States Code, title 29, section 201, et seq., as amended, may bring a civil action against the state in federal court or in any other court of competent jurisdiction for such legal or equitable relief as will effectuate the purposes of the act.

Subd. 3. **FAMILY AND MEDICAL LEAVE ACT.** An employee, former employee, or prospective employee of the state who is aggrieved by the state's violation of the Family and Medical Leave Act, United States Code, title 29, sections 2601 to 2654, as amended, may bring a civil action against the state in federal court or in any other court of competent jurisdiction for such legal or equitable relief as will effectuate the purposes of the act.

Subd. 4. **AMERICANS WITH DISABILITIES ACT.** An employee, former employee, or prospective employee of the state who is aggrieved by the state's violation of the Americans with Disabilities Act of 1990, United States Code, title 42, section 12101, as amended, may bring a civil action against the state in federal court or in any other court of competent jurisdiction for such legal or equitable relief as will effectuate the purposes of the act.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective retroactive to August 1, 2001.

Presented to the governor May 24, 2003

Signed by the governor May 28, 2003, 1:45 p.m.

CHAPTER 133—S.F.No. 675

An act relating to higher education; appropriating money for educational and related purposes to the higher education services office, board of trustees of the Minnesota state colleges and universities, board of regents of the university of Minnesota, and Mayo Medical Foundation, with certain conditions; making various changes to the state grant program and the college savings plan; providing for organizational, administrative, and other changes at the higher education services office and the Minnesota state colleges and universities; authorizing revenue bonds; amending Minnesota Statutes 2002, sections 41D.01, subdivision 4; 124D.42, subdivision 3; 135A.14, by adding a subdivision; 136A.01, subdivision 1; 136A.011, subdivision 2; 136A.03; 136A.031, subdivisions 2, 5; 136A.08, subdivision 3; 136A.101, subdivision 5a; 136A.121, subdivisions 6, 7, 9, 9a, 13; 136A.125, subdivisions 2, 4; 136A.171; 136A.29, subdivision 9; 136A.69; 136F.12; 136F.40, subdivision 2; 136F.45, subdivisions 1, 2; 136F.581, subdivisions 1, 2; 136F.59, subdivision 3; 136F.60, subdivision 3; 136G.01; 136G.03, subdivision 31, by adding subdivisions; 136G.05, subdivisions 4, 5, 10; 136G.09, subdivisions 1, 2, 6, 7, 8, 9; 136G.11, subdivisions 1, 2, 3, 9, 13; 136G.13, subdivisions 1, 3; 137.022, subdivision 3; 137.0245, subdivision 2; 137.44; 299A.45, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 136F; 136G; repealing Minnesota Statutes 2002, sections 15A.081, subdivision 7b; 124D.95; 136A.1211; 136A.122; 136A.124; 136F.13; 136F.56; 136F.582; 136F.59, subdivision 2; 136G.03, subdivision 25.

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

New language is indicated by underline, deletions by ~~strikeout.~~

ARTICLE 1

APPROPRIATIONS

Section 1. **HIGHER EDUCATION APPROPRIATIONS.**

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "2004" or "2005" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 2004, or June 30, 2005, respectively. "The first year" is fiscal year 2004. "The second year" is fiscal year 2005. "The biennium" is fiscal years 2004 and 2005.

SUMMARY BY FUND

	2004	2005	TOTAL
General	$1,284,558,000	$1,274,154,000	$2,558,712,000
Health Care Access	2,157,000	2,157,000	4,314,000

SUMMARY BY AGENCY - ALL FUNDS

	2004	2005	TOTAL
Higher Education Services Office	175,002,000	175,002,000	350,004,000
Board of Trustees of the Minnesota State Colleges and Universities	560,881,000	547,694,000	1,108,575,000
Board of Regents of the University of Minnesota	549,441,000	552,224,000	1,101,665,000
Mayo Medical Foundation	1,391,000	1,391,000	2,782,000

	APPROPRIATIONS Available for the Year Ending June 30	
	2004	2005
Sec. 2. HIGHER EDUCATION SERVICES OFFICE		
Subdivision 1. Total Appropriation	$ 175,002,000	$ 175,002,000

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

Subd. 2. State Grants

140,575,000	140,575,000

For the biennium, the private institution tuition maximum shall be $8,983 in the first year and $8,983 in the second year for four-year institutions and $6,913 in the first year and $6,913 in the second year for two-year institutions.

This appropriation contains money to provide educational benefits to dependent children under age 23 and the spouses of public safety officers killed in the line of duty pursuant to Minnesota Statutes 2002, section 299A.45.

This appropriation contains money to set the living and miscellaneous expense allowance at $5,205 in each year.

Subd. 3. Interstate Tuition Reciprocity

3,600,000	3,600,000

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

Subd. 4. State Work Study

12,444,000	12,444,000

Subd. 5. Child Care Grants

4,743,000	4,743,000

Subd. 6. Minitex

4,381,000	4,381,000

Subd. 7. MnLINK

450,000	450,000

The base appropriation for MnLINK operations is $400,000 each year in fiscal years 2006 and 2007.

Any unexpended funds from the appropriation in Laws 1997, chapter 183, article 1, section 2, subdivision 8, shall cancel on June 30, 2005.

Subd. 8. Learning Network of Minnesota

4,829,000	4,829,000

Subd. 9. Income Contingent Loans

The higher education services office shall administer an income-contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathy programs. Applicant data collected by the office for this program may be disclosed to a consumer credit reporting agency under the same conditions as those that apply to the supplemental loan program under Minnesota Statutes, section 136A.162. No new applicants may be accepted after June 30, 1995.

Subd. 10. Minnesota College Savings Plan

1,120,000	1,120,000

Subd. 11. Agency Administration

2,860,000	2,860,000

This appropriation includes $125,000 each year for the student and parent information program under Minnesota Statutes, section 136A.87; $184,000 each year for the Get Ready program; and $255,000 each year for the college intervention program to foster postsecondary attendance by providing outreach services to historically underserved groups of Minnesota elementary and secondary students. The office may contract with other agencies or nonprofit organizations for specific services specifically funded by this paragraph.

This appropriation contains $100,000 each year for grants to increase campus-community collaboration and service learning statewide. For every $1 in state funding, grant recipients must contribute $2 in campus or community-based support.

