

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE **S.F. No. 897**

(SENATE AUTHORS: SHERAN)

DATE	D-PG	OFFICIAL STATUS
03/17/2011	546	Introduction and first reading Referred to Higher Education

A bill for an act

relating to higher education; amending postsecondary education provisions; modifying definitions; modifying SELF loan revenue bonds provisions; making changes to eligibility requirements for safety officer's survivor education benefits; phasing out Minnesota college savings plan matching grants; making technical changes; ending the achieve scholarship program; appropriating money; amending Minnesota Statutes 2010, sections 136A.101, subdivision 8; 136A.1787; 136A.87; 136G.01; 136G.03, subdivisions 1, 18, 27; 136G.05, subdivisions 1, 6, 8; 299A.45, subdivision 1; repealing Minnesota Statutes 2010, sections 136A.127, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 9b, 10, 10a, 11, 14; 136G.11, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; Laws 2009, chapter 95, article 2, section 39.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

HIGHER EDUCATION APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

Subdivision 1. Summary By Fund. The amounts shown in this subdivision summarize direct appropriations, by fund, made in this article.

SUMMARY BY FUND

	<u>2012</u>		<u>2013</u>		<u>Total</u>
<u>General</u>	\$ 1,372,787,000	\$	1,372,885,000	\$	2,745,672,000
<u>Health Care Access</u>	2,157,000		2,157,000		4,314,000
<u>Total</u>	<u>\$ 1,374,944,000</u>	<u>\$</u>	<u>1,375,042,000</u>	<u>\$</u>	<u>2,749,986,000</u>

Subd. 2. Summary By Agency - All Funds. The amounts shown in this subdivision summarize direct appropriations, by agency, made in this article.

<u>SUMMARY BY AGENCY - ALL FUNDS</u>			
	<u>2012</u>	<u>2013</u>	<u>Total</u>
2.1			
2.2			
2.3	<u>Minnesota Office of Higher</u>		
2.4	<u>Education</u>	\$ 175,284,000	\$ 175,382,000
2.5	<u>Mayo Clinic</u>	1,351,000	1,351,000
2.6	<u>Board of Trustees of the</u>		
2.7	<u>Minnesota State Colleges and</u>		
2.8	<u>Universities</u>	592,530,000	592,530,000
2.9	<u>Board of Regents of the</u>		
2.10	<u>University of Minnesota</u>	605,779,000	605,779,000
2.11	<u>Total</u>	\$ 1,374,944,000	\$ 1,375,042,000

2.12 **Sec. 2. HIGHER EDUCATION APPROPRIATIONS.**

2.13 The sums shown in the columns marked "Appropriations" are appropriated to the
 2.14 agencies and for the purposes specified in this article. The appropriations are from the
 2.15 general fund, or another named fund, and are available for the fiscal years indicated
 2.16 for each purpose. The figures "2012" and "2013" used in this article mean that the
 2.17 appropriations listed under them are available for the fiscal year ending June 30, 2012, or
 2.18 June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal
 2.19 year 2013. "The biennium" is fiscal years 2012 and 2013.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2012</u>	<u>2013</u>

2.24 **Sec. 3. MINNESOTA OFFICE OF HIGHER**
 2.25 **EDUCATION**

2.26	<u>Subdivision 1. Total Appropriation</u>	\$	<u>175,284,000</u>	\$	<u>175,382,000</u>
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2.27 The amounts that may be spent for each
 2.28 purpose are specified in the following
 2.29 subdivisions.

2.30	<u>Subd. 2. State Grants</u>		<u>144,238,000</u>		<u>144,238,000</u>
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2.31 If the appropriation in this subdivision for
 2.32 either year is insufficient, the appropriation
 2.33 for the other year is available for it.

2.34 For the biennium, the tuition maximum
 2.35 is \$10,488 in each year for students in
 2.36 four-year programs, and \$5,808 for students
 2.37 in two-year programs.

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3.1 This appropriation sets the living and
3.2 miscellaneous expense allowance at \$7,000
3.3 each year.

3.4 This appropriation includes the amount
3.5 needed for the safety officer's survivor grant
3.6 program under Minnesota Statutes, section
3.7 299A.45.

