

CHAPTER 144—H.F.No. 1063

An act relating to higher education; appropriating money; amending certain Minnesota Office of Higher Education provisions; requiring a risk analysis; establishing new grant and loan repayment programs; amending higher education programs; requiring certain studies; making technical changes; requiring summary statistics in required reports; repealing certain data sharing and collecting requirements; modifying financial aid programs; establishing the Minnesota GI Bill program; establishing the Achieve Scholarship Program; regulating private higher education institutions; providing penalties; amending certain grant programs; eliminating obsolete references; authorizing control of certain decreasing students' share of attendance; increasing revenue bond limits; authorizing control of certain deposits; authorizing lease agreements; authorizing interest rate swap; providing for the Textbook Disclosure, Pricing, and Access Act; amending Minnesota Statutes 2006, sections 13.322, subdivision 3; 41D.01, subdivision 1; 135A.01; 135A.031, subdivisions 1, 7; 135A.034, subdivision 1; 135A.51, subdivision 2; 135A.52, subdivisions 1, 2; 136A.031, subdivision 5; 136A.08, subdivision 7; 136A.101, subdivisions 4, 5a; 136A.121, subdivision 7a, by adding a subdivision; 136A.125, subdivisions 2, 4; 136A.15, subdivisions 1, 6; 136A.16, subdivision 8, by adding a subdivision; 136A.1702; 136A.233, subdivision 3; 136A.29, subdivision 9; 136A.61; 136A.62, subdivision 3; 136A.63; 136A.64; 136A.65; 136A.657, by adding a subdivision; 136A.66; 136A.67; 136A.68; 136A.69; 136A.861, subdivisions 1, 2, 3, 6; 136F.02, subdivision 1; 136F.03, subdivisions 3, 4; 136F.42, subdivision 1; 136F.58; 136F.71, subdivision 2, by adding a subdivision; 136G.11, subdivision 5; 137.0245, subdivisions 1, 4; 137.0246; 141.21, subdivisions 1a, 5; 141.25, subdivisions 1, 5, 7, 9, 10, 12; 141.255, subdivision 2; 141.265, subdivision 2; 141.271, subdivisions 10, 12; 141.28, subdivision 1; 141.32; 141.35; 197.775, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 137; 141; 197; repealing Minnesota Statutes 2006, sections 135A.031, subdivisions 2, 3, 4, 5, 6; 135A.032; 135A.033; 135A.045; 135A.053; 136A.07; 136A.08, subdivision 8; Laws 2001, First Special Session chapter 1, article 1, sections 3, subdivision 3; 4, subdivision 5.

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

ARTICLE 1**HIGHER EDUCATION APPROPRIATIONS****Section 1. SUMMARY OF APPROPRIATIONS.**

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

SUMMARY BY FUND

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	\$ <u>1,574,945,000</u> \$	\$ <u>1,588,563,000</u> \$	<u>3,163,508,000</u>
<u>Health Care Access</u>	\$ <u>2,157,000</u> \$	\$ <u>2,157,000</u> \$	<u>4,314,000</u>
<u>Total</u>	\$ <u>1,577,102,000</u> \$	\$ <u>1,590,720,000</u> \$	<u>3,167,822,000</u>

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

SUMMARY BY AGENCY - ALL FUNDS

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>Minnesota Office of Higher Education</u>	\$ <u>188,288,000</u> \$	\$ <u>188,804,000</u> \$	<u>377,092,000</u>
<u>Board of Trustees of the Minnesota State Colleges and Universities</u>	\$ <u>666,883,000</u> \$	\$ <u>689,297,000</u> \$	<u>1,356,180,000</u>
<u>Board of Regents of the University of Minnesota</u>	\$ <u>714,729,000</u> \$	\$ <u>705,369,000</u> \$	<u>1,420,098,000</u>
<u>Mayo Medical Foundation</u>	\$ <u>1,202,000</u> \$	\$ <u>1,250,000</u> \$	<u>2,452,000</u>
<u>Department of Veterans Affairs</u>	\$ <u>6,000,000</u> \$	\$ <u>6,000,000</u> \$	<u>12,000,000</u>
<u>Total</u>	\$ <u>1,577,102,000</u> \$	\$ <u>1,590,720,000</u> \$	<u>3,167,822,000</u>

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

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009.

APPROPRIATIONS**Available for the Year****Ending June 30**

<u>2008</u>	<u>2009</u>
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Sec. 3. **MINNESOTA OFFICE OF HIGHER EDUCATION**

<u>Subdivision 1. Total Appropriation</u>	\$ <u>188,288,000</u> \$	<u>188,804,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>State Grants</u>	<u>147,400,000</u>	<u>144,138,000</u>
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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 maximum for students in four-year programs is \$9,838 in each year for students in four-year programs, and for students in two-year programs, is \$6,114 in the first year and \$5,808 in the second year.

This appropriation sets the living and miscellaneous expense allowance at \$5,900 each year.

Subd. 3. <u>Safety Officers Survivors</u>	<u>100,000</u>	<u>100,000</u>
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This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to dependent children under age 23 and to the spouses of public safety officers killed in the line of duty.

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Subd. 4. <u>Interstate Tuition Reciprocity</u>	<u>2,000,000</u>	<u>2,000,000</u>
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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. 5. <u>State Work Study</u>	<u>12,444,000</u>	<u>12,444,000</u>
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Subd. 6. <u>Child Care Grants</u>	<u>6,184,000</u>	<u>6,184,000</u>
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Subd. 7. <u>Minitex</u>	<u>5,631,000</u>	<u>5,631,000</u>
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Subd. 8. <u>MnLINK Gateway</u>	<u>400,000</u>	<u>400,000</u>
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Subd. 9. <u>Learning Network of Minnesota</u>	<u>4,800,000</u>	<u>4,800,000</u>
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<u>Subd. 10. Minnesota College Savings Plan</u>	<u>1,020,000</u>	<u>1,020,000</u>
<u>Subd. 11. Midwest Higher Education Compact</u>	<u>90,000</u>	<u>90,000</u>
<u>Subd. 12. Intervention for College Attendance Program Grants</u>	<u>496,000</u>	<u>496,000</u>
<u>No more than \$50,000 of this appropriation each year may be used for administrative expenses for the program under Minnesota Statutes, section 136A.861.</u>		
<u>Subd. 13. Achieve Scholarship Program</u>	<u>3,400,000</u>	<u>7,400,000</u>

(a) Of this amount, \$200,000 in fiscal year 2008 and \$200,000 in fiscal year 2009 are for transfer to the University of Minnesota and \$200,000 in fiscal year 2008 and \$200,000 in fiscal year 2009 are for transfer to the Minnesota State Colleges and Universities to provide courses under Minnesota Statutes, section 124D.09, subdivision 10, to high school students living in remote and underserved areas where the school district lacks the resources to provide academically rigorous educational opportunities, such as Advanced Placement and International Baccalaureate programs. Courses may be delivered by a high school or postsecondary faculty member, online, or through distance education. Students who successfully complete a course must receive college credit at no cost to the student. The office must report to the committees of the legislature with responsibility for higher education finance by January 15, 2009, on the program outcomes with recommendations on continuing and expanding the program.

(b) For Achieve scholarships under Minnesota Statutes, section 136A.127.

This appropriation includes \$3,000,000 that may be used in the 2008-2009 biennium to support access to rigorous high school courses and college attendance programs. This includes, but is not limited to, College in the Schools and Postsecondary Enrollment Options, grants under the Intervention for College Access Program, additional funding

for the Get Ready Program or local recipients of federal TRIO program money, local college access programs, and to increase support for school districts to improve high school counseling.

Up to \$350,000 in the 2008-2009 biennium may be used for administration of the program. Up to \$200,000 in the 2010-2011 biennium may be used for administration of the program.

The base funding for this program is \$10,000,000 in fiscal year 2010 and \$10,000,000 in fiscal year 2011.

Subd. 14. Other Programs

1,199,000

899,000

This appropriation includes funding for student and parent information and the get ready outreach program.

\$240,000 each year is for grants to increase campus-community collaboration and service learning statewide, including operations of the Minnesota campus compact, grants to member institutions and grants for member institution initiatives. For every \$1 in state funding, grant recipients must contribute \$2 in campus or community-based support.

\$250,000 in the first year is for a grant to Augsburg College for the purpose of its Step UP program to provide educational opportunities to chemically dependent students and to work with other public and private colleges in Minnesota to help replicate this program. This is a onetime appropriation.

\$100,000 each year must be transferred to the Loan Repayment Assistance Program, Inc., for loan repayment assistance awards to attorneys who enter public interest law to ensure that low-income and disadvantaged populations have access to competent legal counsel. * (The preceding text beginning "\$100,000 each year" was indicated as vetoed by the governor.)

\$50,000 in fiscal year 2008 is for the Washington Center for Internships and Academic Seminars for a pilot program

for scholarships for students enrolling in a Minnesota four-year college or university beginning in the fall semester of 2007. The appropriation shall be available only on a dollar-for-dollar match basis for funds received from nonstate sources. The Washington Center for Internships and Academic Seminars must work with Minnesota Colleges and Universities to ensure that the scholarships will go to economically disadvantaged Minnesota students, students with demonstrated need of financial assistance, and students traditionally underrepresented in higher education, and will work to ensure racial, ethnic, and gender diversity, as well as urban/rural balance. This is a onetime appropriation. * (The preceding text beginning "\$50,000 in fiscal year 2008" was indicated as vetoed by the governor.)

\$250,000 each year is for the teacher education and compensation helps (TEACH) and the Minnesota early childhood teacher programs in Minnesota Statutes, section 136A.126.

Subd. 15. United Family Medicine Residency Program

414,000

431,000

For a grant to the United Family Medicine residency program. This appropriation shall be used to support up to 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. The funding base for this program is \$448,000 in fiscal year 2010 and \$467,000 in fiscal year 2011.

Subd. 16. Agency Administration

2,710,000

2,771,000

Subd. 17. Balances Forward

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

Subd. 18. Transfers

The Minnesota Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the state work study appropriation, the public safety officers' survivors appropriation, and the Minnesota college savings plan 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 and house committees with jurisdiction over higher education finance.

Subd. 19. TANF Work Study

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

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

Subdivision 1. <u>Total Appropriation</u>	\$	<u>666,883,000</u>	\$	<u>689,297,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>General Appropriation</u>		<u>666,883,000</u>		<u>689,297,000</u>
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This appropriation includes a permanent increase in each year for Cook County Higher Education to provide educational programs and academic support services to remote regions in northeastern Minnesota. Cook County Higher Education must

continue to provide information to the Board of Trustees of the Minnesota State Colleges and Universities on the number of students served, credit hours delivered, and services provided to students.

This appropriation includes funding for operation and maintenance of the system, including technology infrastructure improvements to deliver more online programs and services to students; and funding for initiatives to recruit and retain students traditionally underrepresented in higher education to help prepare students for college, encourage their enrollment, and provide services that enable them to continue successfully to graduation.

If the Board of Trustees decides to implement other "Strategic Advancements" initiatives, funding must be from internal reallocation of existing resources or enhanced productivity. It is the expectation of the legislature that the board will hold tuition increases to no more than four percent per year for fiscal years 2008 and 2009.

