

House Research Act Summary

CHAPTER: 107

SESSION: 2005 Regular Session

TOPIC: Higher Education Finance

Date: May 31, 2005

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Overview

This is the omnibus higher education bill that appropriates money to the University of Minnesota, the Minnesota State Colleges and Universities, the Higher Education Services Office and the Mayo Foundation. It also makes changes to financial aid programs and regulation of private career schools and authorizes planning for expanded higher education programs in Rochester.

Section

Article 1: Appropriations

- 1 **Higher education appropriations.** Appropriates \$2,761,000,000 from the general fund and \$4,314,000 from the health care access fund for the 2006-2007 biennium. Appropriations are made to the Higher Education Services Office (HESO), the governing boards of the Minnesota State Colleges and Universities (MnSCU) and the University of Minnesota, and the Mayo Medical Foundation (Mayo).
- 2 **Higher Education Services Office.** Appropriates \$172,129,000 for fiscal year 2006 and \$177,181,000 for fiscal year 2007 from the general fund for the following purposes:

Subd. 2. State grants. Appropriates \$136.394 million the first year and \$144.756 million the second year for the state grant program. Increases the tuition maximum for four-year programs to \$9,208 the first year and \$9,438 the second year from the current cap of \$8,983. Decreases the tuition maximum for two-year programs to \$6,567 the first year and \$6,436 the second year from the current cap of \$6,913. The living and miscellaneous expense allowance is increased to \$5,350 from \$5,205 in

current law. HESO is authorized to use either year's appropriation if necessary to meet the need for grants.

Requires HESO to study licensed and registered private for-profit postsecondary education including tuition, program offerings, student debt load, financial aid and the impact of tuition and fee caps with a report to the legislature by November 15, 2006. Authorizes the study to be done with the licensing and regulatory study in Article 3.

Subd. 3. Interstate tuition reciprocity. Appropriates \$1 million each year for the reciprocity program with authority to use either year's appropriation if necessary to meet the contractual obligations.

Other appropriations for HESO programs are state work study (\$12.444 million each year), child care grants (\$4.934 million each year), Minitex (\$4.381 million each year), MnLINK Gateway (\$400,000 each year), Learning Network of Minnesota (\$4.225 million each year), Minnesota college savings plan (\$1.020 million each year), and the Midwest Higher Education Compact (\$90,000 each year).

Subd. 11. Other small programs. Appropriates funding for other named small programs, including \$115,000 each year for campus collaboration and service learning with a \$2 to \$1 match for state appropriations. Funding is included for the intervention for college attendance program under the new statutory section with a \$50,000 limit for administration. The college attendance appropriation is added to the agency base.

Subd. 12. Agency administration. Appropriates \$2.761 million for fiscal year 2006 and \$2.651 million for fiscal year 2007, including:

- \$100,000 in FY06 and \$300,000 in FY07 to develop and implement an accountability reporting system for Minnesota postsecondary institutions with a report to the legislature on the implementation by January 15, 2006. \$300,000 per year for accountability is included in the base in the next biennium
- \$310,000 one-time appropriation, that does not cancel, to upgrade the computer software for the state grant program

Subd. 13. Balance forward. Authorizes balances at the end of FY 06 to carry forward to FY 07.

Subd. 14. Transfers. Authorizes HESO to transfer state appropriations, with notice to legislative chairs and approval of the commissioner of finance, to the state grant program, and tuition reciprocity. Transfers may be made from child care grants and the state work study program to the extent surpluses are available.

Subd. 15. Reporting. Requires HESO to collect monthly data from institutions that participate in the state grant program and to report quarterly on financial aid expenditures and balances. Twice a year, on November 1 and February 15, HESO must provide projections on state grant spending after meeting with representatives of

higher education and the executive branch, and legislative staff.

Subd. 16. Rochester University. Appropriates \$3.2 million in fiscal year 2006, as a one-time appropriation, for planning, implementation, and development for university programs in Rochester as provided in Article 4. \$3 million is deposited into an account, established in Article 4, to be used for planning and development, academic programs, and related academic facilities. This appropriation is available until June 30, 2009.