3.8 Subd. 3. **Child Care Grants** 6,350,000 6,350,000

3.9 Subd. 4. **State Work-Study** 9,889,000 10,239,000

3.10 Subd. 5. **Indian Scholarships** 1,900,000 1,900,000

3.11 The director must contract with at least one
3.12 person with demonstrated competence in
3.13 American Indian culture and residing in or
3.14 near the city of Bemidji to assist students
3.15 with the scholarships under Minnesota
3.16 Statutes, section 136A.126, and with other
3.17 information about financial aid for which
3.18 the students may be eligible. Bemidji State
3.19 University must provide office space at
3.20 no cost to the Minnesota Office of Higher
3.21 Education for purposes of administering the
3.22 American Indian scholarship program under
3.23 Minnesota Statutes, section 136A.126.

3.24 Subd. 6. **Intervention for College Attendance**
3.25 Program Grants 746,000 746,000

3.26 For the intervention for college attendance
3.27 program under Minnesota Statutes, section
3.28 136A.861.

3.29 Grants shall be awarded for one year and
3.30 may be renewed with documentation to the
3.31 Office of Higher Education.

3.32 Subd. 7. **Midwest Higher Education Compact** 95,000 95,000

3.33 Subd. 8. **Interstate Tuition Reciprocity** 3,150,000 3,250,000

4.1 If the appropriation in this subdivision for
 4.2 either year is insufficient, the appropriation
 4.3 for the other year is available to meet
 4.4 reciprocity contract obligations.

4.5	<u>Subd. 9. Minnesota College Savings Plan</u>	<u>350,000</u>	<u>-0-</u>
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4.6 This appropriation is for matching grants
 4.7 under Minnesota Statutes, section 136G.11,
 4.8 in the first year.

4.9	<u>Subd. 10. MnLINK Gateway and Minitex</u>	<u>5,730,000</u>	<u>5,730,000</u>
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4.10	<u>Subd. 11. Outreach Programs</u>	<u>342,000</u>	<u>341,000</u>
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4.11	<u>Subd. 12. Agency Administration</u>	<u>2,494,000</u>	<u>2,493,000</u>
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4.12 Subd. 13. **Balances Forward**

4.13 A balance in the first year under this section
 4.14 does not cancel, but is available for the
 4.15 second year.

4.16 Subd. 14. **Transfers**

4.17 The Minnesota Office of Higher Education
 4.18 may transfer unencumbered balances from
 4.19 the appropriations in this section to the state
 4.20 grant appropriation, the interstate tuition
 4.21 reciprocity appropriation, the child care
 4.22 grant appropriation, the Indian scholarship
 4.23 appropriation, the state work-study
 4.24 appropriation, and the get ready program. A
 4.25 transfer may be made only with prior written
 4.26 notice to the chairs of the senate and house of
 4.27 representatives committees with jurisdiction
 4.28 over higher education finance.

4.29 Sec. 4. **BOARD OF TRUSTEES OF THE**
 4.30 **MINNESOTA STATE COLLEGES AND**
 4.31 **UNIVERSITIES**

4.32	<u>Subdivision 1. Total Appropriation</u>	<u>\$ 592,530,000</u>	<u>\$ 592,530,000</u>
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5.1 The amounts that may be spent for each
 5.2 purpose are specified in the following
 5.3 subdivisions.

5.4 **Subd. 2. Central Office and Shared Services**
 5.5 **Unit** 44,249,000 44,249,000

5.6 For the Office of the Chancellor and the
 5.7 Shared Services Division.

5.8 **Subd. 3. Operations and Maintenance** 543,769,000 543,769,000

5.9 **Subd. 4. Learning Network of Minnesota** 4,512,000 4,512,000

5.10 **Sec. 5. BOARD OF REGENTS OF THE**
 5.11 **UNIVERSITY OF MINNESOTA**

5.12 **Subdivision 1. Total Appropriation** **\$ 605,779,000 \$ 605,779,000**

5.13	<u>Appropriations by Fund</u>		
5.14		<u>2012</u>	<u>2013</u>
5.15	<u>General</u>	<u>603,622,000</u>	<u>603,622,000</u>
5.16	<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>

5.17 The amounts that may be spent for each
 5.18 purpose are specified in the following
 5.19 subdivisions.

5.20 **Subd. 2. Operations and Maintenance** 543,668,000 543,668,000

5.21 This appropriation includes funding for
 5.22 operation and maintenance of the system.

5.23 **Subd. 3. Primary Care Education Initiatives** 2,157,000 2,157,000

5.24 This appropriation is from the health care
 5.25 access fund.

5.26 **Subd. 4. Special Appropriations**

5.27 **(a) Agriculture and Extension Service** 42,873,000 42,873,000

5.28 For the Agricultural Experiment Station and
 5.29 the Minnesota Extension Service.

5.30 **(b) Health Sciences** 4,329,000 4,329,000

5.31 \$284,000 each year is to support up to 12
 5.32 resident physicians in the St. Cloud Hospital

6.1 family practice residency program. The
6.2 program must prepare doctors to practice
6.3 primary care medicine in the rural areas of
6.4 the state. The legislature intends this program
6.5 to improve health care in rural communities,
6.6 provide affordable access to appropriate
6.7 medical care, and manage the treatment of
6.8 patients in a more cost-effective manner.