One percent of the appropriation in this subdivision is available after the board demonstrates to the commissioner of finance that the Minnesota State Colleges and Universities system has achieved at least three of the following five goals:

(1) increase by at least three percent, compared to fiscal year 2005, the number of students who take college level courses in science, technology, engineering, and math;

(2) increase by at least two percent, compared to fiscal year 2005, enrollment in courses at the four existing center of excellence programs;

(3) increase by at least 700, compared to fiscal year 2007, the number of students trained on the use of electronic medical record technology;

(4) increase by at least ten percent, compared to fiscal year 2007, the number of students taking online courses or the number of online courses offered; and

(5) expand by at least ten percent, compared to calendar year 2006, the use of "awards of excellence" or other initiatives that reward member institutions, faculty, administrators, or staff for innovations designed to advance excellence and efficiency.

By October 1, 2007, the Board of Trustees and the Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be used to demonstrate the Minnesota State Colleges and Universities' attainment of each goal.

On or before April 1, 2008, the Board of Trustees must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the Minnesota State Colleges and Universities toward attaining the goals.

This appropriation includes funding to eliminate nonresident undergraduate tuition at Century College, Saint Paul College, Minneapolis Community and Technical College, Rochester Community and Technical College, Inver Hills Community College, St. Cloud Technical College, and Normandale Community College. In addition, the Board of Trustees must not implement a nonresident undergraduate tuition rate at a community college, technical college, or consolidated community and technical college that does not have such a rate as of May 1, 2007, except for a student who is a resident of a state that has entered into a reciprocity agreement under Minnesota Statutes, section 136A.08. This paragraph expires June 30, 2009.

This appropriation includes funding to identify and improve on practices for selecting and purchasing textbooks and course materials that are used by students. The board, in collaboration with the Minnesota State University Student Association (MSUSA) and the Minnesota State College Student Association (MSCSA) must develop and implement pilot projects with this appropriation to address the financial burden that textbook prices and

requirements place on students. These projects may include textbook rental programs, cooperative purchasing efforts, training, and education and awareness programs for students and faculty on cost considerations and textbook options. The student associations must be fully involved in the development and implementation of any project using this appropriation. The board must report, with input from MSUSA and MSCSA, to the committees of the legislature responsible for higher education finance by February 15, 2009, on the success of the pilot projects. This money is available until June 30, 2009.

This appropriation includes funding for community-based energy development pilot projects at Mesabi Range Technical and Community College, the Minnesota West Community and Technical College, Riverland Community College, and Inver Hills Community College. Inver Hills Community College must partner with the city of Inver Grove Heights on a community-based pilot project and each of the other campuses must establish partnerships for community-based energy development pilot projects that involve students and faculty. An allocation for the pilot project is available to the participating institutions and the partnerships for the biennium ending June 30, 2009.

This appropriation includes funding for a modular clean-room research and training facility at St. Paul College. This is a onetime appropriation and is available until expended.

This appropriation includes funding for a pilot project with the Northeast Minnesota Higher Education District and high schools in its area. Up to one-half of the first year's appropriation may be used to purchase equipment that is necessary to reestablish a technical education curriculum in the area high schools to provide the students with the technical skills necessary for the workforce. Students from area high schools may also access the facilities and faculty of the Northeast Minnesota Higher Education

District for state-of-the-art technical education opportunities, including MnSCU's 2+2 Pathways initiative.

This appropriation includes funding for a grant to a Minnesota public postsecondary institution with a total student enrollment under 7,000 students, that has an existing women's hockey team competing in Division I in the Western Collegiate Hockey Association. The institution may use the grant for equipment, facility improvements, travel and compensation for coaches, trainers, and other necessary personnel. This is a onetime appropriation.

This appropriation includes funding for a study of student demand and employer needs for higher education in the Mesabi Range region of northeastern Minnesota including the cities of Grand Rapids through Eveleth to Ely. The board must contract for the study which must be done in cooperation with the Board of Regents of the University of Minnesota, the University of Minnesota, Duluth, and the Range Association of Municipalities and Schools, which must act as the lead agency in coordinating the study. The study must specify how the identified regional educational needs can be met by the University of Minnesota, by the Minnesota State Colleges and Universities, or through degree programs offered jointly. The final report must be submitted to the committees of the legislature responsible for higher education finance by January 15, 2008, with recommendations and plans for the region.

This appropriation includes funding for a project to establish a center at the Mesabi Range Community and Technical College in cooperation with the Iron Range Resources and Rehabilitation Board (IRRRB) to enhance the use of eFolio Minnesota by providing on-site and Internet-based support and technical assistance to eFolio users to promote workforce development and access to workforce information generated through the eFolio Minnesota system. The board must enhance the eFolio Minnesota system as necessary to serve these purposes and

This appropriation includes funding for operation and maintenance of the system including amounts to advance the University of Minnesota's efforts to sustain quality and competitiveness; and funding for the "Advancing Education" initiatives including an Ojibwe Indian language program on the Duluth campus.

This appropriation includes funding to establish banded tuition at the Morris, Crookston, and Duluth campuses to reduce tuition costs for students.

This appropriation includes funding for scholarships for undergraduate Minnesota resident students with family income under \$150,000 per year. This appropriation must be matched with \$1.50 of nonstate money for each \$1 of state money.

This appropriation includes funding for the Center for Transportation Studies to complete a study to assess public policy options for reducing the volume of greenhouse gases emitted from the transportation sector in Minnesota. The Center for Transportation Studies must report its preliminary findings to the legislature by February 1, 2008, and must issue its full report by June 1, 2008. This is a onetime appropriation.

This appropriation includes funding to establish an India Center to improve and promote relations with India and Southeast Asia. The center must partner with public and private organizations in Minnesota to:

- (1) foster an understanding of the history, culture, and values of India;
- (2) serve as a resource and catalyst to promote economic, governmental, and academic pursuits involving India; and
- (3) facilitate educational and business exchanges and partnerships, collaborative research, and teaching and training activities for Minnesota students and teachers.

The Board of Regents may establish an advisory council to facilitate the mission and objectives of the India Center and must report on the progress of the India Center

by February 15, 2008, to the governor and chairs of the legislative committees responsible for higher education finance. This appropriation must be matched by an equal amount of nonstate money. This is a onetime appropriation.

This appropriation includes funding to assist in the formation of the neighborhood alliance and for projects identified in section 10. The alliance, the Board of Regents, and the city of Minneapolis may cooperate on the projects and may use public services of other entities to complete all or a portion of a project. This is a onetime appropriation.

This appropriation includes funding to establish a Dakota language teacher training immersion program on the Twin Cities campus to prepare teachers to teach in Dakota language immersion programs.

One percent of the appropriation in this subdivision is available when the Board of Regents of the University of Minnesota demonstrates to the commissioner of finance that the board has met at least three of the five following performance goals:

- (1) increase financial support to pay the cost of attendance for students demonstrating financial need;
- (2) maintain or improve the University of Minnesota's rank in its national share of total research and development expenditures reported to the National Science Foundation over the 2007 ranking;
- (3) increase by at least five percent, compared to fiscal year 2007, the number of degrees awarded in science, technology, engineering, mathematics, and health sciences disciplines;
- (4) increase by at least five percent, compared to fiscal year 2007, the amount of financial support from key funding sources for renewable energy research; and
- (5) increase and improve interaction and research activity beneficial to business and industry.

By October 1, 2007, the Board of Regents and the Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be used to demonstrate the University of Minnesota's attainment of each goal.

On or before April 1, 2008, the Board of Regents must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the University of Minnesota toward attaining the goals.

Subd. 3. Primary Care Education Initiatives

2,157,000

2,157,000

This appropriation is from the health care access fund.

Subd. 4. Special Appropriations

(a) Agriculture and Extension Service

53,175,000

52,175,000

(1) For the Agricultural Experiment Station, Minnesota Extension Service. This appropriation includes additional funding to promote alternative livestock research and outreach, and for an ongoing organic research and education program.

(2) This appropriation includes funding for research efforts that demonstrate a renewed emphasis on the needs of the state's production agriculture community and a continued focus on renewable energy derived from Minnesota biomass resources including agronomic crops, plant and animal wastes, and native plants or trees, with priority for extending the Minnesota vegetable growing season; fertilizer and soil fertility research and development; treating and curing human diseases utilizing plant and livestock cells; using biofuel production coproducts as feed for livestock; and a rapid agricultural response fund for current or emerging animal, plant, and insect problems affecting production or food safety. In addition, the appropriation may be used to secure a facility and retain current faculty levels for poultry research currently conducted at UMore Park.

(3) In the area of renewable energy, priority should be given to projects pertaining to: biofuel and other energy production from small grains; alternative bioenergy crops and cropping systems; and growing, harvesting, and transporting biomass plant material.

(4) This appropriation includes funding for the college of food, agricultural, and natural resources sciences to establish and maintain a statewide organic research and education initiative to provide leadership for organic agronomic, horticultural, livestock, and food systems research, education, and outreach and for the purchase of state-of-the-art laboratory, planting, tilling, harvesting, and processing equipment necessary for this project.

(5) By February 1, 2009, the Board of Regents must report to the legislative committees with responsibility for agriculture and higher education finance on the research and initiatives under this paragraph.

(6) The base appropriation is \$52,175,000 each year of the biennium ending June 30, 2011.

(7) The Board of Regents of the University of Minnesota is requested to refrain from implementing corresponding reductions in funding for the purposes for which additional funding is provided.

(b) Health Sciences

5,275,000

5,275,000

\$346,000 each year is to support up to 12 resident physicians each year in the St. Cloud Hospital family practice residency program. The program must prepare doctors to practice primary care medicine in the rural areas of the state. The legislature intends this program to 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.

The remainder of this appropriation is for the rural physicians associates program, the Veterinary Diagnostic Laboratory, health

sciences research, dental care, and the Biomedical Engineering Center.

(c) Institute of Technology 1,387,000 1,387,000

For the Geological Survey and the talented youth mathematics program.

(d) System Specials 6,551,000 6,551,000

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.

This appropriation includes additional funding each year for industrial relations education. The Board of Regents of the University of Minnesota is requested to refrain from implementing corresponding reductions in funding for this purpose.

Subd. 5. University of Minnesota and Mayo Foundation Partnership 25,000,000 -0-

For the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. For fiscal years 2010 and 2011, the base shall be \$8,000,000 in each year. This appropriation is available until expended. An annual report on the expenditure of these funds must be submitted to the governor and the chairs of the senate and house committees responsible for higher education and economic development by June 30 of each fiscal year.

Subd. 6. Academic Health Center

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

Sec. 6. MAYO CLINIC

Subdivision 1. Total Appropriation **\$ 1,202,000 \$ 1,250,000**

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

Subd. 2. Medical School

591,000

615,000

The state of Minnesota must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations. The funding base for this program is \$640,000 in fiscal year 2010 and \$665,000 in fiscal year 2011.

It is intended that during the biennium the Mayo Clinic 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

611,000

635,000

The state of Minnesota must pay stipend support for up to 27 residents each year. The funding base for this program is \$660,000 in fiscal year 2010 and \$686,000 in fiscal year 2011.

Sec. 7. DEPARTMENT OF VETERANS AFFAIRS.

\$

6,000,000 \$

6,000,000

For grants to eligible veterans or the eligible spouses and children of veterans as provided under Minnesota Statutes, section 197.791. If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Of this appropriation, no more than three percent each year may be used for the administrative costs of operating this program.

Sec. 8. CENTER FOR RURAL POLICY AND DEVELOPMENT.

The appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, to the Center for Rural Policy and Development at Minnesota State University at Mankato for

a rural wind energy assistance program is available until June 30, 2009.

Sec. 9. FINANCIAL AID PROGRAM STUDIES.

