

House Research Act Summary

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Overview

This act appropriates funds to the Office of Higher Education, the Minnesota State Colleges and Universities, the University of Minnesota, and the Mayo Clinic.

Among other items, the act prohibits the Board of Trustees of the Minnesota State Colleges and Universities from setting tuition rates during the biennium at a rate higher than that charged in 2012-2013 and requests the University of Minnesota to adopt a similar policy related to resident undergraduate students.

The act also expands reporting requirements for the University of Minnesota and MnSCU, regulates bonus and other incentive payments in employment contracts, establishes a system of funding for the Minnesota Discovery, Research, and Innovation Economy (MnDRIVE) program, repeals the Higher Education Advisory Council, requires establishment of a statewide electronic infrastructure for academic and workforce success, and makes a number of other miscellaneous policy changes.

Also included in this act are modifications to the calculation of state grant awards in certain cases, and enactment of the "Prosperity Act," also commonly referred to as the "Dream Act," which authorizes certain students without lawful immigration status to receive resident tuition rates and state financial aid awards.

Section**Article 1: Higher Education Appropriations**
Overview

This article appropriates funds in fiscal years 2014 and 2015 for higher education.

- 1 Summary of appropriations.** Summarizes appropriations for the biennium ending June 30, 2015. Total appropriations of approximately \$2.82 billion consist of \$2.815 billion from the general fund and \$4.3 million from the health care access fund.
- 2 Higher education appropriations.** Specifies that appropriations contained in the bill are for fiscal years 2014 (first year) and 2015 (second year).
- 3 Minnesota Office of Higher Education.** Appropriates \$227.03 million in fiscal year 2014 and \$224.57 million in fiscal year 2015 from the general fund to the Office of Higher Education, as described below.
 - **State Grants** at \$179.1 million in FY 2014 and \$176.8 million.
 - **Child Care Grants** at \$6.68 million per year.
 - **State Work-Study** at \$14.5 million per year.
 - **Interstate Tuition Reciprocity** at approx. \$11 million per year, with transfer authority between years if necessary.
 - **Safety Officer's Survivor Grants** at \$100,000 per year, with transfer authority between years, if necessary.
 - **Indian Scholarships** at \$3.1 million per year, with a requirement that at least one person with demonstrated competence in American Indian culture and who lives in or near Bemidji be employed to assist students with the American Indian scholarship and other financial aid programs at Bemidji State University.
 - **Tribal College Grants** at \$150,000, to fund a new grant program for these institutions, established in article 2.
 - **High School-to-College Developmental Transition Grants** at \$100,000 per year, to fund a new grant program established in article 2.
 - **Intervention for College Attendance Program Grants** at \$671,000 per year, which includes funding to administer the program grants.
 - **Student-Parent Information** at \$122,000 per year.
 - **Get Ready** at \$180,000 per year.
 - **Midwest Higher Education Compact** at \$95,000 per year.

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- **Minnesota Minority Partnership** at \$45,000 per year.
- **United Family Medicine Residency Program** at \$351,000 per year, to support up to 18 family practice resident physicians each year serving underserved rural and urban areas of the state.
- **MnLINK Gateway and Minitex** at \$5.91 million per year.
- **Statewide Longitudinal Education Data System (SLEDS)** at \$882,000 per year, a portion of which must be transferred to the Office of Enterprise Technology for maintenance of SLEDS infrastructure and the purchase and development of additional data. Conditions for payment of ongoing information technology support and costs are included.
- **Hennepin County Medical Center** at \$645,000 per year, for transfer to HCMC to support graduate family medical education programs.
- **Teach for America** at \$750,000 per year, to be used for specified purposes. *This appropriation was line-item vetoed by the governor.*
- **Prosperity Act** at \$100,000 in fiscal year 2014 for information technology costs associated with implementation.
- **Agency Administration** at \$2.49 million per year.

This section allows any balances in the first year to carry forward to the second year.

4 Board of Trustees of the Minnesota State Colleges and Universities. Appropriates approximately \$587.92 million in FY 2014 and \$605.14 million in FY 2015 from the general fund, as described below.

