

HF4553 - 0 - State Student Aid Institution Eligibility Rqmts

Chief Author: **Connie Bernardy**
 Committee: **Higher Education Policy & Finance Division**
 Date Completed: **4/22/2020 2:37:00 PM**
 Lead Agency: **Office of Higher Education**
 Other Agencies:
 Minnesota State University Of Minnesota

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Minnesota State						
General Fund	-	-	64	64	64	
Office of Higher Education						
Restrict Misc. Special Revenue	-	-	(186)	(186)	(186)	
University Of Minnesota						
General Fund	-	-	12	12	12	
State Total						
General Fund	-	-	76	76	76	
Restrict Misc. Special Revenue	-	-	(186)	(186)	(186)	
Total	-	-	(110)	(110)	(110)	
Biennial Total			(110)		(220)	

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Minnesota State						
General Fund	-	-	-	-	-	-
Office of Higher Education						
Restrict Misc. Special Revenue	-	-	-	-	-	-
University Of Minnesota						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman **Date:** 4/22/2020 2:37:00 PM
Phone: 651-284-6439 **Email:** alyssa.holterman@lbo.leg.mn

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
Minnesota State						
General Fund		-	-	64	64	64
Office of Higher Education						
Restrict Misc. Special Revenue		-	-	(186)	(186)	(186)
University Of Minnesota						
General Fund		-	-	12	12	12
Total		-	-	(110)	(110)	(110)
Biennial Total				(110)		(220)
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Minnesota State						
General Fund		-	-	64	64	64
Office of Higher Education						
Restrict Misc. Special Revenue						
Expenditures		-	-	18	18	18
Absorbed Costs		-	-	(18)	(18)	(18)
University Of Minnesota						
General Fund		-	-	12	12	12
Total		-	-	76	76	76
Biennial Total				76		152
2 - Revenues, Transfers In*						
Minnesota State						
General Fund		-	-	-	-	-
Office of Higher Education						
Restrict Misc. Special Revenue		-	-	186	186	186
University Of Minnesota						
General Fund		-	-	-	-	-
Total		-	-	186	186	186
Biennial Total				186		372

HF4553 - 0 - State Student Aid Institution Eligibility Rqmts

Chief Author: **Connie Bernardy**
 Committee: **Higher Education Policy & Finance Division**
 Date Completed: **4/22/2020 2:37:00 PM**
 Agency: **Office of Higher Education**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue	-	-	(186)	(186)	(186)	(186)
Total	-	-	(186)	(186)	(186)	(186)
Biennial Total			(186)			(372)

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman **Date:** 4/20/2020 2:59:48 PM
Phone: 651-284-6439 **Email:** alyssa.holterman@lbo.leg.mn

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue	-	-	(186)	(186)	(186)	(186)
Total	-	-	(186)	(186)	(186)	(186)
Biennial Total			(186)			(372)
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Restrict Misc. Special Revenue						
Expenditures	-	-	18	18	18	18
Absorbed Costs	-	-	(18)	(18)	(18)	(18)
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Restrict Misc. Special Revenue	-	-	186	186	186	186
Total	-	-	186	186	186	186
Biennial Total			186			372

Bill Description

This Bill establishes new fees for higher education institutions overseen or regulated by the OHE's Licensing and Registration division. This division maintains regulatory oversight of schools, monitors at-risk schools, and supports students when schools close. Since 2016, 33 college campuses for 14 colleges have closed, more than the previous five years combined. During closures, OHE retrieves student records, communicates with students, facilitates "teach-out" agreements, creates transfer agreements, and provides other services to students.

In addition, the Bill changes regulatory language that will balance student consumer protections and regulatory requirements of institutions.

Section 1 amends Minnesota Statutes 2018, section 136A by requiring private institutions receiving state financial aid to secure and maintain additional security if required under the Private Career School Act or the Minnesota Private and Out-of-State Public Postsecondary Education Act. In addition, the Bill adds termination language for participating schools.

Section 2 establishes the Office's termination procedure, and section 3 provides a Chapter 14 hearing right for any institution terminated from state financial aid eligibility.