Subdivision 1. **State grant.** The Minnesota Office of Higher Education must conduct an analysis and evaluation of the state grant program to provide information to the legislature concerning the role of the program in promoting affordable access to higher education in Minnesota, including promoting access for students traditionally underrepresented in higher education. The analysis and evaluation must include:

(1) evaluation of the assigned student share compared to the current and future income of a student, and analysis of the number of hours a student must work to meet the assigned student share without borrowing;

(2) evaluation of the assigned family contribution, how it is determined under the federal needs analysis, and how it compares to expectations of families in other public programs;

(3) analysis of the ways that students and families pay the assigned student share and the assigned family contribution;

(4) analysis of the recognized cost of attendance compared to actual attendance costs and the ability of individuals and families at various income levels in Minnesota to pay the cost of attendance;

(5) analysis of the actual living and miscellaneous expenses of students, with particular attention to differences between traditional and nontraditional students, and comparison to the amount currently used in the state grant formula; and

(6) analysis of other parameters of the program considered relevant by the office, including prorating the state grant amount instead of the budget for the cost of attendance and changing the definition of full-time enrollment.

Whenever possible, the analysis must include:

(i) cost estimates and information on how recommended changes affect students at various income levels and at different higher education institutions in Minnesota; and

(ii) the distributional effects, by income quintile, of state grant program parameters on students and families.

The office also shall assess the feasibility of expanding the eligibility for state grants to include graduate and first professional students pursuing degree programs deemed to be important to the workforce needs of the state. By February 15, 2008, the Minnesota Office of Higher Education must report its preliminary findings and recommendations to the committees in the house of representatives and senate with primary jurisdiction over higher education policy and finance and workforce development on options to enhance the targeting of financial aid to state grant recipients, with the final report submitted by October 1, 2008.

Subd. 2. **Workforce needs.** The Minnesota Office of Higher Education must examine existing financial aid programs that provide loans and grants to students, and the needs of the workforce for occupations that are currently in demand or are projected to be in demand in the future and:

(1) evaluate how effective the financial aid programs are in linking the needs of the workforce with the student's financial aid needs;

(2) identify financial aid program options, including loan forgiveness and loan repayment programs, that provide incentives to students to pursue degrees in occupations:

(i) with identified unmet workforce needs like speech pathologists; and

(ii) of social or economic importance to the state; and

(3) identify mechanisms, such as additional resources, to promote the growth of occupations of social or economic importance to the state. By February 15, 2008, the office must report its preliminary findings to the legislative committees with primary jurisdiction over higher education policy and finance and workforce development, and provide options and recommendations on ways to enhance the delivery of financial aid to meet the needs of both students and the state's workforce, with the final report submitted by October 1, 2008.

Sec. 10. POSTSECONDARY EDUCATION PARTICIPATION STUDY.

The Minnesota Office of Higher Education shall, by January 15, 2008, report to the house and senate committees with jurisdiction over higher education policy and finance on participation in postsecondary education by income, and persistence and graduation rates of state grant recipients compared to students who did not receive state grants. The Minnesota Office of Higher Education is authorized to match individual student data from the student record enrollment database with individual student data from the state grant database on data elements necessary to perform the study.

Sec. 11. UNIVERSITY OF MINNESOTA MINNEAPOLIS AREA NEIGHBORHOOD ALLIANCE.

Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given them.

(b) "Alliance" means a representative body of the constituencies, including, but not limited to, the University of Minnesota, the city of Minneapolis, and the recognized neighborhood organizations and business associations referenced in the report.

(c) "Board" means the Board of Regents of the University of Minnesota.

(d) "Report" means the report and appendix entitled Moving Forward Together: University of Minnesota Minneapolis Area Neighborhood Impact Report, submitted to the legislature in February 2007.

(e) "University partnership district" or "district" means the area located within the city that includes the neighborhoods of Cedar-Riverside, Marcy-Holmes, South East Como, Prospect Park, and University, as they are defined by the city, and the university's Minneapolis campus.

(f) "Tier two impact zone" means the neighborhoods of northeast Minneapolis that house significant numbers of university students and staff. Transportation and housing policy analysis and planning must include these areas but they must not be included in the projects funded through the alliance.

(g) "University" means the University of Minnesota.

Subd. 2. Alliance; functions. The alliance may facilitate, initiate, or manage projects with the board, city, or other public or private entities that are intended to

maintain the university partnership district as a viable place to study, research, and live. Projects may include, but are not limited to, those outlined in the report, as well as efforts to involve students in activities to maintain and improve the university partnership district; cooperative university and university partnership district long-term planning; and incentives to increase homeownership within the district with particular emphasis on employees of the university and of other major employers located within the district.

Subd. 3. **Report.** The board must report to the legislature by January 15, 2009, on the expenditure of funds appropriated under section 3.

ARTICLE 2

RELATED HIGHER EDUCATION

Section 1. Minnesota Statutes 2006, section 13.322, subdivision 3, is amended to read:

Subd. 3. **Minnesota Office of Higher Education.** (a) **General.** Data sharing involving the Minnesota Office of Higher Education and other institutions is governed by ~~sections section~~ section 136A.05 and 136A.08, subdivision 8.

(b) **Student financial aid.** Data collected and used by the Minnesota Office of Higher Education on applicants for financial assistance are classified under section 136A.162.

(c) **Minnesota college savings plan data.** Account owner data, account data, and data on beneficiaries of accounts under the Minnesota college savings plan are classified under section 136G.05, subdivision 10.

(d) **School financial records.** Financial records submitted by schools registering with the Minnesota Office of Higher Education are classified under section 136A.64.

(e) **Enrollment and financial aid data.** Data collected from eligible institutions on student enrollment and federal and state financial aid are governed by sections 136A.121, subdivision 18, and 136A.1701, subdivision 11.

Sec. 2. Minnesota Statutes 2006, section 41D.01, subdivision 1, is amended to read:

Subdivision 1. **Establishment; membership.** (a) The Minnesota Agriculture Education Leadership Council is established. The council is composed of ~~16~~ 17 members as follows:

- (1) the chair of the University of Minnesota agricultural education program;
- (2) a representative of the commissioner of education;
- (3) a representative of the Minnesota State Colleges and Universities recommended by the chancellor;
- (4) the president and the president-elect of the Minnesota Association of Agriculture Educators;
- (5) a representative of the Future Farmers of America Foundation;
- (6) a representative of the commissioner of agriculture;
- (7) the dean of the College of Agriculture, Food, and Environmental Sciences at the University of Minnesota;

(8) a representative of the Minnesota Private Colleges Council;

(9) two members representing agriculture education and agriculture business appointed by the governor;

~~(9)~~ (10) the chair of the senate Committee on Agriculture, General Legislation and Veterans Affairs;

~~(10)~~ (11) the chair of the house Committee on Agriculture;

~~(11)~~ (12) the ranking minority member of the senate Committee on Agriculture, General Legislation and Veterans Affairs, and a member of the senate Education Committee designated by the Subcommittee on Committees of the Committee on Rules and Administration; and

~~(12)~~ (13) the ranking minority member of the house Agriculture Committee, and a member of the house Education Committee designated by the speaker.

(b) An ex officio member of the council under paragraph (a), clause (1), (4), (7), ~~(9)~~, (10), (11), ~~or~~ (12), or (13), may designate a permanent or temporary replacement member representing the same constituency.

Sec. 3. Minnesota Statutes 2006, section 135A.01, is amended to read:

135A.01 FUNDING POLICY.

It is the policy of the legislature to provide stable funding, ~~including recognition of the effects of inflation,~~ for instructional services at public postsecondary institutions and that the state and students share the cost of ~~those services~~ public postsecondary education. The legislature intends to provide at least 67 percent of the ~~instructional services costs for each postsecondary system~~ combined revenue from tuition, the university fee at the University of Minnesota, and state general fund appropriations to public postsecondary institutions. It is also the policy of the legislature that the budgetary process serves to support high quality public postsecondary education.

Sec. 4. **[135A.011] STATE HIGHER EDUCATION OBJECTIVES.**

Subdivision 1. **Statewide objectives.** Minnesota's higher education investment is made in pursuit of the following objectives: (1) to ensure quality by providing a level of excellence that is competitive on a national and international level, through high quality teaching, scholarship, and learning in a broad range of arts and sciences, technical education, and professional fields; (2) to foster student success by enabling and encouraging students to choose institutions and programs that are best suited for their talents and abilities, and to provide an educational climate that supports students in pursuing their goals and aspirations; (3) to promote democratic values and enhance Minnesota's quality of life by developing understanding and appreciation of a free and diverse society; (4) to maintain access by providing an opportunity for all Minnesotans, regardless of personal circumstances, to participate in higher education; and (5) to enhance the economy by assisting the state in being competitive in the world market, and to prepare a highly skilled and adaptable workforce that meets Minnesota's opportunities and needs.

Sec. 5. Minnesota Statutes 2006, section 135A.031, subdivision 1, is amended to read:

Subdivision 1. **Determination of appropriation.** The direct appropriation to each board for instructional services shall equal 67 percent of the estimated total cost of

instruction appropriations for the University of Minnesota, the state universities, and the community colleges, and, for technical colleges, at least 67 percent of the estimated total cost of instruction and the Minnesota State Colleges and Universities are determined by considering the biennial budget documents submitted under section 135A.034, performance in advancing the objectives under section 135A.011, available resources according to the state budget forecast, the relative balance between state support for students and public postsecondary institutions, and other factors the legislature considers important in determining the level of state appropriations for public postsecondary education.

Sec. 6. Minnesota Statutes 2006, section 135A.031, subdivision 7, is amended to read:

Subd. 7. **Reports.** (a) Instructional and noninstructional expenditure data and enrollment data for each instructional category shall be submitted in the biennial budget document must be submitted in the biennial budget document under section 135A.034. This report must include a description of the methodology for determining instructional and noninstructional expenditures and estimates of inflation in higher education and the methodology or index used to determine the inflation rate.

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

(1) how state appropriations made to the system in the previous odd-numbered year were allocated and the methodology used to determine the allocation;

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

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

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

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

(6) data on the revenue received from all sources to support research or workforce development activities or the system's efforts to license, sell, or otherwise market products, ideas, technology, and related inventions created in whole or in part by the system. Data

and information must be submitted that describe the system's plan and progress toward attaining the goals set forth in the plan to increase the revenue received to support research or workforce development activities or revenue received from the licensing, sale, or other marketing and technology transfer activities by the system.

(c) Instructional expenditure and enrollment data shall be submitted by the public postsecondary systems to the Minnesota Office of Higher Education and the Department of Finance and included in the biennial budget document. The specific data shall be submitted only after the director of the Minnesota Office of Higher Education has consulted with a data advisory task force to determine the need, content, and detail of the information.

Sec. 7. Minnesota Statutes 2006, section 135A.034, subdivision 1, is amended to read:

Subdivision 1. **Operating budget.** The governing boards of the University of Minnesota, and the Minnesota State Colleges and Universities shall each develop, for legislative and executive branch acceptance, its highest budget priorities in accordance with statewide objectives for higher education under section 135A.011. ~~It is the intent of the legislature to appropriate at least 67 percent of the total cost of instruction after adjusting for inflation and enrollment changes. However, in the event of a budget shortfall, or if funding of inflation is not possible, available funding shall first be applied to the agreed upon budget priorities.~~

Sec. 8. **[135A.135] PERSONAL FINANCIAL MANAGEMENT.**

During initial student registration, each technical college, community college, or state university shall, and the University of Minnesota is requested to, provide each student information on personal financial management. Students should understand and be able to manage personal finances including, but not limited to, the responsible use of consumer credit. This requirement may be waived for a student who enrolls in a college course providing similar instruction.

