

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 675

DATE: February 14, 2007

Version: As introduced

Authors: Rukavina and others

Subject: Governor's higher education bill

Analyst: Kathy Novak
651-296-9253

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This bill appropriates money according to the budget proposed by the governor for the University of Minnesota, the Minnesota State Colleges and Universities, and the Office of Higher Education, including appropriations for financial aid programs. It makes changes to the regulation of private postsecondary institutions by the Office of Higher Education and also includes several new policy initiatives:

- the ACHIEVE program to provide a scholarship to high school students who take rigorous coursework;
- the Minnesota GI Bill to provide financial aid for education expenses to those who served in the armed forces and spouses and children of deceased or disabled veterans; and
- a new penalty for creating or using false academic credentials.

Section

Article 1: Higher Education Appropriations

- 1 Summary of appropriations.** Makes general fund appropriations of \$1.598 billion for fiscal year 2008 and \$1.618 billion for fiscal year 2009 and health care access fund

Section

appropriations of \$2.16 million each year. Total appropriations for the biennium are \$3.22 billion.

2 Higher education appropriations. Provides for appropriations by fiscal years.

3 Minnesota Office of Higher Education.

Subd. 1. Total appropriations. Appropriates \$245.4 million for fiscal year 2008 and \$246.4 million for fiscal year 2009.

Subd. 2. Achieve. Appropriates \$46 million each year for the program, with \$249,000 in FY 08 and \$101,000 in FY 09 for administrative costs. Administrative costs must be included in the 2010-2011 agency base.

Subd. 3. Minnesota GI bill . Appropriates \$15 million each year, with \$152,000 in FY 08 and \$104,000 in FY 09 for administrative costs. Administrative costs must be included in the 2010-2011 agency base.

Subd. 4. State grants. Appropriates \$150.254 million in FY 08 and \$151.224 million in FY 09 with authority to carry forward or back either year's appropriation. Increases the tuition and fee maximums at private institutions to \$9,838 from \$9,438 for four-year programs and to \$6,836 from \$6,436 for two-year programs. Increases the living and miscellaneous allowance used to calculate the grant award from \$5,340 to \$5,550. (Two temporary increases in the LME occurred as directed in law, bringing the LME used to calculate 2006-2007 grant awards to \$6,065.)

Subd. 5. Safety officers survivors. Appropriates \$100,000 each year for grants for dependent children and spouses of public safety officers killed in the line of duty with authority to carry forward or back either year's appropriation.

Subd. 6. Interstate tuition reciprocity. Appropriates \$2 million each year for interstate payments under the reciprocity program with authority to carry forward or back either year's appropriation.

Subds. 7 to 14. Other appropriations. Makes base level appropriations for 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), Midwest compact (\$90,000 each year), and other small programs (\$920,000 each year), increases appropriations for learning network or Minnesota (\$4,800,000 up from \$4,225,000), and the Minnesota college savings plan (\$1.12 million up from \$1.02 million).

Includes \$115,000 for a grant to increase service learning and community collaboration with a \$2 campus for \$1 state match requirement.

Subd. 15. United Family Medicine Residency program. Appropriates \$360,000 each year to support up to 18 resident physicians each year for family care medicine in underserved areas.

Section

Subd. 16. Agency administration. Appropriates \$2.69 million in FY 08 and \$2.731 million in FY 09 including \$39,000 in FY 08 and \$80,000 in FY 09 for compensation costs.

Subd. 17. Balances forward. Provides that balances in this section are available in the second year.

Subd. 18. Transfers. Authorizes the transfer of funds from other programs to financial aid programs and the reciprocity program.

Subd. 19. Reporting. Requires updated state grant projections by November 1 and February 15 considering the most recent information and consultation with representatives of postsecondary education and financial aid administrators, Finance, the governor's office, and legislative staff. Requires a report to the legislature on participation in postsecondary education comparing state grant recipients to other students on income, persistence and graduation. Authorizes the office to match student data as necessary to complete the study.

4 **Board of Trustees of the Minnesota State Colleges and Universities.**

Subd. 1. Total appropriations. Appropriates \$664.194 million in fiscal year 2008 and \$663.194 million in fiscal year 2009.