Section 4 amends Minnesota Statutes 2019 Supplement, section 136A.64, subdivision 1 by updating the financial statement requirements private degree granting schools must provide to the Office as a basis for registration by referencing the financial documents provided to the US Department of Education to monitor financial viability and any other data/information needed to determine whether a school is at risk of an abrupt closure.

Section 5 amends Minnesota Statutes 2019 Supplement, section 136A.646 by updating and adding additional security requirements. The section also permits the office to: require an increased surety bond (or other forms of additional security), prohibit a registered institution from accepting tuition and fee payments made through cash, alternative loans, or the equivalent prior to the add/drop period of the current period of instruction, or prohibit a registered institution from enrolling new students if the Office determines that any registered institution does not meet the financial resource criteria under section 136A.65, subdivision 4, paragraph (a), clause (2), or determines that any registered institution is vulnerable to a precipitous closure under section 136A.675. Finally, the section outlines the priority order of how surety funds to should be used in the event of a school closure.

Section 6 amends Minnesota Statutes 2018, section 136A.65, subdivision 4 by adding that a school applying to be registered and to have its degree or degrees and name approved must substantially meet the following criteria: the school may not require mandatory predispute arbitration clauses with students; the school has a process to receive and act on student complaints; and the school has cooperated with the office in the screening, inquiry, monitoring, and contingency

planning and notification process under section 136A.675.

Section 7 amends Minnesota Statutes 2018, section 136A.65, subdivision 7 clarifies that the office may grant new schools with their physical location in Minnesota and programs a one-year conditional approval for degrees or use of a term in its name to allow the school the opportunity to apply for and receive accreditation as required in subdivision 1a.

Section 8 amends Minnesota Statutes 2018, section 136A.65, subdivision 8 by adding additional reasons for disapproval of registration, including failing to have any enrollment, failing to provide a required additional surety, or the school is vulnerable to an abrupt closure and the risk to students or taxpayers cannot no longer be balanced with the institution remaining open. Additionally, the section outlines the actions the Office can take regarding the administration of state student aid if the office issues an 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 or issues an order granting conditional approval due to a school's failure to meet the risk analysis requirements under section 136A.75.

Section 9 amends Minnesota Statutes 2018, section 136A.653, subdivision 1 and Section 11 amends Minnesota Statutes 2018, section 136A.657, subdivision 2 by modifying registration exemptions - ensuring that OHE does not grant an exemption to a school that uses misleading advertising with students.

Section 12 amends Minnesota Statutes 2018, section 136A.657, subdivision 2 by adding a fee based on full-time equivalent (FTE) enrollment for schools participating in reciprocity agreement overseen or operated by OHE to cover the administrative expenses related to approving, renewing and monitoring schools approved for reciprocity.

Section 13 amends Minnesota Statutes 2018, section 136A.675, updating the process that OHE uses to detect institutions at risk of an abrupt closure, including the analysis of financial and nonfinancial measures and adds communication triggers for schools with the Office. The new process includes notifications to allow schools to provide feedback to the Office if the Office determines that it is at risk of school and options for the Office to escalate consumer protections for students and taxpayers when schools pose a risk of an abrupt closure.

Section 14 amends Minnesota Statutes 2018, section 136A.69, subdivision 1 by increasing the annual registration renewal fee from \$1,200 to \$2,000.

Section 15 amends Minnesota Statutes 2018, section 136A.69, subdivision 4 by adding a registration investigation fee to cover administrative expenses related to investigating an institution and/or degree program for activities that are inconsistent with the requirements of the Minnesota Private and Out-of-State Public Postsecondary Education Act.

Section 16 amends Minnesota Statutes 2018, section 136A.69 by adding a student complaint fee that would reimburse the office for expenses necessary to review or investigate any student complaint under section 136A.672 for any registered institution that has more than five student complaints per annual registration period.

Section 17 amends Minnesota Statutes 2018, section 136A.824, subdivision 4 by adding a licensure investigation fee to cover administrative expenses related to investigating an institution and/or degree program for activities that are inconsistent with the requirements of the Private Career School Act.