Sec. 9. **[135A.145] SALE OF STUDENT INFORMATION; MARKETING CREDIT CARDS TO STUDENTS.**

Subdivision 1. **Prohibited practices.** No public or private postsecondary educational institution, including its agents, employees, student or alumni organizations, or affiliates, may:

(1) sell, give, or otherwise transfer to any card issuer the name, address, telephone number, or other contact information of an undergraduate student at the postsecondary educational institution without the student's consent; or

(2) enter into any agreement to market credit cards to undergraduate students at a postsecondary educational institution.

For purposes of this section, the terms "credit," "credit card," and "card issuer" have the meanings given them in the Truth in Lending Act, United States Code, title 15, section 1602.

Subd. 2. **Violations.** The attorney general may seek the penalties and remedies available under section 8.31 against any person who violates this section.

EFFECTIVE DATE. This section is effective July 1, 2007, except that it applies to existing agreements to market credit cards upon the later of the expiration of the original

term of the agreement or the expiration of an extension of the original agreement if the extension is in effect on July 1, 2007.

Sec. 10. **[135A.25] TEXTBOOK DISCLOSURE, PRICING, AND ACCESS.**

Subdivision 1. **Short title.** This section may be cited as the Textbook Disclosure, Pricing, and Access Act.

Subd. 2. **Course material disclosures required.** (a) Beginning January 1, 2009, any publisher that sells or distributes course material for classroom use in a postsecondary institution must make the following available in an easily accessible manner to faculty, bookstores, and postsecondary institutions in Minnesota:

(1) the title, edition, author, and International Standard Book Number (ISBN) or other easily identifiable information for all course materials;

(2) the undiscounted price at which the course materials are available to a bookstore;

(3) the formats, including bundled and unbundled, in which those course materials are offered and the undiscounted prices of the various components, both sold separately or packaged together;

(4) a summary of revisions between current and previous editions of course materials; and

(5) the return policy for course material, including any penalties or conditions for returns.

(b) Any publisher that sells or distributes course material for classroom use in a postsecondary institution must make all bundled course material available to bookstores and postsecondary institutions in an unbundled form, or must provide notice if unbundled material is not available.

(c) Disclosure under this section is not required for mass market and trade books that are not published, marketed, or sold primarily for classroom use in or by postsecondary institutions.

(d) Nothing in this section shall be construed to limit any existing academic freedom or rights of faculty members to determine the most appropriate course material for the courses they teach.

Subd. 3. **Educational strategies.** Public postsecondary institutions must develop educational materials considering the recommendations in studies by the Minnesota Office of Higher Education and others and at least annually convene and sponsor meetings and workshops, and provide educational strategies for faculty, students, administrators, institutions, and bookstores to inform all interested parties on strategies for reducing the costs of course materials for students attending postsecondary institutions.

Subd. 4. **Minnesota Office of Higher Education responsibilities.** (a) For private postsecondary institutions, the Minnesota Office of Higher Education must develop educational materials considering the recommendations by the Minnesota Office of Higher Education and others and at least annually convene and sponsor meetings and workshops and provide educational strategies for faculty, students, administrators, institutions, and bookstores to inform all interested parties on strategies for reducing the costs of course materials for students attending postsecondary institutions.

(b) The Minnesota Office of Higher Education must identify methods to compile and distribute information on publishers that sell or distribute course material for classroom use in postsecondary institutions in a manner that meets the requirements and complies with subdivision 2. The Minnesota Office of Higher Education must also evaluate ways to make this information available for use by students and faculty in postsecondary institutions.

Subd. 5. **Bookstores; course materials.** The University of Minnesota and private colleges are encouraged to comply with the requirements for instructors and bookstores under section 136F.58, subdivision 2.

Sec. 11. Minnesota Statutes 2006, section 135A.51, subdivision 2, is amended to read:

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

Sec. 12. Minnesota Statutes 2006, 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, audit any courses offered for credit, or enroll in any noncredit 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 courses" shall not include those 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.

Sec. 13. Minnesota Statutes 2006, 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. 14. **[136A.002] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Office of Higher Education or office.** "Office of Higher Education" or "office" means the Minnesota Office of Higher Education.

Sec. 15. Minnesota Statutes 2006, 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 do not expire on June 30, 2007.

Sec. 16. Minnesota Statutes 2006, section 136A.08, subdivision 7, is amended to read:

Subd. 7. **Reporting.** The Minnesota Office of Higher Education 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; and

(4) summary statistics on number of graduates by institution, degree granted, and year of graduation for reciprocity students who attended Minnesota postsecondary institutions.

Sec. 17. Minnesota Statutes 2006, section 136A.101, subdivision 4, is amended to read:

Subd. 4. **Eligible institution.** "Eligible institution" means a postsecondary educational institution located in this state or in a state with which the office has entered into a higher education reciprocity agreement on state student aid programs that ~~either~~ (1) is operated by this state or the Board of Regents of the University of Minnesota, or (2) is operated ~~publicly or~~ privately and, as determined by the office, meets all of the following: (i) maintains academic standards substantially equivalent to those of comparable institutions operated in this state; (ii) is licensed or registered as a postsecondary institution by the office or another state agency; and (iii) by July 1, 2011, is participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended.

Sec. 18. Minnesota Statutes 2006, section 136A.101, subdivision 5a, is amended to read:

Subd. 5a. **Assigned family responsibility.** "Assigned family responsibility" means the amount of a ~~family~~ family's contribution to a student's cost of attendance, as determined by a federal need analysis. For dependent students, the assigned family responsibility is 96 percent of the parental contribution. For independent students with dependents other than a spouse, the assigned family responsibility is 86 percent of the student contribution. For independent students without dependents other than a spouse, the assigned family responsibility is 72 ~~68~~ percent of the student contribution. ~~The assigned family responsibility for all other independent students is 90 percent of the student contribution.~~

Sec. 19. Minnesota Statutes 2006, section 136A.121, subdivision 7a, is amended 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 are 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~~ 2009.

Sec. 20. Minnesota Statutes 2006, section 136A.121, is amended by adding a subdivision to read:

Subd. 19. **Reporting.** By November 1 and February 15, the Office of Higher Education must provide, to the committees of the legislature with jurisdiction over higher education finance and policy, updated state grant spending projections taking into account the most current and projected enrollment and tuition and fee information, economic conditions, and other relevant factors. Before submitting state grant spending projections, the Office of Higher Education must meet and consult with representatives of public and private postsecondary institutions, the Department of Finance, the Governor's Office, legislative staff, and financial aid administrators.

Sec. 21. Minnesota Statutes 2006, 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 disabled 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 and will be considered to be in continuing enrollment status upon return.

Sec. 22. Minnesota Statutes 2006, 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 ~~\$2,300~~ \$2,600 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. 23. **[136A.126] TEACHER EDUCATION AND COMPENSATION HELPS; MINNESOTA EARLY CHILDHOOD TEACHER EDUCATION INCENTIVE PROGRAMS.**

Subdivision 1. **TEACH.** The teacher education and compensation helps program (TEACH) is established to provide tuition scholarships and education incentives to early care and education providers. The director shall make a grant with appropriations for this purpose to a nonprofit organization licensed to administer the TEACH early childhood program.

Subd. 2. **Program components.** (a) The nonprofit organization must use the grant for:

(1) tuition scholarships up to \$5,000 per year for courses leading to the nationally recognized child development associate credential or college-level courses leading to an associate's or bachelor's degree in early childhood development and school-age care; and

(2) education incentives of a minimum of \$100 to participants in the tuition scholarship program if they complete a year of working in the early care and education field.

(b) Applicants for the scholarship must be employed by a licensed early childhood or child care program and working directly with children, a licensed family child care provider, or an employee in a school-age program exempt from licensing under section 245A.03, subdivision 2, clause (12). Lower wage earners must be given priority in awarding the tuition scholarships. Scholarship recipients must contribute ten percent of the total scholarship and must be sponsored by their employers, who must also contribute ten percent of the total scholarship. Scholarship recipients who are self-employed must contribute 20 percent of the total scholarship.

Subd. 3. **Advisory committee.** The TEACH early childhood and Minnesota early childhood teacher education incentive programs may have an advisory board as prescribed by the national TEACH organization.

Sec. 24. **[136A.127] ACHIEVE SCHOLARSHIP PROGRAM.**

Subdivision 1. **Establishment.** The Achieve Scholarship Program is established.

Subd. 2. **Definition; qualifying program.** For the purposes of this section, a "qualifying program" means a rigorous secondary school program of study defined by the Department of Education under agreement with the Secretary of Education for the

purposes of determining eligibility for the federal Academic Competitiveness Grant Program under Title IV of the Higher Education Act of 1965, as amended.

Subd. 3. **Documentation of qualifying programs.** The student shall request a transcript from the high school. The high school shall provide a transcript to the Office of Higher Education or to the eligible institution in which the student is enrolling, documenting the qualifying program.

Subd. 4. **Student eligibility.** To be eligible to receive a scholarship under this section, in addition to the requirements listed under section 136A.121, a student must:

(1) submit a Free Application for Federal Student Aid (FAFSA);

(2) take and receive at least a grade of C for courses that comprise a rigorous secondary school program of study in a high school or in a home-school setting under section 120A.22, and graduate from high school;

(3) have a family adjusted gross income in the last complete calendar year prior to the academic year of postsecondary attendance of less than \$75,000;

(4) be a United States citizen or eligible noncitizen, as defined in section 484 of the Higher Education Act, United States Code, title 20, sections 1091 et seq., as amended, and Code of Federal Regulations, title 34, section 668.33; and

(5) be a Minnesota resident, as defined in section 136A.101, subdivision 8.

Subd. 5. **Administration.** The Achieve Scholarship Program shall be administered by the Minnesota Office of Higher Education. The director shall develop forms and procedures necessary to administer the program.

Subd. 6. **Application.** A student must complete and submit an application for the Achieve scholarship.

Subd. 7. **Deadline.** The deadline for the office to accept applications for Achieve scholarships is 30 days after the beginning of the academic term for which the application is submitted.

Subd. 8. **Documentation of qualifying household income.** Achieve Scholarship Program applicants must certify on the application that they meet the income eligibility requirement in subdivision 5, clause (2). The Office of Higher Education or the postsecondary institution may request documentation needed to confirm income eligibility.

Subd. 9. **Scholarship awards.** Minnesota Achieve scholarships shall consist of \$1,200 for a student who takes and receives at least a grade of C for courses required under a qualifying program. The scholarships may be used to pay for qualifying expenses at eligible institutions.

Subd. 10. **Qualifying expenses.** Qualifying expenses are components included under the cost of attendance used for federal student financial aid programs, as defined in section 472 of the Higher Education Act, United States Code, title 20, sections 1091 et seq., as amended.

Subd. 11. **Eligible institutions.** The Achieve scholarship may only be used to pay qualifying expenses at an eligible institution as defined under section 136A.101, subdivision 4.

Subd. 12. **Availability of scholarship funds.** A scholarship earned by a student is available for four years immediately following high school graduation. The office

must certify to the commissioner of finance by October 1 of each year the amounts to be canceled from scholarship eligibility that have expired.

Subd. 13. **Disbursement of scholarships.** The office shall make two equal payments to a postsecondary institution on behalf of the student. The second payment must be made after the student successfully completes the first term of enrollment.

