

HOUSE RESEARCH

Bill Summary

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Authors: Lien

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Analyst: Matt Gehring, 651-296-5052

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Overview

This bill expands reporting requirements for the University of Minnesota and MnSCU, regulates bonus and other incentive payments in employment contracts, establishes a system of fund for the Minnesota Discovery, Research, and InnoVation Economy (MnDRIVE) program, repeals the Higher Education Advisory Council and makes a number of other miscellaneous policy changes.

Section

- 1 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 system-wide 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.

- 2 Independent student.** Clarifies an existing citation to federal law in the definition of "independent student" for purposes of state grant and scholarship programs.

- 3 Institution termination.** Codifies existing administrative rules related to termination of an institution's eligibility to participate in state student financial aid programs. The standards

Section

for termination are as provided in the existing rules with new allowances for termination in the following circumstances:

- the institution has a consistent pattern of noncompliance with Minnesota laws, rules, or administrative policies related to student aid programs, or lacks the capacity to administer the programs on campus based on a number of listed factors
- the institution misappropriates student aid funds
- the institution falsifies information or engages in misleading or deceptive practices related to administration of student aid programs
- the institution no longer meets the requirements for participation in the student aid programs in current law or rule
- the institution is terminated from participation in federal financial aid programs by the U.S. Department of Education due to noncompliance with the laws, regulations, and agreements governing participation in those programs.

- 4 Termination procedure.** Codifies existing administrative rules related to the procedure for terminating an institution's participation in state student aid programs.
- 5 Request for hearing.** Codifies existing administrative rules allowing an institution to request an administrative hearing related to its termination from participation in state student aid programs.
- 6 Restriction on awards during termination period.** Permits the Office of Higher Education to withhold further financial aid disbursements to institutions subject to termination from participation in state student programs and provides requirements for use of funds currently held by the institution for financial aid purposes.
- 7 Final decision; orders.** Codifies existing administrative rules related to the time that a final decision is made when a termination order is appealed to an administrative law judge.
- 8 Reinstatement of eligibility.** Codifies existing administrative rules related to the procedure for reinstatement of an institution's eligibility to participate in state student aid programs.
- 9 Reinstatement requirements.** Codifies existing administrative rules that establish the requirements for an institution to be reinstated into participation in the state student aid programs, with two new criteria: the institution must allow the Office of Higher Education to conduct a reinstatement audit; and the institution must be eligible to participate in federal financial aid programs.
- 10 Response to reinstatement request.** Codifies existing administrative rules related to an institution's request for reinstatement into participation in the state student aid programs, with a new authorization for the Office of Higher Education to place an institution on probationary status.

Section

11 Probationary period. Establishes standards and requirements for an institution subject to probationary reinstatement into state student aid programs.

12 Reinstatement. Requires reinstatement of an institution into participation in state student aid programs if the institution successfully completes a probationary reinstatement period and is otherwise eligible to participate in the programs.

13 Student awards after termination. Codifies existing administrative rules related to disbursement of student aid funds when an institution is terminated from participation in state student aid programs, and clarifies the application of SELF loans related to these disbursements.

14 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.

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

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

17 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.

To operate within the state, all private institutions, and in some circumstances out-of-state public institutions operating within the state, are required to register with the Office of Higher Education.

18 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.

19 Free educational courses. Exempts schools that provide exclusively free training or instructional programs or courses where no tuition, fees, or other charges are required for participation from the registration and degree and name approval requirements contained in law.

20 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

Section

incentive payment.

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

21 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.

22 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.

23 Exemptions. Exempts schools that provide exclusively free training or instructional programs or courses where no tuition, fees, or other charges are required for participation from the licensure requirements contained in law.

24 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.

25 Repealer. Repeals statutes and rules, as follows:

Paragraph (a) repeals the Higher Education Advisory Council.

Paragraph (b) repeals a number of administrative rules related to termination of an institution from state aid eligibility. These rules are largely recodified into statute in earlier sections of this bill.