- **Central Office and Shared Services Unit** at \$33.07 million per year.
- **Operations and Maintenance** at \$550.73 million in FY 2014 and \$567.95 million in FY 2015. Of this appropriation:
 - \$25.5 million in FY 2014 and \$52.5 million in FY 2015 is for **student tuition relief**. For the biennium, the Board of Trustees is prohibited from setting tuition rates for any degree granting program at a rate greater than that charged in the 2012-2013 academic year, and the tuition relief may not be offset by increases in mandatory fees, charges, or other assessments to the student.
 - \$17 million in FY 2014 is for **retention of talented faculty and staff**. A report to the legislature on use of these funds is required by April 1, 2014.
 - \$18,000 in each year is for transfer to the Cook County Higher Education Board for specified purposes.

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- \$7.28 million in FY 2015 is for a leveraged equipment program, to acquire equipment for instructional purposes for programs producing graduates with skills for which there is a high employer need within the state. A report to the legislature by January 15, 2015 is required.
- \$50,000 in FY 2014 is to convene a mental health issues summit.
- Five percent of the total FY 2015 appropriation for operations and maintenance are available upon demonstration to the commissioner of management and budget that the system has met at least three of five specified performance goals. A report to the legislature by April 1, 2014 is required.

To the extent the operations and maintenance appropriation is insufficient to meet labor or program contract obligations, the Board of Trustees is required to meet those obligations through reductions in central administration and executive administration on campuses, or through reallocation of nonstate funds. Outstanding obligations may be not be funded through reduction in programs or services that directly impact students, or which are newly authorized in this bill, or through increased fees or costs directly assessed to students.

- **Learning Network of Minnesota** at \$4.12 million per year.

5 Board of Regents of the University of Minnesota. Appropriates approximately \$579 million in FY 2014 and \$593.3 million in FY 2015 from the general fund, and \$2.16 million in each year from the health care access fund, as described below.

- **Operations and Maintenance** at \$515.2 million in FY 2014 and \$529.5 million in FY 2015. Of this appropriation:
 - \$14.2 million in FY 2014 and \$28.4 million in FY 2015 are for **tuition relief** for resident undergraduate students. The Board of Regents is requested to maintain resident undergraduate tuition rates for 2013-14 and 2014-15 at no greater than the rate charged during the 2012-2013 academic year.
 - \$17.78 million in FY 2014 and \$17.88 million in FY 2015 is for the **Minnesota Discovery, Research, and Innovation Economy funding program (MnDRIVE)**.
 - Five percent of the total FY 2015 appropriation for operations and maintenance are available upon demonstration to the commissioner of management and budget that the university has met at least three of five specified performance goals. A report to the legislature by April 1, 2014 is required.
- **Primary Care Education Initiatives** at \$2.16 million per year from the health care access fund.
- **Special Appropriations**, as follows:

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- **Agricultural and Extension Service** at \$42.92 million per year for a number of specified purposes described in the bill, with a required report to the legislature by February 1, 2015 on the status and outcomes of research funded by this appropriation.
- **Health Sciences** at \$4.85 million per year. Of this appropriation, \$346,000 per year is to support up to 12 resident physicians at the St. Cloud Hospital family practice residency program. The remainder of the appropriation is for the rural physicians associates program, the Veterinary Diagnostic Laboratory, health sciences research, dental care, and the Biomedical Engineering Center.
- **Institute of Technology** at \$1.14 million per year for the Geological Survey and the talented youth mathematics program.
- **System Special** at \$5.18 million per year for general research, the Labor Education Service, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit. \$125,000 in each year is added to the base for the Labor Education Service.
- **University of Minnesota and Mayo Foundation Partnership** at \$7.49 million per year.
 - The **Academic Health Center** is estimated to receive funding of \$22.25 million each year from the dedication of a portion of cigarette taxes.

6 Mayo Clinic. Appropriates approximately \$1.35 million in each year from the general fund, as described below.

- **Medical School**, at \$665,000 per year.
- **Family Practice and Graduate Residency Program**, at \$686,000 per year.

