

CHAPTER 99—S.F.No. 1236

An act relating to education; postsecondary; establishing a budget for higher education; appropriating money to the Office of Higher Education, the Board of Trustees of the Minnesota State Colleges and Universities, the Board of Regents of the University of Minnesota, and the Mayo Clinic; appropriating money for tuition relief; providing for the treatment of undocumented immigrants with respect to financial aid and tuition; regulating bonus payments; establishing the Minnesota Discovery, Research, and Innovation Economy funding program; modifying provisions related to grants, awards, and aid, school registration, and licensure; requiring certain information to be provided in higher education budget proposals; making changes to the state grant program; establishing procedure for cancellation of required surety bond; repealing Higher Education Advisory Council; requiring a higher education mental health summit; creating a tribal college supplemental grant assistance program; recognizing veteran's experience and training for various higher education purposes; providing statewide electronic infrastructure; requiring reports; amending Minnesota Statutes 2012, sections 13.47, subdivision 3; 127A.70, subdivision 2; 135A.031, subdivision 7; 135A.61; 136A.101, subdivisions 3, 5a, 8, 9; 136A.121, subdivision 5, by adding a subdivision; 136A.125, subdivisions 2, 4; 136A.233, subdivision 2; 136A.62, by adding a subdivision; 136A.646; 136A.65, subdivision 8; 136A.653, by adding a subdivision; 136F.40, subdivision 2; 137.027; 141.35; 197.775, subdivisions 1, 2, by adding a subdivision; 268.19, subdivision 1; 299A.45, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 137; repealing Minnesota Statutes 2012, sections 136A.031, subdivision 2; 136A.121, subdivision 9b; Minnesota Rules, part 4830.0100, subpart 5, item F.

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					
	2014		2015		Total
<u>General</u>	\$ 1,393,096,000	\$	1,422,165,000	\$	2,815,261,000
<u>Health Care Access</u>	2,157,000		2,157,000		4,314,000
Total	\$ 1,395,253,000	\$	1,424,322,000	\$	2,819,575,000

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

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. 6. Safety Officer's Survivors 100,000 100,000

This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to eligible dependent children 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. 7. Indian Scholarships 3,100,000 3,100,000

The director must contract with or employ at least one person with demonstrated competence in American Indian culture and residing in or near the city of Bemidji to assist students with the scholarships under Minnesota Statutes, section 136A.126, and with other information about financial aid for which the students may be eligible. Bemidji State University must provide office space at no cost to the Minnesota Office of Higher Education for purposes of administering the American Indian scholarship program under Minnesota Statutes, section 136A.126. This appropriation includes funding to administer the American Indian scholarship program.

Subd. 8. Tribal College Grants 150,000 150,000

For tribal college assistance grants under new Minnesota Statutes, section 136A.1796.

Subd. 9. High School-to-College Developmental Transition Grants 100,000 100,000

For grants under Minnesota Statutes, section 135A.61, for the high school-to-college developmental transition program grants.

Subd. 10. Intervention for College Attendance Program Grants 671,000 671,000

For the intervention for college attendance program under Minnesota Statutes, section 136A.861.

This appropriation includes funding to administer the intervention for college attendance program grants.

<u>Subd. 11. Student-Parent Information</u>	<u>122,000</u>	<u>122,000</u>
<u>Subd. 12. Get Ready</u>	<u>180,000</u>	<u>180,000</u>
<u>Subd. 13. Midwest Higher Education Compact</u>	<u>95,000</u>	<u>95,000</u>
<u>Subd. 14. Minnesota Minority Partnership</u>	<u>45,000</u>	<u>45,000</u>
<u>Subd. 15. United Family Medicine Residency Program</u>	<u>351,000</u>	<u>351,000</u>

For a grant to 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 cost-effective manner.

<u>Subd. 16. MnLINK Gateway and Minitex</u>	<u>5,905,000</u>	<u>5,905,000</u>
<u>Subd. 17. Statewide Longitudinal Education Data System</u>	<u>882,000</u>	<u>882,000</u>

\$582,000 in fiscal year 2014 and \$582,000 in fiscal year 2015 are appropriated to the Office of Higher Education for transfer to the Office of Enterprise Technology to maintain infrastructure of the Statewide Longitudinal Education Data System and to acquire additional data through purchase and development. This transfer to the Office of Enterprise Technology is onetime. Any ongoing information technology support or costs for the Statewide Longitudinal Education Data System will be incorporated into the service level agreement and will be paid to the Office of Enterprise Technology by the Office of Higher Education under the rates and mechanism specified in that agreement.

<u>Subd. 18. Hennepin County Medical Center</u>	<u>645,000</u>	<u>645,000</u>
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For transfer to Hennepin County Medical Center for graduate family medical education programs at Hennepin County Medical Center.

Subd. 19. **Teach for America**750,000750,000

*** (The preceding text beginning "Subd. 19." and ending with the second "750,000" was indicated as vetoed by the governor.)**

For the purpose of supporting Teach for America activities in Minnesota and must not be used for teaching services performed outside Minnesota. The appropriation shall be used for:

- (1) expenses related to the recruitment, selection, and training of Teach for America corps members;
- (2) ongoing professional development and support of Teach for America corps members;
- (3) ongoing alumni support; and
- (4) management and operational support, development, and central services, including finance, technology, and human services.

The appropriation for fiscal year 2015 is not available until the appropriation for fiscal year 2014 is matched by \$2,121,000 from nonstate sources.

Teach for America must by February 1, 2015, report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over higher education on activities funded by this appropriation. Specifically, and without limitation, the report must include a report on the number of teachers of color funded and on the success of the teaching activities. To the extent possible, success must be measured using the Minnesota teachers development and evaluation program.

Subd. 20. **Prosperity Act.**

\$100,000 in fiscal year 2014 is appropriated from the general fund to the Office of Higher Education for the information technology costs associated with the implementation of the Prosperity Act. This is a onetime appropriation.

Subd. 21. **Agency Administration**2,491,0002,491,000Subd. 22. **Balances Forward**

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

Subd. 23. 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 Indian scholarship appropriation, the state work-study appropriation, the get ready appropriation, and the public safety officers' survivors 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 prior written notice to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over higher education finance.