Subd. 12. Balances Forward

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

Subd. 13. Transfers

The higher education services office may transfer unencumbered balances from the appropriations in this section to the state grant appropriation and the interstate tuition reciprocity appropriation.

Subd. 14. Reporting

The higher education services office shall collect data monthly from institutions disbursing state financial aid. The data collected shall include, but is not limited to, expenditures by type to date and unexpended balances.

The higher education services office shall evaluate and report monthly on state financial aid expenditures and unexpended balances to the chairs of the higher education finance committees of the senate and house of representatives and the commissioner of finance. By July 15, December 1, February 15, and April 15, the services office shall provide updated state grant spending projections taking into account the most current and projected enrollment and tuition and fee information, economic conditions, and other relevant factors. Before submitting state grant spending projections, the office shall meet and consult with representatives of public and private postsecondary education, the department of finance, governor's office, legislative staff, and financial aid administrators. The board of regents of the University of Minnesota, the board of trustees of the Minnesota state colleges and universities, and private institutions that participate in the state grant program shall submit tuition and fee information to the higher education services office no later than July 1 of each year.

The higher education services office shall by January 15, 2004, and by November 30, 2004, report on the impact on students of the changes in financial aid policies made by this act.

Sec. 3. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. Total Appropriation	560,881,000	547,694,000

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

Subd. 2. Estimated Expenditures and Appropriations

The legislature estimates that instructional expenditures will be $750,105,000 in the first year and $730,324,000 in the second year. The legislature estimates that noninstructional expenditures will be $60,811,000 in the first year and $60,811,000 in the second year.

This appropriation includes money for a grant to Minnesota State University, Mankato, for the talented youth mathematics program.

During the biennium, neither the board nor campuses shall plan or develop doctoral level programs or degrees until after they have received the recommendation of the house and senate committees on education, finance, and ways and means.

During the biennium, technical and consolidated colleges shall make use of instructional advisory committees consisting of employers, students, and instructors. The instructional advisory committee shall be consulted when a technical program is proposed to be created, modified, or eliminated. If a decision is made to eliminate a program, a college shall adequately notify students and make plans to assist students affected by the closure.

In each year, the board of trustees shall increase the percentage of the total general fund expenditures for direct instruction and academic support, as reported in the federal Integrated Postsecondary Education Data System (IPEDS).

Subd. 3. Accountability

The board shall continue to submit the data and information enumerated in Laws 2001, First Special Session chapter 1, article 1, section 3, subdivision 3, in the accountability report currently under development. For the purpose of those reports, a first generation student is a student neither of whose parents received any postsecondary education.

Sec. 4. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation	549,441,000	552,224,000

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

Subd. 2. Operations and Maintenance

483,917,000 486,700,000

Estimated Expenditures and Appropriations

The legislature estimates that instructional expenditures will be $368,020,000 in the first year and $371,860,000 in the second year. The legislature estimates that noninstructional expenditures will be

$238,571,000 the first year and $238,793,000 in the second year.

Subd. 3. Health Care Access Fund

2,157,000 2,157,000

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

Subd. 4. Special Appropriation 63,367,000 63,367,000

(a) Agriculture and Extension Service

50,625,000 50,625,000

This appropriation is for the Agricultural Experiment Station, Minnesota Extension Service.

Any salary increases granted by the University to personnel paid from the Minnesota Extension appropriation must not result in a reduction of the county responsibility for the salary payments.

During the biennium, the University shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of the range in size and income distribution of farms and agribusinesses and must not disproportionately represent those from the upper half of the size and income distributions.

The university must continue to provide support for the rapid agricultural response fund, and sustainable and organic agriculture initiatives including, but not limited to, the alternative swine systems program.

(b) Health Sciences

4,929,000 4,929,000

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

(c) Institute of Technology

1,387,000 1,387,000

This appropriation is for the Geological Survey and the Talented Youth Mathematics Program.

(d) System Specials

6,426,000 6,426,000

This appropriation is for general research, student loans matching money, industrial relations education, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.

Subd. 5. Academic Health Center

The appropriation to the academic health center under Minnesota Statutes, chapter 297F, if enacted, is anticipated to be $22,515,000 in the first year and $22,403,000 in the second year.

Subd. 6. Accountability

The board shall continue to submit the data and information enumerated in Laws 2001, First Special Session chapter 1, article 1, section 4, subdivision 5, in the board's university plan, performance, and accountability report. For the purpose of those reports, a first generation student is a student neither of whose parents received any postsecondary education.

Sec. 5. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation 1,391,000 1,391,000

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

Subd. 2. Medical School

514,000	514,000

The state of Minnesota must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

Subd. 3. Family Practice and Graduate Residency Program

531,000	531,000

The state of Minnesota must pay a capitation of 27 residents each year.

Subd. 4. St. Cloud Hospital-Mayo Family Practice Residency Program

346,000	346,000

This appropriation is to the Mayo foundation to support 12 resident physicians each year in the St. Cloud Hospital-Mayo Family Practice Residency program. The program shall prepare doctors to practice primary care medicine in the rural areas of the state. It is intended that this program will improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

Sec. 6. SELF LOAN RESERVE FUND TRANSFER

Notwithstanding any law to the contrary, by June 30, 2003, the commissioner of finance shall transfer $30,000,000 of uncommitted balances in the SELF loan reserve fund, under Minnesota Statutes, section 136A.1701, to the budget reserve account in the general fund. By June 30, 2007, the commissioner of finance shall return this amount to the SELF loan reserve fund. The amount necessary to make the return transfer is appropriated from the general fund to the commissioner of finance for the fiscal year ending June 30, 2007.

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

Sec. 7. POSTSECONDARY SYSTEMS

As part of the boards' biennial budget requests, the board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota shall report to the legislature on progress under the master academic plan for the metropolitan area. The report must include a discussion of coordination and duplication of program offerings, developmental and remedial education, credit transfers within and between the postsecondary systems, and planning and delivery of coordinated programs. In order to better achieve the goal of a more integrated, effective, and seamless postsecondary education system in Minnesota, the report must also identify statewide efforts at integration and cooperation between the postsecondary systems.