Subd. 17. United family practice residency program. Appropriates \$360,000 each year for a grant to support 18 resident physicians in the family residency program to prepare doctors for family care medicine in underserved communities.

3 Board of Trustees of the Minnesota State Colleges and Universities. Appropriates from the general fund, \$600,694,000 million for fiscal year 2006 and \$602,194,000 for fiscal year 2007. Provides a legislative estimate of instructional and noninstructional expenditures.

Subd. 2. General appropriations. Appropriates \$595.694 million for FY 06 and \$597.194 million for FY 07. Includes \$12 million for competitive compensation for staff and faculty for initiatives to promote excellence in learning. Funding is included for recurring enrollment adjustment, Minnesota online, expansion of training of nurses and teachers, education for farm and small business owners, and outreach services for underserved populations.

Subd. 3. Centers of excellence. Appropriates \$5 million each year for centers of excellence. Requires the Board to develop a process to designate the centers under the new statutory section in Article 2.

4 Board of Regents of the University of Minnesota. Appropriates a total of \$593,348,000 for fiscal year 2006 and \$616,736,000 for fiscal year 2007.

Subd. 2. Operations and maintenance. Appropriates \$527.824 million for FY 06 and \$551.212 million for FY 07. Provides a legislative estimate of instructional and noninstructional expenditures. Includes \$13 million for competitive compensation. Also includes funding for research support for emerging initiatives, to attract and retain students, for 21st century technology to enhance university systems, and for outreach services for underserved populations.

Subd. 3. Health care access fund. Appropriates \$2.157 million each year from the health care access fund for primary care education initiatives.

Subd. 4. Special appropriations. Appropriates \$63.367 million each year from the general fund, as follows:

- \$50.625 million each year for agricultural experiment station and Minnesota extension service;
- \$4.929 million each year for health sciences including rural physicians associates program, veterinary diagnostic laboratory, research, dental care and the biomedical engineering center;

- \$1.387 million each year for the geological survey and the talented youth mathematics program in the institute of technology;
- \$6.426 million each year for general research, student loan matching money industrial relations education, NRRI, CURA, Bell Museum, and the Humphrey exhibit.

Subd. 5. Academic health center. Estimates the proceeds of the statutory dedication and appropriation of a portion of the tax on cigarettes to the academic health center to be \$20.890 million for FY 2006 and \$20.474 million for FY 2007.

5 Mayo medical foundation. Appropriates \$1,391,000 each year from the general fund for the following purposes:

- \$514,000 each year for a capitation rate at the medical school for students who are Minnesota residents, with authority to transfer amounts between years, to increase the number of doctors practicing in underserved rural areas.
- \$531,000 each year to pay capitation for a maximum of 27 residents each year in the family practice and graduate residency program.
- \$346,000 each year to support 12 residents in the St. Cloud Hospital-Mayo family practice residency program to prepare doctors to practice primary care medicine in rural Minnesota.

6 Commissioner of health. Appropriates \$95,000 for FY 2006 and \$155,000 for FY 2007 for a new loan repayment program under Article 2.

Article 2: Related Provisions

1 Determination of instructional services base. Eliminates adjustments for enrollment and inflation, beginning in fiscal year 2008, from the calculation of instructional services base for public postsecondary systems.

2 Enrollments for budgeting. Eliminates adjustments for enrollment changes, beginning in fiscal year 2008, from the calculation of the MnSCU and University of Minnesota instructional services bases, including adjustments to the 65 percent of a two percent change in enrollment used to calculate the enrollment base amount under current law. Eliminates the requirement to adjust enrollments every two years from the 1995 original base and the requirement to make the adjustments for variations between actual and estimated enrollments in the next biennium.

3 Statement of missions. Authorizes the state universities to offer applied doctoral degrees in professional fields in education, business, psychology, physical therapy, audiology and nursing.

4 Deaf student; tuition assistance. Requires Minnesota public postsecondary institutions to provide additional tuition assistance to Minnesota deaf students who receive either a Pell grant or a state grant. The additional assistance equals the amount of tuition and fees remaining after subtracting all grants and scholarships. Defines resident student as in the state grant program and defines “deaf person.”

5 Selection of recipients. Authorizes campuses to award academic excellence scholarships in any field of study. These scholarships are funded with the proceeds of the sale of license plates that identify the campus.

