

CHAPTER 5—H.F.No. 4

An act relating to higher education; amending postsecondary education provisions; requiring a study; requiring reports; making technical changes; appropriating money; amending Minnesota Statutes 2010, sections 135A.51, subdivision 2; 136A.121, subdivision 6; 136A.1787; 136G.01; 136G.03, subdivisions 1, 18, 27; 136G.05, subdivisions 1, 6, 8; proposing coding for new law in Minnesota Statutes, chapters 136F; 137; repealing Minnesota Statutes 2010, sections 135A.26; 136G.11, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 181.986; 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>	\$ <u>1,282,884,000</u>	\$ <u>1,282,633,000</u>	\$ <u>2,565,517,000</u>
<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>	<u>4,314,000</u>
<u>Total</u>	\$ <u>1,285,041,000</u>	\$ <u>1,284,790,000</u>	\$ <u>2,569,831,000</u>

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

SUMMARY BY AGENCY - ALL FUNDS

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>Minnesota Office of Higher Education</u>	\$ <u>190,823,000</u>	\$ <u>190,573,000</u>	\$ <u>381,396,000</u>
<u>Mayo Medical Foundation</u>	<u>1,351,000</u>	<u>1,351,000</u>	<u>2,702,000</u>
<u>Board of Trustees of the Minnesota State Colleges and Universities</u>	<u>545,366,000</u>	<u>545,365,000</u>	<u>1,090,731,000</u>

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<u>Board of Regents of the</u> <u>University of Minnesota</u>	<u>547,501,000</u>	<u>547,501,000</u>	<u>1,095,002,000</u>
Total	\$ 1,285,041,000	\$ 1,284,790,000	\$ 2,569,831,000

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

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

APPROPRIATIONS
Available for the Year
Ending June 30
2012 **2013**

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

Subdivision 1. <u>Total Appropriation</u>	<u>\$ 190,823,000</u>	<u>\$ 190,573,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>State Grants</u>	<u>154,624,000</u>	<u>154,625,000</u>
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(a) If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

(b) For the biennium, the tuition maximum is \$10,488 in each year for students in four-year programs, and \$5,808 for students in two-year programs.

(c) This appropriation sets the living and miscellaneous expense allowance at \$7,000 each year.

Subd. 3. <u>Safety Officers' Survivors</u>	<u>100,000</u>	<u>100,000</u>
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This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to eligible dependent children and

to the spouses of public safety officers killed in the line of duty.

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Subd. 4. <u>Child Care Grants</u>	<u>6,684,000</u>	<u>6,684,000</u>
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Subd. 5. <u>State Work-Study</u>	<u>14,502,000</u>	<u>14,502,000</u>
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Subd. 6. <u>Indian Scholarships</u>	<u>1,850,000</u>	<u>1,850,000</u>
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This appropriation includes funding each year to administer the Indian scholarship program.

Subd. 7. <u>Intervention for College Attendance Program Grants</u>	<u>671,000</u>	<u>671,000</u>
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For grants under Minnesota Statutes, section 136A.861. Up to \$50,000 of this appropriation each year may be used for administrative expenses.

Subd. 8. <u>Midwest Higher Education Compact</u>	<u>95,000</u>	<u>95,000</u>
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Subd. 9. <u>United Family Medicine Residency Program</u>	<u>351,000</u>	<u>351,000</u>
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For a grant to the United Family Medicine residency program. This appropriation shall be used to support up to 18 resident physicians each year in family practice at United Family Medicine residency programs and shall prepare doctors to practice family care medicine in underserved rural and urban areas of the state. It is intended that this program will improve health care in underserved communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a cost-effective manner.