Section 18 amends Minnesota Statutes 2018, section 136A.824 by adding licensed student complaint fees to reimburse the Office for administrative expenses associated with a student complaints, but limiting the fee to be applied only to complaints after an institution already has had five student complaints in the current registration period.

Section 19 amends Minnesota Statutes 2018, section 136A.829, subdivision 1 by adding a requirement to licensure that schools do not use fraudulent, coercive, or dishonest, or demonstrating gross mismanagement in the course of business.

Section 20 amends Minnesota Statutes 2018, section 136A.833, subdivision 1 by modifying licensure exemptions - ensuring that OHE does not grant an exemption to a school that uses misleading advertising with students.

Section 21 amends Minnesota Statutes 2018, section 136A.834, subdivision 2 modifies religious exemptions to ensure that regardless of how an institution is organized, religious programs remain exempt and OHE only has to regulate non-religious programs. The current statute is unclear whether religious programs are regulated if the school has religious programs and non-religious programs.

Assumptions

OHE utilized historical data and costs when estimating fee revenue for each of the proposed fees. The sections below

outline the assumptions OHE utilized in estimating the revenue associated with each of the proposed fees.

Section 12 - SARA Fee assumptions:

OHE is responsible for administering the national reciprocity agreement, yet does not receive funding to fulfill these administrative duties. The SARA fee is used to cover operational costs associated with fulfilling Minnesota's responsibility under the SARA agreement, including handling an increased number of student complaints from out-of-state students attending Minnesota institutions, approving institutions, monitoring, and tracking institutions.

Under the bill language, the fee charged to institutions participating in SARA is based on the institution's full-time equivalent enrollment (FTE). Specifically, the bill utilizes the same FTE categories that SARA uses to determine the fee charged to institutions: institutions with FTE counts below 2,500 are charged \$750; institutions with FTE counts between 2,501-20,000 pay a fee of \$3,000; and institutions with FTE counts above 20,000 incur a fee of \$7,500. Using FTE data reported to the U.S. Department of Education, OHE examined the number of institutions that will fall into each bucket based on their FTE count. The number of institutions were then multiplied by the fees specified in the bill for each FTE category and then summed to determine the total annual revenue. Based on the data, OHE determined that the revenue associated with the SARA fee is approximately \$122k in annual revenue. Table 2 and 3 in the Expenditure section below detail the number of institutions in each category.

Section 14 - Increased Registration Fee assumptions:

In 2019, 68 institutions were registered with OHE. Based on a fee increase of \$800 (as outlined in the bill), OHE estimates that the increase in the registration fee will generate an additional \$54,400 in revenue annually.

Section 15 - Registration Investigation Fee assumptions:

In 2019, there were 2 institutions registered with OHE that had more than 1 complaint that would have paid the registration investigation fee as a result of investigations of institutional activities that are inconsistent with the Minnesota Private and Out-of-State Public Postsecondary Education Act (i.e. activities that would disqualify an institution for approval). The fee of \$300 also permits reimbursement for travel expenses. OHE assumes each investigation would include an on-site visit to the campus with mileage costs (travel expenses are billed at actual costs). OHE estimates the cost would have been \$700 including travel costs per institution, or \$1,400 per year. This estimate includes two site visits and mileage reimbursements. OHE does not anticipate there will be hotel costs and only schools outside of the metro area would generate reimbursable food expenses. OHE uses the MAPE contract for reimbursement rates.

Section 16 Registration Student Complaint Fee assumptions:

The fee in Sections 16 is limited to registered schools that have more than five student complaints per annual registration period. Institutions will be assessed a \$500 fee for each student complaint OHE receives above the first five complaints. An individual student complaint takes 8 to 40 hours to complete, based on the complexity of the student complaint. In 2019, OHE received 22 student complaints; however only two schools had more than five complaints. OHE received an additional 10 complaints combined related to the two schools over and above the allowable five complaints per institution. OHE assumes each student complaint would include an on-site visit to the campus with mileage costs (travel expenses are billed at actual costs) resulting in a per complaint fee of \$550 (including travel costs). In 2019, the \$850 fee would have generated \$8,500 based on the additional 10 complaints (over the permitted five) across both institutions. This estimate is based on one site visit with reimbursable mileage estimate. OHE does not anticipate there will be hotel costs and only schools outside of the metro area would generate reimbursable food expenses. OHE uses the MAPE contract for reimbursement rates.