Sec. 8. K-12 TEACHER INSTRUCTION AND LICENSURE SURVEY

The Minnesota Association of Colleges of Teacher Education is requested to collect data from each of its member institutions that measure the involvement of teacher education programs and their faculty with Minnesota K-12 schools. The data shall include at least: current Minnesota licensure status of faculty, K-12 teaching experience of college faculty under that licensure within the last five years, descriptions of college and faculty collaborations with K-12 teachers and students, and information on other projects involving higher education in K-12 schools. The data shall be presented to the education policy and finance committees of the legislature by February 15, 2004.

ARTICLE 2

POLICY CHANGES

Section 1. Minnesota Statutes 2002, section 41D.01, subdivision 4, is amended to read:

Subd. 4. **EXPIRATION.** This section expires on June 30, ~~2003~~ 2008.

Sec. 2. Minnesota Statutes 2002, section 135A.14, is amended by adding a subdivision to read:

Subd. 6a. **MENINGITIS INFORMATION.** Each public and private postsecondary institution shall provide information on the risks of meningococcal disease and on the availability and effectiveness of any vaccine to each individual who is a first-time enrollee and who resides in on-campus student housing. The institution may provide the information in an electronic format. The institution must consult with the department of health on the preparation of the informational materials provided under this subdivision.

EFFECTIVE DATE. This section is effective June 1, 2003.

Sec. 3. Minnesota Statutes 2002, section 136A.01, subdivision 1, is amended to read:

Subdivision 1. **CREATION.** An office for higher education in the state of Minnesota, to be known as the Minnesota higher education services office or HESO, is created with a director appointed by the governor with the advice and consent of the senate and serving at the pleasure of the governor.

EFFECTIVE DATE. This section is effective when a vacancy occurs in the position of director or December 30, 2003, whichever is first.

Sec. 4. Minnesota Statutes 2002, section 136A.011, subdivision 2, is amended to read:

Subd. 2. **DUTIES.** The council shall:

New language is indicated by underline, deletions by ~~strikeout.~~

(1) ~~appoint the director of the higher education services office, as provided in section 136A.03;~~

~~(2)~~ provide advice and review regarding the performance of the higher education services office in its duties and in any policies, procedures, or rules the office prescribes to perform its duties; and

~~(3)~~ (2) communicate with and make recommendations to the governor and the legislature.

Sec. 5. Minnesota Statutes 2002, section 136A.03, is amended to read:

136A.03 **EXECUTIVE OFFICERS; EMPLOYEES.**

The ~~director of the~~ higher education services office shall ~~possess the powers and perform the duties as prescribed by the higher education services council and~~ be under the administrative control of the director. The director shall serve in the unclassified service of the state civil service. The director, or the director's designated representative, on behalf of the office is authorized to sign contracts and execute all instruments necessary or appropriate to carry out the purposes of sections 136A.01 to 136A.178 for the office. The salary of the director shall be established ~~by the higher education services council~~ according to section 15A.0815. ~~The director shall be a person qualified by training or experience in the field of higher education or in financial aid administration.~~ The director may appoint other professional employees who shall serve in the unclassified service of the state civil service. All other employees shall be in the classified civil service.

An ~~officer or professional~~ employee appointed by the director to serve in the unclassified service as provided in this section, is a person who has studied higher education or a related field at the graduate level or has similar experience and who is qualified for a career in financial aid and other aspects of higher education and for activities in keeping with the planning and administrative responsibilities of the office and who is appointed to assume responsibility for administration of educational programs or research in matters of higher education.

Sec. 6. Minnesota Statutes 2002, section 136A.031, subdivision 2, is amended to read:

Subd. 2. **HIGHER EDUCATION ADVISORY COUNCIL.** A higher education advisory council (HEAC) is established. The HEAC is composed of the president ~~and the senior vice-president for academic affairs~~ of the University of Minnesota or designee; the chancellor of the Minnesota state colleges and universities or designee; ~~the associate vice-chancellors of the state universities, community colleges, and technical colleges;~~ the commissioner of children, families, and learning; the president of the private college council; ~~and~~ a representative from the Minnesota association of private post-secondary schools; and a member appointed by the governor. The HEAC shall (1) bring to the attention of the higher education services council any matters that the HEAC deems necessary, and (2) review and comment upon matters before the council. The council shall refer all proposals to the HEAC before submitting recommendations to the governor and the legislature. The council shall provide time for a report from the HEAC at each meeting of the council.

New language is indicated by underline, deletions by ~~strikeout.~~

Sec. 7. Minnesota Statutes 2002, section 136A.031, subdivision 5, is amended to read:

Subd. 5. **EXPIRATION.** Notwithstanding section 15.059, subdivision ~~5a~~ 5, the advisory groups established in this section expire on June 30, ~~2003~~ 2005.

Sec. 8. Minnesota Statutes 2002, section 136A.101, subdivision 5a, is amended to read:

Subd. 5a. **ASSIGNED FAMILY RESPONSIBILITY.** "Assigned family responsibility" means the amount of a family contribution to a student's cost of attendance, as determined by a federal need analysis~~, except that, beginning for the 1998-1999 academic year, up to $25,000 in savings and other assets shall be subtracted from the federal calculation of net worth before determining the contribution~~. For dependent students, the assigned family responsibility is the parental contribution. For independent students with dependents other than a spouse, the assigned family responsibility is the student contribution. For independent students without dependents other than a spouse, the assigned family responsibility is ~~80~~ 72 percent of the student contribution. ~~Beginning in fiscal year 2002,~~ The assigned family responsibility for all other independent students is ~~reduced an additional ten~~ 90 percent of the student contribution.

Sec. 9. Minnesota Statutes 2002, section 136A.121, subdivision 6, is amended to read:

Subd. 6. **COST OF ATTENDANCE.** (a) The recognized cost of attendance consists of allowances specified in law for living and miscellaneous expenses, and an allowance for tuition and fees equal to the lesser of the ~~actual~~ average tuition and fees charged by the institution, or the ~~private institution~~ tuition and fee maximums established in law.

(b) ~~For the purpose of paragraph (a), the private institution tuition and fee maximum for two- and four-year, private, residential, liberal arts, degree-granting colleges and universities must be the same.~~

~~(c)~~ For a student registering for less than full time, the office shall prorate the ~~living and miscellaneous expense allowance~~ cost of attendance to the actual number of credits for which the student is enrolled.

