

CHAPTER 44--H.F.No. 1126

An act relating to higher education; providing for certain policy changes to postsecondary attainment goals, student financial aid, institutional licensure provisions, and institutional grant programs; amending Minnesota Statutes 2022, sections 135A.012; 136A.121, subdivisions 2, 18; 136A.1241, subdivision 5; 136A.1701, subdivision 11; 136A.62, subdivision 3, by adding a subdivision; 136A.653, by adding a subdivision; 136A.833; 136A.91, subdivision 1; 137.022, subdivision 4; repealing Minnesota Rules, parts 4830.0400, subpart 1; 4880.2500.

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

Section 1. Minnesota Statutes 2022, section 135A.012, is amended to read:

135A.012 HIGHER EDUCATION ATTAINMENT GOAL.

Subdivision 1. **Purpose.** This section sets a goal for postsecondary education and workforce training credential attainment for Minnesota residents.

Subd. 2. **Postsecondary credentials.** The number of Minnesota residents ages 25 to 44 years who hold postsecondary ~~degrees or certificates~~ or industry-recognized credentials should be increased to at least 70 percent by 2025.

Subd. 3. **Rights not created.** The attainment goal in this section is not to the exclusion of any other goals and does not confer a right or create a claim for any person.

Subd. 4. **Data development and analyses.** The Office of Higher Education shall work with the state demographer's office to measure progress towards the attainment of the goal specified in subdivision 2. The United States Census Bureau data shall be used to calculate the number of individuals in the state who hold a postsecondary degree. The Office of Higher Education, demographer's office, ~~and~~ the Department of Employment and Economic Development, and the Department of Labor and Industry shall develop a methodology to estimate the number of individuals that hold a ~~certificate~~ credential awarded by a postsecondary institution or recognized by an industry authority as their highest ~~educational~~ credential using data available at the time that the analysis is completed.

Subd. 5. **Reporting.** (a) Beginning in 2016 and every year thereafter, the Office of Higher Education, in collaboration with the state demographer's office, shall, by October 15, report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education policy and finance on the progress towards meeting or exceeding the goal of this section.

(b) Meeting and maintaining the goal of 70 percent of Minnesota residents ages 25 to 44 years holding a postsecondary ~~degree or certificate~~ or industry-recognized credential will likely be difficult without achieving attainment rates that are comparable across all race and ethnicity groups. The Office of Higher Education shall utilize benchmarks of 30 percent or higher and 50 percent or higher to report progress by race and ethnicity groups toward meeting the educational attainment rate goal of 70 percent.

Sec. 2. Minnesota Statutes 2022, section 136A.121, subdivision 2, is amended to read:

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

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

(2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over, and has met all requirements for admission as a student to an eligible college or technical college of choice as defined in sections 136A.095 to 136A.131;

(3) has met the financial need criteria established in Minnesota Rules;

(4) is not in default, as defined by the office, of any federal or state student educational loan; ~~and~~

(5) is not more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement or, if the applicant is more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement, but is complying with a written payment agreement under section 518A.69 or order for arrearages; and

(6) has not been convicted of or pled nolo contendere or guilty to a crime involving fraud in obtaining federal Title IV funds within the meaning of Code of Federal Regulations, subtitle B, chapter VI, part 668, subpart C.

(b) A student is entitled to an additional semester or the equivalent of grant eligibility if the student withdraws from enrollment:

(1) for active military service after December 31, 2002, because the student was ordered to active military service as defined in section 190.05, subdivision 5b or 5c;

(2) for a serious health condition, while under the care of a medical professional, that substantially limits the student's ability to complete the term; or

(3) while providing care that substantially limits the student's ability to complete the term to the student's spouse, child, or parent who has a serious health condition.

Sec. 3. Minnesota Statutes 2022, section 136A.121, subdivision 18, is amended to read:

Subd. 18. **Data.** (a) An eligible institution whose students are eligible to receive funding under sections 136A.095 to 136A.246 must provide to the office data on student enrollment and federal and state financial aid.

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

Sec. 4. Minnesota Statutes 2022, section 136A.1241, subdivision 5, is amended to read:

Subd. 5. **Foster grant amount; payment; opt-out.** (a) Each student shall be awarded a foster grant based on the federal need analysis. Applicants are encouraged to apply for all other sources of financial aid. The amount of the foster grant must be equal to the applicant's recognized cost of attendance after deducting:

- (1) the student aid index as calculated by the federal need analysis;
- (2) the amount of a federal Pell Grant award for which the applicant is eligible;
- (3) the amount of the state grant;
- (4) the Federal Supplemental Educational Opportunity Grant;
- (5) the sum of all Tribal scholarships;
- (6) the amount of any other state and federal gift aid;
- (7) the Education and Training Voucher Program;
- (8) extended foster care benefits under section 260C.451;

(9) the amount of any private grants or scholarships, excluding grants and scholarships provided by the private institution of higher education in which the eligible student is enrolled; and

(10) for public institutions, the sum of all institutional grants, scholarships, tuition waivers, and tuition remission amounts.