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

Subdivision 1. <u>Total Appropriation</u>	\$	<u>587,915,000</u>	\$	<u>605,143,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Central Office and Shared Services Unit</u>		<u>33,074,000</u>		<u>33,074,000</u>
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For the Office of the Chancellor and the Shared Services Division.

Subd. 3. <u>Operations and Maintenance</u>		<u>550,726,000</u>		<u>567,954,000</u>
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This appropriation includes \$25,500,000 in fiscal year 2014 and \$52,500,000 in fiscal year 2015 for student tuition relief. The Board of Trustees may not set the tuition rate in any undergraduate degree-granting program for the 2013-2014 and 2014-2015 academic years at a rate greater than the 2012-2013 academic year rate. The student tuition relief may not be offset by increases in mandatory fees, charges, or other assessments to the student.

To the extent that appropriations under this subdivision are insufficient to meet obligations contained in a labor or program contract, the Board of Trustees shall fund those obligations through reductions in costs associated with central administration of the system and executive

administration of individual campuses, or through reallocation of nonstate funds received by the system. These outstanding obligations may not be funded through reduction in any program or service that directly impacts students or that is newly-authorized by the legislature for the 2014-2015 biennium, or through increased fees or costs directly assessed to students.

\$17,000,000 in fiscal year 2014 is for retention of talented faculty and staff. No later than April 1, 2014, the Board of Trustees must report to the legislative committees with jurisdiction over higher education finance and policy on the expenditure of these funds. The report must include:

(1) the aggregate number of positions retained systemwide, and by individual campus;

(2) the criteria used to determine whether a position qualified for retention funds from this appropriation;

(3) the allocation of this appropriation among employment categories including, but not limited to, central administrative staff, executive administration on individual campuses, directors or chairs of individual programs and departments, faculty, academic support and student services staff, auxiliary services, and other employment categories as appropriate, and the average compensation increase for positions within each category;

(4) an itemized accounting of this appropriation's allocation by individual employment position, including each position's job title, the full compensation and benefit structure for that position before and after this appropriation is allocated, the percent increase in compensation and benefits for that position as a result of this appropriation, and data comparing the compensation and benefit structure offered with similar positions at peer institutions; and

(5) the number of talented faculty and staff positions targeted for retention that were not able to be retained, and the reasons those positions were not retained.

\$18,000 each year is for transfer to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This appropriation is in addition to the \$102,000 per fiscal year this project currently receives. The project shall continue to provide information to the Board

of Trustees on the number of students served, credit hours delivered, and services provided to students. The base appropriation under this paragraph is \$120,000 each year.

\$7,278,000 in fiscal year 2015 is for a leveraged equipment program. For the purpose of this section, "equipment" means equipment for instructional purposes for programs that the board determines would produce graduates with skills for which there is a high employer need within the state. An equipment acquisition may be made under this appropriation only if matched by cash or in-kind contributions from nonstate sources.

No later than January 15, 2015, the Board of Trustees shall submit a report to the legislative committees with oversight over higher education finance and policy on the expenditure of these funds to date. The reports must also list each donor, and the amount contributed by the donor, or in the case of an in-kind contribution, the nature and value of the contribution, received to date for purposes of the required match.

\$50,000 in fiscal year 2014 is to convene a mental health issues summit. This is a onetime appropriation.

Five percent of the fiscal year 2015 appropriation in this subdivision is available in fiscal year 2015 when the Board of Trustees of the Minnesota State Colleges and Universities (MnSCU) demonstrates to the commissioner of management and budget that the board has met at least three of the following five performance goals:

(1) increase by at least four percent in fiscal year 2013, compared to fiscal year 2010, graduates or degrees, diplomas, and certificates conferred;

(2) increase by at least one percent the fall 2013 persistence and completion rate for fall 2012 entering students compared to the fall 2010 rate for fall 2009 entering students;

(3) increase by at least four percent the fiscal year 2013 related employment rate for 2012 graduates compared to the 2011 rate for 2010 graduates;

(4) by 2014, MnSCU must collect data on the number of Open Educational Resources (OER) tools and services offered and formulate a plan to actualize a one percent reduction in expenses directly related to the cost of instruction incurred by students; and

(5) reallocate \$22,000,000 that became available through expense realignment in fiscal year 2014.

"Open Educational Resources" includes, but is not limited to, textbooks, study guides, worksheets, journals, video, audio recordings, massive open online courses, or other innovative course configuration.

"Cost of instruction" means average tuition, average fees, average cost to student for textbooks and related course material.

By August 1, 2013, the Board of Trustees and the Minnesota 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, 2014, 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. The appropriation base for the next biennium shall include appropriations not made available under this subdivision for failure to meet performance goals.

<u>Subd. 4. Learning Network of Minnesota</u>	<u>4,115,000</u>	<u>4,115,000</u>
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Sec. 5. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>578,956,000</u>	<u>\$</u>	<u>593,256,000</u>
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<u>Appropriations by Fund</u>		
	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>576,799,000</u>	<u>591,099,000</u>
<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>

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

<u>Subd. 2. Operations and Maintenance</u>	<u>515,211,000</u>	<u>529,511,000</u>
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This appropriation includes funding for operation and maintenance of the system.

This appropriation includes \$14,200,000 in fiscal year 2014 and \$28,400,000 in fiscal year 2015 for tuition relief. The Board of Regents is requested to maintain the Minnesota resident undergraduate tuition rate for

the 2013-2014 and 2014-2015 academic years at the 2012-2013 academic year rate.

\$17,775,000 in fiscal year 2014 and \$17,875,000 in fiscal year 2015 are for the Minnesota Discovery, Research, and InnoVation Economy (MnDRIVE) funding program.

Five percent of the fiscal year 2015 appropriation in this subdivision is available in fiscal year 2015 when the Board of Regents of the University of Minnesota demonstrates to the commissioner of management and budget that the board has met at least three of the following five performance goals:

(1) increase by at least one percent the Twin Cities campus undergraduate four-year, five-year, or six-year graduation rates averaged over three years, for low-income students reported in fall 2014 over fall 2012. The average rate for fall 2012 is calculated with the fall 2010, 2011, and 2012 graduation rates;

(2) increase by at least three percent the total number of undergraduate STEM degrees, averaged over three years, conferred by the University of Minnesota Twin Cities campus reported in fiscal year 2014 over fiscal year 2012. The averaged number for fall 2012 is calculated with the fall 2010, 2011, and 2012 number;

(3) increase by at least one percent the four-year, five-year, or six-year graduation rates, averaged over three years, at the University of Minnesota reported in fall 2014 over fall 2012. The average rate for fall 2012 is calculated with the fall 2010, 2011, and 2012 graduation rates;

(4) for fiscal year 2014, decrease administrative costs by \$15,000,000; and

(5) increase invention disclosures by three percent for fiscal year 2014 over fiscal year 2013 (net of student disclosures).