Section**Article 2: Higher Education Policy**
Overview

This article expands reporting requirements for the University of Minnesota and MnSCU, regulates bonus and other incentive payments in employment contracts, establishes a system of funding for the Minnesota Discovery, Research, and Innovation Economy (MnDRIVE) program, repeals the Higher Education Advisory Council, requires establishment of a statewide electronic infrastructure for academic and workforce success, and makes a number of other miscellaneous policy changes, including several required reports to the legislature on specific topics.

- 1** **Dissemination (SLEDS).** Authorizes the commissioner of the Department of Employment and Economic Development to release employment and training data to the Office of Higher Education.
- 2** **SLEDS powers and duties.** Directs the office of higher education, the department of education, and the department of employment and economic development, under the direction of the P-20 Education Partnership SLEDS governance committee, to improve and expand the statewide longitudinal education data system (SLEDS) to provide data and information to assorted constituencies.
- 3** **Reports.** Expands and streamlines financial reporting requirements for the University of Minnesota and MnSCU.

As part of their biennial budget request, each system would newly be required to submit (1) a five-year history of systemwide expenditures reported by functional area and objects of expenditure; (2) a five-year history of the system's total instructional expenditures per full-year equivalent student; and (3) a five-year history of the system's total revenues by source.

The systems are required to work with the commissioner of management and budget and the office of higher education to develop consistent reporting practices. The systems are also required to develop the ability to respond to legislative requests for financial analyses more detailed than that required by this section.

- 4** **High School to College Developmental Transition Program Grants.** Restructures program grants to institutions rather than students, including a requirement of an institutional match. Several technical and administrative modifications are included.

This section is effective for programs offered in the summer of 2014 and thereafter.

- 5** **Commissioner.** Re-titles the director of higher education as the "commissioner" of higher education.
- 6** **Independent student.** Clarifies an existing citation to federal law in the definition of "independent student" for purposes of state grant and scholarship programs.

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7 **Institution reporting.** Requires institutions receiving financial aid under the state grant program to provide annual reporting of specified data to the office of higher education. These data, and other information related to the process of selecting a college or university for attendance, must be posted on the office's website.

8 **Eligible student.** Provides that a student who withdraws from enrollment due to a major illness is entitled to an additional semester of eligibility for a child care grant.

This section only applies to withdrawals where the student is under the care of a medical professional and the illness substantially limits the student's ability to complete the academic term.

9 **Amount and length of grants.** Increases the maximum child care grant award from \$2,600 to \$2,800 per academic year.

10 **Definitions.** Clarifies an existing citation to federal law in the definition of "independent student" for purposes of state work-study programs.

11 **Tribal college supplemental grant assistance.** Establishes a supplemental grant program for tribally controlled colleges, to defray costs to the college associated with the enrollment of nonbeneficiary students. A "nonbeneficiary student" is a resident of Minnesota who is enrolled at a tribally controlled college, but who is not a member of a federally-recognized Indian tribe. Tribally controlled colleges receive certain types of federal grant funding for their operations, but are not eligible to receiving funding for nonbeneficiary students under the federal program.

The supplemental grant provided under this section is \$5,300 for each nonbeneficiary student on a full-time equivalent basis, or a prorated amount if the total appropriation for these grants is insufficient. An annual report to the office of higher education related to expenditure of the grants, and demographic information on student enrollment, is required.

12 **Online platform service.** Establishes a definition of "online platform service." This term is used in section 15, related to registration of certain types of institutions that offer tuition-free courses online.

13 **Additional security.** Establishes procedures for cancellation of a required surety bond in cases where a bond is required because a registered institution has fallen below specified financial standards required for participation in federal financial aid programs.

14 **Disapproval of registration appeal.** Clarifies the right of a school to appeal an order of the Office of Higher Education related to a school's registration, approved degrees, or use of a term in the school's name. Appeals of these orders are permitted as provided in the Administrative Procedures Act.