Subd. 14. **Evaluation report.** By January 15 of each odd-numbered year, the Office of Higher Education shall submit a report, to the committees of the legislature with jurisdiction over higher education finance and policy, regarding the success of the program in increasing the enrollment of students in rigorous high school courses, including, at a minimum, the following information:

(1) the demographics of individuals participating in the program;

(2) the grades scholarship recipients received for courses in the qualifying program under subdivision 2;

(3) the number of scholarship recipients who persisted at a postsecondary institution for a second year;

(4) the high schools attended by the program participants;

(5) the postsecondary institutions attended by the program participants;

(6) the academic performance of the students after enrolling in a postsecondary institution; and

(7) other information as identified by the director.

EFFECTIVE DATE. This section is effective July 1, 2007, for students who graduate from high school after January 1, 2008.

Sec. 25. Minnesota Statutes 2006, section 136A.15, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections 136A.15 to 136A.1702, the terms defined in this section have the meanings ~~ascribed to~~ given them.

Sec. 26. Minnesota Statutes 2006, section 136A.15, subdivision 6, is amended to read:

Subd. 6. **Eligible institution.** "Eligible institution" means a postsecondary educational institution that ~~either~~ (1) is operated or regulated by this state; or the Board of Regents of the University of Minnesota; (2) is operated publicly or privately in another state, is approved by the United States Secretary of Education, and, as determined by the office, maintains academic standards substantially equal to those of comparable institutions operated in this state; (3) is licensed or registered as a postsecondary institution by the office or another state agency; and (4) by July 1, 2011, is participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended. It also includes any institution chartered in a province.

Sec. 27. Minnesota Statutes 2006, section 136A.16, subdivision 8, is amended to read:

Subd. 8. **Investment.** Money made available to the office that is not immediately needed for the purposes of sections 136A.15 to 136A.1702 may be invested by the office. The money must be invested in bonds, certificates of indebtedness, and other fixed income securities, except preferred stocks, which are legal investments for the permanent school

fund. The money may also be invested in prime quality commercial paper that is eligible for investment in the state employees retirement fund. All interest and profits from such investments inure to the benefit of the office or may be pledged for security of bonds issued by the office or its predecessor, the Minnesota Higher Education Coordinating Board predecessors.

Sec. 28. Minnesota Statutes 2006, section 136A.16, is amended by adding a subdivision to read:

Subd. 16. **Interest rate swaps and other agreements.** (a) The office may enter into interest rate exchange or swap agreements, hedges, forward purchase or sale agreements, or other comparable interest rate protection agreements with a third party in connection with the issuance or proposed issuance of bonds, outstanding bonds or notes, or existing comparable interest rate protection agreements.

(b) The agreements authorized by this subdivision include without limitation master agreements, options, or contracts to enter into those agreements in the future and related agreements, including, without limitation, agreements to provide credit enhancement, liquidity, or remarketing.

(c) The agreements authorized by this subdivision may be entered into on the basis of negotiation with a qualified third party or through a competitive proposal process on terms and conditions as and with covenants and provisions approved by the office and may include, without limitation:

(1) provisions establishing reserves;

(2) pledging assets or revenues of the office for current or other payments or termination payments;

(3) contracting with the other parties to the agreements to provide for the custody, collection, securement, investment, and payment of money of the office or money held in trust; or

(4) requiring the issuance of bonds or other agreements authorized by this section in the future.

(d) With respect to bonds or notes outstanding or proposed to be issued bearing interest at a variable rate, the office may agree to pay sums equal to interest at a fixed rate or at a different variable rate determined in accordance with a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the bonds or notes at the time of payment in exchange for an agreement by the third party to pay sums equal to interest on a like amount at a variable rate determined according to a formula set out in the agreement.

(e) With respect to bonds or notes outstanding or proposed to be issued bearing interest at a fixed rate or rates, the office may agree to pay sums equal to interest at a variable rate determined in accordance with a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the bonds or notes at the time of payment in exchange for an agreement by the third party to pay sums equal to interest on a like amount at a fixed rate or rates determined according to a formula set in the agreement.

(f) Subject to any applicable covenants of the office, payments required to be made by the office under the agreement, including termination payments, may be made from amounts pledged or available to pay debt service on the bonds or notes with respect to

which the agreement was made or from assets of the loan capital fund of the office. The office may issue bonds or notes to provide for any payments, including, without limitation, a termination payment due or to become due under an agreement authorized under this section.

(g) The authority of the office to enter into interest rate protection agreements under this section is limited to agreements related to bonds and notes with an aggregate value of no more than \$20,000,000.

Sec. 29. Minnesota Statutes 2006, section 136A.1702, is amended to read:

136A.1702 ~~COMMISSION APPROVAL~~ LEGISLATIVE OVERSIGHT.

The office shall ~~obtain approval from~~ notify the ~~Legislative Advisory Commission chairs of the legislative committees with primary jurisdiction over higher education finance of any proposed material change to any of its student loan programs prior to taking the following actions with regard to student loan programs described in Laws 1983, chapter 258:~~

~~(1) implementing a loan program for parents and students eligible for auxiliary loans as defined in section 136A.15, subdivision 7;~~

~~(2) acquiring student loans from other lenders to facilitate student loan programs provided for in section 136A.17, and~~

~~(3) providing for programs of supplemental and additional loans as defined in section 136A.1701~~ making the change.

Sec. 30. Minnesota Statutes 2006, section 136A.233, subdivision 3, is amended to read:

Subd. 3. **Payments.** Work-study payments shall be made to eligible students by postsecondary institutions as provided in this subdivision.

(a) Students shall be selected for participation in the program by the postsecondary institution on the basis of student financial need.

(b) In selecting students for participation, priority must be given to students enrolled for at least 12 credits. In each academic year, a student may be awarded work-study payments for one period of nonenrollment or less than half-time enrollment if the student will enroll on at least a half-time basis during the following academic term.

(c) Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the federal college work-study program.

(d) Minimum pay rates will be determined by an applicable federal or state law.

(e) The office shall annually establish a minimum percentage rate of student compensation to be paid by an eligible employer.

(f) Each postsecondary institution receiving money for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution. However, a public employer other than the institution may not terminate, lay off, or reduce the working hours of a permanent employee for the purpose of hiring a work-study student, or replace a permanent employee who is on layoff from the same or substantially the same job by hiring a work-study student.

(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.

(h) An institution may use up to 30 percent of its allocation for student internships with private, for-profit employers.

Sec. 31. Minnesota Statutes 2006, section 136A.29, subdivision 9, is amended to read:

Subd. 9. **Revenue bonds; limit.** The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~\$800,000,000~~ \$950,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

Sec. 32. Minnesota Statutes 2006, section 136A.861, subdivision 1, is amended to read:

Subdivision 1. **Grants.** The director of the Minnesota Office of Higher Education shall award grants to foster postsecondary attendance and retention by providing outreach services to historically underserved students in grades six through 12 and historically underrepresented college students. 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.

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 Minnesota Office of Higher Education of successful program outcomes.

Sec. 33. Minnesota Statutes 2006, section 136A.861, subdivision 2, is amended to read:

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.

Eligible undergraduate students include those who met the student eligibility criteria as 6th through 12th graders.

Sec. 34. Minnesota Statutes 2006, section 136A.861, subdivision 3, is amended to read:

Subd. 3. **Application process.** The director of the Minnesota Office of Higher Education 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 program 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 and support postsecondary retention;
- (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.

Sec. 35. Minnesota Statutes 2006, section 136A.861, subdivision 6, is amended to read:

Subd. 6. **Program evaluation.** Each grant recipient must annually submit a report to the Minnesota Office of Higher Education 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 and undergraduate student retention 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, and college graduation 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 and undergraduate retention programs.

Sec. 36. Minnesota Statutes 2006, section 136F.02, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The board consists of 15 members appointed by the governor with the advice and consent of the senate. At least one member of the board must be a resident of each congressional district. In selecting appointees, the governor must consider the needs of the Board of Trustees and the balance of the board membership with respect to labor and business representation and racial, gender, geographic, and ethnic composition. Three members must be students who are enrolled at least half time in a degree, diploma, or certificate program or have graduated from an institution governed by the board within one year of the date of appointment. The student members shall include: one member from a community college, one member from a state university, and one member from a technical college. The remaining members must be appointed to represent the state at large.

Sec. 37. Minnesota Statutes 2006, section 136F.03, subdivision 3, is amended to read:

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

(1) develop a statement of the selection criteria to be applied and a description of the responsibilities and duties of a member of the board and shall distribute this to potential candidates; and

(2) for each position on the board, identify and recruit qualified candidates for the board, based on the background and experience of the candidates, and their potential for discharging the responsibilities of a member of the board.

(b) Selection criteria developed under this section must include the requirement that trustees represent diversity in geography, gender, race, occupation, and experience.

(c) Selection criteria developed under this section must also include the identification of the membership needs of the board for individual skills relevant to the governance of the Minnesota State Colleges and Universities and the needs for certain individual characteristics that include geographic location, gender, race, occupation, and experience.

Sec. 38. Minnesota Statutes 2006, section 136F.03, subdivision 4, is amended to read:

Subd. 4. **Recommendations.** Except for seats filled under section 136F.04, the advisory council shall recommend at least two and not more than four candidates for each seat. By April 15 of each even-numbered year, the advisory council shall submit its recommendations to the governor. The governor is not bound by these recommendations.

Sec. 39. Minnesota Statutes 2006, section 136F.42, subdivision 1, is amended to read:

Subdivision 1. **Time reporting.** As provided in Executive Order 96-2, the board, in consultation with the commissioners of employee relations and finance, may develop policies to allow system office or campus employees on salaries, as defined in section 43A.17, subdivision 1, to use negative time reporting in which employees report only that time for which leave is taken. ~~By the end of the 1997 fiscal year, the board, in consultation with the commissioners of employee relations and finance, shall evaluate the use of negative time reporting and its potential for use with other state employees.~~

Sec. 40. Minnesota Statutes 2006, section 136F.58, is amended to read:

136F.58 BOOKSTORES; COURSE MATERIAL ACQUISITION.

Subdivision 1. Authorization. A state college or university may operate a bookstore in a state college or university building, or may allocate space in a state college or university building and permit a person or corporation to operate a bookstore without rent at the campus' pleasure and on such conditions as the board may impose. The board may provide insurance, at no cost to the state, for the inventory of a bookstore a state college or university conducts in its building.

Subd. 2. Course material. (a) An instructor shall attempt to provide adequate notice to a bookstore of the intention to order required or recommended course material so that the bookstore can provide information for the instructor's consideration prior to placing an order for the course material.

(b) A bookstore must make reasonable efforts to obtain from publishers or other sources, prior to the time an instructor requests the bookstore to order course material, the following information, including, but not limited to:

(1) the title, edition, author, and International Standard Book Number (ISBN) of the course material;

(2) the price for the course material;

(3) whether the course material is bundled with optional material, whether it can be unbundled, and the price for each bundled and unbundled component;

(4) whether the material is available in an alternative format and the cost for the alternatively formatted material;

(5) the availability of the course material currently and in the future;

(6) changes to the course material from the previous edition, the revision date, availability, and cost for that edition, if available; and

(7) any known plans for future revisions of the course material.

(c) An instructor ordering course material through a bookstore shall consider the information received from the bookstore prior to placing the final order.

Subd. 3. Notice to purchase. (a) An instructor shall make reasonable efforts to notify a bookstore of the final order for required and recommended course material at least 30 days prior to the commencement of the term.

(b) The bookstore must make reasonable efforts to notify students of the following information concerning the required and recommended course material at least 15 days prior to the commencement of the term for which the course material is required including, but not limited to:

(1) the title, edition, author, and International Standard Book Number (ISBN) of the course material;

(2) the price for the course material;

(3) whether the required course material is bundled with optional material, whether it can be unbundled, and the price for each bundled and unbundled component; and

(4) whether the material is available in an alternative format and the cost for the alternatively formatted material.