By August 1, 2013, the Board of Regents and the Minnesota 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, 2014, 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. The appropriation base for the next biennium shall include appropriations not made

available under this subdivision for failure to meet performance 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

42,922,000

42,922,000

For the Agricultural Experiment Station and the Minnesota Extension Service:

(1) the agricultural experiment stations and Minnesota Extension Service must convene agricultural advisory groups to focus research, education, and extension activities on producer needs and implement an outreach strategy that more effectively and rapidly transfers research results and best practices to producers throughout the state;

(2) this appropriation includes funding for research and outreach on the production of renewable energy from Minnesota biomass resources, including agronomic crops, plant and animal wastes, and native plants or trees. The following areas should be prioritized and carried out in consultation with Minnesota producers, renewable energy, and bioenergy organizations:

(i) biofuel and other energy production from perennial crops, small grains, row crops, and forestry products in conjunction with the Natural Resources Research Institute (NRRI);

(ii) alternative bioenergy crops and cropping systems; and

(iii) biofuel coproducts used for livestock feed;

(3) this appropriation includes funding for the College of Food, Agricultural, and Natural Resources Sciences to establish and 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;

(4) this appropriation includes funding for research efforts that demonstrate a renewed emphasis on the needs of the state's agriculture community. The

following areas should be prioritized and carried out in consultation with Minnesota farm organizations:

(i) vegetable crop research with priority for extending the Minnesota vegetable growing season;

(ii) fertilizer and soil fertility research and development;

(iii) soil, groundwater, and surface water conservation practices and contaminant reduction research;

(iv) discovering and developing plant varieties that use nutrients more efficiently;

(v) breeding and development of turf seed and other biomass resources in all three Minnesota biomes;

(vi) development of new disease-resistant and pest-resistant varieties of turf and agronomic crops;

(vii) utilizing plant and livestock cells to treat and cure human diseases;

(viii) the development of dairy coproducts;

(ix) a rapid agricultural response fund for current or emerging animal, plant, and insect problems affecting production or food safety;

(x) crop pest and animal disease research;

(xi) developing animal agriculture that is capable of sustainably feeding the world;

(xii) consumer food safety education and outreach;

(xiii) programs to meet the research and outreach needs of organic livestock and crop farmers; and

(xiv) alternative bioenergy crops and cropping systems; and growing, harvesting, and transporting biomass plant material; and

(5) by February 1, 2015, the Board of Regents must submit a report to the legislative committees and divisions with responsibility for agriculture and higher education finance on the status and outcomes of research and initiatives funded in this section.

(b) Health Sciences

4,854,000

4,854,000

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

1,140,000

1,140,000

For the geological survey and the talented youth mathematics program.

(d) System Special

5,181,000

5,181,000

For general research, the Labor Education Service, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.

Of this amount, \$125,000 in fiscal year 2014 and \$125,000 in fiscal year 2015 are added to the base for the Labor Education Service.

(e) University of Minnesota and Mayo Foundation Partnership

7,491,000

7,491,000

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. 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 legislative committee responsible for higher education finance by June 30 of each fiscal year.

Subd. 5. Academic Health Center

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

Sec. 6. MAYO CLINIC

Subdivision 1. Total Appropriation

\$

1,351,000

\$

1,351,000

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

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

<u>Subd. 3. Family Practice and Graduate Residency Program</u>	<u>686,000</u>	<u>686,000</u>
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The state must pay stipend support for up to 27 residents each year.

ARTICLE 2

HIGHER EDUCATION POLICY

Section 1. Minnesota Statutes 2012, section 13.47, subdivision 3, is amended to read:

Subd. 3. **Dissemination.** (a) Employment and training data may be disseminated by employment and training service providers:

(a) (1) to other employment and training service providers to coordinate the employment and training services for the data subject or to determine eligibility or suitability for services from other programs;

(b) (2) to local and state welfare agencies for monitoring the eligibility of the participant for assistance programs, or for any employment or training program administered by those agencies; and

(c) (3) to the commissioner of employment and economic development.

(b) The commissioner of employment and economic development may disseminate employment and training data to the Office of Higher Education for purposes of supporting program improvement, system evaluation, and research initiatives including the Statewide Longitudinal Education Data System.

Sec. 2. Minnesota Statutes 2012, section 127A.70, subdivision 2, is amended to read:

Subd. 2. **Powers and duties; report.** (a) The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:

(1) improving the quality of and access to education at all points from preschool through graduate education;

(2) improving preparation for, and transitions to, postsecondary education and work; and

(3) ensuring educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers.

(b) Under the direction of the P-20 Education Partnership Statewide Longitudinal Education Data System Governance Committee, the Office of Higher Education, and the Departments of Education and Employment and Economic Development shall improve and expand the statewide longitudinal education data system (SLEDS) to provide policymakers, education and workforce leaders, researchers, and members of the public with data, research, and reports to:

- (1) expand reporting on students' educational outcomes;
- (2) evaluate the effectiveness of educational and workforce programs; and
- (3) evaluate the relationship between education and workforce outcomes.

To the extent possible under federal and state law, research and reports should be accessible to the public on the Internet, and disaggregated by demographic characteristics, organization or organization characteristics, and geography.

It is the intent of the legislature that the statewide longitudinal education data system inform public policy and decision-making. The SLEDS governance committee, with assistance from staff of the Office of Higher Education, the Department of Education, and the Department of Employment and Economic Development, shall respond to legislative committee and agency requests on topics utilizing data made available through the statewide longitudinal education data system as resources permit. Any analysis of or report on the data must contain only summary data.

(c) By January 15 of each year, the partnership shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over P-20 education policy and finance that summarizes the partnership's progress in meeting its goals and identifies the need for any draft legislation when necessary to further the goals of the partnership to maximize student achievement while promoting efficient use of resources.