6.9 The remainder of this appropriation is for
6.10 the rural physicians associates program, the
6.11 Veterinary Diagnostic Laboratory, health
6.12 sciences research, dental care, and the
6.13 Biomedical Engineering Center.

6.14 **(c) Institute of Technology** 1,138,000 1,138,000

6.15 For the Geological Survey and the talented
6.16 youth mathematics program.

6.17 **(d) System Special** 5,051,000 5,051,000

6.18 For general research, industrial relations
6.19 education, Natural Resources Research
6.20 Institute, Center for Urban and Regional
6.21 Affairs, Bell Museum of Natural History, and
6.22 the Humphrey exhibit.

6.23 **(e) University of Minnesota and Mayo**
6.24 **Foundation Partnership** 6,563,000 6,563,000

6.25 For the direct and indirect expenses of the
6.26 collaborative research partnership between
6.27 the University of Minnesota and the Mayo
6.28 Foundation for research in biotechnology
6.29 and medical genomics. An annual report
6.30 on the expenditure of these funds must be
6.31 submitted to the governor and the chairs
6.32 of the senate and house of representatives
6.33 committees responsible for higher education
6.34 and economic development by June 30 of
6.35 each fiscal year.

7.1 Subd. 5. Academic Health Center

7.2 The appropriation for Academic Health
7.3 Center funding under Minnesota Statutes,
7.4 section 297F.10, is \$22,250,000 each year.

7.5 Sec. 6. MAYO CLINIC

7.6 Subdivision 1. Total Appropriation \$ 1,351,000 \$ 1,351,000

7.7 The amounts that may be spent for the
7.8 purposes are specified in the following
7.9 subdivisions.

7.10 Subd. 2. Medical School 665,000 665,000

7.11 The state of Minnesota must pay a capitation
7.12 each year for each student who is a resident
7.13 of Minnesota. The appropriation may be
7.14 transferred between years of the biennium to
7.15 accommodate enrollment fluctuations.

7.16 It is intended that during the biennium the
7.17 Mayo Clinic use the capitation money to
7.18 increase the number of doctors practicing in
7.19 rural areas in need of doctors.

7.20 Subd. 3. Family Practice and Graduate
7.21 Residency Program 686,000 686,000

7.22 The state of Minnesota must pay stipend
7.23 support for up to 27 residents each year.

7.24 **ARTICLE 2**

7.25 **RELATED HIGHER EDUCATION PROVISIONS**

7.26 Section 1. Minnesota Statutes 2010, section 136A.101, subdivision 8, is amended to
7.27 read:

7.28 Subd. 8. **Resident student.** "Resident student" means a student who meets one of
7.29 the following conditions:

7.30 (1) a student who has resided in Minnesota for purposes other than postsecondary
7.31 education for at least 12 months without being enrolled at a postsecondary educational
7.32 institution for more than five credits in any term;

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8.1 (2) a dependent student whose parent or legal guardian resides in Minnesota at the
8.2 time the student applies;

8.3 (3) a student who graduated from a Minnesota high school, if the student was a
8.4 resident of Minnesota during the student's period of attendance at the Minnesota high
8.5 school ~~and the student is physically attending a Minnesota postsecondary educational~~
8.6 ~~institution;~~

8.7 (4) a student who, after residing in the state for a minimum of one year, earned a
8.8 high school equivalency certificate in Minnesota;

8.9 (5) a member, spouse, or dependent of a member of the armed forces of the United
8.10 States stationed in Minnesota on active federal military service as defined in section
8.11 190.05, subdivision 5c;

8.12 (6) a spouse or dependent of a veteran, as defined in section 197.447, if the veteran
8.13 is a Minnesota resident;

8.14 (7) a person or spouse of a person who relocated to Minnesota from an area that
8.15 is declared a presidential disaster area within the preceding 12 months if the disaster
8.16 interrupted the person's postsecondary education; ~~or~~

8.17 (8) a person defined as a refugee under United States Code, title 8, section
8.18 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has
8.19 continued to reside in Minnesota; or

8.20 (9) with the exception of persons meeting the criteria in clause (3) or (4), a resident
8.21 student who leaves Minnesota for more than one year for reasons other than postsecondary
8.22 education or military service shall no longer be considered a resident student until the
8.23 student subsequently meets one of the criteria in this subdivision. A person who leaves
8.24 Minnesota for purposes other than military service or postsecondary education is not a
8.25 resident student if the student enrolls exclusively in distance education courses.

