

# HOUSE RESEARCH

## Bill Summary

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### Overview

This is the omnibus higher education bill with changes to programs and authority of the Office of Higher Education (Office), the Minnesota State Colleges and Universities (MnSCU), and the University of Minnesota. It makes adjustments to existing appropriations for the Office and makes new appropriations for the University of Minnesota, Rochester and for MnSCU veterans assistance offices.

#### Section

**1 Private data; when disclosure is permitted.** Authorizes postsecondary institutions to disclose to parents or guardians information on alcohol or drug possession or use by minor students by adding a reference in the Minnesota data practices act to a provision in the federal family education and privacy rights act. The student must be under the age of 21, the use or possession must be a violation of state law or institutional policy, and the institution must have determined that the use or possession resulted in a disciplinary violation for the student.

Under current law, postsecondary institutions are authorized to disclose information in a health or safety emergency.

**1 2 Reports.** Requires public postsecondary systems to report to the Office and the Department of Finance on instructional expenditure and enrollment data after the Office has consulted with a data advisory task force. This requirement was part of state law on appropriations for instructional services for public postsecondary education that are repealed in section 39.

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**2 3 Operating budget.** Repeals the statement of legislative intent that state appropriations should cover at least 67 percent of instructional costs.

**3 4 Resident tuition.** Establishes criteria for students to be eligible for resident tuition at public institutions.

- three or more years of attending a Minnesota high school;
- graduation from a Minnesota high school or recipient of a GED in Minnesota;
- registration or enrollment at a public higher education institution.; and
- for students without lawful immigration status, filing an affidavit that the student has or will file, at the earliest possible time, an application to obtain legal status.

This provision is in addition to other provisions or policies that provide resident tuition to students and applies to tuition for academic terms beginning after the effective date.

**4 5 Performance and accountability.** Repeals a requirement that public postsecondary systems report on indicators of accountability.

**5 6 Fees and tuition (senior citizen enrollment).** Clarifies that fees charged to senior citizens are set to recover administrative costs.

**6 7 Term; income of senior citizens.** Eliminates an exception to enrollment at the senior citizen rate for professional continuing education programs.

**7 8 Eligible institution (state grant program).** Adds eligibility criteria requiring institutions that participate in the state grant program to be licensed or registered by the Office or a state agency and to participate in federal student aid programs. Institutions have until July 1, 2009 to become a federal participant or their students will be ineligible to receive a state grant.

**8 9 Resident student.** Clarifies the definition for state financial aid programs and adds three optional criteria for being a resident student for state financial aid. The additional categories are: persons on active duty military service and their immediate family; persons relocated from a presidential disaster area whose education was interrupted; and refugees under federal law living in Minnesota.

**9 10 Eligible institution (SELF loan).** Adds a requirement that institutions that participate in the SELF loan program must be licensed or registered by the Office or a state agency and must participate in federal student aid programs. Institutions have until July 1, 2009 to become a federal participant or their students lose their eligibility to participate in the SELF loan program. An eligible institution must sign a participation agreement.

**10 11 Minnesota resident (SELF loan).** Defines resident for eligibility for the SELF loan program as a person who meets one of four criteria: residing in Minnesota for 12 months without being enrolled in postsecondary education; dependent of a Minnesota resident; graduate of a Minnesota high school physically attending a Minnesota postsecondary institution; or a student who receives a GED after residing in Minnesota for at least one year.

**11 12 Eligible cosigner.** Defines who is eligible to cosign for SELF loans as persons who are at least 24 years old or 18 years old if a sibling, U.S. citizen or permanent resident, permanently residing in the U.S., and who agree to the release of certain information to

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credit agencies, and creditworthy as defined in this section.

**12 13 Interest rate swaps and other agreements.** Authorizes the Office to use interest rate exchanges or other agreements in conjunction with the bond issues for the SELF loan program. Negotiation or competitive proposals may be used for the agreements.

**13 14 Classification of data (financial aid programs).** Classifies name and address of financial aid applicants as private data.

