

~~subregistrar shall issue a disinterment-transit-reinterment permit. If the disinterment is opposed, no disinterment-reinterment permit shall issue be issued until the state registrar or subregistrar licensed mortician receives a certified copy of a court order showing reasonable cause to disinter that specifically orders the disinterment and reinterment.~~

Sec. 66. Minnesota Statutes 2004, section 149A.96, subdivision 7, is amended to read:

Subd. 7. FILING OF DOCUMENTATION OF DISINTERMENT AND REINTERMENT. The cemetery where the body or remains were originally interred shall retain a copy of the ~~disinterment-transit-reinterment permit~~, the authorization to ~~disinter, the death record~~, and, if applicable, the court order showing reasonable cause to disinter. Until the body or remains are reinterred the original permit and other documentation shall be in the possession of the person in physical or legal custody of the body or remains, or attached to the transportation container which holds the body or remains. At the time of reinterment, the permit and other documentation shall be filed according to the laws, rules, or regulations of the state or country where reinterment occurs. ~~Where the body or remains are to be removed from a dedicated cemetery for reinterment elsewhere, the authority issuing the disinterment-transit-reinterment permit shall forward a photocopy of the issued permit to the commissioner to be filed with the original death record. If the death occurred in Minnesota, the state registrar or a licensed mortician shall inform the person requesting the disinterment and reinterment of the right to request an amendment to the death record according to Minnesota Rules, chapter 4601.~~

Sec. 67. Laws 1998, chapter 316, section 4, is amended to read:

Sec. 4. EFFECTIVE DATE.

Sections 1 to 3 are effective 24 months after the date on which a unique health national provider identifier is adopted or established made effective under United States Code, title 42, sections 1320d to 1320d-8 (1996 and subsequent amendments).

Sec. 68. REPEALER.

Minnesota Statutes 2004, sections 103I.005, subdivision 13; 103I.222; and 144.214, subdivision 4, are repealed.

Presented to the governor May 24, 2005

Signed by the governor May 26, 2005, 9:25 p.m.

CHAPTER 107—H.F.No. 1385

An act relating to higher education; allocating money for educational and related purposes with certain conditions; modifying various loan, grant, and financial aid provisions; requiring

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institutions to provide certain data; permitting disclosure of certain data to determine eligibility; amending various reciprocity provisions; providing definitions; amending provisions related to advisory and student groups; directing the Board of Trustees to designate centers of excellence; amending the Minnesota college savings plan; amending provisions related to private career schools; establishing fees; establishing the Rochester University Development Committee; appropriating money; amending Minnesota Statutes 2004, 135A.031, subdivisions 3, 4; 135A.052, subdivision 1; 135A.30, subdivisions 3, 4, 5; 135A.52, subdivisions 1, 2; 136A.01, subdivision 2; 136A.031, subdivisions 2, 3, 4, 5; 136A.08, by adding subdivisions; 136A.121, subdivisions 2, 6, 9, 13, by adding subdivisions; 136A.125, subdivisions 2, 4; 136A.1701, by adding subdivisions; 136F.04, subdivision 4; 136F.32, subdivision 2; 136G.03, subdivisions 3, 21a, 22, 32; 136G.05, subdivision 8; 136G.09, subdivisions 11, 12; 136G.11, subdivisions 1, 2, 3, 13; 136G.13, subdivisions 1, 5; 136G.14; 137.0245, subdivisions 1, 3, 4; 141.21, by adding a subdivision; 141.25, subdivisions 3, 5, 8, 9, 12; 141.251; 141.26, subdivision 5; 141.271, subdivisions 4, 7, 10, by adding subdivisions; 141.28, subdivision 1, by adding a subdivision; 141.29, subdivision 3; 141.30; 141.35; 192.502, subdivision 1; 299A.45, subdivisions 1, 4; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 137; 141; 144; 583; repealing Minnesota Statutes 2004, sections 136A.011; 136A.031, subdivision 1; Minnesota Rules, parts 4815.0100; 4815.0110; 4815.0120; 4815.0130; 4815.0140; 4815.0150; 4815.0160; 4830.8100; 4830.8110; 4830.8120; 4830.8130; 4830.8140; 4830.8150.

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

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 "2006" or "2007" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. "The first year" is fiscal year 2006. "The second year" is fiscal year 2007. "The biennium" is fiscal years 2006 and 2007.

SUMMARY BY FUND

	2006	2007	TOTAL
General	\$1,365,500,000	\$1,395,500,000	\$2,761,000,000
Health Care Access	2,157,000	2,157,000	4,314,000

SUMMARY BY AGENCY - ALL FUNDS

	2006	2007	TOTAL
Higher Education Services Office	172,129,000	177,181,000	349,310,000
Board of Trustees of the Minnesota State Colleges and Universities	600,694,000	602,194,000	1,202,888,000
Board of Regents of the University of Minnesota	593,348,000	616,736,000	1,210,084,000
Mayo Medical Foundation	1,391,000	1,391,000	2,782,000
Minnesota Department of Health	95,000	155,000	250,000

APPROPRIATIONS

Available for the Year
Ending June 30

2006	2007
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**Sec. 2. HIGHER EDUCATION
SERVICES OFFICE**

**Subdivision 1. Total
Appropriation**

\$172,129,000	\$177,181,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. State Grants

136,394,000	144,756,000
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If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it. For the biennium, the tuition and fee maximum shall be \$9,208 the first year and \$9,438 the second year for students enrolled in four-year programs and \$6,567 the first year and \$6,436 the second year for students enrolled in two-year programs.

The Higher Education Services Office must study the for-profit postsecondary education sector licensed or registered in Minnesota. The study must examine tuition levels and program offerings, student debt load, financial assistance, and the impact of

the tuition and fee maximums set in law on this postsecondary sector and its students. The study must also analyze the relationship of the tuition and fee maximums and tuition levels. The office must report on the findings to the legislative committees responsible for higher education finance by November 15, 2006. This study may be done in conjunction with the licensing study in article 3.

This appropriation sets the living and miscellaneous expense allowance at \$5,350 each year.

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 under Minnesota Statutes 2004, section 299A.45.

Subd. 3. Interstate Tuition
Reciprocity

1,000,000	1,000,000
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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	4,934,000	4,934,000
Subd. 6. Minitex	4,381,000	4,381,000
Subd. 7. MnLINK Gateway	400,000	400,000
Subd. 8. Learning Network of Minnesota	4,225,000	4,225,000
Subd. 9. Minnesota College Savings Plan	1,020,000	1,020,000

Subd. 10. Midwest Higher Education Compact	90,000	90,000
Subd. 11. Other Small Programs	920,000	920,000

This appropriation includes funding for postsecondary service learning, student and parent information, get ready outreach, and intervention for college attendance program.

No more than \$50,000 of this appropriation each year may be used for administrative expenses for the intervention for college attendance program under new Minnesota Statutes, section 136A.861. This appropriation is added to the agency's permanent budget base.

Of this appropriation, \$115,000 each year is for grants to increase campus-community collaboration and service learning statewide. For each \$1 in state funding, grant recipients must contribute \$2 in campus or community-based support.

Subd. 12. Agency Administration	2,761,000	2,651,000
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\$100,000 the first year and \$300,000 the second year is for the Higher Education Services Office to develop and implement a process to measure and report on the effectiveness of postsecondary institutions in the state and make a report to the legislature regarding the implementation of the process. The report must be made by January 15, 2006, to the legislative committees with jurisdiction over higher education policy and finance. The funding base for this initiative in fiscal years 2008 and 2009 is \$300,000 per year.

\$310,000 the first year is for the Higher Education Services Office to upgrade computer program application software related to state grant awards. This appropriation does not cancel but is available until expended. This is a onetime appropriation and is not added to the agency's base.

Subd. 13. Balances Forward

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

Subd. 14. Transfers

The Higher Education Services Office may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care appropriation, and the state work study appropriation. Transfers from the child care or state work study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with the prior written approval of the commissioner of finance and prior written notice to the chairs of the senate Higher Education Budget Division and house Higher Education Finance Committee.

Subd. 15. Reporting

The Higher Education Services Office shall collect data monthly from institutions disbursing state financial aid. The data collected must include, but is not limited to, expenditures by type to date and unexpended balances. The Higher Education Services Office must evaluate and report quarterly state financial aid expenditures and unexpended balances to the chairs of the Higher Education Finances Committees of the senate and house of representatives and the commissioner of finance. By November 1 and February 15, the Higher Education Services Office must 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 Higher Education Services Office must meet and consult with representatives of public and private postsecondary education, the Department of Finance, Governor's Office, legislative staff, and financial aid administrators.

Subd. 16. Rochester University

3,200,000

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(a) \$200,000 is for the Rochester Higher Education Development Committee to carry out its planning activities. This is a onetime appropriation.

(b) \$3,000,000 is for a onetime appropriation that must be deposited into the Rochester higher education development account under article 4. With the approval of the Higher Education Services Office, money in this account may be used to: (1) provide additional planning and development funds, if needed; (2) provide initial funding for academic program development; and (3) provide funding related to academic facilities, if needed. The appropriation under this paragraph is available until June 30, 2009.

Subd. 17. United Family Practice Residency Program

360,000

360,000

For a grant to the United Family Medicine residency program. This appropriation shall be used to support 18 resident physicians each year in family practice at United Family Medicine residency programs and shall prepare doctors to practice family care medicine in underserved rural and

urban areas of the state. It is intended that this program will improve health care in underserved communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

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

Subdivision 1. Total Appropriation	600,694,000	602,194,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

The legislature estimates that instructional expenditures will be \$812,735,000 the first year and \$814,764,000 the second year. The legislature estimates that noninstructional expenditures will be \$58,868,000 the first year and \$59,015,000 the second year.

Subd. 2. General Appropriation	595,694,000	597,194,000
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This appropriation includes \$12,000,000 to pay competitive compensation to faculty or staff for initiatives that promote excellence in student learning. This appropriation also includes funding for the recurring enrollment adjustment and money to strengthen and expand the Minnesota online program, increase the capacity for training nurses and teachers, provide for the management education needs of farm and small business owners, and provide services and outreach to underserved populations.