Subd. 2. General appropriations. Of the total appropriations:

- \$6 million each year is for projects to improve recruitment and retention of underserved or underrepresented students;
- \$1.5 million each year is for curricula development in allied health programs including electronic medical record technology;
- \$1.5 million each year for an additional center of excellence in biosciences according to law;
- \$5 million each year for improved and expanded education offerings in science, technical, engineering, and math education;
- \$3 million in FY 08 and \$7 million in FY 09 for management innovation to remove internal barriers to innovation and responsiveness; and
- \$45 million in FY 08 and \$15 million in FY 09 to upgrade and support technology including security, network and architecture.

Subd. 3. Performance bonus. Appropriates \$25 million onetime in FY 09 if at least three of the following requirements are met:

- students who take college-level science, technology, engineering, and math

Section

courses increased by five percent or more over FY 07;

- enrollment in upper division-designated centers of excellence programs increased by five percent or more over FY 07;
- number of students trained to use electronic medical record technology increased by 1,400 or more over FY 07 levels;
- students taking online courses or online course offerings increased by 10 percent or more over FY 07;
- use of "awards of excellence" or other recognition initiatives designed to reward institutions, faculty, administrators or staff for innovations to advance excellence and efficiency expanded by 10 percent or more over the 2006-2007 biennium levels.

The Office of Higher Education and the Board of Trustees must agree on indicators and definitions for each goal by October 1, 2007. The board must demonstrate to the commissioner of finance that the goals have been met and report to the legislature on the attainment of each goal on or before April 1, 2008.

5 Board of Regents of the University of Minnesota.

Subd. 1. Appropriations. Appropriates \$689.332 million in fiscal year 2008 and \$709.562 million in fiscal year 2009.

Subd. 2. Operations and maintenance. Of the total appropriations:

- \$38 million onetime in FY 08 for the partnership between the University of Minnesota and the Mayo Foundation for biotechnology and medical genomics research, available until expended with an annual report required to the governor and named legislative chairs until expended;
- \$3.45 million each year for investments in technology and related infrastructure;
- \$9.8 million in FY 08 and \$18.7 million in FY 09 for differential compensation increases;
- \$8.8 million in FY 08 and \$19.1 million in FY 09 for health workforce and clinical sciences initiative;
- \$4.1 million in FY 08 and \$11.5 million in FY 09 for initiatives in science and engineering; and
- \$3.1 million in FY 08 and \$8.4 million in FY 09 for initiatives on the environment, agriculture, and renewable energy.

Subd. 3. Performance bonus. Appropriates \$25 million onetime in FY 09 if at least three of the following requirements are met:

- national faculty awards in arts, humanities, science, engineering and health increased by five percent or more over FY 07;
- maintain or improve the rank in national share of NIH funding over FY 07;

Section

- percentage of postdoctoral appointees increased by five percent or more over FY 07 level;
- amount of financial support from renewable energy key funders increased by five percent or more over FY 07;
- number of "high value licenses" to a Minnesota-based commercial partner or "venture-quality start-up companies" identified and developed by the Office of Technology Commercialization increased by five or more over the 2006-2007 biennium.

The Office of Higher Education and the Board of Regents must agree on indicators and definitions for each goal by October 1, 2007. The board must demonstrate to the commissioner of finance that the goals have been met and report to the legislature on the attainment of each goal on or before April 1, 2008.

Subd. 4. Health care access fund. Appropriates \$2.157 million each year for primary care education initiatives.

Subd. 5. Special appropriation. Appropriates \$63.713 million each year, as follows:

- \$50.625 million each year for agriculture and extension service including agricultural experiment station;
- \$5.275 million each year for health sciences including \$346,000 each year to support 12 resident physicians in the St. Cloud Hospital family practice residency program to prepare for the practice in rural areas of Minnesota;
- \$1.387 million each year for the institute of technology for the geological survey and the talented youth mathematics program; and
- \$6.246 million each year for general research, student loan match, industrial relations education, NRRI, CURA, Bell Museum, and the Humphrey exhibit.

Subd. 6. Academic health center. \$22.25 million of the tax on cigarettes is dedicated to fund the academic health center.

6 Mayo Clinic. Appropriates \$1.202 million in fiscal year 2008 and \$1.25 million in fiscal year 2009, as follows:

- \$591,000 in FY 08 and \$615,000 in FY 09 is for a capitation rate in the medical school for each Minnesota resident student to increase doctors practicing in rural areas, with authority to transfer money as needed between years and with the base for the next biennium set at \$640,000 in FY 10 and \$665,000 in FY 11;
- \$611,000 in FY 08 and \$635,000 in FY 09 for a stipend to support up to 27 residents per year and the base set at \$660,00 in FY 10 and \$686,000 in FY 11.