- 6 **Amount of scholarship.** Makes full academic excellence scholarship awards optional for postsecondary institutions. Under current law, public institutions must award an academic excellence scholarship for the full amount of tuition and fees and private institutions must make full scholarship awards equal to the lesser of the institution's tuition and fee amount or the amount at a comparable public institution.
- 7 **Renewals.** Provides an optional renewal of academic excellence scholarships for students who meet the criteria in current law. Current law requires awards for four years.
- 8 **Fees and tuition; senior citizens.** Clarifies the fees that must be paid by senior citizens enrolled in a course at a public postsecondary institution under the provision, in current law that waives tuition for senior citizen students on a space available basis. A senior citizen student must pay for materials, personal property or service charges for the course and an administrative fee established by the governing board for a course taken for credit. Eliminates obsolete references to adult vocational education.
- 9 **Term; income of senior citizens.** Exempts contract training, and professional continuing education classes from the free enrollment benefit available to senior citizens at public postsecondary institutions.
- 10 **Responsibilities.** Expands HESO's statutory responsibility for student and institutional data collection, to develop and implement a process to collect, maintain and report data to measure and report on institutional effectiveness.
- 11 **Higher Education Advisory Council.** Changes the purpose of the existing council, consisting of the heads of the public postsecondary systems, the presidents of private college organizations, and a governor's appointee. Its purpose is to alert HESO to matters it considers necessary instead of advising the Higher Education Services Council, the governor and the legislature. The Services Council is repealed in this bill.
- 12 **Student Advisory Council (SAC).** Makes the existing student council advisory to HESO. Makes technical changes in the name of an appointing association.
- 13 **Student representation.** Authorizes the Student Advisory Council to disapprove of the director's appoint of students to advisory task forces with a negative vote of four members.
- 14 **Expiration.** Extends the HESO advisory groups to 2007.
- 15 **Reporting.** Requires HESO to submit an annual reciprocity report to the legislative committees responsible for higher education finance, by the last day in January, that contains program participation by state, resident and reciprocity tuition at each institution, and payments and obligations for each participating state.
- 16 **Data sharing; employment and earnings of reciprocity participants.** Requests HESO to consider developing methods, including matching social security and wage data, to monitor the Minnesota employment of students who participate in the reciprocity program. State agencies are directed to cooperate in the evaluation of program's employment and earnings impact. Students must be informed that providing a social security number is voluntary and that it may be used to evaluate their Minnesota employment and for no other purpose. HESO must include summary information on its reciprocity report to the legislature that includes graduates by institution, degrees granted by year, Minnesota employment of reciprocity students, and total earnings of graduates.
- 17 **Eligibility for grants.** Makes conforming changes in the criteria, in current law, for state grant recipients to be current with child support obligations to conform to the standard language used in human services.
- 18 **Cost of attendance.** Defines fees charged by postsecondary institutions that are included in the calculation of state grant awards. Fees exclude payment for equipment that the student owns, optional fees and punitive fees.
- 19 **Surplus appropriation.** Authorizes HESO to use projected surpluses in the second year of

the state grant program to increase the living and miscellaneous allowance in the second year. Increases may be made more than once, but do not carry forward to the next biennium. This subdivision expires June 30, 2007.