Subd. 3. Centers of Excellence	5,000,000	5,000,000
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This appropriation is for centers of excellence under new Minnesota Statutes, section 136F.31.

The board must develop a process to designate centers of excellence under new Minnesota Statutes, section 136F.31.

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

Subdivision 1. Total Appropriation	593,348,000	616,736,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance	527,824,000	551,212,000
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The legislature estimates that instructional expenditures will be \$451,372,000 the first year and \$469,229,000 the second year. The legislature estimates that noninstructional expenditures will be \$290,275,000 the first year and \$301,758,000 the second year.

This appropriation includes \$13,000,000 for competitive compensation to enable the university to attract and retain quality faculty members.

This appropriation includes funding for the recurring enrollment adjustment and the following initiatives: Biosciences for a Healthy Society to advance the university's expertise and to increase the university's competitiveness in leveraging new funding from federal and private sources; Preparing Students for the 21st Century to enhance the ability of the university to attract and retain exceptional students; research support to provide resources for the university to maintain a competitive advantage in emerging and ongoing research initiatives; 21st Century Technology to support enhancement to major university systems; and outreach services to historically underserved students.

Subd. 3. Health Care Access Fund	2,157,000	2,157,000
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This appropriation is from the health care access fund and is for primary care education initiatives.

Subd. 4. Special Appropriation	63,367,000	63,367,000
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(a) Agriculture and Extension Service		
50,625,000	50,625,000	

For the Agricultural Experiment Station, Minnesota Extension Service.

(b) Health Sciences		
4,929,000	4,929,000	

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	

For the Geological Survey and the Talented Youth Mathematics Program.

(d) System Specials		
6,426,000	6,426,000	

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, section 297F.10, is anticipated to be \$20,890,000 in the first year and \$20,474,000 in the second year.

Sec. 5. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation	1,391,000	1,391,000
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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
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The state of Minnesota must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

It is intended that during the biennium the Mayo 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
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The state of Minnesota must pay a capitation of up to 27 residents each year.

Subd. 4. St. Cloud Hospital-Mayo Family Practice Residency Program	346,000	346,000
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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 must 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. COMMISSIONER OF HEALTH	95,000	155,000
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To the commissioner of health to implement new Minnesota Statutes, section 144.1498.

ARTICLE 2

RELATED PROVISIONS

Section 1. Minnesota Statutes 2004, section 135A.031, subdivision 3, is amended to read:

Subd. 3. **DETERMINATION OF INSTRUCTIONAL SERVICES BASE.** The instructional services base for each public postsecondary system is the sum of: (1) the state share; and (2) the legislatively estimated tuition for the second year of the most recent biennium; and (3) adjustments for inflation, enrollment changes as calculated in subdivision 4, and performance as calculated in subdivision 5.

EFFECTIVE DATE. This section is effective June 30, 2007.

Sec. 2. Minnesota Statutes 2004, section 135A.031, subdivision 4, is amended to read:

Subd. 4. **ADJUSTMENT FOR ENROLLMENTS FOR BUDGETING.** (a) ~~Each public postsecondary system's instructional services base shall be adjusted for estimated changes in enrollments. For each two percent change in estimated full-year equivalent enrollment, an adjustment shall be made to 65 percent of the instructional services base. The remaining 35 percent of the instructional services base is not subject to the adjustment in this subdivision.~~

(b) For all purposes where student enrollment is used for budgeting purposes, student enrollment shall be measured in full-year equivalents and shall include only enrollments in courses that award credit or otherwise satisfy any of the requirements of an academic or vocational program.

(c) ~~The enrollment adjustment shall be made for each year of the subsequent biennium. The base enrollment year is the 1995 fiscal year enrollment. The base enrollment shall be updated for each two percent change in estimated full-year equivalent enrollment. If the actual enrollment differs from the estimated enrollment, an adjustment shall be made in the next biennium.~~

EFFECTIVE DATE. This section is effective June 30, 2007.

Sec. 3. Minnesota Statutes 2004, section 135A.052, subdivision 1, is amended to read:

Subdivision 1. **STATEMENT OF MISSIONS.** The legislature recognizes each type of public postsecondary institution to have a distinctive mission within the overall

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

provision of public higher education in the state and a responsibility to cooperate with each other. These missions are as follows:

(1) the technical colleges shall offer vocational training and education to prepare students for skilled occupations that do not require a baccalaureate degree;

(2) the community colleges shall offer lower division instruction in academic programs, occupational programs in which all credits earned will be accepted for transfer to a baccalaureate degree in the same field of study, and remedial studies, for students transferring to baccalaureate institutions and for those seeking associate degrees;

(3) consolidated community technical colleges shall offer the same types of instruction, programs, certificates, diplomas, and degrees as the technical colleges and community colleges offer;

(4) the state universities shall offer undergraduate and graduate instruction through the master's degree, including specialist certificates, in the liberal arts and sciences and professional education, and may offer applied doctoral degrees in education, business, psychology, physical therapy, audiology, and nursing; and

(5) the University of Minnesota shall offer undergraduate, graduate, and professional instruction through the doctoral degree, and shall be the primary state supported academic agency for research and extension services.

It is part of the mission of each system that within the system's resources the system's governing board and chancellor or president shall endeavor to:

(a) prevent the waste or unnecessary spending of public money;

(b) use innovative fiscal and human resource practices to manage the state's resources and operate the system as efficiently as possible;

(c) coordinate the system's activities wherever appropriate with the activities of the other system and governmental agencies;

(d) use technology where appropriate to increase system productivity, improve customer service, increase public access to information about the system, and increase public participation in the business of the system;

(e) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A; and

(f) recommend to the legislature appropriate changes in law necessary to carry out the mission of the system.

Sec. 4. [135A.165] DEAF STUDENTS; TUITION ASSISTANCE.

(a) For the purpose of this section, a "deaf person" means an individual with a hearing loss of such severity that the individual must depend primarily on visual communication, such as writing, lip reading, manual communication, and gestures.

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

(b) A deaf person, who is a resident student as defined in section 136A.101, subdivision 8, is entitled to tuition assistance for the tuition and fees remaining after deducting any federal or state grants or other public or private grants made to the person for the purpose of paying the tuition and fees at a Minnesota state college or university or the University of Minnesota. A deaf person must receive either a federal Pell grant or a state grant under section 136A.121 for a term to receive tuition assistance for that term.

Sec. 5. Minnesota Statutes 2004, section 135A.30, subdivision 3, is amended to read:

Subd. 3. **SELECTION OF RECIPIENTS.** The governing board of an eligible institution shall determine, in consultation with its campuses, application dates and procedures, criteria to be considered, and methods of selecting students to receive scholarships. A campus, with the approval of its governing board, may award a scholarship in any of the specified fields field of study (1) in which the campus offers a program that is of the quality and rigor to meet the needs of the talented student, and (2) that is pertinent to the mission of the campus.

Sec. 6. Minnesota Statutes 2004, section 135A.30, subdivision 4, is amended to read:

Subd. 4. **AMOUNT OF SCHOLARSHIP.** The amount of the scholarship must may be (1) at public institutions, up to the cost of tuition and fees for full-time attendance for one academic year, or (2) at private institutions, an amount equal up to the lesser of the actual tuition and fees charged by the institution or the tuition and fees in comparable public institutions. Scholarships awarded under this section must not be considered in determining a student's financial need as provided in section 136A.101, subdivision 5.

Sec. 7. Minnesota Statutes 2004, section 135A.30, subdivision 5, is amended to read:

Subd. 5. **RENEWALS.** The scholarship ~~shall~~ may be renewed yearly, for up to three additional academic years, if the student:

- (1) maintains full-time enrollment with a grade point average of at least 3.0 on a four point scale;
- (2) pursues studies and continues to demonstrate outstanding ability, achievement, and potential in the field for which the award was made; and
- (3) is achieving satisfactory progress toward a degree.

Sec. 8. Minnesota Statutes 2004, section 135A.52, subdivision 1, is amended to read:

Subdivision 1. **FEES AND TUITION.** Except for an administration fee established by the governing board at a level to recover costs, to be collected only when a course is taken for credit, a senior citizen who is a legal resident of Minnesota is entitled without payment of tuition or activity fees to attend courses offered for credit,

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

audit any courses offered for credit, or enroll in any noncredit adult vocational education courses in any state supported institution of higher education in Minnesota when space is available after all tuition-paying students have been accommodated. A senior citizen enrolled under this section must pay any materials, personal property, or service charges for the course. In addition, a senior citizen who is enrolled in a course for credit must pay an administrative fee in an amount established by the governing board of the institution to recover the course costs. There shall be no administrative fee charges to a senior citizen auditing a course. For the purposes of this section and section 135A.51, the term "noncredit adult vocational education courses" shall not include those adult vocational education courses designed and offered specifically and exclusively for senior citizens.

The provisions of this section and section 135A.51 do not apply to noncredit courses designed and offered by the University of Minnesota, and the Minnesota State Colleges and Universities specifically and exclusively for senior citizens. Senior citizens enrolled under the provisions of this section and section 135A.51 shall not be included by such institutions in their computation of full-time equivalent students when requesting staff or appropriations. ~~The enrollee shall pay laboratory or material fees.~~

Sec. 9. Minnesota Statutes 2004, section 135A.52, subdivision 2, is amended to read:

Subd. 2. **TERM; INCOME OF SENIOR CITIZENS.** (a) Except under paragraph (b), there shall be no limit to the number of terms, quarters or semesters a senior citizen may attend courses, nor income limitation imposed in determining eligibility.

(b) A senior citizen enrolled in a closed enrollment contract training or professional continuing education program is not eligible for benefits under subdivision 1.