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

For the purpose of this subdivision, "fees" include only those fees that are mandatory and charged to full-time resident students attending the institution.

Sec. 10. Minnesota Statutes 2002, section 136A.121, subdivision 7, is amended to read:

New language is indicated by underline, deletions by ~~strikeout.~~

Subd. 7. **INSUFFICIENT APPROPRIATION.** If the amount appropriated is determined by the office to be insufficient to make full awards to applicants under subdivision 5, ~~before any award for that year has been disbursed,~~ awards must be reduced by:

(1) adding a surcharge to the applicant's assigned family responsibility, as defined in section 136A.101, subdivision 5a; and

(2) a percentage increase in the applicant's assigned student responsibility, as defined in subdivision 5.

<u>The reduction under clauses (1) and (2) must be equal dollar amounts.</u>

Sec. 11. Minnesota Statutes 2002, section 136A.121, subdivision 9, is amended to read:

Subd. 9. **AWARDS.** An undergraduate student who meets the office's requirements is eligible to apply for and receive a grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or previously has been enrolled full time or the equivalent for ~~ten~~ <u>eight</u> semesters or the equivalent, excluding courses taken from a Minnesota school or post-secondary institution which is not participating in the state grant program and from which a student transferred no credit. <u>A student enrolled in a two-year program at a four-year institution is only eligible for the tuition and fee maximums established by law for two-year institutions.</u>

Sec. 12. Minnesota Statutes 2002, section 136A.121, subdivision 9a, is amended to read:

Subd. 9a. **FULL-YEAR GRANTS.** Students may receive state grants for four consecutive quarters or three consecutive semesters during the course of a single fiscal year. In calculating a state grant for the fourth quarter or third semester, the office must use the same calculation as it would for any other term<u>, except that the calculation must subtract any federal Pell grant for which a student would be eligible even if the student has exhausted the Pell grant for that fiscal year</u>.

Sec. 13. Minnesota Statutes 2002, section 136A.121, subdivision 13, is amended to read:

Subd. 13. **DEADLINE.** The ~~office shall accept applications for state grants until February 15 and may establish a deadline for the acceptance of applications that is later than February 15~~ <u>deadline for the office to accept applications for state grants for a term, is 14 days after the start of that term.</u>

Sec. 14. Minnesota Statutes 2002, section 136A.125, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE STUDENTS.** An applicant is eligible for a child care grant if the applicant:

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

(2) has a child 12 years of age or younger, or 14 years of age or younger who is handicapped as defined in section 125A.02, and who is receiving or will receive care

New language is indicated by <u>underline</u>, deletions by ~~strikeout.~~

on a regular basis from a licensed or legal, nonlicensed caregiver;

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

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

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

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

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

Sec. 15. Minnesota Statutes 2002, section 136A.125, subdivision 4, is amended to read:

Subd. 4. **AMOUNT AND LENGTH OF GRANTS.** The amount of a child care grant must be based on:

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

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

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

The maximum award to the applicant shall be ~~$2,600~~ $2,200 for each eligible child per academic year, except that the campus financial aid officer may apply to the office for approval to increase grants by up to ten percent to compensate for higher market charges for infant care in a community. The office shall develop policies to determine community market costs and review institutional requests for compensatory grant increases to ensure need and equal treatment. The office shall prepare a chart to show the amount of a grant that will be awarded per child based on the factors in this subdivision. The chart shall include a range of income and family size.

Sec. 16. Minnesota Statutes 2002, section 136A.29, subdivision 9, is amended to read:

Subd. 9. The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~$650,000,000~~ $800,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

Sec. 17. Minnesota Statutes 2002, section 136A.69, is amended to read:

136A.69 **FEES.**

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

Sec. 18. Minnesota Statutes 2002, section 136F.12, is amended to read:

136F.12 **FOND DU LAC CAMPUS.**

Subdivision 1. **UNIQUE MISSIONS.** The Fond du Lac campus has a unique mission among two-year colleges to serve the lower division general education needs in Carlton and south St. Louis counties, and the education needs of American Indians throughout the state and especially in northern Minnesota. The campus has a further unique mission to provide programs in support of its federal land grant status. Accordingly, while the college is governed by the board of trustees, its governance is accomplished in conjunction with the board of directors of Fond du Lac tribal college.

Subd. 2. **SELECTED PROGRAMS.** Notwithstanding section 135A.052, subdivision 1, to better meet the education needs of Minnesota's American Indian students, and in furtherance of the unique missions provided in subdivision 1, Fond du Lac tribal and community college may offer a baccalaureate program in elementary education, as approved by the board of trustees of the Minnesota state colleges and universities, and the board of directors of Fond du Lac tribal and community college.

Subd. 3. **BARGAINING UNIT ASSIGNMENT.** Notwithstanding section 179A.10, subdivision 2, the state university instructional unit shall include faculty who teach upper division courses at the Fond du Lac tribal and community college.

Sec. 19. Minnesota Statutes 2002, section 137.022, subdivision 3, is amended to read:

Subd. 3. **ENDOWED CHAIR ACCOUNT.** (a) For purposes of this section, the permanent university fund has three accounts. The sources of the money in the endowed mineral research and scholarship accounts are set out in paragraph (b) and subdivision 4. All money in the fund that is not otherwise allocated is in the endowed chair account. The income from the endowed chair account must be used, and capital gains allocated to that account may be used, to provide endowment support for professorial chairs in academic disciplines. The endowment support for the chairs from the income and the capital gains must not total more than six percent per year of the 36-month trailing average market value of the endowed chair account of the fund, as computed quarterly or otherwise as directed by the regents. The endowment support from the income and the capital gains must not provide more than half the sum of the endowment support for all university chairs and professorships endowed, with nonstate sources providing the remainder. The endowment support from the income and the capital gains may provide more than half the endowment support of an individual chair.

(b) If any portion of the annual appropriation of the income is not used for the purposes specified in paragraph (a) or subdivision 4, that portion lapses and must be added to the principal of the three accounts of the permanent university fund in proportion to the market value of each account.