Article 2: Related Higher Education Provisions

- 1 Minnesota Office of Higher Education; data sharing.** Eliminates a citation to a section repealed in this article governing data sharing.
- 2 Reports.** Requires public postsecondary systems to report on instructional expenditures and enrollment to the Office and Finance for inclusion in the biennial budget documents. A data

Section

advisory task force must consult on specific data reporting requirements.

3 **Operating budget.** Repeals language describing legislative intent to appropriate 67 percent of the cost of instruction adjusted for inflation and enrollment.

4 **Performance and accountability.** Eliminates a requirement that public postsecondary systems report on performance using measures for a performance funding provision that is repealed in this article.

5 **Definitions.** Updates a statutory reference in the definition section on immunization of postsecondary students.

6 **Definitions.** Adds a new definition section for the chapter governing the Office of Higher Education and defines "office" to mean the Office of Higher Education.

7 **Responsibilities.** Updates a statutory reference in the definition section on the Office's responsibilities.

8 **Collecting fees.** Updates a statutory reference in the section authorizing the office to charge fees.

9 **Reporting; reciprocity.** Adds a requirement to an existing report. The report must include summary statistics on graduates, degrees, and graduation year for reciprocity students attending Minnesota institutions.

10 **Eligible institutions.** Clarifies a definition of institutions eligible to participate in financial aid programs. Requires private institutions to be registered or licensed and be a Pell grant participant by July 1, 2011.

11 **Assigned family responsibility.** Sets the rates used in calculating state grant awards for dependent students at 95 percent of parental contribution, independent students with dependents other than a spouse at 85 percent of student contribution, and independent students without dependents other than a spouse at 67 percent of student contribution.

12 **Grant stipends.** Defines the Pell deduction used to calculate state grant awards for incarcerated students as equal to the Pell amount if the students were not incarcerated. Provides a July 1, 2007 effective date.

13 **Eligible students.** Clarifies the enrollment status treatment for students who get an additional semester of state grant eligibility after withdrawing for active military service.

14 **Scope.** Technical change to eliminate reference to section repealed in this article.

15 **Eligible institution.** Clarifies a definition of institutions eligible to participate in student loan programs. Requires private institutions to be registered or licensed and be a Pell grant participant by July 1, 2011.

16 - 21 **Technical changes to eliminate references to section repealed in this article.**

22 **Interest rate swaps and other agreements.** Authorizes the office to enter into various agreements in conjunction with their bonding authority. Authorized agreements include credit enhancements, liquidity or remarketing. Agreements can be negotiated or competitive on terms that include reserve requirements, asset or revenue pledges, contracts or bond issues. Authorizes fixed or variable interest rates according to an agreement and termination payments. Authorizes the office to issue bonds or notes for payments under an authorized agreement.

23 - 26 **Technical.** Citation changes to eliminate references to section repealed in this article.

27 **Payments; work-study.** Authorizes payment for one term in an academic year when a student is not enrolled or enrolled less than half time, if the student enrolls at least half time the next academic term.

28 **Grants; intervention for college attendance.** Expands the purpose for the existing grant program to include retention in addition to attendance. Expands the population receiving

Section

- outreach services to include historically underrepresented college students.
- 29 Eligible students; intervention for college attendance.** Specifies that undergraduates are eligible if they met the eligibility criteria when they were in 6th through 12th grade.
- 30 Application process.** Incorporates postsecondary retention into the application process for the grant program.
- 31 Program evaluation.** Incorporates undergraduate retention into the report and evaluation for the grant program.
- 32 Amount of matching grant.** Increases matching grant amounts for the Minnesota college savings plan from \$300 to \$400 for family income of \$50,000 or less and from five percent to 10 percent of calendar year contributions up to a \$400 maximum for family income between \$50,000 and \$80,000.
- 33 Repealer.** Repeals the funding policies and procedures for public higher education including Minnesota Statutes, sections 135A.01 (postsecondary funding policy to provide two-thirds of instructional costs), 135A.031, subdivisions 1 to 6 (providing appropriations for instructional services for certain enrollments, adjustments for performance and change items), 135A.032 (appropriations for noninstructional services), and 135A.033 (performance funding). Repeals sections 136A.07 (a requirement for the Office of Higher Education to report in even number years with information to be included with the governor's budget), 136A.08, subdivision 8 (data sharing request for the Office to develop data collection procedures for monitoring students participating in reciprocity agreements), and 136A.1702 (obsolete requirements of the loan program).