Sec. 3. Minnesota Statutes 2012, section 135A.031, subdivision 7, is amended to read:

Subd. 7. **Reports.** (a) ~~Instructional and noninstructional expenditure data and enrollment data 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. The University of Minnesota and the Minnesota State Colleges and Universities systems shall include in their biennial budget proposals to the legislature:~~

(1) a five-year history of systemwide expenditures, reported by:

(i) functional areas, including instruction, research, public service, student financial aid, and auxiliary services, and including direct costs and indirect costs, such as institutional support, academic support, student services, and facilities management, associated with each functional area; and

(ii) objects of expenditure, such as salaries, benefits, supplies, and equipment;

(2) a five-year history of the system's total instructional expenditures per full-year equivalent student, by level of instruction, including upper-division undergraduate, lower-division undergraduate, graduate, professional, and other categories of instructional programs offered by the system;

(3) a five-year history of the system's total revenues by funding source, including tuition, state operations and maintenance appropriations, state special appropriations, other restricted state funds, federal appropriations, sponsored research funds, gifts, auxiliary revenue, indirect cost recovery, and any other revenue sources;

(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) (4) an explanation describing how state appropriations made to the system in the previous odd-numbered year biennium were allocated and the methodology used to determine the allocation;~~

~~(2) (5) 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) (6) 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) (7) 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) (8) 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) (9) 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 (b) Data required by this subdivision shall be submitted by the public postsecondary systems to the Minnesota Office of Higher Education and the Department of Management and Budget 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. Representatives from each system, in consultation with the commissioner of management and budget and the director of the Office of Higher Education, shall develop consistent reporting practices for this purpose.~~

~~(c) To the extent practicable, each system shall develop the ability to respond to legislative requests for financial analyses that are more detailed than those required by this subdivision, including but not limited to analyses that show expenditures or revenues by institution or program, or in multiple categories of expenditures or revenues, and analyses that show revenue sources for particular types of expenditures.~~

Sec. 4. Minnesota Statutes 2012, section 135A.61, is amended to read:

135A.61 HIGH SCHOOL-TO-COLLEGE DEVELOPMENTAL TRANSITION PROGRAMS PROGRAM GRANTS.

Subdivision 1. **High school-to-college developmental transition programs program grants.** ~~All public higher education systems and other higher education institutions in Minnesota are encouraged to offer~~ (a) The director of the Minnesota Office of Higher Education shall award competitive matching grants

to Minnesota public and private postsecondary institutions offering research-based high school-to-college developmental transition programs to prepare students for college-level academic coursework. A program under this section must, at a minimum, include instruction to develop the skills and abilities necessary to be ready for college-level coursework when the student enrolls in a degree, diploma, or certificate program and must address the academic skills identified as needing improvement by a college readiness assessment completed by the student. A program Developmental courses offered under this section must not constitute more than the equivalent of one semester of full-time study occurring in the summer following high school graduation. The courses completed in a program under this section must be identified on the student's transcript with a unique identifier to distinguish it them from other developmental education courses or programs. Courses attended will not count towards the limit on postsecondary education used for state financial aid programs under sections 136A.121, subdivision 9, and 136A.125, subdivision 2, paragraph (a), clause (4).

Grants must be awarded to programs that provide instruction and services including, but not limited to:

- (1) summer developmental courses in academic areas requiring remediation;
- (2) academic advising, mentoring, and tutoring during the summer program and throughout the student's first year of enrollment;
- (3) interaction with student support services, admissions and financial aid offices; and
- (4) orientation to college life, such as study skills or time management.
- (b) Grants shall be awarded to eligible postsecondary institutions as defined in section 136A.103.
- (c) 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.

Subd. 1a. **Eligible students.** (a) Eligible students include students who earned a high school diploma or its equivalent during the academic year immediately preceding the summer program and 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.
- (b) Eligible students include those who met the student eligibility criteria in the student's final year of high school and plan to enroll in college the academic year following high school graduation or its equivalency.

Subd. 1b. **Application process.** (a) 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 program services.

- (b) 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 improve postsecondary readiness 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.

Subd. 1c. **Match required.** Applicants are required to match the grant amount dollar-for-dollar. The match may be in cash or an in-kind contribution.

Subd. 1d. **Review committee.** The director must establish and convene a grant selection committee to review applications and award grants. The members of the committee may include representatives of postsecondary institutions, school districts, organizations providing college outreach services, and others deemed appropriate by the director.

Subd. 2. **High school-to-college developmental transition programs evaluation report.** (a) Institutions that offer a high school-to-college developmental transition program ~~and enroll students that receive a grant under section 136A.121, subdivision 9b,~~ must annually submit data and information about the services provided and program outcomes to the director of the Minnesota Office of Higher Education.

(b) The director must establish and convene a data working group to develop: (1) the data methodology to be used in evaluating the effectiveness of the programs implemented to improve the academic performance of participants, including the identification of appropriate comparison groups; and (2) a timeline for institutions to submit data and information to the director. The data working group must develop procedures that ensure consistency in the data collected by each institution. Data group members must have expertise in data collection processes and the delivery of academic programs to students, and represent the types of institutions that offer a program under this section. The data group must assist the director in analyzing and synthesizing institutional data and information to be included in the evaluation report submitted to the legislature under subdivision 3.

(c) Participating institutions must specify both program and student outcome goals and the activities implemented to achieve the goals. The goals must be clearly stated and measurable, and data collected must enable the director to verify the program has met the outcome goals established for the program.

(d) The data and information submitted must include, at a minimum, the following:

(1) demographic information about program participants;

(2) names of the high schools from which the students graduated;

(3) the college readiness test used to determine the student was not ready for college-level academic coursework;

(4) the academic content areas assessed and the scores received by the students on the college readiness test;

(5) a description of the services, including any supplemental noncredit academic support services, provided to students;

(6) data on the registration load, courses completed, and grades received by students;

(7) the retention of students from the term they participated in the program to the fall term immediately following graduation from high school;

(8) information about the student's enrollment in subsequent terms; and

(9) other information specified by the director or the data group that facilitates the evaluation process.

Subd. 3. **Report to legislature.** By March 15 of each year, ~~beginning in 2011,~~ the director shall submit a report to the committees of the legislature with jurisdiction over higher education finance and policy that evaluates the effectiveness of programs in improving the academic performance of students who participated in the transition programs.