- 20 **Awards; state grant.** Provides an additional semester of grant eligibility to a student who withdraws from enrollment in a postsecondary institution for active military service.
- 21 **Deadline.** Extends the application deadline for a state grant to 30 days after the start of the term from 14 days.
- 22 **Data.** Requires all postsecondary institutions that are eligible to participate in the state grant program to provide HESO with data on student enrollment and financial aid. Also requires aggregate and distributional financial or other information determined necessary to administer its responsibilities. Data needs and content must be determined in consultation with an advisory task force. Data from nonpublic institutions are classified as nonpublic data.
- 23 **Eligible students; child care grants.** Provides an additional semester of child care grant eligibility to a student who withdraws from enrollment in a postsecondary institution for active military service.
- 24 **Amount and length of grant; child care.** Increase the maximum child care grant to \$2,300 from \$2,200.
- 25 **Data.** Requires all postsecondary institutions that are eligible to participate in the state student loan programs to provide HESO with data on student enrollment and financial aid. Also requires aggregate and distributional financial or other information determined necessary to administer its responsibilities. Data needs and content must be determined in consultation with an advisory task force. Data from nonpublic institutions are classified as nonpublic data
- 26 **Eligible student.** Defines “eligible student” for supplemental and additional loans administered by HESO as (1) a Minnesota resident accepted or enrolled in an eligible institution in a state in the U.S. or a province, and (2) a non-Minnesota resident who physically attends classes at an eligible Minnesota institution for at least 30 days of the academic term. Excludes non-Minnesota residents enrolled in correspondence or internet courses. An exemption from the requirement to be physically in attendance in Minnesota is provided for certain study abroad courses. Students must also meet the eligibility requirements for loan programs in current law.
- 27 **Income-contingent loans.** Puts into statute a loan program that was first authorized in law in 1987 as the Graduated Repayment Income Protection Program (GRIP). GRIP provides assistance in loan repayments for graduates of certain Minnesota schools offering medical and related degrees and Minnesota residents graduating from optometry and osteopathy programs. Applications to the program ended June 30, 1995. HESO is authorized to disclose program data to credit reporting agencies.
- 28 **Loan capital fund.** Authorizes HESO to deposit funds from the operation of student loan programs in a loan capital fund to be used for its loan programs, including the expenses of administration, loan defaults, and revenue bonds. Funds may be invested as authorized in law for the office and the state board of investment with the earnings deposited into the fund for the benefit of the fund.
- 29 **Intervention for college attendance program grants.** Establishes a statutory grant program and application process to provide outreach services to historically underserved groups of students in grades six through 12. Grants may be awarded to eligible organizations that include postsecondary institutions, professional organizations, and community-based organizations. Grants are for one-year and renewable for a second year with documentation. Eligible services are listed and include counseling, mentoring, and orientation to college. To be eligible for services students must meet one or more of the

income based eligibility criteria or be a member of a group traditionally underrepresented in higher education. Requires grantees to provide an equal match in cash or in-kind services. Recipients must submit annual reports that evaluate the outcomes. HESO is required to report on the program to the legislature by January 15 of each odd-numbered year.

30 **Recommendation.** Makes the date for students to make recommendations to the governor for student representatives on the Board of Trustees consistent with the April 15 date of the year in which vacancies occur that applies to the Board of Trustees Advisory Council recommendations to the governor.

31 **Centers of excellence.** Requires the Board to designate three to eight centers according to the selection criteria, including capacity to build recognition, expanding influence, improving employment and earnings of graduates, partnerships, between two- and four-year institutions, comprehensive plans and commitments from area employers. Requires an advisory committee for each center and a report to the governor and legislative committees by January 15 of each odd numbered year.

32 **Technical and consolidated technical colleges.** Provides and option for technical colleges to offer either a certificate or a degree in a program.

Sections 33 to 46 make changes to the Minnesota College Savings Plan, a 529 savings plan named for the section of the internal revenue service code governing state savings plans. Most proposed changes are clarifying or conform to the federal law.

33 **Account owner.** Technical and clarifying change.

34 **Minor trust account.** Eliminates a type of trust instrument from the definition.

35 **Nonqualified distribution.** Adds attendance at a U.S. military academy to the exemptions in definition of nonqualified distribution.

36 **Scholarship.** Changes the definition by adding educational assistance and deleting a federal citation.

37 **Administration.** Clarifies that incentives may be provided under a marketing contract for the program.

38 **Effect of plan changes on participation agreement.** Clarifies that changes to the operating procedures also change the participation agreements.

39 **Special account to hold plan assets in trust.** Expands the permitted location of program trust accounts to include the contractor selected by HESO to administer the program.

40 **Matching grant qualifications.** Clarifies that Minnesota residency is one of the requirements to be eligible for a matching grant.

41 **Family income.** Clarifies that divorced legal guardians are subject to the same income definitions for the purpose of this program as parents.

42 **Residency requirement.** Specifies that the parent or guardian claiming the plan beneficiary as a dependent for tax purposes must be a Minnesota resident to meet the residency requirements for a matching grant.