Article 3: ACHIEVE Scholarship

1 Academic Competitiveness Highlighting Individual Excellence and Valuing Education Scholarship program (ACHIEVE).

Subd. 1. Establishment. Establishes the ACHIEVE scholarship program.

Subd. 2. Purpose. States the purpose is to reward students for taking rigorous courses in high school.

Subd. 3. Program goal. States the goals to be encouraging more students from low- and moderate-income families to take rigorous college-level courses in high school and providing funding to help with postsecondary education costs.

Subd. 4. Definition; qualifying course. Defines "qualifying course" to include advanced placement or international baccalaureate courses or equivalent course credits, postsecondary enrollment options courses, concurrent enrollment courses, college in the schools courses, and work-based learning courses.

Subd. 5. Documentation of qualifying courses. Requires high schools, at the request of a student, to certify and submit a transcript to the office listing qualifying courses.

Subd. 6. Review panel. Requires appointment of a review panel including representatives of public and private high schools and postsecondary institutions to

Section

monitor ACIEVE scholarships. Expires June 30, 2008.

Subd. 7. Student eligibility. Requires that students participating have family income less than \$100,000, and be a U.S. citizen or eligible noncitizen and a Minnesota resident.

Subd. 8. Administration. Assigns ACHIEVE administration to the Office.

Subd. 9. Documentation of qualifying family income. Requires family income to be documented by declaration and permits the Office to request tax returns.

Subd. 10. Scholarship awards. Provides an award of \$314 per qualifying course that can be used for qualifying postsecondary expenses.

Subd. 11. Qualifying expenses. Allows postsecondary expenses included in the federal definition of the cost of attendance.

Subd. 12. Eligible institution. Allows scholarships to be used at Minnesota degree granting public and private institutions that are accredited, registered or licensed.

Subd. 13. Availability of scholarship funds. Authorizes use of funds for four academic years immediately after high school graduation.

Subd. 14. Disbursement of scholarships. Requires payment by the office to the postsecondary institution for the recipient.

Subd. 15. Authority to adopt rules. Authorizes the office to adopt rules.

Article 4: Minnesota GI Bill

1 Responsibilities. Adds the Minnesota GI bill to the office's administrative responsibilities.
2 Minnesota GI Bill program.

Subd. 1. Policy. States it is Minnesota policy to give educational assistance to veterans and to the spouses and children of deceased or severely disabled veterans.

Subd. 2. Definitions. Defines *commissioner*, *cost of attendance*, *child*, *director*, *eligible institution*, *eligible student*, *program*, and *veteran*.

Subd. 3. Program established. Establishes a program to provide financial aid to veterans and to the spouses and children of deceased or severely disabled veterans through a state appropriation. Requires public institutions to participate.

Subd. 4. Duties; responsibilities. Requires policies and procedures to administer the program be adopted by the office in consultation with veterans affairs.

Subd. 5. Eligibility. Sets criteria to participate, including: a Minnesota resident at

Section

enlistment who is a veteran or eligible nonveteran who served honorably after August 1, 1990, or the surviving spouse or child of an eligible veteran or nonveteran. All recipients must provide proof of eligibility, remain a Minnesota resident, and be an eligible student. Provides for denial and termination of benefits with an appeals process to the director.

Subd. 6. Benefit entitlement amount. Provides a process for determining awards that uses the cost of attendance at public institutions or the cost of a comparable University of Minnesota program for participating private institutions less the Pell grant, the state grant, and any military educational benefits or other educational federal assistance up to maximums of \$1,000 per semester, \$3,000 per fiscal year, and \$10,000 total.