**14 15 Terms and conditions of loans.** Increase the maximum loan amounts (currently in Office rules) that students may borrow from the SELF loan program. Annual borrowing limits are increased for:

- first and second year undergraduate students from \$4,500 to \$6,000 beginning in FY 2007 and again to \$7,500 beginning in FY 2008;
- third, fourth and fifth year undergraduate students from \$6,000 to \$7,500 beginning in FY 2007.

Aggregate undergraduate loan amounts are increased

- from \$25,000 to \$34,500 through FY 2007 and to \$37,500 in FY 2008; and
- from \$40,000 to \$52,500 through FY 2007 and to \$55,500 in FY 2008.

Cumulative undergraduate borrowing maximums are set at:

- \$6,000 through FY 2007 for grade level 1 and \$7,500 beginning in FY 2008
- \$12,000 through FY 2007 for grade level 2 and \$15,000 beginning in FY 2008
- \$19,500 through FY 2007 for grade level 3 and \$22,500 beginning in FY 2008
- \$27,000 through FY 2007 for grade level 4 and \$30,000 beginning in FY 2008
- \$34,500 through FY 2007 for grade level 5 and \$37,500 beginning in FY 2008.

**15 16 Repayment of loans.** Establishes repayment terms for SELF loans (after SELF III) based on the aggregate loan principal. Amounts under \$18,750 have a repayment period of 10 years or less from the student's graduation or termination date. Amounts over \$18,750 have a 15-year repayment period. All loans must begin repayment seven years from the initial disbursement.

**16 17 Eligible student.** Eliminates *province* from the SELF loan definition related to the repeal in section 25.

**17 18 Cosigner requirement.** Requires borrowers to have a cosigner who is jointly and separately responsible for loan payments and other costs of borrowing.

**18 19 Loan rehabilitation.** Provides for a single rehabilitation of a SELF loan that is in default, if not prohibited under other law. Requires a signed rehabilitation agreement within two years of default and establishes conditions for considering a loan remediated.

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- 19 20**     **Temporary total disability.** Authorizes a temporary total disability status of three years for SELF-borrowers with medical certification that the total disability is expected to be at least four months in duration. A loan does not accrue interest during the disability period and the borrower may have an extended repayment period.
- 20 21**     **Payments.** Authorizes a student to receive work-study payments for a single period of non-enrollment or less than half-time enrollment in an academic year provided the student enrolls for at least half-time in the next term.
- 21 22**     **Time reporting, MnSCU.** Deletes obsolete language.
- 22 23**     **Activity fund, MnSCU.** Deletes unnecessary language.
- 23 24**     **Banking services, MnSCU.** Gives the Board of Trustees authority over the deposit of funds and the selection of a depository for funds. This includes funds from all MnSCU sources, except activity funds of colleges and universities.
- 24 25**     **Mineral research; scholarships.** Increase to \$50 million from \$25 million the maximum amount of income in the permanent university fund from royalties for specified mineral leases that is dedicated to mineral research, including research at NRRI Duluth and Coleraine. Half of the total annual income, up to the statutory cap, is dedicated to this purpose and the remainder to the endowed scholarship account at the U of M.
- 25 26**     **Establish, Rochester branch.** Changes the University of Minnesota's authority to establish a campus in Rochester from a nonresidential joint campus with MnSCU to a branch campus. The purpose is to expand higher education offerings, in part, through partnerships with other higher education institutions.
- 26 27**     **Mission at Rochester.** States that the legislature intends for the mission of expanded education offerings in Rochester is to correspond with the University of Minnesota's mission of teaching, research and outreach for economic development and educational needs of the region and Minnesota, recognizing success depends on maintaining distinct higher education institutions in the area. Repeals the requirement that the various postsecondary institutions avoid duplication and develop a joint statement of missions and roles.
- 28**       **Limit on postsecondary institution fees.** Prohibits a local government from imposing a fee or charge on a person based on the person's status as a student in a postsecondary educational institution or on a postsecondary educational institution based on the number of students attending it.
- 27 29 -**   **Higher education appropriations.** Amends the appropriations to the Office of Higher  
**31**       Education in Laws 2005 consistent with the changes in this bill. Total net general fund appropriations for fiscal year 2007 are decreased \$300,000 by reducing state grant appropriations by \$300,000. The state grant base for the next biennium is set at \$144,406,000 per year.
- 32 32**     **Credit scoring study.** Authorizes the Office of Higher Education to study alternative credit requirements for the SELF loan program and report to the legislature by January 15, 2007.
- 33**       **Higher education English proficiency task force.** Establishes a task force to investigate and report on the assessment of faculty and teaching assistant skills to speak clear English and the process for informing students and resolving complaints. A report to the legislature is required by January 15, 2007. The task force is convened by the Office of Higher Education and has 11 members consisting of students, faculty, administrators and