Sec. 20. Minnesota Statutes 2002, section 137.44, is amended to read:

137.44 **HEALTH PROFESSIONAL EDUCATION BUDGET PLAN.**

The board of regents is requested to adopt a biennial budget plan for making expenditures from the ~~medical education endowment fund~~ funds dedicated for the

New language is indicated by underline, deletions by ~~strikeout.~~

instructional costs of health professional programs at publicly funded academic health centers and affiliated teaching institutions. The budget plan may be submitted as part of the University of Minnesota's biennial budget request.

Sec. 21. **REPEALER.**

Minnesota Statutes 2002, sections 15A.081, subdivision 7b; 124D.95; 136A.1211; 136A.122; and 136A.124, are repealed.

ARTICLE 3

HESO HOUSEKEEPING

Section 1. Minnesota Statutes 2002, section 124D.42, subdivision 3, is amended to read:

Subd. 3. **POSTSERVICE BENEFIT.** (a) Each eligible organization must agree to provide to every participant who fulfills the terms of a contract under subdivision 2, a nontransferable postservice benefit. The benefit must be not less than $4,725 per year of full-time service or prorated for part-time service or for partial service of at least 900 hours. Upon signing a contract under subdivision 2, each eligible organization must deposit funds to cover the full amount of postservice benefits obligated, except for national education awards that are deposited in the national service trust fund. Funds encumbered in fiscal years 1994 and 1995 for postservice benefits must be available until the participants for whom the funds were encumbered are no longer eligible to draw benefits.

(b) Nothing in this subdivision prevents a grantee organization from using funds from nonfederal or nonstate sources to increase the value of postservice benefits above the value described in paragraph (a).

(c) ~~The higher education services office must establish an account for depositing funds for postservice benefits received from eligible organizations. If a participant does not complete the term of service or, upon successful completion of the program, does not use a postservice benefit according to subdivision 4 within seven years, the amount of the postservice benefit must be refunded to the eligible organization or, at the organization's discretion, dedicated to another eligible participant. Interest earned on funds deposited in the postservice benefit account is appropriated to the higher education services office for the costs of administering the postservice benefits accounts.~~

~~(d)~~ The state must provide an additional postservice benefit to any participant who successfully completes the program. The benefit must be a credit of five points to be added to the competitive open rating of a participant who obtains a passing grade on a civil service examination under chapter 43A. The benefit is available for five years after completing the community service.

New language is indicated by underline, deletions by ~~strikeout.~~

Sec. 2. Minnesota Statutes 2002, section 136A.08, subdivision 3, is amended to read:

Subd. 3. **WISCONSIN.** A higher education reciprocity agreement with the state of Wisconsin may include provision for the transfer of funds between Minnesota and Wisconsin ~~provided that an income tax reciprocity agreement between Minnesota and Wisconsin is in effect for the period of time included under the higher education reciprocity agreement~~. If this provision is included, the amount of funds to be transferred shall be determined according to a formula which is mutually acceptable to the office and a duly designated agency representing Wisconsin. The formula shall recognize differences in tuition rates between the two states and the number of students attending institutions in each state under the agreement. Any payments to Minnesota by Wisconsin shall be deposited by the office in the general fund of the state treasury. The amount required for the payments shall be certified by the director of the office to the commissioner of finance annually.

Sec. 3. Minnesota Statutes 2002, section 136A.171, is amended to read:

136A.171 **REVENUE BONDS; ISSUANCE; PROCEEDS.**

The higher education services office may issue revenue bonds to obtain funds for loans made in accordance with the provisions of this chapter. The aggregate amount of revenue bonds, issued directly by the office, outstanding at any one time, not including refunded bonds or otherwise defeased or discharged bonds, shall not exceed ~~$550,000,000~~ $850,000,000. Proceeds from the issuance of bonds may be held and invested by the office pending disbursement in the form of loans. All interest and profits from the investments shall inure to the benefit of the office and shall be available to the office for the same purposes as the proceeds from the sale of revenue bonds including, but not limited to, costs incurred in administering loans under this chapter and loan reserve funds.

Sec. 4. Minnesota Statutes 2002, section 136G.01, is amended to read:

136G.01 **PLAN ESTABLISHED.**

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

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

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

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

Sec. 5. Minnesota Statutes 2002, section 136G.03, is amended by adding a subdivision to read:

Subd. 4a. **APPLICATION.** "Application" means the form executed by a prospective account owner to enter into a participation agreement and open an account in the plan. The application incorporates by reference the participation agreement.

New language is indicated by underline, deletions by ~~strikeout.~~

Sec. 6. Minnesota Statutes 2002, section 136G.03, is amended by adding a subdivision to read:

Subd. 21a. **MINOR TRUST ACCOUNT.** "Minor trust account" means a Uniform Gift to Minors Act account, a Uniform Transfers to Minors Act account, or a trust instrument naming a minor person as beneficiary, created and operating under the laws of Minnesota or another state.

Sec. 7. Minnesota Statutes 2002, section 136G.03, subdivision 31, is amended to read:

Subd. 31. **ROLLOVER DISTRIBUTION.** "Rollover distribution" means a transfer of funds made:

(1) from one account to another account within 60 days of a distribution;

(2) from another qualified state tuition program to an account within 60 days of the distribution; or

(3) to another qualified state tuition program from an account within 60 days of a distribution.

~~Each~~ When there is a change of beneficiary in a rollover distribution, the transfer of funds must be made for the benefit of a new beneficiary who is a member of the family of the prior beneficiary. A rollover distribution from one qualified tuition plan to another once every 12 months without a change of beneficiary is permitted.

Sec. 8. Minnesota Statutes 2002, section 136G.05, subdivision 4, is amended to read:

Subd. 4. **PLAN TO COMPLY WITH FEDERAL LAW.** The director shall ensure that the plan meets the requirements for a qualified ~~state~~ tuition program under section 529(b)(1)(A)(ii) of the Internal Revenue Code. The director may request a private letter ruling or rulings from the Internal Revenue Service or take any other steps to ensure that the plan qualifies under section 529 of the Internal Revenue Code or other relevant provisions of federal law.

