

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill makes changes to programs administered by the Higher Education Services Office, including the state grant program and the college savings plan. It increases the amount of revenue bonds that can be issued for student loans. It eliminates the link between Wisconsin tuition reciprocity and income tax reciprocity and repeals the AP-IB merit scholarship program.

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- 1 Postservice benefit; youth works.** Technical change repealing the requirement for HESO to maintain an account for postservice benefits for the youth works program. Money in the account canceled to the general fund after the time lapsed for participants to use the benefits.
- 2 Wisconsin; tuition reciprocity.** Decouples two reciprocity programs between Minnesota and Wisconsin, tuition reciprocity for Minnesota and Wisconsin students and income tax reciprocity for Minnesota and Wisconsin residents.
- 3 Assigned family responsibility.** Technical change to the state grant program eliminating obsolete dates.
- 4 Cost of attendance.** Clarifies that the tuition and fee maximum for the state grant program applies to both public and private post secondary institutions.
- 5 Insufficient appropriation.** Provides HESO with authority to manage state grant awards so that they are within the available appropriations. HESO can determine that an insufficiency exists at any time and impose deadlines, eliminate summer awards or take other measures to correct the insufficiency.
- 6 Use of state grant savings.** Updates the Pell grant reference to the federally authorized level of \$4,050. Under current law, any savings over this level must increase the living and

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miscellaneous allowance.

- 7 **Revenue bonds; issuance; proceeds.** Increases the cap on the revenue bond authority for the student educational loan fund (SELF) from \$550 million to \$850 million. HESO uses money from the sale of revenue bonds to make loans to students.
- 8 **Fees; registration private institutions.** Establishes, in statute, the fees for the registration program for private post secondary institutions. The initial registration fee is increased to \$1,100 from \$550. The renewal fee is increased to \$950 from \$400.
- 9 **Plan established.** Technical change conforming to the name change in federal law that eliminates the word "state." Also changed in sections 0, 0, and 0.
- 10 **Application.** Defines "application" to be the form completed by prospective account owners that incorporates the participation agreement.
- 11 **Minor trust account.** Defines "minor trust account" for the college savings plan as an account under the uniform gift to minors or uniform transfers to minors acts or a legal trust instrument with a minor as a beneficiary.
- 12 **Plan to comply with federal law.** Technical change conforming to the name change in federal law.
- 13 **Nonqualified distributions and matching grants.** Repeals the requirement for minimum penalties consistent with the repeal in federal law. Clarifies that matching grant funds cannot be withdrawn for a nonqualified purpose but must be returned to the plan.
- 14 **Data.** Clarifies that certain data is nonpublic data under Minnesota law.
- 15 **Contributions to an account.** Adds clarification on acceptable methods of contributing to an account, based on federal and state law and approval by the plan administrator.
- 16 **Authority of account owner.** Adds minor trust accounts, as an exception to account restrictions on changing beneficiaries or requesting distributions.
- 17 **Change of beneficiary.** Adds minor trust accounts, as an exception to account procedures for changing beneficiaries.
- 18 **Change of account ownership.** Adds minor trust accounts as an exception to procedures for changing account ownership.
- 19 **Maximum account balance limit.** Technical change conforming to the name change in federal law. Updates the calendar years references for the maximum account limit.
- 20 **Excess contributions and balances.** Repeals the requirement for penalties consistent with federal law.
- 21 **Matching grant.** Changes the payment date for state matching grants to June 30 from March 1.
- 22 **Family income.** Changes the definition of family income so the time period for measuring income corresponds to the calendar year in which the contributions to the savings account were made. This change is also made in section 0.
- 23 **Residency requirement.** Changes the time period for income tax returns used to determine residency so it corresponds to the calendar year in which the contributions to the savings account were made. Also makes technical and clarifying changes.
- 24 **Annual application; matching grant.** Changes the application date for a matching grant to May 1 of the year of the award. Under current law application must be made by December 31 of the year preceding the award.
- 25 **Forfeiture of matching grants.** Technical changes conforming to the name change in federal law.
- 26 **Nonqualified distribution.** Eliminates requirements for penalties consistent with federal law. Instead of penalties, account earnings in a nonqualified distribution are subject to an

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additional tax.

- 27** **Minor trust accounts.** Provides for minor trust account investments in the college savings plan. The custodian of the trust is the account owner. Requires that changes to the custodian can only be made with a court order. Prohibits any change in the beneficiary and requires account funds to be part of the beneficiary's estate, if the beneficiary dies. Requires a nonqualified distribution to be used to benefit the beneficiary.
- 28** **Award amount; public safety officers' survivors grants.** Makes a single tuition cap for educational grant award, consistent with the single cap for the state grant program.
- 29** **Learn and earn; program incentives.** Authorizes HESO to maintain an account for continuing benefits of participants of the learn and earn program which was repealed in 2001. Under the terms of the program, participants have a right to access post secondary benefits for ten years.
- 30** **Repealer.** Repeals § 136A.124, the merit-based AP-IB scholarship program and § 136G.03, subdivision 25, the definition of penalty in the college savings program.