EFFECTIVE DATE. The amendments in this section are effective for programs offered in the summer of 2014 and thereafter.

Sec. 5. Minnesota Statutes 2012, section 136A.101, subdivision 3, is amended to read:

Subd. 3. **Director Commissioner.** "~~Director~~" "Commissioner" means the ~~director~~ commissioner of the Minnesota Office of Higher Education.

Sec. 6. Minnesota Statutes 2012, section 136A.101, subdivision 9, is amended to read:

Subd. 9. **Independent student.** "Independent student" has the meaning given ~~it in~~ under Title IV of the Higher Education Act of 1965, United States Code, title 20, section 1070a-6 as amended, and applicable regulations.

Sec. 7. Minnesota Statutes 2012, section 136A.121, is amended by adding a subdivision to read:

Subd. 20. **Institution reporting.** (a) Each institution receiving financial aid under this section must annually report by December 31 to the office the following for its undergraduate programs:

(1) enrollment, persistence, and graduation data for all students, including aggregate information on state and federal Pell grant recipients;

(2) the job placement rate and salary and wage information for graduates of each program that is either designed or advertised to lead to a particular type of job or advertised or promoted with a claim regarding job placement, as is practicable; and

(3) the student debt to earnings ratio of graduates.

(b) The office shall provide the following on its Internet Web site:

(1) the information submitted by an institution pursuant to paragraph (a), which shall be made available in a searchable database; and

(2) other information and links that are useful to students and parents who are in the process of selecting a college or university. This information may include, but is not limited to, local occupational profiles.

(c) The office shall provide a standard format and instructions for supplying the information required under paragraph (a).

Sec. 8. Minnesota Statutes 2012, 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 or for a major illness, while under the care of a medical professional, that substantially limits the student's ability to complete the term 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. 9. Minnesota Statutes 2012, section 136A.125, subdivision 4, is amended to read:

Subd. 4. **Amount and length of grants.** (a) 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.

(b) The maximum award to the applicant shall be ~~\$2,600~~ \$2,800 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. 10. Minnesota Statutes 2012, section 136A.233, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of sections 136A.231 to 136A.233, the words defined in this subdivision have the meanings ascribed to them.

(a) "Eligible student" means a Minnesota resident enrolled or intending to enroll at least half time in a degree, diploma, or certificate program in a Minnesota postsecondary institution.

(b) "Minnesota resident" means a student who meets the conditions in section 136A.101, subdivision 8.

(c) "Financial need" means the need for financial assistance in order to attend a postsecondary institution as determined by a postsecondary institution according to guidelines established by the Minnesota Office of Higher Education.

(d) "Eligible employer" means any eligible postsecondary institution, any nonprofit, nonsectarian agency or state institution located in the state of Minnesota, a disabled person or a person over 65 who employs a student to provide personal services in or about the person's residence, or a private, for-profit employer employing a student as an intern in a position directly related to the student's field of study that will enhance the student's knowledge and skills in that field.

(e) "Eligible postsecondary institution" means any postsecondary institution eligible for participation in the Minnesota state grant program as specified in section 136A.101, subdivision 4.

(f) "Independent student" has the meaning given it ~~in~~ under Title IV of the Higher Education Act of 1965, ~~United States Code, title 20, section 1070a-6~~ as amended, and applicable regulations.

(g) "Half time" for undergraduates has the meaning given in section 136A.101, subdivision 7b, and for graduate students is defined by the institution.

Sec. 11. **[136A.1796] TRIBAL COLLEGE SUPPLEMENTAL GRANT ASSISTANCE.**

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given them.

(b) "Nonbeneficiary student" means a resident of Minnesota who is enrolled in a tribally controlled college but is not an enrolled member of a federally recognized Indian tribe.

(c) "Tribally controlled college" means an accredited institution of higher education located in this state that is formally controlled by or has been formally sanctioned or chartered by the governing body of a federally recognized Indian tribe, or a combination of federally recognized Indian tribes. Tribally controlled college does not include any institution or campus subject to the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities or the Board of Regents of the University of Minnesota.

Subd. 2. **Eligibility; grant assistance.** (a) A tribally controlled college is eligible to receive supplemental grant assistance from the Office of Higher Education, as provided in this section, for nonbeneficiary student enrollment if the college is not otherwise eligible to receive federal grant funding for those students under United States Code, title 25, section 1808.

(b) The office shall make grants to tribally controlled colleges to defray the costs of education associated with the enrollment of nonbeneficiary students. Grants made pursuant to this section must be provided directly to the recipient college.

Subd. 3. **Grant application.** To receive a grant under this section, a tribally controlled college must submit an application in the manner required by the Office of Higher Education. Upon submission of a completed application indicating that the tribally controlled college is eligible, the office shall distribute to the college, during each year of the biennium, a grant of \$5,300 for each nonbeneficiary student on a full-time equivalent basis. If the amount appropriated for grants under this section is insufficient to cover the total amount of grant eligibility, the office shall distribute a prorated amount per nonbeneficiary student on a full-time equivalent basis.

Subd. 4. **Reporting by recipient institutions.** Each tribally controlled college receiving a grant under this section shall provide to the Office of Higher Education, on an annual basis, an accurate and detailed account of the expenditures of the grant funds received by the college, and a copy of the college's most recent audit report and documentation of the enrollment status and ethnic status of each nonbeneficiary student for which grant assistance is sought under this section.

Sec. 12. Minnesota Statutes 2012, section 136A.62, is amended by adding a subdivision to read:

Subd. 6. **Online platform service.** An online platform service is a nondegree granting entity that provides online access to schools as defined in subdivision 3, to enable the schools to offer online training, courses, or programs.

Sec. 13. Minnesota Statutes 2012, section 136A.646, is amended to read:

136A.646 ADDITIONAL SECURITY.

(a) 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.

(b) In lieu of a bond, the applicant may deposit with the commissioner of management and budget:

- (1) a sum equal to the amount of the required surety bond in cash; or
- (2) 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.

(c) 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.

Sec. 14. Minnesota Statutes 2012, section 136A.65, subdivision 8, is amended to read:

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) (a) 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) (b) 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.~~

(c) Any order refusing, revoking, or suspending a school's registration, approval of a school's degree, or use of a regulated term in the school's name is appealable in accordance with 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 action of the office. If a school has been operating and its registration has been revoked, suspended, or refused by the office, the order is not effective until the final determination of the appeal, unless immediate effect is ordered by the court.