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legislators. Faculty members are appointed by the Office from lists of nominees submitted by groups representing faculty.

**34 Higher education textbook cost study.** Requires an advisory task force appointed by the Office of Higher Education to study and report to the legislature on the cost of textbooks for college and university students. The study must consider trends and policies on pricing, rental practices, repurchasing, selection, and institutional practices and review relevant studies and laws. Faculty members must be appointed from lists of nominees submitted by groups representing faculty. The Office must report to the higher education committees of the legislature by January 15, 2007.

**35 Temporary provision for approval of certain higher education degrees.** Prohibits schools licensed by the Office from granting degrees designated as *degree, associate, bachelor, baccalaureate, masters, or doctorate* without the approval of the Office according to criteria that require schools to:

- employ qualified teachers for each degree;
- have an educational program appropriate to each degree;
- have appropriate and accessible facilities to support each degree; and
- show that the degree programs are consistent with the mission and goals of the school.

Approval is equivalent to degree approval under chapter 136A.

**36 Minnesota State University, Mankato, construction authorization.** Authorizes the construction of a new building for the College of Business using nonstate money and requires an operating endowment for the building fund with nonstate money.

**37 University of Minnesota licensing and Minnesota market impact study.** Establishes a task force to study and report to the legislature on the impact on Minnesota producers on arrangements for licensing agricultural products developed by University of Minnesota researchers. The taskforce is chaired by the University of Minnesota Extension Service and consists of representatives of designated organizations and associations.

**38 Appropriations.** Appropriates \$5 million from the general fund to the Board of Regents for fiscal year 2007 to establish a branch campus in Rochester. The additional appropriation is for academic programs, including planning and development of specified academic areas, industrial liaison costs, and operation of leased facilities. The base for the next biennium is for the Rochester campus of the University of Minnesota is set at \$5 million for the first year and \$6.33 million the second year. Also appropriates \$100,000 to MnSCU for veterans assistance offices under a new law.

**33 39 Establishing borrowing limits.** Requires the Office of Higher Education to study alternatives to setting borrowing limits in statute for the SELF loan program and to report to the legislature by February 1, 2007.

**34 40 Revisor's instruction.** Instructs the revisor to update specific citations to the student loan programs.

**35 41 Repealer.** Repeals the following:

- § 135A.01, § 135A.031, subdivisions 1,2,5, and 6, § 135A.032, § 135A.033, and

**Section**

Minnesota Statutes 2005 Supplement, § 135A.031, subdivisions 2 and 4, which are sections on funding for public postsecondary systems including *funding policy for public postsecondary education*, all but one subdivision on *appropriations for instructional services, appropriations for noninstructional services and performance funding*;

- § 136A.15, the definition of *province* for the student loan programs
- § 136A.1702, obsolete requirement for the Office to seek approval from the LAC for its loan programs;
- § 137.17, subdivision 2 and 4 requirements on the current higher education cooperative arrangement in Rochester; and
- Minnesota Rules, part 4850.0011, subparts 9, 10, 14, and 27, and part 4850.0014, subpart 1, SELF loan rules that have been put into statute in this bill.

**42**      **Effective date.** All sections are effective the day following final enactment.