Sec. 10. Minnesota Statutes 2004, section 136A.01, subdivision 2, is amended to read:

Subd. 2. **RESPONSIBILITIES.** The Higher Education Services Office is responsible for:

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

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

(3) administering the Telecommunications Council under Laws 1993, First Special Session chapter 2, article 5, section 2, the Learning Network of Minnesota; and the Statewide Library Task Force;

(4) negotiating and administering reciprocity agreements;

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

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

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

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

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

Sec. 11. Minnesota Statutes 2004, 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 of the University of Minnesota or designee; the chancellor of the Minnesota State Colleges and Universities or designee; the commissioner of education; the president of the Private College Council; a representative from the Minnesota Association of Private Postsecondary Schools Career College Association; and a member appointed by the governor. The HEAC shall ~~(4)~~ bring to the attention of the Higher Education Services Council Office 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.~~

Sec. 12. Minnesota Statutes 2004, section 136A.031, subdivision 3, is amended to read:

Subd. 3. **STUDENT ADVISORY COUNCIL.** A Student Advisory Council (SAC) to the Higher Education Services Council Office is established. The members of SAC shall include: the chair of the University of Minnesota student senate; the state chair of the Minnesota State University Student Association; the president of the Minnesota State College Student Association and an officer of the Minnesota State College Student Association, one in a community college course of study and one in a technical college course of study; the president of the Minnesota Association of Private College Students; and a student who is enrolled in a private vocational school, to be appointed by the Minnesota Association of Private Postsecondary Schools Career College Association. A member may be represented by a student designee who attends an institution from the same system that the absent member represents. The SAC shall select one of its members to serve as chair.

The Higher Education Services Council Office shall inform the SAC of all matters related to student issues under consideration ~~and shall refer all proposals to the SAC before taking action or sending the proposals to the governor or legislature.~~ The SAC shall report to the Higher Education Services Council Office quarterly and at other times that the SAC considers desirable. The SAC shall determine its meeting times, but

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

it shall also meet with the council office within 30 days after the director's request for a meeting.

The SAC shall:

(1) bring to the attention of the Higher Education Services Council Office any matter that the SAC believes needs the attention of the council office;

(2) make recommendations to the Higher Education Services Council Office as it finds appropriate; and

(3) ~~appoint~~ approve student members to appointments by the Higher Education Services Council Office for each advisory ~~groups~~ group as provided in subdivision 4; and

(4) provide any reasonable assistance to the council.

Sec. 13. Minnesota Statutes 2004, section 136A.031, subdivision 4, is amended to read:

Subd. 4. **STUDENT REPRESENTATION.** If requested by the SAC, The director must place at least one student from an affected educational system on any task force created under subdivision 1. The student member or members shall be appointed by the SAC by the office. The director must submit to the SAC the name of any student appointed to an advisory group or task force. The student appointment is not approved if four SAC members vote to disapprove of the appointment. If an appointment is disapproved, the director must submit another student appointment to the SAC in a timely manner.

Sec. 14. Minnesota Statutes 2004, section 136A.031, subdivision 5, is amended to read:

Subd. 5. **EXPIRATION.** Notwithstanding section 15.059, subdivision 5, the advisory groups established in this section expire on June 30, 2005 2007.

Sec. 15. Minnesota Statutes 2004, section 136A.08, is amended by adding a subdivision to read:

Subd. 7. **REPORTING.** The Higher Education Services Office must annually, before the last day in January, submit a report to the committees in the house of representatives and the senate with responsibility for higher education finance on:

(1) participation in the tuition reciprocity program by Minnesota students and students from other states attending Minnesota postsecondary institutions under a reciprocity agreement;

(2) reciprocity and resident tuition rates at each institution; and

(3) interstate payments and obligations for each state participating in the tuition reciprocity program in the prior year.

Sec. 16. Minnesota Statutes 2004, section 136A.08, is amended by adding a subdivision to read:

New language is indicated by underline, deletions by strikeout.

Subd. 8. **DATA SHARING.** (a) The Higher Education Services Office must consider developing data collection procedures and agreements to monitor the extent to which students who attend Minnesota postsecondary institutions under reciprocity agreements are employed in Minnesota after graduation. These procedures must include matching Social Security numbers of reciprocity students for purposes of tracking the migration and employment of students who receive associate, baccalaureate, or graduate degrees through a tuition reciprocity program. State agencies must share wage and earnings data under section 268.19 for the purpose of evaluating the tuition reciprocity program.

(b) The reciprocity application must request the use of student Social Security numbers for the purposes of this subdivision. Reciprocity students must be informed that Social Security numbers will be used only for monitoring described in paragraph (a), by sharing information with Minnesota agencies and departments responsible for the administration of covered wage data and revenue collections. Social Security numbers must not be used for any other purpose or reported to any other government entity.

(c) The office must include summary data on the migration and earnings of reciprocity graduates in the reciprocity report to the legislature. This report must include summary statistics on number of graduates by institution, degree granted and year of graduation, total number of reciprocity students employed in the state, and total earnings of graduates.

Sec. 17. Minnesota Statutes 2004, section 136A.121, subdivision 2, is amended to read:

Subd. 2. **ELIGIBILITY FOR GRANTS.** An applicant is eligible to be considered for a grant, regardless of the applicant's sex, creed, race, color, national origin, or ancestry, under sections 136A.095 to 136A.131 if the office finds that the applicant:

- (1) is a resident of the state of Minnesota;
- (2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over, and has met all requirements for admission as a student to an eligible college or technical college of choice as defined in sections 136A.095 to 136A.131;
- (3) has met the financial need criteria established in Minnesota Rules;
- (4) is not in default, as defined by the office, of any federal or state student educational loan; and
- (5) is not more than 30 days in arrears for any in court-ordered child support payments owed to a that is collected or enforced by the public agency authority responsible for child support enforcement or, if the applicant is more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement, but is complying with a written payment agreement under section 518.553 or order for arrearages. An agreement must provide for a repayment of arrearages at no less than 20 percent per month of the

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amount of the monthly child support obligation or no less than \$30 per month if there is no current monthly child support obligation. Compliance means that payments are made by the payment date.

The director and the commissioner of human services shall develop procedures to implement clause (5).

Sec. 18. Minnesota Statutes 2004, 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 average tuition and fees charged by the institution, or the tuition and fee maximums established in law.

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

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. Fees do not include charges for tools, equipment, computers, or other similar materials where the student retains ownership. Fees include charges for these materials if the institution retains ownership. Fees do not include optional or punitive fees.

Sec. 19. Minnesota Statutes 2004, section 136A.121, is amended by adding a subdivision to read:

Subd. 7a. **SURPLUS APPROPRIATION.** If the amount appropriated is determined by the office to be more than sufficient to fund projected grant demand in the second year of the biennium, the office may increase the living and miscellaneous expense allowance in the second year of the biennium by up to an amount that retains sufficient appropriations to fund the projected grant demand. The adjustment may be made one or more times. In making the determination that there is more than sufficient funds, the office shall balance the need for sufficient resources to meet the projected demand for grants with the goal of fully allocating the appropriation for state grants. An increase in the living and miscellaneous expense allowance under this subdivision does not carry forward into a subsequent biennium. This subdivision expires June 30, 2007.

Sec. 20. Minnesota Statutes 2004, 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 eight semesters or the equivalent, excluding courses taken from a Minnesota school or postsecondary institution which is not participating

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in the state grant program and from which a student transferred no credit. A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility. 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.

Sec. 21. Minnesota Statutes 2004, section 136A.121, subdivision 13, is amended to read:

Subd. 13. **DEADLINE.** The deadline for the office to accept applications for state grants for a term is 14 30 days after the start of that term.

Sec. 22. Minnesota Statutes 2004, section 136A.121, is amended by adding a subdivision to read:

Subd. 18. **DATA.** (a) An eligible institution must provide to the office data on student enrollment and federal and state financial aid.

(b) An institution or its agent must provide to the office aggregate and distributional financial or other data as determined by the director that is directly related to the responsibilities of the office under this chapter and chapter 141. The director may only request aggregate and distributional data after establishing and consulting with a data advisory task force to determine the need, content, and detail of the information. Data provided by nonpublic institutions under this paragraph is considered nonpublic data under chapter 13.

Sec. 23. Minnesota Statutes 2004, section 136A.125, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE STUDENTS.** (a) 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 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 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.

(b) A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility.

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Sec. 24. Minnesota Statutes 2004, 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 \$2,200 \$2,300 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. 25. Minnesota Statutes 2004, section 136A.1701, is amended by adding a subdivision to read:

Subd. 11. **DATA.** (a) An eligible institution must provide to the office data on student enrollment and federal and state financial aid.

(b) An institution or its agent must provide to the office aggregate and distributional financial or other data as determined by the director that is directly related to the responsibilities of the office under this chapter and chapter 141. The director may only request aggregate and distributional data after establishing and consulting with a data advisory task force to determine the need, content, and detail of the information. Data provided by nonpublic institutions under this paragraph is considered nonpublic data under chapter 13.

Sec. 26. Minnesota Statutes 2004, section 136A.1701, is amended by adding a subdivision to read:

Subd. 12. **ELIGIBLE STUDENT.** "Eligible student" means a student who is a Minnesota resident who is enrolled or accepted for enrollment at an eligible institution in Minnesota or in another state or province. Non-Minnesota residents are eligible students if they are enrolled or accepted for enrollment in a minimum of one course of at least 30 days in length during the academic year that requires physical attendance at an eligible institution located in Minnesota. Non-Minnesota resident students enrolled exclusively during the academic year in correspondence courses or courses offered over the Internet are not eligible students. Non-Minnesota resident students not physically attending classes in Minnesota due to enrollment in a study abroad program for 12 months or less are eligible students. Non-Minnesota residents enrolled in study abroad programs exceeding 12 months are not eligible students. For purposes of this section, an "eligible student" must also meet the eligibility requirements of section 136A.15, subdivision 8.

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Sec. 27. [136A.1703] INCOME-CONTINGENT LOANS.

The 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 section 136A.162. No new applicants may be accepted after June 30, 1995.

