

CHAPTER 136A

MINNESOTA HIGHER EDUCATION BOARDS
AND AGENCIES

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136A.02 MEMBERSHIP; OFFICERS; ADVISORY COMMITTEES.

Subdivision 1. The higher education coordinating board shall consist of eight citizen members, one from each congressional district, to be appointed by the governor with the advice and consent of the senate, and three citizen members also to be appointed by the governor with the advice and consent of the senate to represent the state at large. All appointees to the board shall be selected for their knowledge of and interest in post secondary education and at least one shall be selected specifically for knowledge of and interest in vocational education. No member of the board shall be an employee of or receive compensation from a public or private post-secondary institution while serving on the board.

[For text of subs 1a to 6, see M.S.1982]

History: 1983 c 314 art 7 s 35

136A.03 EXECUTIVE OFFICERS; EMPLOYEES.

The higher education coordinating board may appoint an executive secretary or director as its principal executive officer, and such other officers and employees as it may deem necessary to carry out its duties. The executive secretary or director shall possess such powers and perform such duties as are delegated to him and shall serve in the unclassified service of the state civil service. The salary of the executive director shall be established pursuant to section 15A.081, subdivision 1. He shall be a person qualified by training and ability in the field of higher education or in educational administration. The board may also appoint other officers and professional employees who shall serve in the unclassified service of the state civil service and fix the salaries thereof which shall be commensurate with salaries in the classified service. All other employees shall be in the classified civil service.

An officer or professional employee in the unclassified service as provided in this section is a person who has studied higher education or a related field at the

graduate level or has similar experience and who is qualified for a career in some aspect of higher education and for activities in keeping with the planning and administrative responsibilities of the board and who is appointed to assume responsibility for administration of educational programs or research in matters of higher education.

History: 1983 c 299 s 21

136A.035 [Repealed, 1983 c 299 s 36]

136A.042 CREDIT TRANSFERABILITY.

The higher education coordinating board shall recommend to the legislature, after consultation with the state board for vocational education, community college board, state university board, and the regents of the University of Minnesota, measures which will facilitate transferability of credits between the institutions and among the systems, which will improve student awareness of the credit transfer policies, and which will cause student transcripts to reflect credits earned at other post-secondary institutions. The higher education coordinating board is directed to encourage communications among faculty, staff and students at the various institutions in order to accomplish the purposes of this section. The higher education coordinating board shall report the measures recommended by it by January 15, 1984.

History: 1983 c 166 s 1

136A.121 SCHOLARSHIPS AND GRANTS-IN-AID.

Subdivision 1. **Eligibility for scholarships.** An applicant shall be eligible to be considered for a scholarship under the provisions of sections 136A.09 to 136A.131 if the board finds that applicant:

- (1) is a resident of the state of Minnesota;
- (2) has met all the requirements for admission as a full-time student to an eligible institution of his choice as defined in sections 136A.09 to 136A.131;
- (3) has demonstrated capacity for superior achievement at the institutional level as measured by standards prescribed by the board;
- (4) is a qualified applicant as defined herein.

Subd. 2. **Eligibility for grants-in-aid.** An applicant shall be eligible to be considered for a grant-in-aid, regardless of the applicant's sex, creed, race, color, national origin, or ancestry, under the provisions of sections 136A.09 to 136A.131 if the board finds that applicant:

- (1) is a resident of the state of Minnesota;
- (2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over, and has met all requirements for admission as a full-time student to an eligible college or vocational school of his choice as defined in sections 136A.09 to

136A.131 or has completed at least one academic year of study at a two-year institution and seeks transfer to a four-year eligible institution;

(3) has met such criteria pertaining to financial need as the board shall make by regulation.

Subd. 3. **Allocation.** Scholarships and grants-in-aid shall be awarded annually on a funds available basis to those applicants for initial awards and applicants for renewal awards who meet the board's requirements.

Subd. 4. **Scholarship stipends.** An eligible scholarship applicant shall be considered for a financial stipend if the applicant demonstrates financial need. An eligible scholarship applicant who does not demonstrate financial need under criteria prescribed by the board shall be awarded an honorary scholarship. The amount of a financial stipend shall not exceed a scholarship applicant's cost of attendance, as defined in subdivision 6, after deducting the following:

(a) a contribution by the scholarship applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing;

(b) a contribution by the scholarship applicant's parents, as determined by a standardized need analysis; and

(c) the amount of a federal Pell grant award for which the scholarship applicant is eligible.

The minimum financial stipend shall be \$100.