(b) The foster grant shall be paid directly to the eligible institution where the student is enrolled.

(c) An eligible private institution may opt out of participating in the foster grant program established under this section. To opt out, the institution shall provide notice to the office by ~~September~~ March 1 for the next academic year. An institution that opts out of participating, but participated in the program a previous year, must hold harmless currently enrolled recipients by continuing to provide the benefit under paragraph (d) as long as the student remains eligible.

(d) An eligible private institution that does not opt out under paragraph (c) and accepts the student's application to attend the institution must provide institutional grants, scholarships, tuition waivers, or tuition remission in an amount equal to the difference between:

- (1) the institution's cost of attendance as calculated under subdivision 4, paragraph (b), clause (1); and
- (2) the sum of the foster grant under this subdivision and the sum of the amounts in paragraph (a), clauses (1) to (9).

(e) An undergraduate student who is eligible may apply for and receive a foster grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or ~~previously has been enrolled full-time as defined in section 136A.101, subdivision 7a, or the equivalent for eight semesters or the equivalent, or received a foster grant for five years, whichever occurs first. A foster grant must not be awarded to a student for more than three years for a two-year degree, certificate, or diploma, or five years received foster grant funds for a period of ten full-time semesters or the equivalent for a four-year undergraduate degree. A foster grant student enrolled in a two-year degree, certificate, or diploma program may apply for and receive a foster grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or received foster grant funds for a period of six full-time semesters or the equivalent.~~

(f) Foster grants may be awarded to an eligible student for four quarters, three semesters, or the equivalent during the course of a single fiscal year. In calculating the award amount, the office must use the same calculation it would for any other term.

Sec. 5. Minnesota Statutes 2022, section 136A.1701, subdivision 11, is amended to read:

Subd. 11. **Data.** (a) An eligible institution whose students are eligible to receive funding under sections 136A.15 to 136A.1795 and licensed or registered under sections 136A.61 to 136A.834 must provide to the office data on student enrollment and federal and state financial aid.

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

Sec. 6. Minnesota Statutes 2022, section 136A.62, subdivision 3, is amended to read:

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

(1) a Tribal college;

(2) any partnership, company, firm, society, trust, association, corporation, or any combination thereof, which (i) is, owns, or operates a private, nonprofit postsecondary education institution; (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;

~~(2)~~ (3) any public or private 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)~~ (4) 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. 7. Minnesota Statutes 2022, section 136A.62, is amended by adding a subdivision to read:

Subd. 3a. **Tribal college.** "Tribal college" means an 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. Tribal 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.

Sec. 8. Minnesota Statutes 2022, section 136A.653, is amended by adding a subdivision to read:

Subd. 1b. **Tribal colleges.** A Tribal college is exempted from the provisions of sections 136A.61 to 136A.71. A Tribal college that is exempt may voluntarily waive its exception by registering under section 136A.63. Upon registration, the Tribal college is subject to all applicable requirements of sections 136A.61 to 136A.71.

Sec. 9. Minnesota Statutes 2022, section 136A.833, is amended to read:

136A.833 EXEMPTIONS.

Subdivision 1. **Application for exemptions.** A school that seeks an exemption from the provisions of sections 136A.822 to 136A.834 for the school and all of its programs or some of its programs must apply to the office to establish that the school or program meets the requirements of an exemption. An exemption for the school or program expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires. This exemption shall not extend to any school that uses any publication or advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school or its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment. Exemptions denied under this section are subject to appeal under section ~~136A.65, subdivision 8, paragraph (c)~~ 136A.829. If an appeal is initiated, the denial of the exemption is not effective until the final determination of the appeal, unless immediate effect is ordered by the court.

Subd. 2. **Exemption reasons.** Sections 136A.821 to 136A.832 shall not apply to the following:

- (1) public postsecondary institutions;
- (2) postsecondary institutions registered under sections 136A.61 to 136A.71;
- (3) postsecondary institutions exempt from registration under sections 136A.653, subdivisions 1b, 2, 3, and 3a; 136A.657; and 136A.658;
- ~~(3)~~ (4) private career schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;
- ~~(4)~~ (5) private schools complying with the requirements of section 120A.22, subdivision 4;
- ~~(5)~~ (6) courses taught to students in a valid apprenticeship program registered by the United States Department of Labor or Minnesota Department of Labor and taught by or required by a trade union;
- ~~(6)~~ (7) private career schools exclusively engaged in training physically or mentally disabled persons for the state of Minnesota;
- ~~(7)~~ (8) private career schools licensed by boards authorized under Minnesota law to issue licenses for training programs except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;
- ~~(8)~~ (9) private career 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)~~ (10) private career schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects, including adult basic education, as determined by the office except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names unless the private career school used "academy" or "institute" in its name prior to August 1, 2008;
- ~~(10)~~ (11) classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