Sec. 15. Minnesota Statutes 2012, section 136A.653, is amended by adding a subdivision to read:

Subd. 3a. **Tuition-free educational courses.** A school, including a school using an online platform service, offering training, courses, or programs is exempt from sections 136A.61 to 136A.71, to the extent it offers tuition-free courses to students in Minnesota. A course will be considered tuition-free if the school charges no tuition and the required fees and other required charges paid by the student for the course do not exceed two percent of the most recent average undergraduate tuition and required fees as of January 1 of the

current year charged for full-time students at all degree-granting institutions as published annually by the United States Department of Education as of January 1 of each year. To qualify for an exemption a school or online platform service must prominently display a notice comparable to the following: "IMPORTANT: Each educational institution makes its own decision regarding whether to accept completed coursework for credit. Check with your university or college."

Sec. 16. Minnesota Statutes 2012, section 136F.40, subdivision 2, is amended to read:

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

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

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

(d) Notwithstanding any provision of the plan approved under section 43A.18, subdivision 3a, a contract under this section must not authorize or otherwise provide for a discretionary or mandatory bonus or other performance-based incentive payment.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to contracts entered into on or after that date.

Sec. 17. **[136F.595] STATEWIDE ELECTRONIC INFRASTRUCTURE; PORTFOLIO SOLUTIONS.**

Subdivision 1. **Collaborative infrastructure.** (a) The Department of Employment and Economic Development, the Department of Education, the Office of Higher Education, the University of Minnesota, and the Minnesota State Colleges and Universities shall collaborate to implement an electronic infrastructure to support academic and workforce success statewide. The infrastructure shall first utilize existing assets, tools, and services, including but not limited to efolioMinnesota and GPS LifePlan. To facilitate implementation of this section, the Board of Trustees of the Minnesota State Colleges and Universities shall support efolioMinnesota and GPS LifePlan until at least June 30, 2015.

(b) To the extent possible, the basic electronic infrastructure shall be available at no charge to all state residents and to all students attending Minnesota educational institutions.

Subd. 2. **Goals; programs.** The Board of Trustees of the Minnesota State Colleges and Universities may enhance the efolioMinnesota platform to allow, at a minimum, implementation of:

(1) a portfolio-based individual learning plan solution that includes comprehensive academic and life planning instruments, to support student transitions to postsecondary school or to work; and

(2) a student-owned proficiency portfolio solution to support student transitions to the workplace and employers seeking first-day-work-ready employees.

Subd. 3. **Resources; accountability reports.** (a) The Board of Trustees of the Minnesota State Colleges and Universities may seek and accept contributions from individuals, businesses, and other organizations to support the goals required by this section. The parties listed in subdivision 1 are not required to contribute. All contributions received are appropriated to the Board of Trustees of the Minnesota State Colleges and Universities and shall be administered as directed by the Board of Trustees.

(b) The Board of Trustees of the Minnesota State Colleges and Universities shall submit, no later than January 15 of each year, a report to the governor and legislature on the progress of the Minnesota State Colleges and Universities system's activities related to implementation of this section.

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

Sec. 18. Minnesota Statutes 2012, section 137.027, is amended to read:

137.027 APPROPRIATION; FRINGE BENEFITS.

(a) Direct appropriations to the University of Minnesota include money to pay the employer's share of Social Security, state retirement, and health insurance. Money provided for these purposes shall be expended only for these purposes and any amounts in excess of the employer's share shall be returned to the state treasury.

(b) Unless otherwise explicitly provided for in law, direct appropriations to the University of Minnesota do not include, and may not be used to pay, any mandatory or discretionary bonus or other performance-based incentive payment provided for in an employment contract with the president or vice-presidents, chancellors, provosts, vice provosts, deans, or directors of individual programs.

Sec. 19. **[137.66] MINNESOTA DISCOVERY, RESEARCH, AND INNOVATION ECONOMY FUNDING PROGRAM.**

Subdivision 1. **Establishment.** (a) The Minnesota Discovery, Research, and Innovation Economy (MnDRIVE) funding program is established to discover new knowledge through scientific research that will:

- (1) advance the state's economy;
- (2) leverage opportunities and establish priorities in sectors of state strength and comparative advantage;
- (3) improve the health and wellbeing of Minnesota's citizens;
- (4) advance the capacity and competitiveness of existing and emerging food- and manufacturing-related science and technology industries; and
- (5) build a better Minnesota by driving progress and advancing the common good.

(b) The MnDRIVE funding program shall establish priorities by investing in scientific research that promotes:

- (1) programs that can position Minnesota as a leader in engineering, science, technology, and food-related solutions;
- (2) initiatives that support the growth of targeted industry clusters and the competitiveness of existing Minnesota engineering, science, technology, and food companies in developing new products and services;
- (3) initiatives that can result in creating new Minnesota-based companies;
- (4) initiatives that can improve the quality of life of Minnesota's citizens, decrease the incidence of disease, and transform how we prevent, treat, and cure diseases; and
- (5) initiatives that can secure a safer environment, seek sustainable energy solutions, and prevent, diagnose, and treat environmental problems associated with Minnesota industry.

Subd. 2. **Funding requests.** The Board of Regents of the University of Minnesota, acting alone or in partnership with other public or private entities, is requested to submit investment proposals consistent with the goals and objectives of the MnDRIVE funding program as part of the Board of Regents biennial

budget request to the legislature. The Board of Regents must give consideration to investments in existing scientific research programs that meet these guidelines but may require additional resources in order to preserve or accelerate Minnesota into a national or global leadership position. The governor shall submit a recommendation to the legislature regarding funding requests submitted by the Board of Regents.

Subd. 3. **Reporting.** By March 1 of each odd-numbered year, the Board of Regents of the University of Minnesota must provide to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education policy and finance a summary report of investments and accomplishments related to funds received from the state under subdivision 2 from the prior biennium.

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

Sec. 20. Minnesota Statutes 2012, section 141.35, is amended to read:

141.35 EXEMPTIONS.

Sections 141.21 to 141.32 shall not apply to the following:

- (1) public postsecondary institutions;
- (2) postsecondary institutions registered under sections 136A.61 to 136A.71;
- (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 except schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;
- (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 except schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names unless the school used "academy" or "institute" in its name prior to August 1, 2008;
- (10) classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;
- (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;
- (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;

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

(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 except schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;

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

(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**

(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; and

(18) schools providing exclusively training, instructional programs, or courses where tuition, fees, and any other charges for a student to participate do not exceed \$100.

