

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 3495  
**Version:** First committee engrossment

**DATE:** March 31, 2010

**Authors:** McFarlane and Rukavina

**Subject:** Higher education policy

**Analyst:** Kathy Novak

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](http://www.house.mn/hrd).

### Overview

This bill makes policy changes to higher education programs, including financial aid programs administered by the Office of Higher Education (OHE), and directs the Minnesota State Colleges and Universities (MnSCU) to improve credit transfers and establishes a central MnSCU system office in statute and directs the office to streamline service delivery.

#### Section

- 1** Private data; when disclosure is permitted. Clarifies that under Minnesota law, mental health information can be disclosed by postsecondary institutions in health and safety emergencies consistent with the requirements of the federal Family Educational Rights and Privacy Act (FERPA). FERPA currently authorizes institutions to determine that a health and safety emergency exists and to disclose health information to appropriate parties, including parents.
- 2** **Senior citizen.** Increases from 62 to 66 the age at which “senior citizens” can take postsecondary courses at MnSCU and the U of M, paying only an administrative fee.
- 3** **Responsibilities; Office of Higher Education (OHE).** Authorizes the office to match individual student enrollment information with financial aid information from specified programs to audit or evaluate public educational programs, to the extent allowed by federal law. Prohibits personally identifiable information from being known outside OHE.
- 4** **Eligible institution.** Replaces the current definition for the state funded grant programs with a reference to a new definition in section 6.
- 5** **Satisfactory academics progress.** Replaces the current definition with a reference to definitions in federal law for federal student loans.
- 6** **Institution eligibility requirements.** Provides that institutions are eligible to participate

in state student aid programs if the institution is:

- operated by the state (MnSCU) or the Board of Regents (U of M);
- privately operated and has academic standards comparable to Minnesota institutions, is licensed or regulated by OHE, participates in federal financial aid programs by July 1, 2010, or has participated in state financial aid programs and requires signed disclosure forms from each enrolled student recognizing it does not participate in federal aid programs; or
- offers only graduate programs or programs too short for federal financial aid and the institution is registered or licensed by OHE.

A private institution that does not participate in the federal Pell program must participate within three years of an ownership change to continue as an eligible institution, subject to an appeal for a single one-year extension.

Any institution that loses eligibility for the federal Pell program is not an eligible institution for state grants.

- 7 Awarding procedures.** Establishes new procedures for making Indian scholarship grants:
- complete applications are ranked by date of receipt with further sorting for multiple applications with the same date
  - awards are made until all funds are spent
  - remaining applicants are placed on a waiting list in order of application date
- 8 Legislative notice.** Adds a requirement that the OHE report to the legislature prior to making any material changes in the administration of any of the grant programs it administers, including the state grant, child care grants, Indian scholarships, and achieve scholarships. This is a parallel requirement to the legislative notice requirement for loan programs administered by OHE.
- 9 Eligible institution; loans.** Replaces the current “eligible institution” definition for the state loan programs with a reference to a new definition in section 10.
- 10 Additional institution eligibility requirements; loans.** Requires institutions eligible for the loan programs to meet the eligible institution requirements for the grant programs or the institution operates in another state, is approved by the U.S. Secretary of Education and OHE determines that it meets standards comparable to similar Minnesota institutions.
- 11 Notes.** Technical changes adding the names of predecessor offices to OHE.
- 12 School.** Clarifies that public and private institutions outside of Minnesota that offer courses or programs to Minnesota residents are included in the registration requirements.
- 13 School closure.** Defines closure to mean an unscheduled nonemergency closing for more than 24 hours, an announcement that the school is closed, or a bankruptcy filing.
- 14 Additional security.** Adds an alternative to the bond required for schools that have fallen

below minimum financial standards. Authorizes the institution to deposit with Minnesota management and budget an amount equal to the bond, or securities equal to the value of the required bond.