Sec. 9. Minnesota Statutes 2002, section 136G.05, subdivision 5, is amended to read:

Subd. 5. ~~MINIMUM PENALTY~~ **NONQUALIFIED DISTRIBUTIONS AND MATCHING GRANTS.** ~~In establishing the terms of the program, the office must provide that refunds of amounts in an account are subject to a minimum penalty, as required by section 529(b)(3) of the Internal Revenue Code. If the refunds or payments are not used for qualified higher education expenses of the designated beneficiary, this penalty must equal, at least, the proportionate amount of any matching grants deposited in the account under section 136G.11 and the investment return on the grants, plus an additional penalty that meets the requirement of federal law.~~ There cannot be a nonqualified withdrawal of matching grant funds and any refund of matching grants must be returned to the plan.

New language is indicated by underline, deletions by ~~strikeout.~~

Sec. 10. Minnesota Statutes 2002, section 136G.05, subdivision 10, is amended to read:

Subd. 10. **DATA.** Account owner data, account data, and data on beneficiaries of accounts are private data on individuals or nonpublic data as defined in section 13.02, except that the names and addresses of the beneficiaries of accounts that receive matching grants are public.

Sec. 11. Minnesota Statutes 2002, section 136G.09, subdivision 1, is amended to read:

Subdivision 1. **CONTRIBUTIONS TO AN ACCOUNT.** A person may make contributions to an account on behalf of a beneficiary. Contributions to an account made by persons other than the account owner become the property of the account owner. A person does not acquire an interest in an account by making contributions to an account. Contributions to an account must be made by check~~, money order,~~ or other commercially acceptable means as permitted by the United States Internal Revenue Service and other applicable federal and state law and ~~authorized~~ approved by the plan administrator in cooperation with the office and the board.

Sec. 12. Minnesota Statutes 2002, section 136G.09, subdivision 2, is amended to read:

Subd. 2. **AUTHORITY OF ACCOUNT OWNER.** Except as provided for minor trust accounts in section 136G.14, an account owner is the only person entitled to:

(1) select or change a beneficiary or a contingent account owner; or

(2) request distributions or rollover distributions from an account.

Sec. 13. Minnesota Statutes 2002, section 136G.09, subdivision 6, is amended to read:

Subd. 6. **CHANGE OF BENEFICIARY.** Except as provided for minor trust accounts in section 136G.14, an account owner may change the beneficiary of an account to a member of the family of the current beneficiary, at any time without penalty, if the change will not cause the total account balance of all accounts held for the new beneficiary to exceed the maximum account balance limit as provided in subdivision 8. A change of beneficiary other than as permitted in this subdivision is treated as a nonqualified distribution under section 136G.13, subdivision 3.

Sec. 14. Minnesota Statutes 2002, section 136G.09, subdivision 7, is amended to read:

Subd. 7. **CHANGE OF ACCOUNT OWNERSHIP.** Except as provided for minor trust accounts in section 136G.14, an account owner may transfer ownership of an account to another person eligible to be an account owner. All transfers of ownership are absolute and irrevocable.

Sec. 15. Minnesota Statutes 2002, section 136G.09, subdivision 8, is amended to read:

Subd. 8. **MAXIMUM ACCOUNT BALANCE LIMIT.** (a) When a contribution is made, the total account balance of all accounts held for the same beneficiary, including matching grant accounts, must not exceed the maximum account balance limit as determined under this subdivision.

(b) ~~The maximum account balance limit is reduced for withdrawals from any account for the same beneficiary that are qualified distributions, distributions due to the death or disability of the beneficiary, or distributions due to the beneficiary receiving a scholarship. Subsequent contributions must not be made to replenish an account if the contribution results in the total account balance of all accounts held for the beneficiary to exceed the reduced maximum account balance limit. Any subsequent contributions must be rejected. A subsequent contribution accepted in error must be returned to the account owner plus any earnings on the contribution less any applicable penalties.~~

~~(c) The maximum account balance limit is not reduced for a nonqualified distribution or a rollover distribution. When such distributions are taken, subsequent contributions may be made to replenish an account up to the maximum account balance limit.~~

~~(d)~~ The office must establish a maximum account balance limit. The office must adjust the maximum account balance limit, as necessary, or on January 1 of each year. The maximum account balance limit must not exceed the amount permitted for the plan to qualify as a qualified ~~state~~ tuition program under section 529 of the Internal Revenue Code. For calendar years ~~2002~~ <u>2004</u> and ~~2003~~ <u>2005</u>, the maximum account balance <u>limit</u> is $235,000.

~~(e)~~ <u>(c)</u> If the total account balance of all accounts held for a single beneficiary reaches the maximum account balance limit prior to the end of that calendar year, the beneficiary may receive an applicable matching grant for that calendar year.

Sec. 16. Minnesota Statutes 2002, section 136G.09, subdivision 9, is amended to read:

Subd. 9. **EXCESS CONTRIBUTIONS AND BALANCES.** A contribution to any account for a beneficiary must be rejected if the contribution would cause the total account balance of all accounts held for the same beneficiary, including the matching grant account, to exceed the maximum account balance limit under section 529 of the Internal Revenue Code as established by the office. ~~If a contribution under this subdivision is accepted in error, the contribution must be returned to the account owner plus any earnings thereon, less applicable penalties. A payment of an excess contribution to the account owner may be a nonqualified distribution subject to a penalty.~~

Sec. 17. Minnesota Statutes 2002, section 136G.11, subdivision 1, is amended to read:

Subdivision 1. **MATCHING GRANT QUALIFICATION.** By ~~March 1~~ <u>June 30</u> 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; and

(3) the family income of the beneficiary did not exceed $80,000.

Sec. 18. Minnesota Statutes 2002, section 136G.11, subdivision 2, is amended to read:

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 ~~most recently available tax~~ calendar year in which contributions were made. If the beneficiary's parents 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 ~~two years prior to the year in which the matching grant is awarded, the matching grant must be based on family income from Internal Revenue Service tax data on file with the Minnesota department of revenue.~~

~~(c) Parents or legal guardians of beneficiaries under age 25 and beneficiaries age 25 or older who did not reside in Minnesota two years prior to the year in which the matching grant is awarded must provide a signed copy of their federal individual income tax return to the office, regardless of who the account owner is, in order to be considered for a matching grant~~, the matching grant must be based on family income from the calendar year in which contributions were made.