Section 17 Licensure Investigation Fee assumptions:

This calculation is based on the number of investigations that OHE completes with licensed schools per year. In 2019, OHE investigated 7 licensed schools. It is uncommon for a licensed school to have more than one complaint in a year; however, the number of licensed schools OHE investigates will fluctuate each year. Under the bill, each school would be charged a \$300 investigation fee plus travel costs. OHE assumes each licensure investigation would include an on-site visit to the campus with mileage costs (travel expenses are billed at actual costs). Including travel costs, OHE assumes a fee of \$350 per institution resulting in total annual fee revenue of \$2,450. OHE does not anticipate there will be hotel costs and only schools outside of the metro area would generate reimbursable food expenses. OHE uses the MAPE contract for reimbursement rates.

Section 18 Licensure Student Complaint Fee assumptions:

The fee in section 18 is limited to licensed schools that have more than five student complaints per annual licensure period. Institutions will be assessed a \$500 fee for each student complaint OHE receives above the first 5 complaints. An individual student complaint takes 8 to 40 hours to complete, based on the complexity of the student complaint. OHE assumes each licensure student complaint investigation would include an on-site visit to the campus with mileage costs (travel expenses are billed at actual costs). In 2019, OHE received 5 student complaints and only one institution OHE licensed had more than five complaints in a licensure period (different than a calendar year). Including travel costs, OHE assumes a fee of \$550 per institution resulting in total annual fee revenue of \$550.

Lastly, OHE does not anticipate increased costs for Sections 7, 9, 10, 11, 19, 20, 21, and 22 based on existing OHE practices.

The \$185,800 in additional annual revenue generated from the increased fees and the new fees established in the bill will be utilized by OHE's Licensing & Registration division to sustain existing operations, including ensuring the divisions ability to retain existing staff to address school closures and monitor schools that are at risk of closure. The increased revenue outlined in the bill will help offset the decline in annual revenue (approximately \$350,000) the department experienced from a decrease in the number of schools applying and receiving registration as a result of the emergence of SARA. In FY 2019, the department received 356,457 in revenue, but had a budget of approximately \$560,000. The additional estimated fee revenue (\$185,800) combined with the department's current fee revenue will almost fully fund the department's budget not including any potential increased legal costs.

Expenditure Assumptions

Section 5

OHE estimates an additional \$1,550 in costs association with the requirement to ensure that private institutions meet the additional surety requirements to be eligible for state financial aid. The estimate is based on 25 hours of additional work and \$61.85 for the Licensing & Registration Manager (salary + fringe) to monitor the surety requirement compliance. The agency will absorb these costs because it is part of the division's normal responsibilities and duties.

Section 8

Section 8 of the bill will result in new expenditures for the division. Specifically, OHE estimates that monitoring enrollment and revoking authorization for a program or an institution for failing to maintain enrollment will result in an increase in work of 100 hours per year. The 100 hours per year * \$61.85 for the Licensing & Registration Manager to do monitor and handle revocations (salary + fringe) = \$6,185. Additionally, OHE assumes \$10,000 in Attorney General expenses relating to revocation per year. The agency will absorb these costs because it is part of the division's normal responsibilities and duties.

Expenditure and/or Revenue Formula

Cumulatively, OHE estimates receiving \$185,800 in annual fee income (see Table 1) associated with changes in the bill. Tables 2 -5 below breakout the revenue estimates for each of the proposed fees.