If an operating school has its registration revoked, it may continue to operate until a final determination is made in the appeal, unless otherwise ordered by the court.

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- 15 Tuition-free educational courses.** Exempts schools that provide tuition-free training, course, or programs, including those using an online platform service, from the registration and degree and name approval requirements contained in law. Standards for determining whether a course is “tuition-free” are provided.

To qualify for an exemption, the school is required to post a notice related to use of the training, course, or program for credit at a university or college.

- 16 Contracts.** Prohibits a MnSCU contract with an employee from including a provision that authorizes or provides for a discretionary or mandatory bonus or other performance-based incentive payment.

This section would apply to contracts entered into on or after the day following final enactment.

- 17 Statewide electronic infrastructure; portfolio solutions.** Requires the Department of Employment and Economic Development, the Department of Education, the Office of Higher Education, the University of Minnesota, and the Minnesota State Colleges and Universities to collaborate to implement an electronic infrastructure to support academic and workforce success. The infrastructure would use existing tools, including efolioMinnesota and GPS LifePlan. MnSCU is required to support efolioMinnesota and GPS LifePlan until at least June 30, 2015.

At a minimum, the efolioMinnesota platform must be enhanced to allow certain portfolio-based solutions. Other details related to implementation and goals of the system are provided in this section.

The MnSCU Board of Trustees is permitted to accept contributions to support the goals of this section. A report to the governor and legislature, by January 15 of each year, is required.

- 18 Appropriation; fringe benefits.** Provides that direct appropriations to the University of Minnesota do not include, and may not be used to pay, any mandatory or discretionary bonus or other performance-based incentive payment provided for in an employment contract with certain specified administrators.

- 19 Minnesota Discovery, Research, and Innovation Economy (MnDRIVE) funding program.** Establishes the MnDRIVE scientific research funding program in statute and provides a mechanism for funding requests.

The Board of Regents is requested to submit investment proposals consistent with the goals and objectives of the program to the legislature for consideration. The governor is required to submit a recommendation regarding MnDRIVE funding requests to the legislature.

An accountability report must be submitted to the chairs and ranking minority members of the legislative committees with oversight over higher education policy and finance by March 1 of each odd-numbered year.

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- 20 Exemptions.** Exempts schools that exclusively provide training or instructional programs or courses where tuition, fees, or other charges required for participation do not exceed \$100 from licensure requirements contained in existing law.
- 21 Definitions.** Establishes a definition of “veteran,” related to new provisions contained in sections 22 and 23.
- 22 Recognition of courses.** Provides for consideration of academic skills developed in all aspects of a military training or service course curriculum, and not just physical activity skills, when an institution considers recognition and award of academic credit for the military training or service.
- 23 Recognition of veteran status.** Provides for adoption of policies recognizing veteran status as a positive factor in granting admission to graduate or professional academic degree programs at MnSCU, and for admission to undergraduate, graduate, and professional programs at the University of Minnesota and private institutions.
- 24 Use of data.** Grants access to certain types of unemployment data to the Office of Higher Education.
- 25 Renewal (Public Safety Officer Survivor Benefit).** Provides that a student who withdraws from enrollment due to a major illness is entitled to an additional semester of eligibility for a public safety officer survivor benefit.
- This section only applies to withdrawals where the student is under the care of a medical professional and the illness substantially limits the student’s ability to complete the academic term.
- 26 Higher education institutional participation in state student aid programs; report.** Requires the Office of Higher Education to report to the legislature, no later than February 1, 2014, on available and appropriate data that should be used as criteria to determine whether a higher education system should be allowed to participate in state financial aid programs.
- 27 University of Minnesota reports.** Requires the University of Minnesota to submit reports to the legislature, by November 1, 2013, related to certain data on medical school enrollment, and certain data on enrollment in undergraduate science, technology, engineering, and mathematics programs.
- The University is also required to submit to the legislature a copy of certain reports on administrative costs it has commissioned, and a plan for reducing its overall costs.
- 28 Mental health issues summit.** Requires the MnSCU Board of Trustees, in cooperation with the commissioner of human services, to convene a summit to create a comprehensive workforce development plan mental health practitioners in the state. A report to the legislature is required no later than January 15, 2015.