Sec. 28. [136A.1785] LOAN CAPITAL FUND.

The office may deposit and hold assets derived from the operation of its student loan programs authorized by this chapter in a fund known as the loan capital fund. Assets in the loan capital fund are available to the office solely for carrying out the purposes and terms of sections 136A.15 to 136A.1703, including, but not limited to, making student loans authorized by this chapter, paying administrative expenses associated with the operation of its student loan programs, repurchasing defaulted student loans, and paying expenses in connection with the issuance of revenue bonds authorized under this chapter. Assets in the loan capital fund may be invested as provided in sections 11A.24 and 136A.16, subdivision 8. All interest and earnings from the investment of the loan capital fund inure to the benefit of the fund and are deposited into the fund.

Sec. 29. [136A.861] INTERVENTION FOR COLLEGE ATTENDANCE PROGRAM GRANTS.

Subdivision 1. GRANTS. The director of the Higher Education Services Office shall award grants to foster postsecondary attendance by providing outreach services to historically underserved students in grades six through 12. Grants must be awarded to programs that provide precollege services, including, but not limited to:

- (1) academic counseling;
- (2) mentoring;
- (3) fostering and improving parental involvement in planning for and facilitating a college education;
- (4) services for students with English as a second language;
- (5) academic enrichment activities;
- (6) tutoring;
- (7) career awareness and exploration;
- (8) orientation to college life;
- (9) assistance with high school course selection and information about college admission requirements; and
- (10) financial aid counseling.

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Grants shall be awarded to postsecondary institutions, professional organizations, community-based organizations, or others deemed appropriate by the director.

Grants shall be awarded for one year and may be renewed for a second year with documentation to the Higher Education Services Office of successful program outcomes.

Subd. 2. ELIGIBLE STUDENTS. Eligible students include students in grades six through 12 who meet one or more of the following criteria:

(1) are counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 (Title I);

(2) are eligible for free or reduced-price lunch under the National School Lunch Act;

(3) receive assistance under the Temporary Assistance for Needy Families Law (Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996); or

(4) are a member of a group traditionally underrepresented in higher education.

Subd. 3. APPLICATION PROCESS. The director of the Higher Education Services Office shall develop a grant application process. The director shall attempt to support projects in a manner that ensures that eligible students throughout the state have access to precollege services.

The grant application must include, at a minimum, the following information:

(1) a description of the characteristics of the students to be served reflective of the need for services listed in subdivision 1;

(2) a description of the services to be provided and a timeline for implementation of the activities;

(3) a description of how the services provided will foster postsecondary attendance;

(4) a description of how the services will be evaluated to determine whether the program goals were met; and

(5) other information as identified by the director.

Grant recipients must specify both program and student outcome goals, and performance measures for each goal.

Subd. 4. MATCH REQUIRED. Applicants are required to match the grant amount dollar-for-dollar. The match may be in cash or an in-kind contribution.

Subd. 5. REVIEW COMMITTEE. The director must establish and convene a grant selection committee to review applications and award grants. The members of the committee may include representatives of postsecondary institutions, school districts,

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organizations providing precollege outreach services, and others deemed appropriate by the director.

Subd. 6. PROGRAM EVALUATION. Each grant recipient must annually submit a report to the Higher Education Services Office delineating its program and student outcome goals, and activities implemented to achieve the stated outcomes. The goals must be clearly stated and measurable. Grant recipients are required to collect, analyze, and report on participation and outcome data that enable the office to verify that the program goals were met. The office shall maintain:

(1) information about successful precollege program activities for dissemination to individuals throughout the state interested in adopting or replicating successful program practices; and

(2) data on the success of the funded projects in increasing the high school graduation and college participation rates of students served by the grant recipients. The office may convene meetings of the grant recipients, as needed, to discuss issues pertaining to the implementation of precollege services.

Subd. 7. REPORT. By January 15 of each odd-numbered year, the office shall submit a report to the committees in the legislature with jurisdiction over higher education finance regarding the grant recipients and their activities. The report shall include information about the students served, the organizations providing services, program activities, program goals and outcomes, and program revenue sources and funding levels.

Sec. 30. Minnesota Statutes 2004, section 136F.04, subdivision 4, is amended to read:

Subd. 4. RECOMMENDATIONS. Each student association shall recommend at least two and not more than four candidates for its student member. By January 2 April 15 of the year in which its members' term expires, each student association shall submit its recommendations to the governor. The governor is not bound by these recommendations.

Sec. 31. [136F.31] CENTERS OF EXCELLENCE.

Subdivision 1. BOARD DESIGNATION. The board must designate at least three and up to eight different program centers of excellence. The board must determine the form and required information contained in applications from member institutions.

Subd. 2. CENTER SELECTION CRITERIA. The board must select programs based on institutional proposals demonstrating:

(1) the capacity to build multistate regional or national recognition of the program within five years;

(2) a commitment to expanding the influence of the center to improve results in related programs in participating institutions;

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(3) the capacity to improve employment placement and income expectations of graduates from the program;

(4) a strong partnership between a four-year and at least one two-year institution that maximizes the leverage of academic and training capacities in each institution;

(5) a comprehensive academic plan that includes a seamless continuum of academic offerings in the program area that supports career development at multiple levels in related employment fields;

(6) a specific development plan that includes a description of how the institution will pursue continuous improvement and accountability;

(7) identified commitments from employers that include measurable financial and programmatic commitment to the center of excellence on the part of employers who will benefit from the development of the center. A center for teacher education must demonstrate support from local school districts;

(8) a commitment from the institution that the new designated funding will not supplant current budgets from related programs;

(9) a strong existing program upon which the proposed center will build; and

(10) a separate fund for donations dedicated for the program within current institutional foundations.

The board may adopt additional criteria that promote general goals of the centers. The board shall give priority to programs that integrate the academic and training outcomes of the center with business clusters that have a significant multiplier effect on the state's economy based on projections of job, income, or general economic growth. The board shall consult with the Department of Employment and Economic Development to identify these clusters and the potential economic impact of developing a center for excellence.

Subd. 3. ADVISORY COMMITTEE AND REPORTS REQUIRED. A center of excellence must create an advisory committee representing local, statewide, and national leaders in the field. By January 15 of each odd-numbered year, each designated center must provide a report to the governor and the chairs of committees of the legislature with jurisdiction over higher education finance, that includes annual and integrated data on program enrollment, student demographics, student admission data, endowment growth, graduation rates, graduation outcomes, employer involvement, indicators of student or graduate employment success, and other outcomes as determined by the board. After a center has been in existence for three years, the report must include measures of the program's impact on the local economy.

Sec. 32. Minnesota Statutes 2004, section 136F.32, subdivision 2, is amended to read:

Subd. 2. TECHNICAL AND CONSOLIDATED TECHNICAL COLLEGES.
(a) A technical college or consolidated technical community college shall offer students the option of pursuing diplomas and or certificates in each technical education

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program, unless the board determines that a degree is the only acceptable credential for career entry in a specific field. All vocational and technical credits earned for a diploma or certificate shall be applicable toward any available degree in the same program.

(b) Certificates and diplomas are credentials that demonstrate competence in a vocational or technical area and, therefore, may include a general education component only as part of an articulation agreement or to meet occupational requirements as established by the trade or profession, or by the program advisory committee. Students shall be provided with applied training in general studies as necessary for competence in the program area. Students who have earned a certificate or diploma may earn a degree in the same field if they complete the general education and other degree requirements.

Sec. 33. Minnesota Statutes 2004, section 136G.03, subdivision 3, is amended to read:

Subd. 3. **ACCOUNT OWNER.** "Account owner" means a person who enters into a participation agreement and is entitled to select or change conduct transactions on the account, including selecting and changing the beneficiary of an account or to receive and receiving distributions from the account for other than payment of qualified higher education expenses.

Sec. 34. Minnesota Statutes 2004, section 136G.03, subdivision 21a, is amended to read:

Subd. 21a. **MINOR TRUST ACCOUNT.** "Minor trust account" means a Uniform Gift to Minors Act account, or 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. 35. Minnesota Statutes 2004, section 136G.03, subdivision 22, is amended to read:

Subd. 22. **NONQUALIFIED DISTRIBUTION.** "Nonqualified distribution" means a distribution made from an account other than (1) a qualified distribution; or (2) a distribution due to the death or disability of, or scholarship to, or attendance at a United States military academy by, a beneficiary.

Sec. 36. Minnesota Statutes 2004, section 136G.03, subdivision 32, is amended to read:

Subd. 32. **SCHOLARSHIP.** "Scholarship" means a scholarship, or educational assistance allowance, or payment under section 529(b)(3)(C) of the Internal Revenue Code.

Sec. 37. Minnesota Statutes 2004, 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

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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 promotion providing incentives and marketing of 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. 38. Minnesota Statutes 2004, section 136G.09, subdivision 11, is amended to read:

Subd. 11. **EFFECT OF PLAN CHANGES ON PARTICIPATION AGREEMENT.** Amendments to sections 136G.01 to 136G.13 automatically amend the participation agreement. Any amendments to the operating procedures and policies of the plan shall automatically amend the participation agreement ~~30~~ days after adoption by the office or the board.

Sec. 39. Minnesota Statutes 2004, section 136G.09, subdivision 12, is amended to read:

Subd. 12. **SPECIAL ACCOUNT TO HOLD PLAN ASSETS IN TRUST.** All assets of the plan, including contributions to accounts and matching grant accounts and earnings, are held in trust for the exclusive benefit of account owners and beneficiaries. Assets must be held in a separate account in the state treasury to be known as the Minnesota college savings plan account or in accounts with the third party provider selected pursuant to section 136G.05, subdivision 8. Plan assets are not subject to claims by creditors of the state, are not part of the general fund, and are not subject to appropriation by the state. Payments from the Minnesota college savings plan account shall be made under sections 136G.01 to 136G.13.