Table 1: Total Fee Revenue

Fee Source	Estimated Annual Fee Amount
SARA Fee (Section 12 Fee)	\$121,500
Increased Registration Fee (Section 14) Fee	\$54,400
Registration Investigation Fee (Section 15)	\$1,400
Registration Student Complaint Fee (Section 16)	\$5,500
Licensure Investigation Fee (Section 17)	\$2,450
Licensure Student Complaint Fee (Section 18)	\$550
Total Fee Revenue	\$185,800

Table 2: SARA Fee (Section 12)

FTE Bracket	Fee Per Bracket	# of Schools	Total Fee Per Bracket
1 -2500	\$750	30	\$22,500
2501-20,000	\$3,000	28	\$84,000
20,001+	\$7,500	2	\$15,000
Total SARA Fee		60	\$121,500

Table 3: SARA Fee by Sector

Type of School	# of Schools	Total Fee Amount
MinnState	28	\$63,750
Private Institutions	28	\$45,750
University of Minnesota	4	\$12,000
Total SARA Fee	60	\$121,500

Table 4: Increased Registration Fee (Section 14)

Section 14 Fee, per School	\$800
Total # of Registered Schools, 2019	68
Total Section 14 fee	\$54,400

Table 5: Registration investigation Fee (Section 15)

# of Investigations, 2019	2
Estimated fee per investigation w/ travel expenses	\$700
Total Section 15 fee	\$1,400

Table 6: Registration Student Complaint Fee (Section 16)

# of Schools that exceed 5 Complaints, 2019	2
# Complaints that exceed 5 from the 2 schools above	10
Fee per complaint w/ travel expenses	\$850
Total Section 16 Fee	\$8,500

Table 7: Licensure Investigation Fee (Section 17)

# of Investigations	7
Estimated fee per investigation w/ travel expenses	\$350
Total Section 17 Fee	\$2,450

Table 8: Licensure Student Complaint Fee (Section 18)

# of Schools that exceed 5 Complaints	1
# Complaints that exceed 5 from school above	1
Fee per complaint w/ travel expenses	\$550
Total Section 18 Fee	\$550

Expenditures

Table 9: New Agency Expenditures

Section 5 Surety Bonds 25 hours * \$61.85	\$1,546
Section 8 Monitoring Enrollment & Revocation 100 hours * \$61.85	\$6,185
Section 8 Attorney General Costs	\$10,000
Total Expenditures	\$17,731

Long-Term Fiscal Considerations

The SARA fee proposed in the Bill will impact participating private and public institutions. These fees are charged to Minn Stat and University of Minnesota schools. The fees total for Minn Stat schools would be \$63,750 per year and \$12,000 for UofM. These fees are lower than the cost for state authorization to offer distance education in other states, but the proposed fee does increase costs for the participating institutions.

In 2017, the Private Career School Act was amended to remove the \$250,000 bond limit and to calculate the bond amount based on net tuition revenue. The removal of the bond cap only impacted a handful of institutions and no institution provided feedback that the new bond amount was an unreasonable administrative burden. Additional security is an insurance policy for at-risk schools to protect student tuition dollars, state financial aid programs, and tax payer funds.

OHE expects only two institutions per year will need to increase their current bond amounts as the schools have student populations that exceed 4,000 per students per year and net tuition revenue per year that exceeds \$10 million per year (estimated by ½ of annual charges per FTE). OHE anticipates in the future that there will be other schools in the future that may need to secure additional surety under 136A.646 and those additional sureties will have a cost to the school. As most insurance policies, the cost for the additional surety depends on underwriting by a financial institution of the school's vulnerability and the State's potential to claim the bond funds.

Local Fiscal Impact

References/Sources

Agency Contact: Betsy Talbot, 651-259-3965

Agency Fiscal Note Coordinator Signature: Thomas Sanford

Phone: 651-259-3960

Date: 4/20/2020 2:59:04 PM

Email: thomas.sanford@state.mn.us

HF4553 - 0 - State Student Aid Institution Eligibility Rqmts

Chief Author: **Connie Bernardy**
 Committee: **Higher Education Policy & Finance Division**
 Date Completed: **4/22/2020 2:37:00 PM**
 Agency: **Minnesota State**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	64	64	64	64
Total	-	-	64	64	64	64
Biennial Total			64			128

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman **Date:** 4/22/2020 2:36:45 PM
Phone: 651-284-6439 **Email:** alyssa.holterman@lbo.leg.mn

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	64	64	64
Total	-	-	64	64	64
Biennial Total			64		128
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	64	64	64
Total	-	-	64	64	64
Biennial Total			64		128
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill provides for a variety of updates to Minnesota Statutes Chapter 136A, Higher Education.