Subd. 4. System responsibility. The board shall, to the extent it considers necessary, adopt uniform forms for bookstores to request information under subdivision 2.

The board shall encourage faculty to utilize the information received under subdivision 2 to achieve the lowest cost to students for course materials consistent with the academic freedom and choice of the faculty member.

Sec. 41. Minnesota Statutes 2006, section 136F.71, subdivision 2, is amended to read:

Subd. 2. **Activity funds.** All receipts attributable to the state colleges and universities activity funds ~~and deposited in the state treasury~~ are appropriated to the board and are not subject to budgetary control as exercised by the commissioner of finance.

Sec. 42. Minnesota Statutes 2006, section 136F.71, is amended by adding a subdivision to read:

Subd. 4. **Banking services.** Notwithstanding section 16A.27, the board shall have authority to control the amount and manner of deposit of all receipts described in this section in depositories selected by the board. The board's authority shall include specifying the considerations, financial activities, and conditions required from the depository, including the requirement of collateral security or a corporate surety bond as described in section 118A.03. The board may compensate the depository, including paying a reasonable charge to the depository, maintaining appropriate compensating balances with the depository, or purchasing non-interest-bearing certificates of deposit from the depository for performing depository-related services.

Sec. 43. Minnesota Statutes 2006, section 136G.11, subdivision 5, is amended to read:

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

(1) if the beneficiary's family income is \$50,000 or less, 15 percent of the sum of the contributions made to the beneficiary's account during the calendar year, not to exceed ~~\$300~~ \$400; and

(2) if the beneficiary's family income is more than \$50,000 but not more than \$80,000, ~~five~~ ten percent of the sum of the contributions made to the beneficiary's account during the calendar year, not to exceed ~~\$300~~ \$400.

Sec. 44. Minnesota Statutes 2006, section 137.0245, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** A Regent Candidate Advisory Council is established to assist in determining criteria for, and identifying and recruiting qualified candidates for membership on the Board of Regents and making recommendations to the governor joint legislative committee described in section 137.0246, subdivision 2.

Sec. 45. Minnesota Statutes 2006, 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 January 15 of each odd-numbered year, the advisory council shall submit its recommendations to the governor joint legislative committee described in section 137.0246, subdivision 2.

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

Sec. 46. Minnesota Statutes 2006, section 137.0246, is amended to read:

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

Subd. 2. **Regent nomination 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 the members of the higher education budget and policy divisions and the ranking minority member of those committees and divisions must be appointed in each house of the legislature. The chairs of the divisions from each body shall be cochairs of the joint legislative committee. 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 advisory council's recommendations 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 candidates recommended by the governor advisory council and the other candidates nominated by the joint committee. If the joint committee does not recommend a governor's nominee, the governor must submit a different nominee for the same vacancy. A candidate other than those recommended by the advisory council may be nominated for consideration by the joint committee only if the nomination receives the support of at least three house of representatives members of the committee and two senate members of the committee. A candidate must receive a majority vote of members from the house of representatives and from the senate on the joint committee to be recommended to the joint convention. The joint committee may recommend no more than one candidate for each vacancy. In recommending nominees, the joint committee must consider the needs of the Board of Regents and the balance of the board membership with respect to gender, racial, and ethnic composition.~~

(d) ~~The joint committee must meet twice, approximately one week apart. The first meeting is for the purpose of interviewing candidates and recommending candidates for the joint committee to consider. The second meeting is for the purpose of voting for candidates for recommendation to the joint convention.~~

Sec. 47. **[137.0252] APPROPRIATION; CONTRACT BUYOUT.**

No appropriation from the state of Minnesota to the governing board of the University of Minnesota shall be used directly or indirectly for costs related to the early termination of a contract of a coach who reports to the director of athletics.

Sec. 48. Minnesota Statutes 2006, section 197.775, subdivision 4, is amended to read:

Subd. 4. **Delayed payment of tuition.** A state college or university may not assess late fees or other late charges for veterans who are eligible to receive federal or state educational assistance and who have applied for that assistance but not yet received it, nor may they prevent these students from registering for a subsequent term because of outstanding tuition charges that arise from delayed federal or state payments. The state college or university may request without delay the amount of tuition above expected federal and state educational assistance and may require payment of the full amount of tuition owed by the veteran within 30 days of receipt of the expected federal or state educational assistance.

Sec. 49. **[197.791] MINNESOTA GI BILL PROGRAM.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Commissioner" means the commissioner of veterans affairs, unless otherwise specified.

(c) "Cost of attendance" for both graduate and undergraduate students has the meaning given in section 136A.121, subdivision 6, multiplied by a factor of 1.1. The tuition and fee maximum established by law for four-year programs shall be used to calculate the tuition and fee maximum under section 136A.121, subdivision 6, for a graduate student.

(d) "Child" means a natural or adopted child of a person described in subdivision 4, paragraph (a), clause (1), item (i) or (ii).

(e) "Eligible institution" means a postsecondary institution under section 136A.101, subdivision 4.

(f) "Program" means the Minnesota GI Bill program established in this section, unless otherwise specified.

(g) "Time of hostilities" means any action by the armed forces of the United States that is recognized by the issuance of a presidential proclamation or a presidential executive order in which the armed forces expeditionary medal or other campaign service medals are awarded according to presidential executive order, and any additional period or place that the commissioner determines and designates, after consultation with the United States Department of Defense, to be a period or place where the United States is in a conflict that places persons at such a risk that service in a foreign country during that period or in that place should be considered to be included.

(h) "Veteran" has the meaning given in section 197.447. Veteran also includes a service member who has received an honorable discharge after leaving each period of federal active duty service and has:

(1) served 90 days or more of federal active duty in a foreign country during a time of hostilities in that country; or

(2) received a service-related medical discharge from any period of service in a foreign country during a time of hostilities in that country.

A service member who has fulfilled the requirements for being a veteran under this paragraph but is still serving actively in the United States armed forces is also a veteran for the purposes of this section.

Subd. 2. **Program established.** The Minnesota GI Bill Program is established to provide postsecondary educational assistance to eligible Minnesota veterans and to the children and spouses of deceased and severely disabled Minnesota veterans.

The commissioner, in cooperation with eligible postsecondary educational institutions, shall administer the program for the purpose of providing postsecondary educational assistance to eligible persons in accordance with this section. Each public postsecondary educational institution in the state must participate in the program and each private postsecondary educational institution in the state is encouraged to participate in the program. Any participating private institution may suspend or terminate its participation in the program at the end of any semester or other academic term.

Subd. 3. **Duties; responsibilities.** (a) The commissioner shall establish policies and procedures including, but not limited to, procedures for student application record keeping, information sharing, payment of educational assistance benefits, and other procedures the commissioner considers appropriate and necessary for effective and efficient administration of the program established in this section.

(b) The commissioner may delegate part or all of the administrative procedures for the program to responsible representatives of participating eligible institutions. The commissioner may execute an interagency agreement with the Office of Higher Education for services the commissioner determines necessary to administer the program.

Subd. 4. **Eligibility.** (a) A person is eligible for educational assistance under this section if:

(1) the person is:

(i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time on or after September 11, 2001;

(ii) a nonveteran who has served honorably for a total of five years or more cumulatively as a member of the Minnesota National Guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after September 11, 2001;

(iii) the surviving spouse or child of a person who has served in the military at any time on or after September 11, 2001, and who has died as a direct result of that military service; or

(iv) the spouse or child of a person who has served in the military at any time on or after September 11, 2001, and who has a total and permanent service-connected disability as rated by the United States Veterans Administration;

(2) the person providing the military service described in clause (1), items (i) to (iv), was a Minnesota resident within six months of the time of the person's initial enlistment or any reenlistment in the United States armed forces;

(3) the person receiving the educational assistance is a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(4) the person receiving the educational assistance:

(i) is an undergraduate or graduate student at an eligible institution;

(ii) is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs;

(iii) is enrolled in an education program leading to a certificate, diploma, or degree at an eligible institution;

(iv) has applied for educational assistance under this section prior to the end of the academic term for which the assistance is being requested;

(v) is in compliance with child support payment requirements under section 136A.121, subdivision 2, clause (5); and

(vi) if an undergraduate student, has applied for the federal Pell Grant and the Minnesota State Grant.

(b) A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

(c) To determine eligibility, the commissioner may require official documentation, including the person's federal form DD-214 or other official military discharge papers; correspondence from the United States Veterans Administration; birth certificate; marriage certificate; proof of enrollment at an eligible institution; signed affidavits; proof of residency; proof of identity; or any other official documentation the commissioner considers necessary to determine eligibility.

(d) The commissioner may deny eligibility or terminate benefits under this section to any person who has not provided sufficient documentation to determine eligibility for the program. An applicant may appeal the commissioner's eligibility determination or termination of benefits in writing to the commissioner at any time. The commissioner must rule on any application or appeal within 30 days of receipt of all documentation that the commissioner requires. The decision of the commissioner regarding an appeal is final. However, an applicant whose appeal of an eligibility determination has been rejected by the commissioner may submit an additional appeal of that determination in writing to the commissioner at any time that the applicant is able to provide substantively significant additional information regarding the applicant's eligibility for the program. An approval of an applicant's eligibility by the commissioner following an appeal by the applicant is not retroactively effective for more than one year or the semester of the person's original application, whichever is later.

(e) Upon receiving an application with insufficient documentation to determine eligibility, the commissioner must notify the applicant within 30 days of receipt of the application that the application is being suspended pending receipt by the commissioner of sufficient documentation from the applicant to determine eligibility.

Subd. 5. **Benefit amount.** (a) On approval by the commissioner of eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution.

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance the amount the person received or was eligible to receive in that semester or term from:

(1) the federal Pell Grant;

(2) the state grant program under section 136A.121; and

(3) any federal military or veterans educational benefits including but not limited to the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational rehabilitation benefits, and any other federal benefits associated with the person's status as a veteran, except veterans disability payments from the United States Veterans Administration.

(c) The amount of educational assistance for any eligible person who is a full-time student must not exceed the following:

(1) \$1,000 per semester or term of enrollment;

(2) \$2,000 per state fiscal year; and

(3) \$10,000 in a lifetime.

For a part-time student, the amount of educational assistance must not exceed \$500 per semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate student is a student taking fewer than 12 credits for a semester or term of enrollment and a part-time graduate student is a student considered part-time by the eligible institution the graduate student is attending.

Subd. 6. **Insufficient appropriation.** If the amount appropriated is determined by the commissioner to be insufficient to pay the benefit amounts in subdivision 5, the commissioner must reduce the amounts specified in subdivision 5, paragraph (c), clauses (1) and (2).

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to qualifying coursework taken on or after that date.

Sec. 50. MINNESOTA WEST COMMUNITY AND TECHNICAL COLLEGE AT WORTHINGTON; YMCA LEASE AGREEMENT.

(a) The Board of Trustees of Minnesota State Colleges and Universities may enter into a lease agreement with the YMCA not to exceed 40 years, for the lease of land on the Minnesota West Community and Technical College at Worthington campus for the construction of a YMCA facility. The lease may also include the city of Worthington.

(b) Siting and design of the facility must be consistent with the college's master plan and Minnesota State Colleges and Universities' building standards. Minnesota West Community and Technical College may negotiate for use of the facility for college purposes. The lease must contain a provision that the lease shall terminate if the improved property is no longer used for the partial benefit of the students at the Worthington campus.