Subd. 5. **Grants-in-aid stipends.** A financial stipend based on financial need shall accompany grants-in-aid. The amount of a financial stipend shall not exceed a grant applicant's cost of attendance, as defined in subdivision 6, after deducting the following:

(a) a contribution by the grant applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing;

(b) a contribution by the grant applicant's parents, as determined by a standardized need analysis; and

(c) the amount of a federal Pell grant award for which the grant applicant is eligible.

The minimum financial stipend shall be \$100.

Subd. 6. **Cost of attendance.** The cost of attendance shall consist of allowances specified by the board for room and board and miscellaneous expenses, and

(a) for public institutions, tuition and fees charged by the institution; or

(b) for private institutions, beginning July 1, 1985, an allowance for tuition and fees equal to the lesser of (1) the actual tuition and fees charged by the institution, or (2) the instructional costs per full-year equivalent student in comparable public institutions. Prior to July 1, 1985, the tuition and fees allowance shall not exceed the instructional costs per full-year equivalent student in comparable public institutions.

Subd. 7. **Insufficient appropriation.** If the amount appropriated is insufficient to make full awards to applicants pursuant to subdivision 4, then awards shall be reduced by

(a) adding a surcharge to the contribution of the applicant's parents, and

(b) a percentage increase in the applicant's contribution.

Subd. 8. **Priority.** In dispensing available funds in a given year, priority shall be given first to renewal scholarships and grants-in-aid, and second to applicants for initial awards, on the basis of their rank in the case of scholarships, and on the

basis of need in the case of grants-in-aid, as determined by standards prescribed by the board.

Subd. 9. **Initial awards.** Only first year students shall be eligible to apply for and receive initial scholarship awards. Any undergraduate student who has not previously received a scholarship or grant-in-aid and who meets the board's requirements shall be eligible to apply for and receive an initial grant-in-aid in any year of undergraduate study.

Subd. 10. Each scholarship or grant-in-aid shall be awarded for one academic year but shall be renewable for a maximum of six semesters or nine quarters or their equivalent but may not continue after the recipient has obtained a baccalaureate degree or been enrolled full-time or the equivalent for the number of semesters or quarters normally required to complete a baccalaureate degree, whichever occurs first.

Subd. 11. Each scholarship or grant-in-aid shall be renewable, contingent on continued residency in Minnesota, satisfactory academic standing and recommendation of the college or vocational school and, in the case of financial assistance, evidence of continued need.

Subd. 12. The student must apply for renewal of his scholarship or grant-in-aid each year.

Subd. 13. The board must accept applications for state scholarships and grants-in-aid until February 15 and may establish a deadline for the acceptance of applications which is later than February 15.

Subd. 14. The student must continue to attend an eligible institution.

Subd. 15. All scholarship and grant-in-aid recipients shall be notified of their awards by the board and shall be given appropriate evidence of the award.

Subd. 16. Financial scholarships and grants-in-aid awarded under the terms of sections 136A.09 to 136A.131 shall be applied to educational costs in the following order: tuition, fees, books, supplies and other expenses. Unpaid portions of such awards shall revert to the board scholarship or grant-in-aid account.

History: 1983 c 258 s 42

136A.14 STUDENT LOANS, PURPOSE.

The legislature has found and hereby declares that the encouragement of the maximum educational development of the men and women of Minnesota is in the best interest of the state. The state loan programs would encourage students to continue their education and provide financial assistance for those who would not otherwise be able to do so. The state loan programs provided for herein except the loan programs authorized under section 136A.1701 are designed to be compatible with the provisions of the Higher Education Act of 1965. In furtherance of the loan programs provided for in sections 136A.14 to 136A.17 and section 136A.1701, the board may enter into such contracts, agreements, and guarantees with reference to the loans or the issuance of revenue bonds as may be necessary to carry out the programs.

History: 1983 c 258 s 43

136A.141 STUDENT LOAN PROGRAM.

The higher education coordinating board shall establish and supervise one or more student loan programs in accordance with the provisions of sections 136A.14 to 136A.17 and section 136A.1701.

History: 1983 c 258 s 44

136A.143 FOREIGN STUDENTS; RESIDENT TUITION.

Institutions of higher education in Minnesota shall be authorized to grant resident status for the purpose of paying tuition fees in each institution to bona fide foreign students after their first year in Minnesota, provided that the total number of these residencies shall not exceed one-half of one percent of total full-time equivalent fall term enrollment of these institutions.

History: 1983 c 258 s 45

136A.144 [Repealed, 1983 c 258 s 72]

136A.145 [Repealed, 1983 c 258 s 72]

136A.146 [Repealed, 1983 c 258 s 72]

136A.15 DEFINITIONS.