Subd. 10. <u>Interstate Tuition Reciprocity</u>	<u>3,150,000</u>	<u>3,250,000</u>
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If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

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Subd. 11. <u>Minnesota College Savings Plan</u>	<u>350,000</u>	<u>-0-</u>
Subd. 12. <u>MnLINK Gateway and Minitex</u>	<u>5,605,000</u>	<u>5,605,000</u>
Subd. 13. <u>Student and Parent Information</u>	<u>122,000</u>	<u>122,000</u>
Subd. 14. <u>Get Ready</u>	<u>180,000</u>	<u>180,000</u>
Subd. 15. <u>Minnesota Minority Partnership</u>	<u>45,000</u>	<u>45,000</u>
Subd. 16. <u>Agency Administration</u>	<u>2,494,000</u>	<u>2,493,000</u>

Subd. 17. Balances Forward

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

Subd. 18. Transfers

The Minnesota Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, the state work-study appropriation, the achieve scholarship appropriation, the public safety officers' survivors appropriation, and the Minnesota college savings plan appropriation. Transfers from the child care or state work-study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over higher education finance.

Sec. 4. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>545,366,000</u>	<u>\$</u>	<u>545,365,000</u>
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Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>545,366,000</u>	<u>545,365,000</u>

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

Subd. 2. Central Office and Shared Services Unit

33,074,000 33,074,000

For the Office of the Chancellor and the Shared Services Division. The reduction in the appropriation made by this subdivision from the net appropriation made for the central office and shared services unit in the biennium ending June 30, 2011, must not be allocated to any institution nor charged back to any campus or institution.

Subd. 3. Operations and Maintenance

508,177,000 508,176,000

\$102,000 each year is for the Cook County Higher Education Board to provide educational programs and academic support services. The base appropriation under this paragraph is \$102,000.

One percent of the fiscal year 2013 appropriation in this subdivision is available in fiscal year 2013 after the Board of Trustees of the Minnesota State Colleges and Universities demonstrates to the commissioner of management and budget that the board has achieved at least three of the following five performance goals:

(1) increase by at least seven percent, compared to fiscal year 2009, graduates or degrees, diplomas and certificates conferred;

(2) increase by at least ten percent, compared to fiscal year 2010, the number of students of color;

(3) increase by at least fifteen percent, compared to fiscal year 2010, the full year equivalent enrollment of students taking online or blended courses or the number of online and blended sections;

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(4) increase by at least one percent the fall 2011 persistence and completion rate for fall 2010 entering students compared to the fall 2010 rate for fall 2009 entering students; and

(5) decrease by at least two percent, compared to calendar year 2009, total energy consumption per square foot.

By October 1, 2011, the Board of Trustees and the Minnesota Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be used to demonstrate the Minnesota State Colleges and Universities' attainment of each goal.

On or before April 1, 2012, the Board of Trustees must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the Minnesota State Colleges and Universities toward attaining the goals.

Subd. 4. Learning Network of Minnesota

4,115,000

4,115,000

Subd. 5. Education Priorities

The Board of Trustees, in fulfilling the requirements of Minnesota Statutes, section 136F.06, by making reductions, approving programs of study, establishing requirements for completion of programs, and approving course offerings and requirements for credentials, must place the highest priority on meeting the needs of Minnesota employers for a skilled workforce. The board must focus on the efficient delivery of higher education, eliminate duplication throughout the system, and streamline the operation of the system to provide an education that prepares students for the workforce needs of Minnesota.

Sec. 5. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation

\$

547,501,000

\$

547,501,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>545,344,000</u>	<u>545,344,000</u>
<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>

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

Subd. 2. Operations and Maintenance483,881,000483,881,000

(a) This appropriation includes funding for operation and maintenance of the system.

(b) This appropriation includes money for the Veterinary Diagnostic Laboratory to preserve accreditation.

(c) During the biennium, the Board of Regents is encouraged to at least proportionally reduce spending for administration relative to spending reductions in other budget areas.

(d) One percent of the fiscal year 2013 appropriation in this subdivision is available in fiscal year 2013 when the Board of Regents of the University of Minnesota demonstrates to the commissioner of management and budget that the board has met at least three of the following five performance goals:

(1) increase the amount of institutional financial aid so that it is greater in fiscal year 2012 than in fiscal year 2010, excluding federal stimulus funding. Institutional financial aid includes funds from the University of Minnesota Foundation and the Minnesota Medical Foundation;

(2) produce at least 13,500 total degrees on all campuses in fiscal year 2012;

(3) increase the undergraduate four- and six-year graduation rates on the Twin Cities campus for 2011-2012, as reported in the federal completions survey, over the numbers for 2009-2010, as reported in the federal completion survey;

(4) produce total research and development expenditures, as reported to the National

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Science Foundation (NSF) for the University of Minnesota system so that the amount in the 2012 NSF report is not less than the amount in the 2010 NSF report; and

(5) produce sponsored funding from business and industry so that funding in fiscal year 2012, as reported to the Board of Regents in December of that year, is not less than funding in fiscal year 2010.