~~(11)~~ (12) programs in the fine arts provided by organizations exempt from taxation under section 290.05 and registered with the attorney general under chapter 309. For the purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the office may seek the advice and recommendation of the Minnesota Board of the Arts;

~~(12)~~ (13) classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, that have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession or by an industry-specific certification entity, and that are offered exclusively to ~~an individual practicing the profession~~ individuals with the professional licensure or certification;

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

~~(14)~~ (15) classes, courses, or programs providing 16 or fewer clock hours of instruction ~~that are not part of the curriculum for an occupation or entry level employment except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names~~;

~~(15)~~ (16) 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~~;

(17) private career 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 if the distance education instruction does not include internships, externships, field placements, or clinical placements for residents of Minnesota; and

(18) private career 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. 10. Minnesota Statutes 2022, section 136A.91, subdivision 1, is amended to read:

Subdivision 1. **Grants.** (a) The Office of Higher Education must establish a competitive grant program for postsecondary institutions to expand concurrent enrollment opportunities. To the extent that there are qualified applicants, the commissioner of the Office of Higher Education shall distribute grant funds to ensure:

- (1) eligible students throughout the state have access to concurrent enrollment programs; and
- (2) preference for grants that expand programs is given to programs already at capacity.

(b) The commissioner may award grants under this section to postsecondary institutions for any of the following purposes:

(1) to develop new concurrent enrollment courses under section 124D.09, subdivision 10, that satisfy the elective standard for career and technical education; or

(2) to expand the existing concurrent enrollment programs already offered by the postsecondary institution and support the preparation, recruitment, and success of students who are underrepresented in concurrent enrollment classrooms by:

(i) creating new sections within the same high school; or

(ii) offering the existing course in new high schools; ~~or~~

~~(iii) supporting the preparation, recruitment, and success of students who are underrepresented in concurrent enrollment classrooms.~~

Sec. 11. Minnesota Statutes 2022, section 137.022, subdivision 4, is amended to read:

Subd. 4. **Mineral research; scholarships.** (a) All income credited after July 1, 1992, to the permanent university fund from royalties for mining under state mineral leases from and after July 1, 1991, must be allocated as provided in this subdivision.

(b)(1) Beginning January 1, 2013, 50 percent of the income must be allocated according to this paragraph. One-half of the income under this paragraph, up to \$50,000,000, must be credited to the mineral research account of the fund to be allocated for the Natural Resources Research Institute-Duluth and Coleraine facilities, for mineral and mineral-related research including mineral-related environmental research. The other one-half of the income under this paragraph, up to \$25,000,000, is credited to an endowment for the costs of operating a mining, ~~metallurgical, or related engineering~~ mineral, mineral-related, or science, technology, engineering, and mathematics (STEM) degree program programs offered through the University of Minnesota at ~~Mesabi Range Community and Technical College~~ Minnesota North College and the Swenson College of Science and Engineering at Duluth to support workforce development and collaborations benefiting regional academics, industry, and natural resources on the Iron Range in northeast Minnesota and for scholarships for Minnesota students, prioritizing students in the Minnesota Economic Development Region 3, to attend the mining, metallurgical, or related engineering program mineral, mineral-related, or STEM programs. The maximum scholarship awarded to attend the ~~mining, metallurgical, or related engineering degree program programs~~ mineral, mineral-related, or STEM programs funded under this paragraph cannot exceed ~~\$6,500~~ 75 percent of current resident tuition rates per academic year and may be awarded a maximum of four academic years.

(2) The remainder of the income under paragraph (a) plus the amount of any income under clause (1) after \$50,000,000 has been credited to the mineral research account for the Natural Resources Research Institute and the amount of any income over the \$25,000,000 for the ~~engineering program~~ programming in clause (1) must be credited to the endowed scholarship account of the fund for distribution annually for scholastic achievement as provided by the Board of Regents to undergraduates enrolled at the University of Minnesota who are resident students as defined in section 136A.101, subdivision 8.

(c) The annual distribution from the endowed scholarship account must be allocated to the various campuses of the University of Minnesota in proportion to the number of undergraduate resident students enrolled on each campus.

(d) The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

(e) Capital gains and losses and portfolio income of the permanent university fund must be credited to its three accounts in proportion to the market value of each account.

(f) The endowment support from the income and capital gains of the endowed mineral research and endowed scholarship accounts of the fund must not total more than six percent per year of the 36-month trailing average market value of the account from which the support is derived.

Sec. 12. **REPEALER.**

Minnesota Rules, parts 4830.0400, subpart 1; and 4880.2500, are repealed.

Presented to the governor May 18, 2023

Signed by the governor May 19, 2023, 1:02 p.m.