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29 Revisor's instruction. Directs the revisor of statutes to replace the term “director” of higher education with “commissioner” of higher education, wherever it appears in Minnesota Statutes and Rules.

30 Repealer. Repeals statutes as follows:

Section 136A.031, subdivision 2: repeals the Higher Education Advisory Council.

Section 136A.121, subdivision 9b: repeals a provision related to grants for high school-to-college developmental transition programs. This language is substantially modified and replaced in section 4.

Article 3: State Grant**Overview**

This article modifies the calculation of a state grant award.

1 Assigned family responsibility. Reduces the assigned family responsibility, for purposes of awarding state grants, for independent students with no dependents (except for a spouse) from 68 percent of the student contribution to 50 percent of the student contribution.

The assigned family responsibility for other types of students remain unchanged.

2 Grant stipends. Increases the assigned student responsibility, for purposes of awarding state grants, from 46 percent of the cost of attending the institution to 50 percent of that cost.

3 State grant tuition caps; living and miscellaneous expense allowance. Establishes the tuition maximum and living and miscellaneous expense allowances for the biennium ending June 30, 2015. These amounts are a part of the formula used to calculate a student's state grant award. The tuition maximum for four-year programs (\$13,000), and the living and miscellaneous expense allowance (\$7,900), are increased from the previous biennium. The tuition maximum for two-year programs (\$5,808) is unchanged.

4 State grant award calculation; MnSCU part-time students. Requires state grant awards for students attending a Minnesota State Colleges and Universities institution for less than full-time status to be pro-rated by the percent of full-time for which the student is enrolled.

Section**Article 4: Prosperity Act**
Overview

This article modifies the standards for determining whether a student qualifies for a resident tuition rate, and certain state grants and scholarships, for attendance at a public college or university in Minnesota. It also authorizes public institutions to secure private sources of funding to provide financial aid to students who qualify for the resident tuition rate under the new standards.

In addition to a high school attendance and graduation requirement, the standards include authorization for a student without lawful immigration status to qualify if the student submits an affidavit indicating that the student has filed an application to legalize the student's status, or will file an application at the earliest opportunity to do so.

- 1 Resident tuition.** Paragraph (a) provides conditions under which a student is entitled to qualify for a resident tuition rate at state universities and colleges, including the University of Minnesota. A student would qualify for a resident tuition rate if the student:

(1) attended high school in Minnesota for three or more years;

(2) graduated from a high school in Minnesota, or attained, within Minnesota, the equivalent of high school graduation; and

(3) files an affidavit with the institution stating the student has filed an application to legalize the student's immigration status, or will file an application at the earliest opportunity the student is eligible to do so, if the student does not have a lawful immigration status within the United States.

Students who are defined as "nonimmigrant aliens" under federal law (title 8, section 1101, subsection (a), paragraph (15)) would not qualify for a resident rate under this section. This definition includes certain types of diplomats, international exchange students, and workers entering the United States to temporarily perform specific types of jobs.

Paragraph (b) provides that these requirements are in addition to other requirements that may be established by state statute or rule, or by the institution itself, to qualify for a resident tuition rate.

This section is effective the day following final enactment and applies to tuition for terms commencing on or after that date.

- 2 Private scholarship aid.** Permits a public postsecondary institution to use private sources of funding to provide financial aid to any student who qualifies for resident tuition as provided in section.

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- 3** **Resident student (state grants and scholarships).** Provides that a student who meets the qualifications for resident tuition as provided in section 1 of the bill also qualifies for certain state grants and scholarships administered by the Office of Higher Education, including the state grant, child care grant, Indian scholarship, and the achieve scholarship.

This section does not qualify additional students for state student loan programs.

- 4** **Repealer.** Repeals Minnesota Rules, part 4830.0100, subpart 5, item F, which provides that a student is only eligible for financial aid programs if the student is a permanent resident or a United States citizen.