Subdivision 1. For purposes of sections 136A.14 to 136A.17 and section 136A.1701, the terms defined in this section have the meanings ascribed to them.

Subd. 2. "Academic year or its equivalent" shall be as defined in the federal regulations which govern the administration of the National Vocational Student Loan Insurance Act of 1965 and title IV of the Higher Education Act of 1965.

Subd. 3. "Board" means the Minnesota higher education coordinating board.

Subd. 4. "Director" means the executive director of the Minnesota higher education coordinating board.

Subd. 5. "Eligible institution" means any public educational institution and any private educational institution, in any state which is approved by the U.S. commissioner of education in accordance with requirements set forth in the Higher Education Act of 1965, as amended.

Subd. 6. "Eligible lender" means an eligible institution, an agency or instrumentality of a state, or a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the state of Minnesota or of the United States.

Subd. 7. "Eligible student" means a student who is officially registered or accepted for enrollment at an eligible institution in Minnesota or a Minnesota resident who is officially registered as a student or accepted for enrollment at an eligible institution in another state. Eligible student, except for purposes of section 136A.1701, includes parents of an eligible student as the term "parent" is defined in the Higher Education Act of 1965, as amended, and the regulations promulgated thereunder. Except for the purposes of section 136A.1701, eligible student also includes students eligible for auxiliary loans as the term auxiliary is defined in the Higher Education Act of 1965, as amended, and the regulations promulgated thereunder.

History: 1983 c 258 s 46

136A.16 POWERS AND DUTIES OF BOARD.

Subdivision 1. The Minnesota higher education coordinating board is hereby designated as the administrative agency for carrying out the purposes and terms of sections 136A.14 to 136A.17 and section 136A.1701.

Subd. 2. The board shall adopt policies and prescribe appropriate rules and regulations to carry out the purposes of sections 136A.14 to 136A.17 and section 136A.1701. The policies, rules, and regulations except as they relate to loans

under section 136A.1701 shall be compatible with the provisions of the National Vocational Student Loan Insurance Act of 1965 and the provisions of title IV of the Higher Education Act of 1965, and any amendments thereof.

Subd. 3. The board may make loans in amounts not to exceed the maximum amount provided in the Higher Education Act of 1965 and any amendments thereof except that the limitation shall not apply to loans under section 136A.1701. The board may establish procedures determining the loan amounts for which students are eligible.

Subd. 4. The board may contract with or enter into agreements with eligible lenders for the purpose of making loans to eligible students in accordance with the policies and rules of the board.

Subd. 5. The board shall have the right to contract with guarantee agencies, insurance agencies, and/or collection agencies, or any other person, to carry out the purposes of sections 136A.14 to 136A.17 and section 136A.1701.

Subd. 6. The board shall be empowered to charge for insurance on each loan a premium, payable each year in advance. The premiums shall not be in an amount in excess of the premium in the federal regulations which govern the vocational and higher education loan program except that the limitation shall not apply to loans under section 136A.1701. Premium fees shall be available to the board without fiscal year limitation for the purposes of making loans and meeting expenses of administering the loan programs.

Subd. 7. The board may apply for, receive, accept, and disburse federal funds, as well as funds from other public and private sources, made available to the state for loans or as administrative moneys to operate student loan programs. In making application for funds, it may comply with all requirements of state and federal law and rules and regulations, and enter into the contracts necessary to enable it to receive, accept, and administer such funds.

Subd. 8. Moneys made available to the board which are not immediately needed for the purposes of sections 136A.14 to 136A.17 and section 136A.1701 may be invested by the board. Such moneys shall be invested in bonds, certificates of indebtedness, and other fixed income securities, except preferred stocks, which are legal investments for the permanent school fund. Such moneys may also be invested in such prime quality commercial paper as is eligible for investment in the state employees retirement fund. All interest and profits from such investments shall inure to the benefit of the board.

Subd. 9. The board shall be empowered to employ such professional and clerical staff as the director deems necessary for the proper administration of the loan programs established and defined by sections 136A.14 to 136A.17 and section 136A.1701.

Subd. 10. Subject to its directives and review, the board may delegate to the director the responsibility for issuance of public information concerning provisions of sections 136A.14 to 136A.17 and section 136A.1701, for design of loan application forms, and for prescribing procedures for submission of applications for loans.

Subd. 11. The board shall periodically review and evaluate its programs and activities and shall report to the governor on or before the beginning of each session of the state legislature.