Sec. 21. Minnesota Statutes 2012, section 197.775, subdivision 1, is amended to read:

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

(b) "Commissioner" means the commissioner of veterans affairs.

(c) "State college or university" means a unit of the University of Minnesota or Minnesota State Colleges and Universities.

(d) "Veteran" includes the definition provided in section 197.447, and also includes any person serving in active service, as defined in section 190.05, subdivision 5.

Sec. 22. Minnesota Statutes 2012, section 197.775, subdivision 2, is amended to read:

Subd. 2. **Recognition of courses.** (a) Minnesota State Colleges and Universities must recognize courses and award educational credits for courses that were part of a veteran's military training or service if the courses meet the standards of the American Council on Education or equivalent standards for awarding academic credits. In recognizing courses and awarding educational credits, consideration must be given to academic skills developed in all aspects of the training or service course curriculum, and may not be limited solely to the physical fitness or activity components of the course.

(b) The University of Minnesota and private colleges and universities in Minnesota are encouraged to recognize courses and award educational credits for courses that were part of a veteran's military training or service if the courses meet the standards of the American Council on Education or equivalent standards for awarding academic credits. In recognizing courses and awarding educational credits, the University of Minnesota and private colleges and universities in Minnesota are encouraged to consider academic skills developed in all aspects of the training or service course curriculum, and not limit consideration solely to the physical fitness or activity components of the course.

Sec. 23. Minnesota Statutes 2012, section 197.775, is amended by adding a subdivision to read:

Subd. 2a. **Recognition of veteran status.** (a) With the policy in this subdivision, the state recognizes veterans' selfless sacrifices in service to our nation, and their varied and specialized military education and training, as well as the need for their timely and meaningful reintegration into civilian society. The state also recognizes the special value of veterans in furthering the goal of creating a diverse student population in the state's postsecondary institutions.

(b) Minnesota State Colleges and Universities must adopt a policy recognizing, for applicants who are veterans, the applicant's veteran status as a positive factor in determining whether to grant admission to a graduate or professional academic degree program. The Board of Trustees must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over higher education policy and finance annually by February 15 on the number of veterans who apply for a graduate or professional academic degree program and the number accepted.

(c) The University of Minnesota, and private colleges and universities in Minnesota, are encouraged to adopt a policy recognizing, for applicants who are veterans, the applicant's veteran status as a positive factor in determining whether to grant admission to an undergraduate, graduate, or professional academic degree program.

Sec. 24. Minnesota Statutes 2012, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (1) state and federal agencies specifically authorized access to the data by state or federal law;
- (2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;
- (3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;
- (4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;
- (5) human rights agencies within Minnesota that have enforcement powers;
- (6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;
- (7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;
- (8) the Department of Labor and Industry and the Division of Insurance Fraud Prevention in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;
- (9) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps or food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;
- (10) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;
- (11) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;

(12) the United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;

(13) the Department of Health for the purposes of epidemiologic investigations;

(14) the Department of Corrections for the purpose of preconfinement and postconfinement employment tracking of committed offenders for the purpose of case planning; ~~and~~

(15) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201-; and

(16) the Office of Higher Education for purposes of supporting program improvement, system evaluation, and research initiatives including the Statewide Longitudinal Education Data System.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 25. Minnesota Statutes 2012, section 299A.45, subdivision 4, is amended to read:

Subd. 4. **Renewal.** Each award must be given for one academic year and is renewable for a maximum of eight semesters or the equivalent. A student who withdraws from enrollment for active military service or for a major illness, while under the care of a medical professional, that substantially limits the student's ability to complete the term is entitled to an additional semester or the equivalent of grant eligibility. An award must not be given to a dependent child who is 23 years of age or older on the first day of the academic year.

Sec. 26. **HIGHER EDUCATION INSTITUTIONAL PARTICIPATION IN STATE STUDENT AID PROGRAMS; REPORT.**

The Minnesota Office of Higher Education must report by February 1, 2014, to the chairs and ranking minority members of the legislative committees and divisions with the primary jurisdiction over higher education finance on the available and appropriate data that should be used as statutory criteria to determine whether a higher education institution should be allowed to participate in state financial aid programs. Among other data, the data could include an institution's completion/graduation rates, student debt to income ratios, and employment rates related to field of study. The office must consult regularly with the higher education finance committees or divisions about the purpose and content of the report.

Sec. 27. **UNIVERSITY OF MINNESOTA REPORTS.**

Subdivision 1. **Medical school capacity.** The Board of Regents of the University of Minnesota must report, by November 1, 2013, to the legislative committees and divisions with primary jurisdiction over higher education finance and policy the following information with respect to its medical schools:

(1) the number of applicants seeking admission to the school for the academic term commencing in the fall of 2013 and the number admitted;

(2) the number of applicants admitted to the school for each of the fall academic terms commencing between 2000 and 2012;

(3) the number of school graduates projected for each of the next ten years;

(4) the number of school graduates projected to remain and practice in Minnesota after graduation for each of the next ten years; and

(5) plans of the university to increase the capacity of the school.

The report must include the most recent and accepted analysis concerning the need for physicians in Minnesota in the future, including time frames of the next five, ten, 15, and 20 years. The need must be stated in aggregate and in specialty practice areas.

Subd. 2. **STEM programs.** The Board of Regents of the University of Minnesota must report, by November 1, 2013, to the legislative committees and divisions with primary jurisdiction over higher education finance and policy with respect to its undergraduate science, technology, engineering, and mathematics programs on the Twin Cities campus the following information:

(1) the number of applicants seeking admission to those programs for the academic term commencing in the fall of 2013 and the number admitted;

(2) the percentage of students that graduate from the programs who remain in Minnesota both historically and projected into the future; and

(3) plans to expand the capacity of the programs.

The report must include the most recent and accepted analysis of the projected need of employers within the state for graduates of science, technology, engineering, and mathematics programs in the future, including times frames of five, ten, 15, and 20 years.

