dollar amount of the matching grant for each eligible beneficiary.

Subd. 7. **Coordination with Department of Revenue.** In administering matching grants, the director may require that applicants submit sufficient information to determine whether the beneficiary qualifies for a grant, including the Social Security numbers, family income information, and any other information the director determines necessary. The applicant or

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applicants may authorize the director to request information from the commissioner of revenue to verify eligibility for a grant from tax information on file with the commissioner or obtained from the Internal Revenue Service. If this method is used and the taxpayer has authorized a release of the information to the director, the commissioner of revenue may verify that the beneficiary is eligible for a grant at a specified rate and maximum and disclose that information to the director, notwithstanding the provisions of chapter 270B.

Subd. 8. **Private contributions.** (a) The office may solicit and accept contributions from private corporations, other businesses, foundations, employers, or individuals to provide:

(1) matching grants under this section in addition to those funded with direct appropriations;

(2) grants to students who withdraw money from accounts established under the program; or

(3) contributions to an account on behalf of a beneficiary.

(b) Amounts contributed may only be used for those purposes. Amounts contributed are appropriated to the director for the purposes of this subdivision.

(c) Contributors may designate a specific field of study, geographic area, or other criteria that govern use of the grants funded with their contributions, but may not discriminate on the basis of race, ethnicity, or gender. The office may refuse contributions that are subject, in the judgment of the director, to unacceptable conditions on their use.

Subd. 9. **Annual application.** An account owner must submit an application form for a matching grant on an annual basis. The application must be postmarked by May 1 of the year in which the matching grant would be awarded if the applicant qualifies for a matching grant.

Subd. 10. **Single beneficiaries with multiple accounts.** (a) A matching grant will first be computed on an account owned by a parent or legal guardian of the beneficiary, or an account owner who is also the beneficiary. If there are multiple accounts for a single beneficiary, any matching grant, up to the annual maximum, will be proportionately awarded to the beneficiary named in accounts owned by the parents or guardians.

(b) If the account owned by a parent or a guardian or an account owner who is also the beneficiary does not qualify for the maximum annual matching grant, any remaining matching grant funds are proportionately distributed to the beneficiary to an account or accounts owned by someone other than the parent or guardian.

(c) If the account for a beneficiary is not owned by a parent or a legal guardian, or an account owner who is also the beneficiary, then the matching grant will be proportionately distributed to the beneficiary to accounts owned by others.