8.26 Sec. 2. Minnesota Statutes 2010, section 136A.1787, is amended to read:

8.27 **136A.1787 SELF LOAN REVENUE BONDS ANNUAL CERTIFICATE OF**
8.28 **NEED.**

8.29 (a) In order to ensure the payment of the principal of and interest on bonds and
8.30 notes of the office and the continued maintenance of the loan capital fund under section
8.31 136A.1785, the office shall annually determine and certify to the governor, on or before
8.32 December 1, the amount, if any:

8.33 (1) needed to restore the loan capital fund to the minimum amount required by a
8.34 resolution or indenture relating to any bonds or notes of the office, not exceeding the

9.1 maximum amount of principal and interest to become due and payable in any subsequent
9.2 year on all bonds or notes which are then outstanding;

9.3 (2) determined by the office to be needed in the immediately ~~ensuing~~ following
9.4 fiscal year, with other funds pledged and estimated to be received during that year, for
9.5 the payment of the principal and interest due and payable in that year on all outstanding
9.6 bonds and notes; and

9.7 (3) needed to restore any debt service reserve fund securing any outstanding bonds
9.8 or notes of the office to the amount required in a resolution or indenture relating to such
9.9 outstanding bonds or notes.

9.10 (b) If the office determines the need under paragraph (a), clause (2) or (3), to be for
9.11 the immediately following fiscal year, the governor shall include and submit the amounts
9.12 certified by the office in accordance with this section to the legislature in the governor's
9.13 budget for the immediately following fiscal year, ~~or.~~ If the office determines the need
9.14 under paragraph (a), clause (2) or (3), to be for the current fiscal year, the governor shall
9.15 include and submit the amounts certified in a governor's supplemental budget if the regular
9.16 budget for that year has previously been ~~approved~~ enacted.

9.17 Sec. 3. Minnesota Statutes 2010, section 136A.87, is amended to read:

9.18 **136A.87 PLANNING INFORMATION FOR POSTSECONDARY**
9.19 **EDUCATION.**

9.20 The office shall make available to all residents beginning in 7th grade through
9.21 adulthood information about planning and preparing for postsecondary opportunities.
9.22 Information must be provided to all 7th grade students and their parents annually
9.23 by September 30 about planning for their postsecondary education. The office may
9.24 also provide information to high school students and their parents, to adults, and to
9.25 out-of-school youth. The information provided may include the following:

9.26 (1) the need to start planning early;

9.27 (2) the availability of assistance in educational planning from educational institutions
9.28 and other organizations;

9.29 (3) suggestions for studying effectively during high school;

9.30 (4) high school courses necessary to be adequately prepared for postsecondary
9.31 education;

9.32 (5) encouragement to involve parents actively in planning for all phases of education;

9.33 (6) information about postsecondary education and training opportunities existing
9.34 in the state, their respective missions and expectations for students, their preparation
9.35 requirements, admission requirements, and student placement;

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- 10.1 (7) ways to evaluate and select postsecondary institutions;
- 10.2 (8) the process of transferring credits among Minnesota postsecondary institutions
- 10.3 and systems;
- 10.4 (9) the costs of postsecondary education and the availability of financial assistance
- 10.5 in meeting these costs, including specific information about the Minnesota Promise ~~and~~
- 10.6 ~~achieve scholarship program;~~
- 10.7 (10) the interrelationship of assistance from student financial aid, public assistance,
- 10.8 and job training programs; and
- 10.9 (11) financial planning for postsecondary education.

10.10 Sec. 4. Minnesota Statutes 2010, section 136G.01, is amended to read:

10.11 **136G.01 PLAN ESTABLISHED.**

10.12 A college savings plan known as the Minnesota college savings plan is established.

10.13 In establishing this plan, the legislature seeks to encourage individuals to save for

10.14 postsecondary education by:

- 10.15 (1) providing a qualified tuition plan under federal tax law; and
- 10.16 ~~(2) providing matching grants for contributions to the program by low- and~~
- 10.17 ~~middle-income families; and~~
- 10.18 ~~(3)~~ (2) encouraging individuals, foundations, and businesses to provide additional
- 10.19 grants to participating students.