Sec. 40. Minnesota Statutes 2004, section 136G.11, subdivision 1, is amended to read:

Subdivision 1. **MATCHING GRANT QUALIFICATION.** By June 30 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 beneficiary's family meets Minnesota college savings plan residency requirements; and
- (4) the family income of the beneficiary did not exceed \$80,000.

Sec. 41. Minnesota Statutes 2004, section 136G.11, subdivision 2, is amended to read:

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

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(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.

Sec. 42. Minnesota Statutes 2004, 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 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.

Sec. 43. Minnesota Statutes 2004, 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 tuition program;

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

(3) the beneficiary dies or becomes disabled;

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

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(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 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. 44. Minnesota Statutes 2004, 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) directly to the account owner or beneficiary if the account owner or beneficiary has already paid qualified higher education expenses.

(b) 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. 45. Minnesota Statutes 2004, section 136G.13, subdivision 5, is amended to read:

Subd. 5. **DISTRIBUTIONS DUE TO DEATH OR DISABILITY OF, OR SCHOLARSHIP TO, OR ATTENDANCE AT A UNITED STATES MILITARY ACADEMY BY, A BENEFICIARY.** An account owner may request a distribution due to the death or disability of, or scholarship to, or attendance at a United States military academy by, a beneficiary from an account by submitting a completed request to the plan. Prior to distribution, the account owner shall certify the reason for the distribution and provide written confirmation from a third party that the beneficiary has died, become disabled, or received a scholarship for attendance at an eligible educational institution, or is attending a United States military academy. The plan must not consider a request to make a distribution until a third-party written confirmation is

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received by the plan. For purposes of this subdivision, a third-party written confirmation consists of the following:

- (1) for death of the beneficiary, a certified copy of the beneficiary's death record;
- (2) for disability of the beneficiary, a certification by a physician who is a doctor of medicine or osteopathy stating that the doctor is legally authorized to practice in a state of the United States and that the beneficiary is unable to attend any eligible educational institution because of an injury or illness that is expected to continue indefinitely or result in death. Certification must be on a form approved by the plan; ~~or~~
- (3) for a scholarship award to the beneficiary, a letter from the grantor of the scholarship or from the eligible educational institution receiving or administering the scholarship, that identifies the beneficiary by name and Social Security number or taxpayer identification number as the recipient of the scholarship and states the amount of the scholarship, the period of time or number of credits or units to which it applies, the date of the scholarship, and, if applicable, the eligible educational institution to which the scholarship is to be applied; or
- (4) for attendance by the beneficiary at a United States military academy, a letter from the military academy indicating the beneficiary's enrollment and attendance.

Sec. 46. Minnesota Statutes 2004, section 136G.14, is amended to read:

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, or made on account of the beneficiary's attendance at a United States military academy, must be used for the benefit of the beneficiary.

Sec. 47. Minnesota Statutes 2004, section 137.0245, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT.** A Regent Candidate Advisory Council is established to assist ~~the legislature~~ in determining criteria for, and identifying and

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recruiting qualified candidates for membership on the Board of Regents and making recommendations to the governor.

Sec. 48. Minnesota Statutes 2004, section 137.0245, subdivision 3, is amended to read:

Subd. 3. **DUTIES.** (a) The advisory council shall:

(1) develop, in consultation with current and former regents and the administration of the University of Minnesota, a statement of the selection criteria to be applied and a description of the responsibilities and duties of a regent, and shall distribute this to potential candidates; and

(2) for each position on the board, identify and recruit qualified candidates for the Board of Regents, based on the background and experience of the candidates, and their potential for discharging the responsibilities of a member of the Board of Regents, and the needs of the board. The selection criteria must not include a limitation on the number of terms an individual may serve on the Board of Regents.

(b) The selection criteria developed under paragraph (a), clause (1), must include a criterion that regents represent diversity in geography; gender; race; occupation, including business and labor; and experience.

(c) The selection criterion must include an identification of the membership needs of the board for individual skills relevant to the governance of the University of Minnesota and the needs for certain individual characteristics. Individual characteristics relate to qualities such as gender, race, and geographic location of residence.

Sec. 49. Minnesota Statutes 2004, section 137.0245, subdivision 4, is amended to read:

Subd. 4. **RECOMMENDATIONS.** (a) The advisory council shall recommend at least two and not more than four candidates. By March 15 January 15 of each odd-numbered year, the advisory council shall submit its recommendations to the president of the senate and the speaker of the house of representatives. The legislature shall not be bound by these recommendations governor.

(b) The advisory council must submit a report to the governor on the needs criterion identified under subdivision 3, paragraph (c), at the same time it submits its recommendations.

Sec. 50. [137.0246] REGENT NOMINATION AND ELECTION.

Subdivision 1. **GOVERNOR NOMINATION.** By February 15 following the receipt of recommendations from the advisory council, the governor must submit to the joint committee established under subdivision 2 a slate of regent nominations that complies with sections 137.023 and 137.024. The slate must name one nominee for each vacancy. In selecting nominees, the governor must consider the needs of the Board of Regents and the balance of the board membership with respect to gender, racial, and ethnic composition. The governor must inform the joint committee how

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each candidate and the slate meets the needs identified in the report under section 137.0245, subdivision 4, paragraph (b).

Subd. 2. JOINT COMMITTEE. (a) The joint legislative committee consists of 20 legislator members. Ten members shall be appointed by the speaker of the house. Ten members shall be appointed by the Subcommittee on Committees of the Committee on Rules and Administration from the senate. An equal number of members from the majority and minority party shall be appointed from each house. The members appointed from the minority party must be appointed from among those recommended by the minority leader. The chairs of the education policy committees and of the higher education budget divisions and the ranking minority member of those committees and divisions must be appointed. A majority of the members from each house is a quorum of the joint committee.

(b) By February 28 of each odd-numbered year, or at a date agreed to by concurrent resolution, the joint legislative committee shall meet to consider the governor's nominees for regent of the University of Minnesota for possible presentation to a joint convention of the legislature.

(c) The joint committee may only recommend to the joint convention nominees recommended by the governor. If the joint committee does not recommend a governor's nominee, the governor must submit a different nominee for the same vacancy.

Sec. 51. [144.1498] NURSING LOW-INCOME LOAN REPAYMENT.

Subdivision 1. DEFINITION. For purposes of this section, "qualifying educational loans" means government, commercial, and foundation loans for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a licensed practical nurse or registered nurse.

Subd. 2. CREATION OF ACCOUNT; LOAN REPAYMENT PROGRAM. A low-income nursing education account is created in the general fund. The commissioner of health shall use money from the account to establish a loan repayment program for licensed practical or registered nurses who agree to practice in a Minnesota nursing home or work in a position in Minnesota as a nurse educator. Appropriations made to the account do not cancel and are available until expended.

Subd. 3. ELIGIBILITY. (a) To be eligible to apply to participate in the loan repayment program, an individual must:

(1) be a resident of Minnesota;

(2) currently be attending a program leading to a degree in practical or registered nursing or a graduate nursing degree in a public or private postsecondary education institution located in Minnesota; and

(3) submit an application to the commissioner of health.

(b) An applicant selected to participate must sign a contract to agree to serve a minimum three-year, full-time service obligation in a position or place of employment

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described in subdivision 2. The service must begin no later than March 31 following completion of required training. If fewer applications are submitted by nursing students than there are participant slots available, the commissioner may consider applications submitted by nursing program graduates who are licensed or registered nurses or nurses who are nurse educators. Nurses selected for loan repayment assistance must comply with this section.

Subd. 4. LOAN REPAYMENT. The commissioner of health may accept applicants each year for participation in the loan repayment program, within the limits of available funding. Applicants are responsible for securing their own loans. The commissioner shall select participants in a priority based upon lowest family income, followed in order of ascending family income. Family income may be determined in the same manner as for state grants under section 136A.121 or in another manner the commissioner determines fairly represents family income. The commissioner shall give preference to applicants closest to completing their training. For each year that a participant meets the service obligation required under subdivision 3, up to a maximum of four years, the commissioner shall make annual disbursements directly to the participant equivalent to 15 percent of the average educational debt for indebted nursing school graduates in the year closest to the applicant's selection for which information is available or the balance of the qualifying educational loans, whichever is less. Before receiving loan repayment disbursements and as requested, the participant must complete and return to the commissioner an affidavit of practice form provided by the commissioner verifying that the participant is practicing as required under subdivision 3. The participant must provide the commissioner with verification that the full amount of loan repayment disbursement received by the participant has been applied toward the designated loans. After each disbursement, verification must be received by the commissioner and approved before the next loan repayment disbursement is made. Participants remain eligible for loan repayment as long as they practice as required under subdivision 3.

Subd. 5. PENALTY FOR NONFULFILLMENT. If a participant does not fulfill the service commitment under subdivision 3, the commissioner of health shall collect from the participant 100 percent of any payments made for qualified educational loans and interest at a rate established according to section 270.75. The commissioner shall deposit the money collected in the low-income nursing education account established under subdivision 2.

Subd. 6. SUSPENSION OR WAIVER OF OBLIGATION. Payment or service obligations cancel in the event of a participant's death. The commissioner of health may waive or suspend payment or service obligations in cases of total and permanent disability or long-term temporary disability lasting for more than two years. The commissioner shall evaluate all other requests for suspension or waivers on a case-by-case basis and may grant a waiver of all or part of the money owed as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the required service commitment.

Sec. 52. Minnesota Statutes 2004, section 192.502, subdivision 1, is amended to read:

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Subdivision 1. **POSTSECONDARY STUDENTS.** (a) A member of the Minnesota National Guard or any other military reserve component who is a As used in this subdivision, the terms “qualified person” and “qualified student” have the same meaning and include:

(1) any student at a postsecondary education educational institution and who is called or ordered to state into active military service in the Minnesota National Guard, as defined in section 190.05, subdivision 5, or who is called or ordered to federal active military service; and

(2) a veteran, as defined in section 197.447, who has a service-connected disability as certified by the United States Department of Veterans Affairs, who is a student at a postsecondary educational institution, and whose service connected medical condition or medical treatment requirements reasonably prevent the person’s attendance at or progress in part or all of the person’s higher educational training or studies at any given time. The terms “medical condition” and “medical treatment requirements” must be broadly construed and without regard for whether or not they relate directly to the person’s service-connected disability.