Subd. 12. The board shall establish and maintain appropriate accounting and related records.

History: 1983 c 258 s 47

136A.161 [Repealed, 1983 c 258 s 72]

136A.17 PROVISIONS FOR FEDERAL PROGRAMS.

Subdivision 1. A student shall be eligible to apply for a loan under the provisions of sections 136A.14 to 136A.17 if the board finds that the student is an eligible student as defined in those sections and is eligible for a loan under federal laws and regulations governing the federal guaranteed student loan programs.

Subd. 2. The student loan programs shall be administered in compliance with title VI of the Civil Rights Act of 1964.

Subd. 3. The board may loan money upon such terms and conditions as the board may prescribe and it may acquire student loans from other lenders to facilitate the student loan programs provided for in this section.

Subd. 4. No loan shall be made in excess of the maximum provided by pertinent federal laws and regulations. The aggregate unpaid principal amount of loans to any individual student shall not exceed the maximum provided in pertinent federal laws and regulations.

Subd. 5. The board may make loans for vocational study to an individual student for a maximum of three academic years or their equivalent and loans for higher education to an individual student for a maximum of eight academic years of study or their equivalent.

Subd. 6. No loans made by the board shall be made at an annual rate of interest in excess of the maximum prescribed in the National Vocational Student Loan Insurance Act of 1965 and the Higher Education Act of 1965, and any amendments thereof.

Subd. 7. The benefits of the loan programs will not be denied any student because of his family income or lack of need if his adjusted annual family income at the time the note is executed is less than the maximum prescribed in the applicable federal regulations.

Subd. 8. The repayment procedures applicable for loans made by the board shall be consistent with federal regulations governing interest payments under the National Vocational Student Loan Insurance Act of 1965 and the Higher Education Act of 1965.

Subd. 9. The board may take, hold, and administer for any of its purposes, real property, personal property and moneys, or any interest therein, and the income therefrom, either absolutely or in trust, for any purposes of the board. The board may acquire property or moneys for such purposes by purchase or lease and by the acceptance of gifts, grants, bequests, devises or loans; and may enter into contracts with other nonprofit corporations or institutions with the same or similar purposes as will benefit and improve the operation of the board and its loan programs.

Subd. 10. The board may establish variable repayment schedules consistent with the need and anticipated income streams of borrowers. The repayment schedules shall not violate the federal laws and regulations governing federal guaranteed student loan programs.

Subd. 11. No moneys originating from state sources in the state treasury shall be made available for student loans and all student loans shall be made from moneys originating from nonstate sources.

History: 1983 c 258 s 48

136A.1701 SUPPLEMENTAL AND ADDITIONAL LOANS.

Subdivision 1. **Establishment of program.** The higher education coordinating board may provide for programs of loans which may be made in lieu of or in

addition to loans authorized under sections 136A.14 to 136A.17 and applicable provisions of federal law as provided in this section.

Subd. 2. **Purpose of program.** The purpose of the loan programs under this section is to provide financial assistance for the post-secondary education of students who are eligible students whether or not such students qualify for a loan or loans under other provisions of sections 136A.14 to 136A.17.

Loans granted to students shall be used solely for educational purposes.

Subd. 3. **Compliance with Civil Rights Act.** The student loan programs shall be administered in compliance with title VI of the Civil Rights Act of 1964.

Subd. 4. **Terms and conditions of loans.** The board may loan money upon such terms and conditions as the board may prescribe. The principal amount of a loan to an undergraduate student for a single academic year may not exceed \$4,000. The aggregate principal amount of all loans made under this section to an undergraduate student may not exceed \$16,000. The principal amount of a loan to a graduate student for a single academic year shall not exceed \$6,000. The aggregate principal amount of all loans made under this section to a student as a graduate student shall not exceed \$25,000.

Subd. 5. **Maximum loans for students.** Loans made under this section or sections 136A.14 to 136A.17 to an individual eligible student for vocational study may be made for a maximum of three academic years or their equivalent and loans made to any other individual eligible student may be made for a maximum of eight academic years or their equivalent.

Subd. 6. **Rate of interest.** The board shall determine the rate of interest to be charged on loans. The rate of interest on student loans however computed, shall not be subject to any provision of state law limiting the rate of interest to be charged for a loan of money.

Subd. 7. **Repayment of loans.** The board shall establish repayment procedures for loans made under this section, but in no event shall the period of permitted repayment exceed ten years from the eligible student's termination of his post-secondary academic or vocational program, or 15 years from the date of his first loan under this section, whichever is less.