Sec. 19. Minnesota Statutes 2002, section 136G.11, subdivision 3, is amended to read:

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~~, claiming~~ and claimed the beneficiary as a dependent~~, two years prior to the year in which the matching grant is awarded~~ on their federal tax return for the calendar year in which contributions were made. 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 ~~two years prior to the year in which the matching grant is awarded~~ 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 ~~two years prior to the year in which the matching grant is awarded must establish Minnesota residency through the issuance of a Minnesota driver's license or identification card~~ in the calendar year in which contributions were made are not eligible for a matching grant.

Sec. 20. Minnesota Statutes 2002, section 136G.11, subdivision 9, is amended to read:

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 ~~December 31~~ May 1 of the year ~~preceding the awarding of the~~ in which the matching grant would be awarded if the applicant qualifies for a matching grant.

Sec. 21. Minnesota Statutes 2002, section 136G.11, subdivision 13, is amended to read:

Subd. 13. **FORFEITURE OF MATCHING GRANTS.** (a) Matching grants are forfeited if:

(1) the account owner transfers the total account balance of an account to another account or to another qualified ~~state~~ tuition program;

(2) the beneficiary receives a full tuition scholarship or admission to a United States service academy;

(3) the beneficiary dies or becomes disabled;

(4) the account owner changes the beneficiary of the account; or

(5) the account owner closes the account with a nonqualified withdrawal.

(b) Matching grants must be proportionally forfeited if:

(1) the account owner transfers a portion of an account to another account or to another qualified ~~state~~ tuition program;

(2) the beneficiary receives a scholarship covering a portion of qualified higher education expenses; or

(3) the account owner makes a partial nonqualified withdrawal.

(c) If the account owner makes a misrepresentation in a participation agreement or an application for a matching grant that results in a matching grant, the matching grant associated with the misrepresentation is forfeited. The office and the board must instruct the plan administrator as to the amount to be forfeited from the matching grant account. The office and the board must withdraw the matching grant or the proportion of the matching grant that is related to the misrepresentation.

Sec. 22. Minnesota Statutes 2002, section 136G.13, subdivision 1, is amended to read:

Subdivision 1. **QUALIFIED DISTRIBUTION METHODS.** (a) Qualified distributions may be made:

(1) directly to participating eligible educational institutions on behalf of the beneficiary; or

(2) in the form of a check payable to both the beneficiary and the eligible educational institution~~; or~~.

~~(3) to an account owner with a receipt verifying the payment of qualified higher education expenses.~~

(b) ~~When administratively feasible, distributions may be made when the account owner and beneficiary certify prior to the distribution that the distribution will be expended for qualified higher education expenses a reasonable time after the distribution. The plan administrator may retain a penalty on the earnings portion of the nonqualified distribution until payment of qualified higher education expenses are substantiated. A payment receipt showing payment for qualified higher education expenses must be submitted to the program administrator within 30 days of distribution.~~

~~(c)~~ Qualified distributions must be withdrawn proportionally from contributions and earnings in an account owner's account on the date of distribution as provided in section 529 of the Internal Revenue Code.

Sec. 23. Minnesota Statutes 2002, section 136G.13, subdivision 3, is amended to read:

Subd. 3. **NONQUALIFIED DISTRIBUTION.** An account owner may request a nonqualified distribution from an account at any time. Nonqualified distributions are based on the total account balances in an account owner's account and must be withdrawn proportionally from contributions and earnings as provided in section 529 of the Internal Revenue Code. The earnings portion of a nonqualified distribution is subject to a ~~penalty~~ federal additional tax pursuant to section 529 of the Internal Revenue Code. For purposes of this subdivision, "earnings portion" means the ratio of the earnings in the account to the total account balance, immediately prior to the distribution, multiplied by the distribution. ~~The penalty must be withheld from the total amount of any distribution.~~

Sec. 24. **[136G.14] MINOR TRUST ACCOUNTS.**

(a) This section applies to a plan account in which funds of a minor trust account are invested.

(b) The account owner may not be changed to any person other than a successor custodian or the beneficiary unless a court order directing the change of ownership is provided to the plan administrator. The custodian must sign all forms and requests submitted to the plan administrator in the custodian's representative capacity. The custodian must notify the plan administrator in writing when the beneficiary becomes legally entitled to be the account owner. An account owner under this section may not select a contingent account owner.

(c) The beneficiary of an account under this section may not be changed. If the beneficiary dies, assets in a plan account become the property of the beneficiary's estate. Funds in an account must not be transferred or rolled over to another account owner or to an account for another beneficiary. A nonqualified distribution from an account, or a distribution due to the disability or scholarship award to the beneficiary, must be used for the benefit of the beneficiary.

Sec. 25. Minnesota Statutes 2002, section 137.0245, subdivision 2, is amended to read:

Subd. 2. **MEMBERSHIP.** The regent candidate advisory council shall consist of 24 members. Twelve members shall be appointed by the subcommittee on committees of the committee on rules and administration of the senate. Twelve members shall be appointed by the speaker of the house of representatives. Each appointing authority must appoint one member who is a student enrolled in a degree program at the University of Minnesota at the time of appointment. No more than one-third of the members appointed by each appointing authority may be current or former legislators. No more than two-thirds of the members appointed by each appointing authority may belong to the same political party; however, political activity or affiliation is not required for the appointment of any member. Geographical representation must be taken into consideration when making appointments. Section 15.0575 shall govern the advisory council, except that:

(1) the members shall be appointed to six-year terms with one-third appointed each even-numbered year; and

(2) student members are appointed to two-year terms with two students appointed each even-numbered year.

Sec. 26. Minnesota Statutes 2002, section 299A.45, subdivision 2, is amended to read:

Subd. 2. **AWARD AMOUNT.** (a) The amount of the award is the lesser of:

(1) ~~for public institutions, the actual tuition and fees charged by the institution; or~~

~~(2) for private institutions the lesser of (i)~~ the ~~actual~~ average tuition and fees charged by the institution; or ~~(ii) the highest tuition and fees charged by a public institution in Minnesota~~

(2) the tuition maximums established by law for the state grant program under section 136A.121.

(b) An award under this subdivision must not affect a recipient's eligibility for a state grant under section 136A.121.

(c) For the purposes of this subdivision, "fees" include only those fees that are mandatory and charged to all students attending the institution.