10.20 Sec. 5. Minnesota Statutes 2010, section 136G.03, subdivision 1, is amended to read:

10.21 Subdivision 1. **General.** For purposes of sections 136G.01 to ~~136G.13~~ 136G.14, the

10.22 following terms have the meanings given.

10.23 Sec. 6. Minnesota Statutes 2010, section 136G.03, subdivision 18, is amended to read:

10.24 Subd. 18. **Matching grant.** "Matching grant" means an amount added to a matching

10.25 grant account under section 136G.11 for eligible account beneficiaries for account

10.26 contributions in calendar years 2001 to 2010.

10.27 Sec. 7. Minnesota Statutes 2010, section 136G.03, subdivision 27, is amended to read:

10.28 Subd. 27. **Plan.** "Plan" refers to the plan established under sections 136G.01 to

10.29 ~~136G.13~~ 136G.14.

10.30 Sec. 8. Minnesota Statutes 2010, section 136G.05, subdivision 1, is amended to read:

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11.1 Subdivision 1. **Responsibilities.** (a) The director shall establish the rules, terms,
11.2 and conditions for the plan, subject to the requirements of sections 136G.01 to ~~136G.13~~
11.3 136G.14.

11.4 (b) The director shall prescribe the application forms, procedures, and other
11.5 requirements that apply to the plan.

11.6 Sec. 9. Minnesota Statutes 2010, section 136G.05, subdivision 6, is amended to read:

11.7 Subd. 6. **Three-year period for withdrawal of grants.** A matching grant deposited
11.8 in ~~the~~ a matching grant account based on account owner contributions during calendar
11.9 years 2001 to 2010 under section 136G.11 may not be withdrawn within three years of the
11.10 establishment of the account of the beneficiary. In calculating the three-year period, the
11.11 period held in another account is included, if the account includes a rollover from another
11.12 account under section 529(c)(3)(C) of the Internal Revenue Code.

11.13 Sec. 10. Minnesota Statutes 2010, section 136G.05, subdivision 8, is amended to read:

11.14 Subd. 8. **Administration.** The director shall administer the program, including
11.15 accepting and processing applications, maintaining account records, making payments,
11.16 ~~making matching grants under section 136G.11,~~ and undertaking any other necessary
11.17 tasks to administer the program. The office may contract with one or more third parties to
11.18 carry out some or all of these administrative duties, including providing incentives and
11.19 marketing the program. The office and the board may jointly contract with third-party
11.20 providers, if the office and board determine that it is desirable to contract with the same
11.21 entity or entities for administration and investment management.

11.22 Sec. 11. Minnesota Statutes 2010, section 299A.45, subdivision 1, is amended to read:

11.23 Subdivision 1. **Eligibility.** A person is eligible to receive educational benefits under
11.24 this section if the person:

11.25 (1) is certified under section 299A.44 and in compliance with this section and rules
11.26 of the commissioner of public safety and the Minnesota Office of Higher Education;

11.27 (2) is enrolled in an undergraduate degree or certificate program after June 30, 1990,
11.28 at an eligible Minnesota institution as provided in section 136A.101, subdivision 4;

11.29 (3) has not received a baccalaureate degree or been enrolled full time for ~~nine~~ ten
11.30 semesters or the equivalent, except that a student who withdraws from enrollment for
11.31 active military service is entitled to an additional semester or the equivalent of eligibility;
11.32 and

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12.1 (4) is related in one of the following ways to a public safety officer killed in the
12.2 line of duty on or after January 1, 1973:

12.3 (i) as a dependent child less than 23 years of age;

12.4 (ii) as a surviving spouse; or

12.5 (iii) as a dependent child less than 30 years of age who has served on active military
12.6 duty 181 consecutive days or more and has been honorably discharged or released to the
12.7 dependent child's reserve or National Guard unit.

12.8 Sec. 12. **REPEALER.**

12.9 (a) Minnesota Statutes 2010, section 136A.127, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 9b,
12.10 10, 10a, 11, and 14, are repealed effective July 1, 2011.

12.11 (b) Minnesota Statutes 2010, section 136G.11, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9,
12.12 and 10, are repealed effective July 2, 2012.

12.13 (c) Laws 2009, chapter 95, article 2, section 39, is repealed effective July 1, 2011.

12.14 Sec. 13. **EFFECTIVE DATE.**

12.15 Sections 3 to 10 are effective July 1, 2012.