43 **Forfeiture of matching grants.** Clarifying change.

44 **Qualified distribution methods.** Authorizes the distribution of money from the account to an account owner who has paid qualified higher education expenses.

45 **Distribution due to death or disability of, or scholarship to, or attendance at a United States military academy by, a beneficiary.** Makes a conforming change authorizing distribution of account funds for a beneficiary who attends a military academy upon receipt of a letter from the academy that indicates enrollment.

46 **Minor trust account.** Conforming change specifying a distribution must be used to benefit a beneficiary who attends a United States military academy.

47 **Establishment; regent candidate advisory committee.** Changes the purpose of the committee from one that provides assistance to the legislature to elect regents to a committee that makes recommendations on regent candidates to the governor.

48 **Duties.** Adds a requirement that the regent candidate advisory council must consider the needs of the board in making candidate recommendations, including diversity in geography, gender, race, occupation and experience and the need for individual skills related to the governance of the university. The council must not include a limit on the number of terms a regent may serve as a selection criteria.

49 **Recommendations.** Requires the advisory committee to submit candidate recommendations to the governor by January 15 of the odd numbered years with a report to the governor on the board of regents needs it identified.

50 **Regional nomination and election.**

Subd. 1. Governor nomination. Requires the governor to submit a slate of regent candidates listing one candidate per vacancy to the joint legislative committee. The governor must submit a slate by February 15, after receiving recommendations from the advisory council. In making recommendations, the Governor must consider the board's needs and gender, racial and ethnic balance and inform the joint committee on how each candidate meets the needs identified in the advisory council report.

Subd. 2. Joint committee. Establishes a joint legislative committee to consider the governor's nominees for regents and to make recommendations to the joint legislative convention for the election of regents. The 20-member committee consists of 10 members from each body, with an equal number of majority and minority members, including the chairs and ranking minority member of the education policy and higher education finance committees. The joint committee must meet by February 28 of the odd-number years. The committee may recommend or reject a governor's nominee. If a nominee is rejected, the governor must submit a new nominee for a vacancy.

51 **Nursing low-income loan repayment.** Establishes an account and a loan repayment program administered by the commissioner of health for licensed practical or registered nurses who practice in Minnesota at a nursing home or as a nurse educator. Qualifying loans to pay for undergraduate or graduate education are defined. To be eligible, students must be Minnesota residents attending a degree or graduate nursing program who apply for the loan forgiveness program. An applicant must make a three-year full-time commitment to work in the eligible areas. Applicants with the lowest family income have priority. Recipients receive annual disbursements equal to a maximum of 15 percent of the average educational debt upon receipt of an affidavit of qualifying practice and proof that the disbursement is applied to the loan. Recipients may receive disbursements for no more than four years. Recipients who do not meet the service obligation must repay 100 percent of the amount of disbursements plus interest. Obligations are waived for death. The commissioner has authority to evaluate and grant waiver requests for disability.

52 **Postsecondary students.** Provides certain protections to *a disabled military veteran* who is enrolled in a public or private institution of higher education and whose medical condition or treatment requirements reasonably prevent continued attendance in higher education. These protections are the same provided, under current law, for students who as members of the National Guard or other military reserves are ordered into active military service and include:

- withdrawing from courses with full credit of tuition and fees and the right to readmission and reenrollment within two years (*increased from one-year by the*

bill) following military service or medical treatment or recovery, without penalty or redetermination of eligibility;

- receiving a grade of incomplete and allowed to complete the course following release from active military service or upon completion of medical treatment or recovery from the medical condition; or
- continuing and completing the course, with class sessions missed due to military service or medical condition being treated as excused absences.

Also provides a prorated refund of amounts paid for room, board and fees. Requires the person to give advance notice to the institution, if possible, of an order to active military service or the need for medical treatment or recovery. Effective May 27, 2005.

53 Eligibility; peace officer survivor education benefits. Provides an additional semester of grant eligibility to a student who withdraws from enrollment in a postsecondary institution for active military service, consistent with the changes in this bill for the state grant and child care grants.

54 Renewal. Conforming change to the extended semester of grant eligibility following withdrawal for active military service in section 53.