Sec. 51. INTEREST RATE PROTECTION AGREEMENTS; REPORT.

The Office of Higher Education must report by February 1, 2009, to the senate and house of representatives committees with primary jurisdiction over higher education finance and policy on the results of the office's interest rate protection agreement activity under Minnesota Statutes, section 136A.16, subdivision 16.

Sec. 52. REPEALER.

(a) Minnesota Statutes 2006, sections 135A.031, subdivisions 2, 3, 4, 5, and 6; 135A.032; 135A.033; 135A.045; 135A.053; 136A.07; and 136A.08, subdivision 8, are repealed.

(b) Laws 2001, First Special Session chapter 1, article 1, sections 3, subdivision 3; and 4, subdivision 5, are repealed.

ARTICLE 3 PRIVATE INSTITUTIONS

Section 1. Minnesota Statutes 2006, section 136A.61, is amended to read:

136A.61 POLICY.

The legislature has found and hereby declares that the availability of legitimate courses and programs leading to academic degrees offered by responsible private not-for-profit and for-profit institutions of postsecondary education and the existence of legitimate private colleges and universities are in the best interests of the people of this state. The legislature has found and declares that the state can provide assistance and protection for persons choosing private institutions and programs, by establishing policies and procedures to assure the authenticity and legitimacy of private postsecondary education institutions and programs. The legislature has also found and declares that this same policy applies to any private and public postsecondary educational institution located in another state or country which offers or makes available to a Minnesota resident any course, program or educational activity which does not require the leaving of the state for its completion.

Sec. 2. **136A.615** CITATION.

Sections 136A.61 to 136A.71 may be cited as the "Minnesota Private and Out-of-State Public Postsecondary Education Act."

Sec. 3. Minnesota Statutes 2006, section 136A.62, subdivision 3, is amended to read:

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

(1) any individual, partnership, company, firm, society, trust, association, corporation, or any combination thereof, which (a) (i) is, owns, or operates a private, nonprofit postsecondary education institution; (b) (ii) is, owns, or operates a private, for-profit postsecondary education institution; or (iii) provides a postsecondary instructional program or course leading to a degree whether or not for profit; (c) is, owns, or operates a private, postsecondary education institution which uses the term "college", "academy", "institute" or "university" in its name, or (d) operates for profit and provides programs or courses which are intended to allow an individual to fulfill in part or totally the requirements necessary to maintain a license to practice an occupation. School shall also mean

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

(3) any individual, entity, or postsecondary institution located in another state that contracts with any school located within the state of Minnesota for the purpose of

providing educational programs, training programs, or awarding postsecondary credits or continuing education credits to Minnesota residents that may be applied to a degree program.

Sec. 4. Minnesota Statutes 2006, section 136A.63, is amended to read:

136A.63 REGISTRATION.

Subdivision 1. **Annual registration.** All schools located within Minnesota and all schools located outside Minnesota which offer degree programs or courses within Minnesota shall register annually with the office.

Subd. 2. **Sale of an institution.** Within 30 days of a change of its ownership a school must submit a registration renewal application, all usual and ordinary information and materials for an initial registration, and applicable registration fees for a new institution. For purposes of this subdivision, "change of ownership" means a merger or consolidation with a corporation; a sale, lease, exchange, or other disposition of all or substantially all of the assets of a school; the transfer of a controlling interest of at least 51 percent of the school's stock; or a change in the not-for-profit or for-profit status of a school.

Sec. 5. Minnesota Statutes 2006, section 136A.64, is amended to read:

136A.64 INFORMATION REQUIRED FOR REGISTRATION.

Subdivision 1. **Schools to provide information.** As a basis for registration, schools shall provide the office with such information as the office needs to determine the nature and activities of the school, including but not limited to, ~~requirements for admission, enrollments, tuition charge, refund policies, curriculum, degrees granted, and faculty employed.~~ The office shall have the authority to verify the accuracy of the information submitted to it by inspection or any other means it deems necessary. the following which shall be accompanied by an affidavit attesting to its accuracy and truthfulness:

- (1) articles of incorporation, constitution, bylaws, or other operating documents;
- (2) a duly adopted statement of the school's mission and goals;
- (3) evidence of current school or program licenses granted by departments or agencies of any state;
- (4) a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past fiscal year including any management letters provided by the independent auditor or, if the school is a public institution outside Minnesota, an income statement for the immediate past fiscal year;
- (5) all current promotional and recruitment materials and advertisements; and
- (6) the current school catalog and, if not contained in the catalog:
 - (i) the members of the board of trustees or directors, if any;
 - (ii) the current institutional officers;
 - (iii) current full-time and part-time faculty with degrees held or applicable experience;
 - (iv) a description of all school facilities;
 - (v) a description of all current course offerings;

- (vi) all requirements for satisfactory completion of courses, programs, and degrees;
- (vii) the school's policy about freedom or limitation of expression and inquiry;
- (viii) a current schedule of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;
- (ix) the school's policy about refunds and adjustments;
- (x) the school's policy about granting credit for prior education, training, and experience; and
- (xi) the school's policies about student admission, evaluation, suspension, and dismissal.

Subd. 2. **Financial records.** The office shall not disclose financial records or accreditation reports provided to it by a school pursuant to this section except for the purpose of defending, at hearings pursuant to chapter 14, or other appeal proceedings, its decision to approve or not to approve the granting of degrees or the use of a name by the school. Section 15.17, subdivision 4, shall not apply to such records.

Subd. 3. **Additional information.** If the office is unable to determine the nature and activities of a school on the basis of the information in subdivision 1, the office shall notify the school of additional information needed.

Subd. 4. **Verification of information.** The office may verify the accuracy of submitted information by inspection, visitation, or any other means it considers necessary.

Subd. 5. **Public information.** All information submitted to the office is public information except financial and accreditation records and information. The office may disclose financial records or information to defend its decision to approve or disapprove granting of degrees or the use of a name or its decisions to revoke the approval at a hearing under chapter 14 or other legal proceedings.

Subd. 6. **Late registration penalty.** Applications for renewal for any registration received after the deadline date specified in the renewal materials provided by the office are subject to a late fee equal to 20 percent of the annual registration renewal fee.

Subd. 7. **Out-of-state expenses.** A school shall reimburse the office for actual costs associated with a site evaluation visit outside Minnesota if the visit is necessary under subdivision 1 or 3.

Sec. 6. **[136A.645] SCHOOL CLOSURE.**

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

- (1) the planned date for termination of postsecondary education operations;
- (2) the planned date for the transfer of the student records;
- (3) confirmation of the name and address of the organization to receive and hold the student records; and
- (4) the official at the organization receiving the student records who is designated to provide official copies of records or transcripts upon request.

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

Sec. 7. **[136A.646] ADDITIONAL SECURITY.**

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

Sec. 8. Minnesota Statutes 2006, section 136A.65, is amended to read:

136A.65 APPROVAL OF DEGREES AND NAME.

Subdivision 1. **Prohibition.** No school subject to registration shall grant a degree unless such degree ~~is~~ and its underlying curriculum are approved by the office, nor shall any school subject to registration use the name "college," "academy," "institute" or "university" in its name without approval by the office.

Subd. 1a. **Accreditation; requirement.** A school must not be registered or authorized to offer any degree at any level unless the school is accredited by an agency recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. Any registered school undergoing institutional accreditation shall inform the office of site visits by the accrediting agency and provide office staff the opportunity to attend the visits, including any exit interviews. The institution must provide the office with a copy of the final report upon receipt.

Subd. 2. **Procedures.** The office shall establish procedures for approval, including notice and an opportunity for a hearing pursuant to chapter 14 if such approval is not granted. If a hearing is requested, no disapproval shall take effect until after such hearing.

Subd. 3. **Application.** A school subject to registration shall be granted approval to use the term "college," "academy," "institute" or "university" in its name ~~whether or not it offers a program leading to a degree,~~ if it was organized, operating, and using such term in its name on or before August 1, ~~1975~~ 2007, and if it meets the other policies and standards for approval established by the office.

Subd. 4. **Criteria for approval.** (a) A school applying to be registered and to have its degree or degrees and name approved must substantially meet the following criteria:

(1) the school has an organizational framework with administrative and teaching personnel to provide the educational programs offered;

(2) the school has financial resources sufficient to meet the school's financial obligations, including refunding tuition and other charges consistent with its stated policy if the institution is dissolved, or if claims for refunds are made, to provide service to the students as promised, and to provide educational programs leading to degrees as offered;

(3) the school operates in conformity with generally accepted budgeting and accounting principles;

(4) the school provides an educational program leading to the degree it offers;

(5) the school provides appropriate and accessible library, laboratory, and other physical facilities to support the educational program offered;

(6) the school has a policy on freedom or limitation of expression and inquiry for faculty and students which is published or available on request;

(7) the school uses only publications and advertisements which are truthful and do not give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school, its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment;

(8) the school's compensated recruiting agents who are operating in Minnesota identify themselves as agents of the school when talking to or corresponding with students and prospective students; and

(9) the school provides information to students and prospective students concerning:

(i) comprehensive and accurate policies relating to student admission, evaluation, suspension, and dismissal;

(ii) clear and accurate policies relating to granting credit for prior education, training, and experience and for courses offered by the school;

(iii) current schedules of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

(iv) policies regarding refunds and adjustments for withdrawal or modification of enrollment status; and

(v) procedures and standards used for selection of recipients and the terms of payment and repayment for any financial aid program.

(b) An application for degree approval must also include:

(i) title of degree and formal recognition awarded;

(ii) location where such degree will be offered;

(iii) proposed implementation date of the degree;

(iv) admissions requirements for the degree;

(v) length of the degree;

(vi) projected enrollment for a period of five years;

(vii) the curriculum required for the degree, including course syllabi or outlines;

(viii) statement of academic and administrative mechanisms planned for monitoring the quality of the proposed degree;

(ix) statement of satisfaction of professional licensure criteria, if applicable;

(x) documentation of the availability of clinical, internship, externship, or practicum sites, if applicable; and

(xi) statement of how the degree fulfills the institution's mission and goals, complements existing degrees, and contributes to the school's viability.

Subd. 5. **Requirements for degree approval.** For each degree a school offers to a student, where the student does not leave Minnesota for the major portion of the program or course leading to the degree, the school must have:

(1) qualified teaching personnel to provide the educational programs for each degree for which approval is sought;

(2) appropriate educational programs leading to each degree for which approval is sought;

(3) appropriate and accessible library, laboratory, and other physical facilities to support the educational program for each degree for which approval is sought; and

(4) a rationale showing that degree programs are consistent with the school's mission and goals.

Subd. 6. **Name.** A school may use the term "academy" or "institute" in its name without meeting any additional requirements. A school may use the term "college" in its name if it offers at least one program leading to an associate degree. A school may use the term "university" in its name if it offers at least one program leading to a master's or doctorate degree.

Subd. 7. **Conditional approval.** The office may grant conditional approval for a degree or use of a term in its name for a period of less than one year if doing so would be in the best interests of currently enrolled students or prospective students.

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

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

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

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

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

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

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

Sec. 9. Minnesota Statutes 2006, section 136A.657, is amended by adding a subdivision to read:

Subd. 4. **Statement required; religious nature.** Any degree awarded upon completion of a religiously exempt program shall include descriptive language to make the religious nature of the award clear.

Sec. 10. Minnesota Statutes 2006, section 136A.66, is amended to read:

136A.66 LIST.