By October 1, 2011, the Board of Regents and the Minnesota Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be used to demonstrate the University of Minnesota's attainment of each goal.

On or before April 1, 2012, the Board of Regents must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the University of Minnesota toward attaining the goals.

Subd. 3. Education Priorities

The Board of Regents, in fulfilling their governance responsibilities for the University of Minnesota by making reductions, approving programs of study, establishing requirements for completion of programs, approving course offerings and requirements for credentials, and authorizing and funding research are encouraged to place the highest priority on meeting the needs of Minnesota employers for a skilled workforce. The board must focus on the efficient delivery of higher education, eliminate duplication and redundancy, streamline administration, and focus on providing an education that prepares students for the workforce needs of Minnesota.

Subd. 4. Primary Care Education Initiatives

2,157,000

2,157,000

This appropriation is from the health care access fund.

Subd. 5. Special Appropriations

(a) Agriculture and Extension Service42,922,00042,922,000

For the Agricultural Experiment Station and the Minnesota Extension Service:

(1) the agricultural experiment stations and Minnesota Extension Service must convene agricultural advisory groups to focus research, education, and extension activities on producer needs and implement an outreach strategy that more effectively and rapidly transfers research results and best practices to producers throughout the state;

(2) this appropriation includes funding for research and outreach on the production of renewable energy from Minnesota biomass resources, including agronomic crops, plant and animal wastes, and native plants or trees. The following areas should be prioritized and carried out in consultation with Minnesota producers, renewable energy, and bioenergy organizations:

(i) biofuel and other energy production from perennial crops, small grains, row crops, and forestry products in conjunction with the Natural Resources Research Institute (NRRI);

(ii) alternative bioenergy crops and cropping systems; and

(iii) biofuel coproducts used for livestock feed;

(3) this appropriation includes funding for the College of Food, Agricultural, and Natural Resources Sciences to establish and provide leadership for organic agronomic, horticultural, livestock, and food systems research, education, and outreach and for the purchase of state-of-the-art laboratory, planting, tilling, harvesting, and processing equipment necessary for this project;

(4) this appropriation includes funding for research efforts that demonstrate a renewed emphasis on the needs of the state's agriculture community. The following areas should be prioritized and carried out in consultation with Minnesota farm organizations:

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- (i) vegetable crop research with priority for extending the Minnesota vegetable growing season;
- (ii) fertilizer and soil fertility research and development;
- (iii) soil, groundwater, and surface water conservation practices and contaminant reduction research;
- (iv) discovering and developing plant varieties that use nutrients more efficiently;
- (v) breeding and development of turf seed and other biomass resources in all three Minnesota biomes;
- (vi) development of new disease-resistant and pest-resistant varieties of turf and agronomic crops;
- (vii) utilizing plant and livestock cells to treat and cure human diseases;
- (viii) the development of dairy coproducts;
- (ix) a rapid agricultural response fund for current or emerging animal, plant, and insect problems affecting production or food safety;
- (x) crop pest and animal disease research;
- (xi) developing animal agriculture that is capable of sustainably feeding the world;
- (xii) consumer food safety education and outreach;
- (xiii) programs to meet the research and outreach needs of organic livestock and crop farmers; and
- (xiv) alternative bioenergy crops and cropping systems; and growing, harvesting, and transporting biomass plant material; and
- (5) by February 1, 2013, the Board of Regents must submit a report to the legislative committees with responsibility for agriculture and higher education finance on the status and outcomes of research and initiatives funded in this section.

(b) Health Sciences4,854,0004,854,000

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\$346,000 each year is to support up to 12 resident physicians in the St. Cloud Hospital family practice residency program. The program must prepare doctors to practice primary care medicine in the rural areas of the state. The legislature intends this program to improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

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

(c) Institute of Technology1,140,0001,140,000

For the Geological Survey and the talented youth mathematics program.