New language is indicated by underline, deletions by ~~strikeout.~~

Sec. 27. **LEARN AND EARN PROGRAM; POSTSECONDARY OPPORTUNITIES ACCOUNT.**

The higher education services office shall maintain a postsecondary opportunities account for students who earned stipends and bonuses that were deposited in the account through the learn and earn graduation achievement program under Minnesota Statutes 2000, section 124D.32. A participating student may, upon graduation from high school, use the funds accumulated for the student toward the costs of attending a Minnesota postsecondary institution or a career-training program, including the costs of tuition, books, and lab fees. Funds accumulated for a student must be available to the student from the time a student graduates from high school until ten years after the date the student entered the learn and earn graduation achievement program. After ten years, the office shall close the account and any remaining money in the account must cancel to the general fund.

Sec. 28. **REPEALER.**

Minnesota Statutes 2002, section 136G.03, subdivision 25, is repealed.

ARTICLE 4

MNSCU ADMINISTRATIVE CHANGES

Section 1. Minnesota Statutes 2002, section 136F.40, subdivision 2, is amended to read:

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

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

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

Sec. 2. Minnesota Statutes 2002, section 136F.45, subdivision 1, is amended to read:

Subdivision 1. **PURCHASE.** (a) At the request of an employee, the board may negotiate and purchase an individual ~~annuity contract~~ custodial account under section 403(b)(7) of the Internal Revenue Code, for an employee for retirement or other purposes from a company licensed to do business in Minnesota, and may allocate a portion of the compensation otherwise payable to the employee as salary for the purpose of paying the entire ~~premium~~ contribution due or to become due under the ~~contract~~ account. The allocation shall be made in a manner that will qualify the ~~annuity premiums~~ custodial account contributions, or ~~a portion~~ portions thereof, for the benefit afforded under section 403(b)(7) of the current federal Internal Revenue Code or any equivalent provision of subsequent federal income tax law. The employee shall own the ~~contract~~ account and the employee's rights thereunder shall be nonforfeitable except for failure to pay ~~premiums~~ contributions.

(b) At its discretion, and in the same manner provided in paragraph (a), the board may negotiate and purchase individual custodial accounts under section 403(b)(7) of the Internal Revenue Code, for employees of the higher education services office as defined in section 136A.03. Participation under this paragraph must be in accordance with any applicable federal law.

Sec. 3. Minnesota Statutes 2002, section 136F.45, subdivision 2, is amended to read:

Subd. 2. **DEPOSITS; PAYMENT.** All amounts so allocated shall be deposited in an ~~annuity~~ account established by the board. Payment of ~~annuity premiums~~ custodial account contributions shall be made when due or in accordance with the salary agreement entered into between the employee and the board. The money in the ~~annuity~~ account is not subject to the budget, allotment, and incumbrance system provided for in chapter 16A.

Sec. 4. Minnesota Statutes 2002, section 136F.581, subdivision 1, is amended to read:

Subdivision 1. **~~CONDITIONS~~ AUTHORITY FOR PURCHASES AND CONTRACTS.** The board and the colleges and universities are subject to the provisions of section 471.345. In addition to the contracting authority under this chapter, the board of trustees may utilize any contracting options available to the commissioner of administration under chapter 16A, 16B, or 16C.

Sec. 5. Minnesota Statutes 2002, section 136F.581, subdivision 2, is amended to read:

Subd. 2. **POLICIES AND PROCEDURES.** The board shall develop policies~~,~~ ~~and each college and university shall develop procedures,~~ for purchases and contracts that are consistent with the authority granted in subdivision 1. The policies and procedures shall be developed through the system and campus labor management committees and shall include provisions requiring the system and campuses to determine that they cannot use available staff before contracting with additional outside consultants or services. In addition, each college and university, in consultation with the ~~system~~ office of the chancellor, shall develop procedures for those purchases and contracts that can be accomplished by a college and university without board approval. The board policies must allow each college and university the local authority to enter into contracts for construction projects of up to $250,000 and to make other purchases of up to $50,000, without receiving board approval. The board may allow a college or university local authority to make purchases over $50,000 without receiving board approval.

New language is indicated by underline, deletions by ~~strikeout.~~

Sec. 6. Minnesota Statutes 2002, section 136F.59, subdivision 3, is amended to read:

Subd. 3. **OFFICE OF TECHNOLOGY.** The ~~system~~ office of the chancellor and the campuses shall cooperate with the office of technology in its responsibility to coordinate information and communications technology development throughout the state. ~~The system and campuses shall consult with the office of technology throughout any efforts to plan or implement information and communication systems to ensure that the systems are effective, efficient, and, where appropriate, compatible with other state systems.~~

Sec. 7. Minnesota Statutes 2002, section 136F.60, subdivision 3, is amended to read:

Subd. 3. **EASEMENTS.** (a) The board may grant permanent or temporary easements over, under, or across any land under its jurisdiction for reasonable purposes determined by the board as provided in paragraphs (b) and (c).

(b) The board may grant a revocable easement or permit under this paragraph. An easement or permit is revocable by written notice given by the board if at any time its continuance will conflict with a public use of the land over, under, or upon which it is granted, or for any other reason. The notice must be in writing and is effective 90 days after the notice is sent by certified mail to the last known address of the holder of record of the easement. If the address of the holder of the easement or permit is not known, it expires 90 days after the notice is recorded in the office of the county recorder of the county in which the land is located. Upon revocation of an easement or permit, the board may allow a reasonable time to vacate the premises affected.

(c) State land subject to an easement or permit granted by the board remains subject to sale or lease, and the sale or lease does not revoke the permit or easement granted.

Sec. 8. **[136F.65] ACCEPTANCE OF FEDERAL MONEY.**

The board of trustees is hereby designated the state agency empowered to accept any and all money provided for or made available to this state by the United States of America or any department or agency thereof for the construction and equipping of any building under the control of the board of trustees in accordance with the provisions of federal law and any rules or regulations promulgated thereunder and are further authorized to do any and all things required of this state by such federal law and the rules and regulations promulgated thereunder in order to obtain such federal money.

Sec. 9. **REPEALER.**

Minnesota Statutes 2002, sections 136F.13; 136F.56; 136F.582; and 136F.59, subdivision 2, are repealed.

Presented to the governor May 24, 2003

Signed by the governor May 28, 2003, 1:30 p.m.