(b) A qualified person or qualified student has the following rights:

(1) with regard to courses in which the person is enrolled, the person may:

(i) withdraw from one or more courses for which tuition and fees have been paid that are attributable to the courses. The tuition and fees must be credited to the person’s account at the postsecondary institution. Any refunds are subject to the requirements of the state or federal financial aid programs of origination. In such a case, the student must not receive credit for the courses and must not receive a failing grade, an incomplete, or other negative annotation on the student’s record, and the student’s grade point average must not be altered or affected in any manner because of action under this item;

(ii) be given a grade of incomplete and be allowed to complete the course upon release from active duty service, upon completion of medical treatment, or upon sufficient medical recovery under the postsecondary institution’s standard practice for completion of incompletes; or

(iii) continue and complete the course for full credit. Class sessions the student misses due to performance of ~~state or federal active military service~~ or due to the person’s medical treatment or medical condition must be counted as excused absences and must not be used in any way to adversely impact the student’s grade or standing in the class. Any student who selects this option is not, however, automatically excused from completing assignments due during the period the student is performing ~~state or federal active military service or receiving medical treatment or recovering from a medical condition.~~ A letter grade or a grade of pass must only be awarded only if, in the opinion of the faculty member teaching the course, the student has completed sufficient work and has demonstrated sufficient progress toward meeting course requirements to justify the grade;

(2) to receive a refund of amounts paid for room, board, and fees attributable to the time period during which the student was serving in ~~state or federal active military~~

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service or receiving medical treatment or dealing with the person's medical condition and did not use the facilities or services for which the amounts were paid. Any refund of room, board, and fees is subject to the requirements of the state or federal financial aid programs of origination; and

(3) if the student chooses to withdraw, the student has the right to be readmitted and reenrolled as a student at the postsecondary education institution, without penalty or redetermination of admission eligibility, within ~~one year~~ two years following release from the state or federal active military service or following completion of medical treatment or sufficient recovery from the person's medical condition.

(b) (c) The protections in this section may be invoked as follows:

(1) the qualified person or qualified student, or an appropriate officer from the military organization in which the person will be serving, or an appropriate medical authority or the person's authorized caregiver or family member, must give advance verbal or written notice that the person is being called ~~or~~ ordered to qualifying active military service or will be undertaking medical treatment or a period of recovery for a medical condition;

(2) advance notice is not required if the giving of notice is precluded by military or medical necessity or, under all the relevant circumstances, the giving of notice is impossible or unreasonable; and

(3) upon written request from the postsecondary institution, the person must provide written verification of the order to active service or of the existence of the medical condition or medical treatment.

(e) (d) This section provides minimum protections for qualified students. Nothing in this section prevents postsecondary institutions from providing additional options or protections to students who are called ~~or~~ ordered to state or federal active military service or are undertaking medical treatment or a period of recovery from a medical condition.

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

Sec. 53. Minnesota Statutes 2004, section 299A.45, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** Following certification under section 299A.44 and compliance with this section and rules of the commissioner of public safety and the higher education services office, dependent children less than 23 years of age and the surviving spouse of a public safety officer killed in the line of duty on or after January 1, 1973, are eligible to receive educational benefits under this section. To qualify for an award, they must be enrolled in undergraduate degree or certificate programs after June 30, 1990, at an eligible Minnesota institution as provided in section 136A.101, subdivision 4. A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility. Persons who have received a baccalaureate degree or have been enrolled full time or the equivalent of ten semesters or the equivalent, whichever occurs first, are no longer eligible.

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Sec. 54. Minnesota Statutes 2004, section 299A.45, subdivision 4, is amended to read:

Subd. 4. **RENEWAL.** Each award must be given for one academic year and is renewable for a maximum of eight semesters or the equivalent. A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility. An award must not be given to a dependent child who is 23 years of age or older on the first day of the academic year.

Sec. 55. [583.215] EXPIRATION.

(a) Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, 2009.

(b) Laws 1986, chapter 398, article 1, section 18, as amended, is repealed.

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

Sec. 56. RECIPROCITY NEGOTIATIONS.

Subdivision 1. SOUTH DAKOTA. The Higher Education Services Office must examine reinstating interstate payments in the Minnesota-South Dakota reciprocity program while maintaining the tuition reciprocity agreement. The office must examine the advantages and disadvantages of computing interstate payments under the reciprocity agreement and the impact of interstate payments on participating students, institutions, and the general funds of the two states. The office must report on the impacts of reinstating reciprocity payments to the committees of the legislature with responsibility for higher education by January 15, 2006.

Subd. 2. WISCONSIN. The Higher Education Services Office must, as soon as possible, commence negotiations with the state of Wisconsin on the tuition reciprocity agreement. The negotiations must include the issue of the disparity between the tuition paid by Wisconsin residents and Minnesota residents at campuses of the University of Minnesota with a goal of reducing or eliminating the disparity.

This section does not mandate the inclusion of any particular term in a tuition reciprocity agreement.

Sec. 57. ADVISORY TASK FORCE ON PUBLIC POSTSECONDARY FUNDING.

The Higher Education Services Office shall convene an advisory task force to study the current postsecondary funding policy under Minnesota Statutes, sections 135A.01 to 135A.034. The task force must include the chief financial officers of the University of Minnesota and the Minnesota State Colleges and Universities, and the commissioner of finance, or their designees. The task force may include other members as selected by the Higher Education Services Office. The task force must study and make specific recommendations on alternatives to the methods currently used by the postsecondary systems to implement the provisions of Minnesota Statutes, section 135A.031, subdivision 4. The task force must submit its recommendations to the

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legislature and the governor by January 15, 2006. The task force expires on June 30, 2007.

Sec. 58. ALTERNATIVE FORMAT INSTRUCTIONAL MATERIAL NETWORK.

The Higher Education Services Office must convene a group with representatives from publishers of postsecondary instructional materials, the Association of American Publishers (AAP), the Minnesota State Colleges and Universities, the University of Minnesota, all sectors of private postsecondary education, and Minnesota State Services for the Blind to develop a network to make available postsecondary instructional material in an electronic format or to identify other solutions, such as a national system, to address the specialized format needs of postsecondary students with disabilities. The material available through the network must be made available to Minnesota postsecondary institutions and to postsecondary students with disabilities that require a reading accommodation. The group must establish standards for the instructional material that is available through the network. Instructional material must be in a format that is compatible with assistive technology used by students who require a reading accommodation. Instructional material includes, but is not limited to, commercially printed materials published or produced primarily for use by students in postsecondary educational courses. Instructional materials also include materials produced by postsecondary institutions, as defined by the group, for use in conjunction with a course of study. The Higher Education Services Office must report to the committees in the house of representatives and senate with responsibility for higher education finance by January 15, 2006, on progress in developing the network and with recommendations on methods to meet the needs of students for instructional materials in alternative formats.

Sec. 59. APPLICATION OF ELIGIBILITY.

The additional semester or the equivalent of grant eligibility under sections 20, 23, 53, and 54 applies to any student who withdrew from enrollment in a postsecondary institution after December 31, 2002, because the student was ordered to active military service as defined in Minnesota Statutes, section 190.05, subdivision 5b or 5c.

Sec. 60. REVISOR'S INSTRUCTION.

The revisor of statutes shall change the terms "HESO" and "Higher Education Services Office" to "Minnesota Office of Higher Education" wherever in Minnesota Statutes and Minnesota Rules the terms appear.

Sec. 61. REPEALER.

(a) Minnesota Statutes 2004, sections 136A.011, and 136A.031, subdivision 1, are repealed.

(b) Minnesota Rules, parts 4815.0100; 4815.0110; 4815.0120; 4815.0130; 4815.0140; 4815.0150; 4815.0160; 4830.8100; 4830.8110; 4830.8120; 4830.8130; 4830.8140; and 4830.8150, are repealed.

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ARTICLE 3

PRIVATE CAREER SCHOOLS

Section 1. Minnesota Statutes 2004, section 141.21, is amended by adding a subdivision to read:

Subd. 6a. **MULTIPLE LOCATION.** “Multiple location” means any site where classes or administrative services are provided to students and which has a street address that is different than the street address found on the school’s private career school license.

Sec. 2. Minnesota Statutes 2004, section 141.25, subdivision 3, is amended to read:

Subd. 3. **APPLICATION.** Application for a license shall be on forms prepared and furnished by the office, and shall include the following and other information as the office may require:

- (1) the title or name of the school, ownership and controlling officers, members, managing employees, and director;
- (2) the specific programs which will be offered and the specific purposes of the instruction;
- (3) the place or places where the instruction will be given;
- (4) a listing of the equipment available for instruction in each program;
- (5) the maximum enrollment to be accommodated with equipment available in each specified program;
- (6) the qualifications of instructors and supervisors in each specified program;
- (7) a current balance sheet, income statement, and adequate supporting documentation, prepared and certified by an independent public accountant or CPA;
- (8) copies of all media advertising and promotional literature and brochures or electronic display currently used or reasonably expected to be used by the school;
- (9) copies of all Minnesota enrollment agreement forms and contract forms and all enrollment agreement forms and contract forms used in Minnesota; and
- (10) gross income earned in the preceding year from student tuition, fees, and other required institutional charges, unless the school files with the office a surety bond equal to at least ~~\$50,000~~ \$250,000 as described in subdivision 5.