The office shall maintain a list of ~~schools~~ registered institutions authorized to grant degrees and schools authorized to use the name "college," "academy," "institute" or "university," and shall make such list available to the public.

Sec. 11. Minnesota Statutes 2006, section 136A.67, is amended to read:

136A.67 UNAUTHORIZED REPRESENTATIONS.

~~No school and none of its officials or employees shall advertise or represent in any manner that such school is approved or accredited by the office or state of Minnesota except that any~~ A school which is duly registered with the office, or any of its officials or employees, may represent in advertising and shall disclose in catalogues, applications, and enrollment materials that the school is registered with the office by prominently displaying the following statement: "(Name of school) is registered as a private institution with the Minnesota Office of Higher Education pursuant to sections 136A.61 to 136A.71. Registration is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions."

Sec. 12. **[136A.675] RISK ANALYSIS.**

The office shall develop a set of financial and programmatic evaluation metrics to aid in the detection of the failure or potential failure of a school to meet the standards established under sections 136A.61 to 136A.71. These metrics shall include indicators of financial stability, changes in the senior management or the financial aid and senior administrative staff of an institution, changes in enrollment, changes in program offerings, and changes in faculty staffing patterns. The development of financial standards shall use industry standards as benchmarks. The development of the nonfinancial standards shall include a measure of trends and dramatic changes in trends or practice. The agency must specify the metrics and standards for each area and provide a copy to each registered institution and post them on the agency Web site. The agency shall use regularly reported data submitted to the federal government or other regulatory or accreditation agencies wherever possible. The agency may require more frequent data reporting by an institution to ascertain whether the standards are being met.

Sec. 13. Minnesota Statutes 2006, section 136A.68, is amended to read:

136A.68 RECORDS.

~~After August 1, 1975, all schools located in this state must maintain permanent records of all students enrolled therein at any time. The office may require schools to provide a plan acceptable to the office for preserving all such records for at least ten years. The office may require that such plan include the filing of a continuous surety bond or a deposit of funds in trust in an amount not to exceed \$20,000 for the purpose of preserving records after such school ceases to exist. A registered school shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A registered school 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 a student's academic transcript, documents, and files containing 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 or duplicate records must be maintained off site in a secure location and in a manner approved by the office;

(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) if the school has no binding agreement approved by the office for preserving student records, a continuous surety bond must be filed with the office in an amount not to exceed \$20,000. The bond shall run to the state of Minnesota.

Sec. 14. Minnesota Statutes 2006, section 136A.69, is amended to read:

136A.69 FEES.

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

Subd. 2. **Degree level addition fee.** The office processing fee for adding a degree level to an existing program is \$2,000 per program.

Subd. 3. **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. 4. **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. 5. **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.

Sec. 15. **[136A.705] PENALTY.**

The director may assess fines for violations of a provision of sections 136A.61 to 136A.71. Each day's failure to comply with a provision of sections 136A.61 to 136A.71 shall be a separate violation and fines shall not exceed \$500 per day per violation. Amounts received under this section must be deposited in the special revenue fund and are appropriated to the Office of Higher Education for the purposes in sections 136A.61 to 136A.71.

Sec. 16. Minnesota Statutes 2006, section 141.21, subdivision 1a, is amended to read:

Subd. 1a. **Office of Higher Education or office.** "Office of Higher Education" or "office" means the Minnesota Office of Higher Education.

Sec. 17. Minnesota Statutes 2006, section 141.21, subdivision 5, is amended to read:

Subd. 5. **School.** "School" means any person, within or outside the state, who maintains, advertises, administers, solicits for, or conducts any program for profit at any less than an associate degree level other than baccalaureate or graduate programs, and is not specifically exempted by sections 141.21 to and is not registered as a private institution under sections 136A.61 to 136A.71 and is not specifically exempted by section 141.35 or 141.37. School also means any person, within or outside the state, who maintains, advertises, administers, solicits for, or conducts any program at less than an associate degree level, is not registered as a private institution pursuant to sections 136A.61 to 136A.71, and uses the term, "college," "institute," "academy," or "university" in its name.

Sec. 18. Minnesota Statutes 2006, section 141.25, subdivision 1, is amended to read:

Subdivision 1. **Required.** A school must not maintain, advertise, solicit for, administer, or conduct any program in Minnesota without first obtaining a license from the office.

Sec. 19. Minnesota Statutes 2006, 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 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 \$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 \$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~~ shall result in denial, suspension, or revocation of the school's license.

Sec. 20. Minnesota Statutes 2006, section 141.25, subdivision 7, is amended to read:

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

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

(i) meet the school's financial obligations;

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

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

(iv) maintain and support the school;

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

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

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

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

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

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

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

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

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

Sec. 21. Minnesota Statutes 2006, 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:

- (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 notice to students relating to the transferability of any credits earned at the school to other institutions;
- (14) a procedure for investigating and resolving student complaints; and
- ~~(14)~~ (15) the name and address of the Minnesota Office of Higher Education.

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

Sec. 22. Minnesota Statutes 2006, section 141.25, subdivision 10, is amended to read:

Subd. 10. **Placement records.** (a) Before a license is ~~issued~~ reissued to a school that offers, advertises or implies a placement service, the school shall file with the office for the past year and thereafter at reasonable intervals determined by the office, a certified copy of the school's placement record, containing a list of graduates, a description of their jobs, names of their employers, and other information as the office may prescribe.

(b) Each school that offers a placement service shall furnish to each prospective student, upon request, prior to enrollment, written information concerning the percentage of the previous year's graduates who were placed in the occupation for which prepared or in related employment.

Sec. 23. Minnesota Statutes 2006, 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 containing 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 approved by the office, for preserving student records ~~or a trust must be arranged if the school ceases to exist.~~ The bond shall run to the state of Minnesota.

Sec. 24. Minnesota Statutes 2006, section 141.255, subdivision 2, is amended to read:

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, not to exceed \$3,000, shall be assessed.

Sec. 25. Minnesota Statutes 2006, section 141.265, subdivision 2, is amended to read:

Subd. 2. **Contract information.** A contract or enrollment agreement used by a school must include at least the following:

- (1) the name and address of the school, clearly stated;
- (2) a clear and conspicuous disclosure that the agreement is a legally binding instrument upon written acceptance of the student by the school unless canceled under section 141.271;
- (3) the school's cancellation and refund policy that shall be clearly and conspicuously entitled "Buyer's Right to Cancel";
- (4) a clear statement of total cost of the program including tuition and all other charges;
- (5) the name and description of the program, including the number of hours or credits of classroom instruction, or distance instruction, that shall be included; and
- (6) a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address of the seller to which the notice should be sent or delivered.

The contract or enrollment agreement must not include a wage assignment provision or a confession of judgment clause.

Sec. 26. Minnesota Statutes 2006, 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~~ class for a period of 21 consecutive days without contacting the school to indicate an intent to continue in school or otherwise making arrangements concerning the absence, the student is considered to have withdrawn from school for all purposes as of the student's last documented date of attendance.

Sec. 27. Minnesota Statutes 2006, section 141.271, subdivision 12, is amended to read:

Subd. 12. **Instrument not to be negotiated.** A school shall not negotiate any promissory instrument received as payment of tuition or other charge prior to completion of 50 percent of the program, except that prior to that time, instruments may be transferred by assignment to purchasers who shall be subject to all defenses available against the school named as payee.

Sec. 28. Minnesota Statutes 2006, section 141.28, subdivision 1, is amended to read:

Subdivision 1. ~~Not to advertise state approval~~ **Disclosure required.** ~~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~~ A school, agent, or solicitor may advertise represent in advertisements and shall disclose in catalogues, applications, and enrollment materials that the school and solicitor have been is duly licensed by the state using by prominently displaying the following ~~language statement~~:

"(Name of school) is licensed as a private career school with the Minnesota Office of Higher Education pursuant to Minnesota Statutes, sections 141.21 to 141.32. 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. 29. Minnesota Statutes 2006, section 141.32, is amended to read:

141.32 PENALTY.

~~Violation of a provision of this chapter shall be a misdemeanor. Each day's failure to comply with this chapter shall be a separate violation. The office shall adopt rules establishing a list of civil penalties and the fine associated with each violation. Fines for violations shall not exceed \$500 per day per violation. The director may assess fines for violations of a provision of this chapter. Each day's failure to comply with this chapter shall be a separate violation and fines shall not exceed \$500 per day per violation. Amounts received under this section must be deposited in the special revenue fund and are appropriated to the Office of Higher Education for the purposes of this chapter.~~

Sec. 30. Minnesota Statutes 2006, section 141.35, is amended to read:

141.35 EXEMPTIONS.

Sections 141.21 to ~~141.35~~ 141.32 shall not apply to the following:

- (1) public postsecondary institutions;
- (2) ~~private~~ postsecondary institutions registered under sections ~~136A.61~~ 136A.615 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 disabled 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;
- ~~(12)~~ (11) 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)~~ (12) 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 exclusively to an individual practicing the profession;

~~(14)~~ (13) classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;

~~(15)~~ (14) 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)~~ (15) classes, courses, or programs providing instruction in personal development, modeling, or acting;

~~(17)~~ (16) 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)~~ (17) 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. 31. [141.37] EXEMPTION; RELIGIOUS SCHOOLS.

Subdivision 1. **Exemption.** Any school or any department or branch of a school:

(1) which is substantially owned, operated, or supported by a bona fide church or religious organization;

(2) whose programs are primarily designed for, aimed at, and attended by persons who sincerely hold or seek to learn the particular religious faith or beliefs of that church or religious organization; and

(3) whose programs are primarily intended to prepare its students to become ministers of, to enter into some other vocation closely related to, or to conduct their lives in consonance with the particular faith of that church or religious organization,

is exempt from the provisions of sections 141.21 to 141.32.

Subd. 2. **Limitations.** (a) An exemption shall not extend to any school, department or branch of a school, or program of a school which through advertisements or solicitations represents to any students or prospective students that the school, its aims, goals, missions, purposes, or programs are different from those described in subdivision 1.

(b) An exemption shall not extend to any school which represents to any student or prospective student that the major purpose of its programs is to:

(1) prepare the student for a vocation not closely related to that particular religious faith; or

(2) provide the student with a general educational program recognized by other schools or the broader educational, business, or social community as being substantially equivalent to the educational programs offered by schools or departments or branches of schools which are not religious in nature and are not exempt from chapter 141 and from rules adopted pursuant under this chapter.

Subd. 3. **Scope.** Nothing in this chapter or the rules adopted under it shall be interpreted as permitting the office to determine the truth or falsity of any particular set of religious beliefs.

Subd. 4. **Descriptive language required.** Any certificate, diploma, degree, or other formal recognition awarded upon completion of any religiously exempt program shall include such descriptive language as to make the religious nature of the award clear.

Sec. 32. EFFECTIVE DATE; TRANSITION PROCESS.

This article is effective July 1, 2007. Schools licensed pursuant to Minnesota Statutes, chapter 141, that qualify for private institution registration after July 1, 2007, shall apply for and complete the process for registration prior to the expiration of their current private career school license under Minnesota Statutes, chapter 141. Schools registered as private institutions pursuant to Minnesota Statutes, sections 136A.61 to 136A.71, that are required to obtain a private career school license after July 1, 2007, shall apply for and complete the process for licensure prior to the expiration of the current registration, but in any event no later than December 31, 2007. If the office finds it is necessary to allow for the proper processing of license or registration applications required by this section, the office is authorized to extend existing license or registration for a reasonable period of time.

Presented to the governor May 29, 2007

Signed by the governor May 30, 2007, 4:54 p.m.