Article 5: Private Institutions

- 1 **Citation.** Authorizes citation as the Minnesota Private and Out-of-State Public Postsecondary Education Act
- 2 **School.** Changes the definition used to regulate private schools to include schools located outside Minnesota that contract with Minnesota schools to provide postsecondary education to Minnesota residents.
- 3 **Registration.** Clarifies requirement for annual registration includes offering degree programs.
- 4 **Prohibition.** Clarifies that the office must approve both a degree and the curriculum to support the degree in conjunction with the school registration process.
- 5 **Accreditation; requirement.** Requires school accreditation by a federally recognized organization prior to registration or having authority to offer a degree.
- 6 - 9 **Technical.** Changes to update citations and clarify requirements.
- 10 **Statement required; religious nature.** Requires a statement to clarify the religious nature of degrees awarded from religiously exempt programs.
- 11 **List.** Clarifying change replacing *schools* with *registered institutions*.
- 12 **Unauthorized representations.** Specifies statements that may be used by registered institutions to refer to their status as being registered by the office.
- 13 **Records.** Replaces existing record keeping requirements for registered schools with requirements that each school, including distance schools with Minnesota students, keep specified student records for 50 years and file a record keeping plan that meets listed requirements.
- 14 **Fees.** Establishes new registration fees for adding a degree level (\$2,000 per program), adding a program (\$500 per program), fact-finding or office visits (\$300 base fee, \$300 per team member per day for site visits plus travel costs), and to modify programs (\$100 if the change is 25 percent or more from approved time measure or content, or a change in academic measures).
- 15 **Technical.** Changes to update citations.
- 16 **Penalty.** Establishes that each day of a violation of the registration requirements are a separate misdemeanor. Authorizes the office to establish civil penalties and fines for violations not to exceed \$500 per day.
- 17 **Office of Higher Education; office.** Defines *office* to mean the Office of Higher Education. in the chapter on licensing postsecondary schools.

Section

- 18 School.** Modifies the definition of *school* in the licensing chapter to eliminate the description of for-profit and to include entities that offer programs at a level other than a degree and uses the term *college, institute, academy, or university* in their name.
- 19 Required.** Adds administration of programs to the list of prohibited activities for schools without a license.
- 20 Bond.** Provides that failure to post and maintain a bond as required results in denial, suspension or revocation of the license.
- 21 Minimum standards.** Adds to the housing requirements for licensing applicants under current law that the school must also ensure that housing recommended by the school is safe and sanitary.
- 22 Catalog, brochure, or electronic display.** Adds a notice to students on transferability of credits to the requirements for licensing applicants under current law.
- 23 Placement requirements.** Adds a requirement that schools with a placement service must provide students, when requested, information on placements as part of the requirements for reissue of a license under current law.
- 24 Permanent record.** Adds to the surety bond requirement in current law that the bond is required in the absence of a binding agreement with the office and must run to the State of Minnesota.
- 25 Renewal licensure fee; late fee.** Adds a \$3,000 maximum to the \$100 per day late fee for license renewals in current law.
- 26 Contract information.** Adds a prohibition to the current law provisions on enrollment contracts used by schools that they cannot include a wage assignment provision or a confession of judgment clause.
- 27 - 28 Clarifying.** Adds clarifying language.
- 29 Not to advertise state approval.** Adds an additional statement that may be used by licensed institutions to refer to their status as being licensed by the office.
- 30 Exemptions.** Updates citations and eliminates the exception for driver training schools.
- 31 Exemption; religious schools.** Exempts religious schools or departments owned by bona fide religious organizations or churches offering programs particular to the faith and intended to prepare students for religious vocations or religious life from the licensing requirements. Requires a statement of the religious nature of academic awards by institutions with an exemption.
- 32 Repealer.** Repeals section 136A.61, the policy statement for school registration.

Article 6: Higher Education Criminal Provisions

- 1 False or fraudulent academic document or credential; penalties.** Adds a new penalty.
- Subd. 1. Definitions.** Defines *false academic credential, fraudulent or counterfeit academic credential, and duly approved or authorized institution of higher learning.*
- Subd. 2. False fraudulent, counterfeit academic documents.** Makes it unlawful to knowingly issue or manufacture false academic documents.
- Subd. 3. Use or claim ; false or counterfeit degree .** Makes it unlawful to claim to have a degree that is false or counterfeit to obtain employment, promotion or increased compensation, admission to a postsecondary institution, or in conjunction

Section

with business, trade, profession or occupation.

Subd. 4. Penalties. Sets the penalty for any violation at a misdemeanor.

Makes this section effective for crimes on or after August 1, 2000.