Sec. 3. Minnesota Statutes 2004, section 141.25, subdivision 5, is amended to read:

Subd. 5. **BOND.** (a) No license shall be issued to any school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a

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company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

(b) The amount of the surety bond shall be ten percent of the preceding year's gross income from student tuition, fees, and other required institutional charges, but in no event less than \$10,000 nor greater than ~~\$50,000~~ \$250,000, except that a school may deposit a greater amount at its own discretion. A school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision, unless the school maintains a surety bond equal to at least ~~\$50,000~~ \$250,000. A school that operates at two or more locations may combine gross income from student tuition, fees, and other required institutional charges for all locations for the purpose of determining the annual surety bond requirement. The gross tuition and fees used to determine the amount of the surety bond required for a school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the school by the students recruited from Minnesota.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum deposited by the school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of finance a sum equal to the amount of the required surety bond in cash, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a school to post and maintain the required surety bond or deposit under paragraph (d) may result in denial, suspension, or revocation of the school's license.

Sec. 4. Minnesota Statutes 2004, section 141.25, subdivision 8, is amended to read:

Subd. 8. **FEES AND TERMS OF LICENSE.** An application for an initial license under sections 141.21 to 141.35 shall be accompanied by a nonrefundable application fee established by the office as provided in section 141.255 that is sufficient to recover, but not exceed, its the administrative costs of the office.

All licenses shall expire one year from the date issued by the office, except as provided in section 141.251.

Sec. 5. Minnesota Statutes 2004, section 141.25, subdivision 9, is amended to read:

Subd. 9. **CATALOG, BROCHURE, OR ELECTRONIC DISPLAY.** Before a license is issued to a school, the school shall furnish to the office a catalog, brochure, or electronic display including:

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- (1) identifying data, such as volume number and date of publication;
- (2) name and address of the school and its governing body and officials;
- (3) a calendar of the school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;
- (4) the school policy and regulations on enrollment including dates and specific entrance requirements for each program;
- (5) the school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;
- (6) the school policy and regulations about standards of progress for the student including the grading system of the school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the school, and conditions of reentrance for those dismissed for unsatisfactory progress;
- (7) the school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;
- (8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;
- (9) the school policy and regulations, including an explanation of section 141.271, about refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;
- (10) a description of the available facilities and equipment;
- (11) a course outline syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;
- (12) the school policy and regulations about granting credit for previous education and preparation;
- (13) a procedure for investigating and resolving student complaints; and
- (14) the name and address of the Minnesota Higher Education Services Office.

A school that is exclusively a distance education school is exempt from clauses (3) and (5).

Sec. 6. Minnesota Statutes 2004, section 141.25, subdivision 12, is amended to read:

Subd. 12. **PERMANENT RECORDS.** A school licensed under this chapter and located in Minnesota shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include school transcripts, documents, and files contain-

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ing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a school shall submit a plan that meets the following requirements:

- (1) at least one copy of the records must be held in a secure, fireproof depository;
- (2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;
- (3) an alternative method, approved by the office, of complying with clauses (1) and (2) must be established if the school ceases to exist; and
- (4) a continuous surety bond must be filed with the office in an amount not to exceed \$20,000 if the school has no binding agreement for preserving student records or a trust must be arranged if the school ceases to exist.

Sec. 7. Minnesota Statutes 2004, section 141.251, is amended to read:

141.251 LICENSE RENEWAL.

Subdivision 1. **APPLICATION.** Application for renewal of a license must be made at least ~~30~~ 60 days before expiration of the current license on a form provided by the office. A renewal application shall be accompanied by a nonrefundable fee established by the office as provided in section 141.255 that is sufficient to recover, but does not exceed, its the administrative costs of the office.

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

Sec. 8. [141.255] FEES.

Subdivision 1. **INITIAL LICENSURE FEE.** The office processing fee for an initial licensure application is:

- (1) \$1,500 for a school that will offer no more than one program during its first year of operation;

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(2) \$2,000 for a school that will offer two or more nondegree level programs during its first year of operation; and

(3) \$2,500 for a school that will offer two or more degree level programs during its first year of operation.

Subd. 2. RENEWAL LICENSURE FEE; LATE FEE. (a) The office processing fee for a renewal licensure application is:

(1) for a category A school, as determined by the office, the fee is \$865 if the school offers one program or \$1,150 if the school offers two or more programs; and

(2) for a category B or C school, as determined by the office, the fee is \$430 if the school offers one program or \$575 if the school offers two or more programs.

(b) If a license renewal application is not received by the office by the close of business at least 60 days before the expiration of the current license, a late fee of \$100 per business day shall be assessed.

Subd. 3. DEGREE LEVEL ADDITION FEE. The office processing fee for adding a degree level to an existing program is \$2,000 per program.

Subd. 4. PROGRAM ADDITION FEE. The office processing fee for adding a program that represents a significant departure in the objectives, content, or method of delivery of programs that are currently offered by the school is \$500 per program.

Subd. 5. VISIT OR CONSULTING FEE. If the office determines that a fact-finding visit or outside consultant is necessary to review or evaluate any new or revised program, the office shall be reimbursed for the expenses incurred related to the review as follows:

(1) \$300 for the team base fee or for a paper review conducted by a consultant if the office determines that a fact-finding visit is not required;

(2) \$300 for each day or part thereof on site per team member; and

(3) the actual cost of customary meals, lodging, and related travel expenses incurred by team members.

Subd. 6. MODIFICATION FEE. The fee for modification of any existing program is \$100 and is due if there is:

(1) an increase or decrease of 25 percent or more, from the original date of program approval, in clock hours, credit hours, or calendar length of an existing program;

(2) a change in academic measurement from clock hours to credit hours or vice versa; or

(3) an addition or alteration of courses that represent a 25 percent change or more in the objectives, content, or methods of delivery.

Subd. 7. SOLICITOR PERMIT FEE. The solicitor permit fee is \$350 and must be paid annually.

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Subd. 8. MULTIPLE LOCATION FEE. Schools wishing to operate at multiple locations must pay:

- (1) \$250 per location, for two to five locations; and
- (2) an additional \$50 for each location over five.

Subd. 9. STUDENT TRANSCRIPT FEE. The fee for a student transcript requested from a closed school whose records are held by the office is \$10, with a maximum of five transcripts per request.

Subd. 10. PUBLIC OFFICE DOCUMENTS; COPIES. The office shall establish rates for copies of any public office document.

Sec. 9. Minnesota Statutes 2004, section 141.26, subdivision 5, is amended to read:

Subd. 5. FEE. The initial and renewal application for each permit shall be accompanied by a nonrefundable fee as established by the office under section 141.255.

Sec. 10. Minnesota Statutes 2004, section 141.271, is amended by adding a subdivision to read:

Subd. 1b. SHORT-TERM PROGRAMS. Licensed schools conducting programs not exceeding 40 hours in length shall not be required to make a full refund once a program has commenced and shall be allowed to prorate any refund based on the actual length of the program as stated in the school catalog or advertisements and the number of hours attended by the student.

Sec. 11. Minnesota Statutes 2004, section 141.271, subdivision 4, is amended to read:

Subd. 4. RESIDENT SCHOOLS. When a student has been accepted by a school offering a resident program and gives written notice of cancellation, or the school has actual notice of a student's nonattendance after the start of the period of instruction for which the student has been charged, but before completion of 75 percent of the period of instruction, the amount charged for tuition, fees, and all other charges shall be prorated based on number of days in the term as a portion of the total charges for tuition, fees, and all other charges. An additional 25 percent of the total cost of the period of instruction may be added, but shall not exceed \$100. After completion of 75 percent of the period of instruction for which the student has been charged, no refunds are required.

Sec. 12. Minnesota Statutes 2004, section 141.271, subdivision 7, is amended to read:

Subd. 7. EQUIPMENT AND SUPPLIES. The fair market retail price, if separately stated in the catalog and contract or enrollment agreement, of equipment or supplies furnished to the student, which the student fails to return in condition suitable for resale, and which may reasonably be resold, within ten business days following cancellation may be retained by the school and may be deducted from the total cost for

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tuition, fees and all other charges when computing refunds.

An overstatement of the fair market retail price of any equipment or supplies furnished the student shall be considered inconsistent with this provision.

Sec. 13. Minnesota Statutes 2004, section 141.271, subdivision 10, is amended to read:

Subd. 10. **CANCELLATION OCCURRENCE.** Written notice of cancellation shall take place on the date the letter of cancellation is postmarked or, in the cases where the notice is hand carried, it shall occur on the date the notice is delivered to the school. If a student has not attended classes for a period of 21 consecutive days, the student is considered to have withdrawn from school for all purposes as of the student's last documented date of attendance.

Sec. 14. Minnesota Statutes 2004, section 141.271, is amended by adding a subdivision to read:

Subd. 14. **CLOSED SCHOOL.** In the event a school closes for any reason during a term and interrupts and terminates classes during that term, all tuition for the term shall be refunded to the students or the appropriate state or federal agency or private lender that provided any funding for the term and any outstanding obligation of the student for the term is canceled.

Sec. 15. Minnesota Statutes 2004, section 141.28, subdivision 1, is amended to read:

Subdivision 1. **NOT TO ADVERTISE STATE APPROVAL.** Schools, agents of schools, and solicitors may not advertise or represent in writing or orally that such school is approved or accredited by the state of Minnesota, except that any school, agent, or solicitor may advertise that the school and solicitor have been duly licensed by the state- using the following language:

“(Name of school) is licensed as a private career school with the Minnesota Higher Education Services Office. Licensure is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions. The educational programs may not meet the needs of every student or employer.”

Sec. 16. Minnesota Statutes 2004, section 141.28, is amended by adding a subdivision to read:

Subd. 6. **FINANCIAL AID PAYMENTS.** (a) All schools must collect, assess, and distribute funds received from loans or other financial aid as provided in this subdivision.

(b) Student loans or other financial aid funds received from federal, state, or local governments or administered in accordance with federal student financial assistance programs under title IV of the Higher Education Act of 1965, as amended, United States Code, title 20, chapter 28, must be collected and applied as provided by applicable federal, state, or local law or regulation.

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(c) Student loans or other financial aid assistance received from a bank, finance or credit card company, or other private lender must be collected or disbursed as provided in paragraphs (d) and (e).