Subd. 8. **Board powers.** The board may take, hold, and administer for any of its purposes, real or personal property and money, or any interest therein, and the income therefrom, either absolutely or in trust, for any purposes of the board. The board may acquire real or personal property or money for its purposes by purchase or lease and by gift, grant, bequest, devise, or loan, and may enter into contracts with profit or nonprofit corporations or institutions with the same or similar purposes as will benefit and improve the operation of the board and its loan programs.

Subd. 9. **Variable repayment schedules.** The board may establish variable loan repayment schedules consistent with the need and anticipated income streams of borrowers.

Subd. 10. **Prohibition on use of state money.** No money originating from state sources in the state treasury shall be made available for student loans under this section and all student loans shall be made from money originating from nonstate sources.

History: 1983 c 258 s 49

136A.1702 COMMISSION APPROVAL.

The board shall obtain approval from the legislative advisory commission prior to taking the following actions with regard to student loan programs described in this act:

(1) implementing a loan program for parents and students eligible for auxiliary loans as defined in section 136A.15, subdivision 7;

(2) acquiring student loans from other lenders to facilitate student loan programs provided for in section 136A.17; and

(3) providing for programs of supplemental and additional loans as defined in section 136A.1701.

History: 1983 c 258 s 50

136A.179 PUBLIC PURPOSE; TAX FREE STATUS.

The exercise of the powers granted by sections 136A.14 to 136A.179 will be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare and prosperity, and for the improvement of their health and living conditions, and as providing loans by the board or its agent will constitute the performance of an essential public function.

History: 1983 c 213 s 7

136A.18 PRIVATE COLLEGES; PURPOSE.

The legislature has found and hereby declares that private colleges in Minnesota have the capacity for educating significant numbers of Minnesota residents and that providing for the education of Minnesota residents in private colleges, rather than in state institutions of higher education, results in a savings of tax moneys. The Minnesota private colleges are encouraged to facilitate the education of significant numbers of Minnesota residents in private colleges located in Minnesota.

History: 1983 c 258 s 51

136A.19 [Repealed, 1983 c 258 s 72]

136A.20 [Repealed, 1983 c 258 s 72]

136A.21 [Repealed, 1983 c 258 s 72]

136A.22 [Repealed, 1983 c 258 s 72]

136A.235 [Repealed, 1983 c 15 s 33]

136A.236 [Repealed, 1983 c 258 s 72]

136A.237 [Repealed, 1983 c 258 s 72]

136A.26 MEMBERSHIPS; OFFICERS; COMPENSATION; REMOVAL.

Subdivision 1. The Minnesota higher education facilities authority shall consist of six members appointed by the governor with the advice and consent of the senate, and the executive director of the Minnesota higher education coordinating board. The executive director of the coordinating board may designate a member of the director's staff to sit in the director's place as a member of the authority.

All members to be appointed by the governor shall be residents of the state. At least one of the members shall be a person having a favorable reputation for skill, knowledge, and experience in the field of state and municipal finance; and at least one shall be a person having a favorable reputation for skill, knowledge, and experience in the building construction field; and at least one of the members shall be a trustee, director, officer, or employee of an institution of higher education.

Subd. 2. The membership terms, compensation, removal of members, and filling of vacancies for authority members other than the executive director of the higher education coordinating board or the director's designee shall be as provided in section 15.0575.

History: 1983 c 258 s 52

136A.29 POWERS; DUTIES.

[For text of subd 1, see M.S.1982]

Subd. 2. The authority shall annually elect one of its members as chairman, one as vice-chairman, and one as secretary, as well as elect additional officers deemed necessary by the authority.

[For text of subds 3 to 8, see M.S.1982]

Subd. 9. The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed \$150,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

[For text of subds 10 to 23, see M.S.1982]

History: 1983 c 258 s 53,54

136A.39 EXEMPTION FROM TAXES AND OTHER RESTRICTIONS.

The exercise of the powers granted by sections 136A.25 to 136A.42, will be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of a project by the authority or its agent will constitute the performance of an essential public function, neither the authority nor its agent shall be required to pay any taxes or assessments upon or in respect of a project or any property acquired or used by the authority or its agent under the provisions of sections 136A.25 to 136A.42, or upon the income therefrom.

History: 1983 c 213 s 8

136A.42 ANNUAL REPORT.

The authority shall keep an accurate account of all of its activities and all of its receipts and expenditures and shall annually make a report thereof to the higher education coordinating board. The higher education coordinating board shall review and comment upon the report and make such recommendations as it deems necessary to the governor and the legislature.

History: 1983 c 258 s 55