55 Expiration; farmer-lender mediation. Extend the farmer lender mediation program to June 30, 2009 and repeals the repealer of the program effective May 27, 2005.

56 Reciprocity negotiations.

Subd. 1. South Dakota. Requires HESO to examine the feasibility of reinstating interstate payments under the reciprocity agreements, including the impact on each state's students, institutions, and general fund. HESO must report to the legislature by January 15, 2006.

NOTE: Interstate payments are authorized in Minnesota Statutes section 136A.08, subdivision 4. South Dakota law requires the state with the greater participation to reimburse the other state. (South Dakota Codified Laws, §13-53B-1, Article VII.)

Subd. 2. Wisconsin. Requires HESO to begin negotiating the terms of the reciprocity agreement with Wisconsin as soon as possible. The negotiation must address the tuition disparity for Wisconsin students attending University of Minnesota campuses and have as a goal, the reduction of this disparity.

NOTE: Tuition and fees for 2004-05 for Minnesota residents attending the University of Minnesota and for Wisconsin students attending under the reciprocity agreement.

University of Minnesota Campus	Resident Undergraduate Tuition and Fees	Wisconsin Undergraduate Reciprocity Tuition and Fees
Crookston	\$7,608	\$6,195
Duluth	\$8,269	\$6,694
Morris	\$9,056	\$6,604
Twin Cities	\$8,263	\$7,195

57 Advisory taskforce on public postsecondary funding. Directs HESO to convene a taskforce to study the statutory funding of public postsecondary education. Taskforce

members must include the chief financial officers of the public postsecondary systems or their designees and others chosen by HESO. The taskforce must make recommendations to the legislature and governor by January 15, 2006, and expires June 30, 2007.

- 58 **Alternative format instructional material network.** Directs HESO to convene a group that includes representatives from publishers and public postsecondary systems and private higher education to develop a network to make available postsecondary instructional material in an electronic format or identify other solutions. Material must be made available to Minnesota students who require a reading accommodation and to Minnesota postsecondary institutions. Requires material to be in a format that is compatible with assistive technology. By January 15, 2006, HESO must report to the legislature on progress with recommendations for meeting the needs of students requiring a reading accommodation.
- 59 **Application of eligibility.** Provides a retroactive effective date of December 31, 2002, for the sections that give an additional semester of financial aid eligibility to students who withdrew from enrollment in a postsecondary institution for active military service.
- 60 **Revisor instruction.** Directs the revisor of statutes to change the name HESO and Higher Education Services Office to the Minnesota Office of Higher Education in Minnesota Statutes and rules.
- 61 **Repealer.** Repeals the higher education services council and its responsibility for appointing task forces. Repeals rules of the youth works and AP/IB scholarship program – two statutory programs that were previously repealed.

Article 3: Private Career Schools

- 1 **Multiple location.** Defines “multiple location” as a site with a different address than the address on the school’s license where classes or administrative services are provided.
- 2 **Application.** Increases the amount of the surety bond from \$50,000 to \$250,000 that an applicant for a private career school license must post with the higher Education Services Office.
- 3 **Bond.** Changes the amount of the surety bond required of licensed private career schools. The maximum bond is increased from \$50,000 to \$250,000. The bond is set at ten percent of the preceding years gross income from fees, tuition and institutional charges within the range set in law.
- 4 **Fees and terms of license.** Adds a cross reference to a new statutory fee section in section 8 of this article.
- 5 **Catalog, brochure, or electronic display.** Clarifies that a course outline is a syllabus.
- 6 **Permanent records.** Clarifies that the required depository for required records must be fireproof and that any alternative methods of complying with the record requirements must be approved by HESO.
- 7 **License renewal.** Makes changes to the license renewal process by increasing the number of days prior to expiration of a license that a school must apply for renewal from 30 days to 60 days, adding a cross reference to the new fee section, and adding regional accreditation to the list of acceptable performance indicators that are a condition for license renewal.
- 8 **Fees.** Establishes a fee schedule for initial and renewal licenses as follows:

Subd. 1. Initial licensure fees. Establish fees for the first year:

- \$1,500 for a school with one program

- \$2,000 for a school with two or more nondegree programs
- \$2,500 for a school with two or more degree programs

Subd. 2. Renewal licensure fee; late fees. Establishes renewal fees:

- \$865 for one program and \$1,150 for two or more programs for category A schools
- \$430 for one program and \$575 for two or more programs for category B or C schools

Establishes a late fee of \$100 per day for applications that miss the 60 day prior to expiration deadline.