- 15** Private institution registration fees. Changes fees for new schools. The fee for the first degree at a degree level, ranges from \$2,000 to \$3,500 depending on the type of degree offered (associate, baccalaureate, master's, or doctorate). The fee for an additional degree at a level ranges from \$250 to \$1,000 per additional degree offering depending on the type of degree (associate, baccalaureate, master's, or doctorate). Sets a \$1,200 annual renewal fee for all institutions.
- 16** Degree or nondegree program addition fee; private institutions. Changes the fees for adding a program from \$500 to a fee schedule ranging from \$0 to \$2,000, depending on the type of program and whether or not it is part of an existing program.
- 17** Visit or consulting fee; private institutions. Increases the fees for review visits or consults to \$400 from \$300 for a team base fee or paper review.
- 18** **Central system office.** Establishes a central system office for MnSCU in statute to provide support for the institutions. The office is under the direction of the chancellor. Its duties are specified, with a requirement that services are coordinated with institutional services so as not to duplicate functions provided by the institutions.
- 19** **Credit transfer.** Requires MnSCU to develop and maintain mechanisms for seamless transfer of student credits. Lists seven criteria that the transfer system must address including alignment of curriculum, transfer between similar programs, inter-institutional agreements, systemwide internet information, institutional requirements for information, and consistent policies.
- 20** **Refunds.** Requires a full refund of money received from a student or on behalf of a student if a contract with that student is unenforceable because the school is not licensed. The refund must be made within 30 days of a written demand from OHE.
- 21** **Minimum standards.** Technical change.
- 22** **Schools licensed by another state agency or board.** Adds a cross-reference to OHE's licensing of private institutions for participation in state financial aid programs.
- 23** **Conditions.** Technical changes.
- 24** **Initial licensure fee; private career schools.** Changes the fee structure and increases certain fees for private career schools:
- Initial and renewal fees are increased and a \$750 fee is added for schools using "college" or similar terms in its name or licensed to participate in the SELF loan program;
  - Fees for review visits or consults are increased to \$400 from \$300 for a team base fee or paper review;
  - Multiple location fees are increased from \$50 to \$100 for each location for schools with more than five locations;

- Fees for student transcripts from OHE from the records of a closed school are increased to \$15 from \$10 for a maximum of five transcripts per request;

The cost for copies of public office documents is set at 50 cents per page.

- 25 Unlawful designation.** Eliminates an exception to the prohibition against licensed schools using “college” or “university” in their name. Schools operating prior to November 15, 1969, are the only remaining exception.
- 26 Transfers.** Limits the authority of OHE to transfer money in fiscal year 2010 and 2011 from the state grant program unless there is a projected surplus. Provides an immediate effective date.
- 27 Streamlined MnSCU system office.** Requires the board to reduce expenditures through the streamlined delivery of centrally delivered services. Specifies divisions to be eliminated and responsibilities to be transferred from the central system office.
- 28 Credit transfer.** Requires the board to develop and implement a plan to improve credit transfer, including improved information, training of relevant staff, methods to address intellectual property barriers, and improvement in uniform treatment of credit transfers. Requires working groups to develop actions to remove barriers to credit transfer. Requires a progress report to the legislature by January 15, 2012, and prohibits any mandatory common course numbering system until after the report.
- 29** Postretirement health insurance premium reimbursement. Requires MnSCU to waive certain premium reimbursement payments on overdue health insurance premiums if the college has failed to appropriately bill the retiree. Applies only to certain retirees who became MnSCU employees on July 1, 1995.
- 30 Report of credit transfer activities.** Requires the MnSCU board to annually report to the legislature on its credit transfer activities.
- 31 Pilot project; local deposit of MnSCU reserves.** Requires the MnSCU board to implement a project on eight campuses for the local deposit of reserves that are currently held in the state treasure. Establishes a process for selecting campuses and financial institutions. Requires separate reports to the legislature by the MnSCU board and the commissioner of management and budget.
- 32 Appropriation reduction.** Prohibits any reductions to the central office of MnSCU from being passed through or charged back to any institution or campus.
- 33 Repealer.** Repeals obsolete lending limits for the SELF loans.