Subd. 3. **University administrative costs.** (a) The Board of Regents of the University of Minnesota must, within 45 days of its receipt of the report or study, provide to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over higher education finance, a report currently expected to be received by the university in July 2013, concerning what is commonly known as a spans and layers analysis by Sibson Consulting and an administrative services benchmarking and diagnostic study expected to be done in May 2013, by Huron Consulting.

(b) The Board of Regents of the University of Minnesota must provide to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance a plan to lower its overall costs based on its work with Huron Consulting concerning administrative services benchmarking and diagnostic study within 90 days of its receipt of the final report from Huron Consulting. The board must periodically update the committees and minority members on the progress of the analysis and any preliminary findings or recommendations.

Sec. 28. **MENTAL HEALTH ISSUES SUMMIT.**

The Board of Trustees of the Minnesota State Colleges and Universities, in cooperation with the commissioner of human services, shall convene a summit of representatives of the Minnesota State Colleges and Universities, the University of Minnesota, private colleges, mental health professionals, special education representatives, children and adult mental health advocates and providers, and community mental health centers. The summit shall develop a comprehensive workforce development plan to:

(1) increase the number of mental health professionals and practitioners;

(2) ensure appropriate course work and training experience; and

(3) increase the number of culturally diverse mental health professionals and practitioners.

The plan required by this section shall be submitted to the chairs and ranking minority members of the legislative committees responsible for health and human services policy and higher education policy no later than January 15, 2015.

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

Sec. 29. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the term "director" as it relates to the director of the Minnesota Office of Higher Education to "commissioner" wherever in Minnesota Statutes or Minnesota Rules the term appears.

Sec. 30. **REPEALER.**

Minnesota Statutes 2012, sections 136A.031, subdivision 2; and 136A.121, subdivision 9b, are repealed.

ARTICLE 3

STATE GRANT

Section 1. Minnesota Statutes 2012, section 136A.101, subdivision 5a, is amended to read:

Subd. 5a. **Assigned family responsibility.** "Assigned family responsibility" means the amount of a 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 ~~68~~ 50 percent of the student contribution.

Sec. 2. Minnesota Statutes 2012, section 136A.121, subdivision 5, is amended to read:

Subd. 5. **Grant stipends.** The grant stipend shall be based on a sharing of responsibility for covering the recognized cost of attendance by the applicant, the applicant's family, and the government. The amount of a financial stipend must not exceed a grant applicant's recognized cost of attendance, as defined in subdivision 6, after deducting the following:

- (1) the assigned student responsibility of at least ~~46~~ 50 percent of the cost of attending the institution of the applicant's choosing;
- (2) the assigned family responsibility as defined in section 136A.101; and
- (3) the amount of a federal Pell grant award for which the grant applicant is eligible.

The minimum financial stipend is \$100 per academic year.

Sec. 3. **STATE GRANT TUITION CAPS; LIVING AND MISCELLANEOUS EXPENSE ALLOWANCE.**

(a) For the purposes of the state grant program under Minnesota Statutes, section 136A.121, for the biennium ending June 30, 2015, the tuition maximum is \$13,000 each fiscal year of the biennium for students in four-year programs, and \$5,808 in each fiscal year of the biennium for students in two-year programs.

(b) The living and miscellaneous expense allowance for the state grant program under Minnesota Statutes, section 136A.121, for the biennium ending June 30, 2015, is set at \$7,900 for each fiscal year of the biennium.

Sec. 4. STATE GRANT AWARD CALCULATION; MNSCU PART-TIME STUDENTS.

(a) State grant awards under Minnesota Statutes, section 136A.121, for the biennium ending June 30, 2015, made from appropriations for that biennium for part-time students attending a Minnesota state college and university system institution shall be modified as provided by this section. All other provisions of law and rule applying to state grant awards not inconsistent with this section shall apply to awards to those part-time students.

(b) For a student registering for less than full-time, the assigned family responsibility is the amount determined for a full-time student under Minnesota Statutes, section 136A.101, subdivision 5a, prorated by the percent of full-time for which a student is enrolled.

ARTICLE 4

PROSPERITY ACT

Section 1. [135A.043] RESIDENT TUITION.

(a) A student, other than a nonimmigrant alien within the meaning of United States Code, title 8, section 1101, subsection (a), paragraph (15), shall qualify for a resident tuition rate or its equivalent at state universities and colleges if the student meets all of the following requirements:

(1) high school attendance within the state for three or more years;

(2) graduation from a state high school or attainment within the state of the equivalent of high school graduation; and

(3) in the case of a student without lawful immigration status: (i) documentation that the student has complied with selective service registration requirements; and (ii) if a federal process exists for the student to obtain lawful immigration status the student must present the higher education institution with documentation from federal immigration authorities that the student has filed an application to obtain lawful immigration status.

(b) This section is in addition to any other statute, rule, or higher education institution regulation or policy providing eligibility for a resident tuition rate or its equivalent to a student.

(c) The Board of Regents of the University of Minnesota is requested to adopt a policy implementing this section.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to tuition for school terms commencing on or after July 1, 2013.

Sec. 2. [135A.044] PRIVATE SCHOLARSHIP AID.

A public postsecondary institution may use private sources of funding to provide aid to a student eligible for resident tuition under section 135A.043. This section is in addition to any other authority of an institution to provide financial aid.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to financial aid for school terms commencing on or after July 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 136A.101, subdivision 8, is amended to read:

Subd. 8. **Resident student.** "Resident student" means a student who meets one of the following conditions:

(1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary educational institution;

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota;

(5) a member, spouse, or dependent of a member of the armed forces of the United States stationed in Minnesota on active federal military service as defined in section 190.05, subdivision 5c;

(6) a spouse or dependent of a veteran, as defined in section 197.447, if the veteran is a Minnesota resident;

(7) a person or spouse of a person who relocated to Minnesota from an area that is declared a presidential disaster area within the preceding 12 months if the disaster interrupted the person's postsecondary education; ~~or~~

(8) a person defined as a refugee under United States Code, title 8, section 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has continued to reside in Minnesota; or

(9) a student eligible for resident tuition under section 135A.043.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to school terms commencing on or after July 1, 2013.

Sec. 4. **REPEALER.**

Minnesota Rules, part 4830.0100, subpart 5, item F, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2013.

Presented to the governor May 21, 2013

Signed by the governor May 24, 2013, 11:30 a.m.