Subd. 3. Degree level addition fee. Establishes a \$2,000 fee for each additional degree program.

Subd. 4. Program addition fee. Establishes a \$500 fee for adding a new program that is significantly different than current programs.

Subd. 5. Visit or consulting fee. Establishes a fee schedule to review or evaluate programs of \$300 per day per team member for onsite review or \$300 for a paper review without a visit plus expenses.

Subd. 6. Modification fee. Establishes a \$100 fee for modifying programs due to changes from the program as approved.

Subd. 7. Solicitor permit fee. Establishes an annual \$350 fee.

Subd. 8. Multiple location fee. Establishes a \$250 fee for two to five locations and a \$50 fee per location for six or more locations.

Subd. 9. Student transcript fee. Establishes a \$10 fee for transcripts from a closed school with a limit of five transcripts per request.

- 9 Fee.** Provides a cross reference to the new statutory section on fees.
- 10 Short-term programs.** Adds an exemption to the requirement for full refunds for programs that are 40 hours or less once the course has started. Refunds may be prorated based on length of attendance.
- 11 Resident schools.** Adds clarifying language to the requirements for refunding charges.
- 12 Equipment and supplies.** Adds clarifying language to the requirements for the condition of equipment and supplies furnished to students.
- 13 Cancellation occurrence.** Clarifies that a student who has missed 21 consecutive days of classes is considered to have withdrawn from school as of the last day attended.
- 14 Closed school.** Requires a school to refund all tuition from the term to students or other agency or lender if the school closes during the term. A student's outstanding obligations for the term are cancelled.
- 15 Not to advertise state approval.** Specifies the language that a licensed school must use if it refers to state licensure in advertising.

- 16 Financial aid payments.** Provides for the distribution by the licensed school of all funds from financial aid, including loans. Public financial aid must be distributed according to federal law. Private aid and loans over \$3,000 must be disbursed according to a payment schedule based on the length of the course. Amounts less than \$3,000 must be paid in a single disbursement.
- 17 Powers and duties.** Requires HESO to give license holders or applicants reasonable time to correct issues that could lead to revocation, refusal or suspension of a license.
- 18 Inspection.** Expands the nonpublic data obtained by HESO to include data submitted in a license application or renewal.
- 19 Exemptions.** Clarifies that one of the exemptions from licensure is for classes offered exclusively to practitioners of a profession approved by a regulatory board or agency. Authorizes HESO to determine the physical presence of a school for the purpose of licensure exemption.
- 20 Regulation of private and out-of-state-postsecondary institutions.** Requires HESO to convene a group to develop recommendations to revise the regulation of private postsecondary institutions. The director appoints the members representing associations of private institutions regulated by HESO. Preliminary recommendations must be presented to the legislature by November 15, 2005, with final recommendations by January 15, 2006.

Article 4: Rochester University

- 1 Rochester University Development Committee.** Creates the Rochester Higher Education Development Committee to research and make recommendations on mission-driven postsecondary educational programs or institutions in Rochester. Specifies 11 members, to be appointed by the Governor: a MnSCU trustee or a designee; a University of Minnesota regent or a designee; six people from the Rochester area representing business, health and medical sciences, and technology; the commissioner of finance or a designee, a person with expertise in postsecondary finance and planning; and a person with expertise in postsecondary academic planning and programming.

Provides that appointments are not subject to the Open Appointments Act and members do not receive expense reimbursement. Authorizes HESO to provide administrative support.

Requires the committee to develop a proposal for establishment and implementation of higher education programs. Requires the committee to specifically address the role of the University of Minnesota. Authorizes the committee to make recommendations on sites for the university. Requires a report to the legislature by January 15, 2006. Provides that the committee expires December 31, 2007.

- 2 Rochester University development and implementation.** Establishes an account in the special revenue fund for the appropriations in article 1 for the purposes described in article 1 with the approval of HESO.
- 3 Effective date.** Effective May 27, 2005.