(d) Loans or other financial aid payments for amounts greater than \$3,000 must be disbursed:

(1) in two equal disbursements, if the term length is more than four months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class with the remainder to be disbursed halfway through the term; or

(2) in three equal disbursements, if the term length is more than six months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class, one-third of the way through the term, and two-thirds of the way through the term.

(e) Loans or other financial aid payments for amounts less than \$3,000 may be disbursed as a single disbursement on the first day a student attends class, regardless of term length.

(f) No school may enter into a contract or agreement with, or receive any money from, a bank, finance or credit card company, or other private lender, unless the private lender follows the requirements for disbursements provided in paragraphs (d) and (e).

Sec. 17. Minnesota Statutes 2004, section 141.29, subdivision 3, is amended to read:

Subd. 3. **POWERS AND DUTIES.** The office shall have (in addition to the powers and duties now vested therein by law) the following powers and duties:

(a) To negotiate and enter into interstate reciprocity agreements with similar agencies in other states, if in the judgment of the office such agreements are or will be helpful in effectuating the purposes of Laws 1973, Chapter 714;

(b) To grant conditional school license for periods of less than one year if in the judgment of the office correctable deficiencies exist at the time of application and when refusal to issue school license would adversely affect currently enrolled students;

(c) The office may upon its own motion, and shall upon the verified complaint in writing of any person setting forth fact which, if proved, would constitute grounds for refusal or revocation under Laws 1973, Chapter 714, investigate the actions of any applicant or any person or persons holding or claiming to hold a license or permit. However, before proceeding to a hearing on the question of whether a license or permit shall be refused, revoked or suspended for any cause enumerated in subdivision 1, the office may shall grant a reasonable time to the holder of or applicant for a license or permit to correct the situation. If within such time the situation is corrected and the school is in compliance with the provisions of this chapter, no further action leading to refusal, revocation, or suspension shall be taken.

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

Sec. 18. Minnesota Statutes 2004, section 141.30, is amended to read:

141.30 INSPECTION.

(a) The office or a delegate may inspect the instructional books and records, classrooms, dormitories, tools, equipment and classes of any school or applicant for license at any reasonable time. The office may require the submission of a certified public audit, or if there is no such audit available the office or a delegate may inspect the financial books and records of the school. In no event shall such financial information be used by the office to regulate or set the tuition or fees charged by the school.

(b) Data obtained from an inspection of the financial records of a school or submitted to the office as part of a license application or renewal are nonpublic data as defined in section 13.02, subdivision 9. Data obtained from inspections may be disclosed to other members of the office, to law enforcement officials, or in connection with a legal or administrative proceeding commenced to enforce a requirement of law.

Sec. 19. Minnesota Statutes 2004, section 141.35, is amended to read:

141.35 EXEMPTIONS.

Sections 141.21 to 141.35 shall not apply to the following:

- (1) public postsecondary institutions;
- (2) private postsecondary institutions registered under sections 136A.61 to 136A.71 that are nonprofit, or that are for profit and registered under sections 136A.61 to 136A.71 as of December 31, 1998, or are approved to offer exclusively baccalaureate or postbaccalaureate programs;
- (3) schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;
- (4) private schools complying with the requirements of section 120A.22, subdivision 4;
- (5) courses taught to students in a valid apprenticeship program taught by or required by a trade union;
- (6) schools exclusively engaged in training physically or mentally handicapped persons for the state of Minnesota;
- (7) schools licensed by boards authorized under Minnesota law to issue licenses;
- (8) schools and educational programs, or training programs, contracted for by persons, firms, corporations, government agencies, or associations, for the training of their own employees, for which no fee is charged the employee;
- (9) schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office;
- (10) driver training schools and instructors as defined in section 171.33, subdivisions 1 and 2;
- (11) classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

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

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

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

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

(16) classes, courses, or programs providing instruction in personal development, modeling, or acting;

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

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

Sec. 20. REGULATION OF PRIVATE AND OUT-OF-STATE POSTSECONDARY INSTITUTIONS.

The Higher Education Services Office must convene a working group to develop recommendations to revise the regulation under Minnesota Statutes, sections 136A.61 to 136A.71, and chapter 141, of private and out-of-state postsecondary institutions that offer instruction in Minnesota or to Minnesota residents who are not required to leave the state. Members of the working group are appointed by the director of the Higher Education Services Office and must include one or more representatives of the Minnesota Private College Council, the Minnesota Career College Association, and other interested institutions that are registered or licensed under state law.

In developing recommendations, the working group must consider the office's mission to protect both consumers of postsecondary education and the state's interests. The recommendations must address the provision of degrees, certificates, diplomas, and training offered by for-profit and nonprofit institutions in Minnesota and outside of Minnesota, in classrooms or online, and regulatory issues under federal law. The

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recommendations may include other relevant issues as determined by the working group.

The office must provide preliminary recommendations to the committees of the legislature with jurisdiction over higher education policy and higher education finance by November 15, 2005, and must provide final recommendations by January 15, 2006.

ARTICLE 4

ROCHESTER

Section 1. **ROCHESTER HIGHER EDUCATION DEVELOPMENT COMMITTEE.**

Subdivision 1. ESTABLISHMENT. The Rochester Higher Education Development Committee is established to research and make recommendations to the governor and legislature on the creation of mission-driven postsecondary educational programs or institutions in the Rochester area that meet the educational needs of the region and the state and that capitalize on the unique opportunities for educational partnerships presented in the Rochester area.

Subd. 2. MEMBERSHIP. The committee is composed of 11 members, to be appointed by the governor, as follows:

(1) a trustee of the Minnesota State Colleges and Universities, or the trustee's designee;

(2) a regent of the University of Minnesota, or the regent's designee;

(3) six persons from the Rochester area representing business, health and medical sciences, and technology;

(4) the commissioner of finance, as a nonvoting member, or the commissioner's designee;

(5) one person who by training or experience has special expertise in postsecondary finance and planning; and

(6) one person who by training or experience has special expertise in postsecondary academic planning and programming.

Before the first meeting of the committee, the governor shall select one person from the committee who shall serve as chair.

Subd. 3. COMPENSATION AND REMOVAL. Appointments to the committee are not subject to Minnesota Statutes, section 15.0597. Members of the committee are not entitled to reimbursement under Minnesota Statutes, section 15.059, subdivision 6. Members may be removed and vacancies filled pursuant to Minnesota Statutes, section

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15.059, subdivision 4. The director of the Higher Education Services Office may provide administrative support to the committee.

Subd. 4. DUTIES. (a) The committee shall develop a proposal for establishment and implementation of expanded higher education programs or institutions in Rochester. The committee's report must include recommendations on:

- (1) the mission and focus of the programs or institutions;
- (2) the nature of undergraduate and graduate programs to be offered;
- (3) site and facility needs;
- (4) funding sources and opportunities;
- (5) operational needs;
- (6) alliances or other types of cooperative arrangements with public and private institutions;
- (7) governance structures; and
- (8) mechanisms to ensure that the expanded programs are aligned with the unique needs and opportunities of the Rochester area and that programs take advantage of opportunities presented by regional business and industry.

(b) If the committee recommends any programmatic changes that result in institutional realignments, the committee must consult with the representatives of affected employees and address the continuation of collective bargaining and contractual rights and benefits, including accumulated sick leave, vacation time, seniority, time to tenure, separation or retirement benefits, and pension plan coverage.

(c) The committee must consider specifically whether expansion of the University of Minnesota in Rochester is the most appropriate method of meeting the region's needs.

(d) The committee may also research and provide recommendations on sites for the facilities and programs. The committee shall recommend any changes to Minnesota law required to implement recommendations of the committee.

Subd. 5. REPORT. The committee must issue a report with recommendations to the governor and the legislature by January 15, 2006.

Subd. 6. SUNSET. The committee expires on December 31, 2007.

Sec. 2. ROCHESTER HIGHER EDUCATION DEVELOPMENT ACCOUNT.

A Rochester higher education development account is created in the state treasury in the special revenue fund. Money in this account is appropriated to the Higher Education Services Office for allocation to the committee established in section 1, subdivision 1, and the implementation activities outlined in article 1, section 2, subdivision 16, paragraph (b). The office shall serve as fiscal agent for the committee established in section 1.

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Sec. 3. EFFECTIVE DATE.

This article is effective the day following final enactment.

Presented to the governor May 24, 2005

Signed by the governor May 26, 2005, 9:45 a.m.

CHAPTER 108—S.F.No. 877**VETOED**

CHAPTER 109—S.F.No. 1360

An act relating to commerce; regulating unclaimed property held by cooperatives and the right to receive or recover unclaimed property; modifying public notice requirements; regulating certain abandoned tangible personal property; amending Minnesota Statutes 2004, sections 308A.711, subdivisions 1, 3; 308B.735, subdivisions 1, 3; 345.42, subdivision 1; 345.46; proposing coding for new law in Minnesota Statutes, chapter 345; repealing Minnesota Statutes 2004, sections 308A.711, subdivision 2; 308B.735, subdivision 2; 345.42, subdivisions 2, 3.

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

Section 1. Minnesota Statutes 2004, section 308A.711, subdivision 1, is amended to read:

Subdivision 1. **ALTERNATE PROCEDURE TO DISBURSE PROPERTY.** Notwithstanding the provisions of section 345.43, a cooperative may, in lieu of paying or delivering to the commissioner of commerce the unclaimed property specified in its report of unclaimed property, distribute the unclaimed property to a corporation or organization that is exempt from taxation under section 290.05, subdivision 1, paragraph (b), or 2. ~~A cooperative making the election to distribute unclaimed property shall, within 85 days following the publication of lists of abandoned property, file with the commissioner of commerce:~~

- (1) ~~a verified written explanation of the proof of claim of an owner establishing a right to receive the abandoned property;~~
- (2) ~~any errors in the presumption of abandonment;~~
- (3) ~~the name, address, and exemption number of the corporation or organization to which the property was or is to be distributed; and~~

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