Section 12 of the bill adds a new fee to be charged by the Minnesota Office of Higher Education (OHE) to cover its costs for enrolling eligible institutions in SARA, the State Authorization Reciprocity Agreement. SARA is the national-wide interstate online education agreement created to ensure reasonable and necessary standards of online education across the states. Applications for membership in SARA are processed through OHE and approved by the four regional higher education compacts.

Assumptions

It is assumed that the application process this fee applies to happens annually and the new fee will start in fiscal year 2021.

Minnesota State currently has 28 institutions participating in SARA, 9 of which currently have enrollments of fewer than 2,500 full-time equivalent students and 19 of which currently have enrollments of between 2,501 to 20,000 full-time equivalent students.

Expenditure and/or Revenue Formula

$$9 \times \$750 = \$6,750$$

$$19 \times \$3,000 = \$57,000$$

$$\$6,750 + \$57,000 = \$63,750$$

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Kim Lynch, PhD, Senior System Director of Educational Innovations, Minnesota State
National Council for State Authorization Reciprocity Agreements (NC-SARA) website, nc-sara.org

Agency Contact: Steve Ernest 651-201-1710

Agency Fiscal Note Coordinator Signature: Steve Ernest

Date: 4/22/2020 2:33:55 PM

Phone: 651-201-1710

Email: Steve.Ernest@minnstate.edu

HF4553 - 0 - State Student Aid Institution Eligibility Rqmts

Chief Author: **Connie Bernardy**
 Committee: **Higher Education Policy & Finance Division**
 Date Completed: **4/22/2020 2:37:00 PM**
 Agency: **University Of Minnesota**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	12	12	12	
Total	-	-	12	12	12	12
Biennial Total			12			24

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman **Date:** 4/20/2020 5:24:08 PM
Phone: 651-284-6439 **Email:** alyssa.holterman@lbo.leg.mn

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	12	12	12
Total	-	-	-	12	12	12
	Biennial Total			12		24
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	12	12	12
Total	-	-	-	12	12	12
	Biennial Total			12		24
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total			-		-

Bill Description

HF4553 amends Minnesota Statutes 2018, sections 136A.658 relating to state authorization reciprocity agreement schools. Section 12 requires that if the Office of Higher Education participates in and is responsible for the administration of an interstate reciprocity agreement, then the office shall collect the following reasonable fees sufficient to recover, but not exceed, its costs: \$750 for institutions with fewer than 2,500 full-time enrollment; \$3,000 for institutions with 2,501 to 20,000 full-time enrollment; and \$7,500 for institutions with greater than 20,001 full-time enrollment.

Assumptions

The University of Minnesota’s Rochester campus is not considered a separate institution for the reciprocity fee, since it is part of the University of Minnesota-Twin Cities.

Full-time enrollment was calculated using the fall 2018 data report in the Integrated Postsecondary Education Data System.

Expenditure and/or Revenue Formula

Institution Name	Full time enrollment	Reciprocity Charge
University of Minnesota-Crookston	1206	\$ 750
University of Minnesota-Duluth	9453	\$ 3,000
University of Minnesota-Morris	1463	\$ 750
University of Minnesota-Rochester	515	NA
University of Minnesota-Twin Cities	39763	\$ 7,500
Total		\$ 12,000

The University of Minnesota system would be charged \$12,000 annually.

Long-Term Fiscal Considerations

Ongoing.

Local Fiscal Impact

None.

References/Sources

Robert McMaster, Vice Provost and Dean of Undergraduate Education, University of Minnesota

Agency Contact: Keeya Steel, keeya@umn.edu, 612-625-5512

Agency Fiscal Note Coordinator Signature: Keeya Steel

Date: 4/20/2020 5:03:23 PM

Phone: 612-625-5512

Email: keeya@umn.edu