(d) System Special5,056,0005,056,000

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

(e) University of Minnesota and Mayo Foundation Partnership7,491,0007,491,000

For the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. This appropriation is available until expended. An annual report on the expenditure of these funds must be submitted to the governor and the chairs of the senate and house of representatives committees responsible for higher education and economic development by June 30 of each fiscal year.

Subd. 6. Academic Health Center

The appropriation for Academic Health Center funding under Minnesota Statutes,

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section 297F.10, is estimated to be \$22,250,000 each year.

Sec. 6. **MAYO MEDICAL FOUNDATION**

Subdivision 1. <u>Total Appropriation</u>	<u>\$ 1,351,000</u>	<u>\$ 1,351,000</u>
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The amounts that may be spent for the purposes are specified in the following subdivisions.

Subd. 2. <u>Medical School</u>	<u>665,000</u>	<u>665,000</u>
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The state of Minnesota must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

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

Subd. 3. <u>Family Practice and Graduate Residency Program</u>	<u>686,000</u>	<u>686,000</u>
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The state of Minnesota must pay stipend support for up to 27 residents each year.

Sec. 7. **TUITION LIMITATION AT STATE COLLEGES.**

For the fiscal year ending June 30, 2013, the maximum tuition rate increase for a Minnesota resident undergraduate student at a state college of the Minnesota State Colleges and Universities must not exceed four percent.

Sec. 8. **EFFECTIVE DATE; RELATIONSHIP TO OTHER APPROPRIATIONS.**

Unless otherwise specified, this article is effective retroactively from July 1, 2011, and supersedes and replaces funding authorized by order of the Second Judicial District Court in Case No. 62-CV-11-5203.

ARTICLE 2

RELATED HIGHER EDUCATION PROVISIONS

Section 1. Minnesota Statutes 2010, section 135A.51, subdivision 2, is amended to read:

Subd. 2. **Senior citizen.** "Senior citizen" means a person who has reached ~~66~~ 62 years of age before the beginning of any term, semester or quarter, in which a course of

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study is pursued, or a person receiving a railroad retirement annuity who has reached 60 years of age before the beginning of the term.

EFFECTIVE DATE. This section is effective the day after final enactment for terms beginning after August 15, 2011.

Sec. 2. Minnesota Statutes 2010, section 136A.121, subdivision 6, is amended to read:

Subd. 6. **Cost of attendance.** (a) The recognized cost of attendance consists of ~~allowances:~~ (1) an allowance specified in law for living and miscellaneous expenses, and (2) an allowance for tuition and fees equal to the lesser of the average tuition and fees charged by the institution, or the a tuition and fee maximums maximum if one is established in law. If no tuition and fee maximum is established in law, the allowance for tuition and fees is equal to the lesser of: (1) the average tuition and fees charged by the institution, and (2) for two-year programs, an amount equal to the highest tuition and fees charged at a public two-year institution, or for four-year programs, an amount equal to the highest tuition and fees charged at a public university.

(b) For a student registering for less than full time, the office shall prorate the cost of attendance to the actual number of credits for which the student is enrolled.

(c) The recognized cost of attendance for a student who is confined to a Minnesota correctional institution shall consist of the tuition and fee component in paragraph (a), with no allowance for living and miscellaneous expenses.

(d) For the purpose of this subdivision, "fees" include only those fees that are mandatory and charged to full-time resident students attending the institution. Fees do not include charges for tools, equipment, computers, or other similar materials where the student retains ownership. Fees include charges for these materials if the institution retains ownership. Fees do not include optional or punitive fees.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2011.

Sec. 3. Minnesota Statutes 2010, section 136A.1787, is amended to read:

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

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

(1) needed to restore the loan capital fund to the minimum amount required by a resolution or indenture relating to any bonds or notes of the office, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding;

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

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

(b) If the office determines the need under paragraph (a), clause (2), to be for the immediately following fiscal year, the governor shall include and submit the amounts certified by the office in accordance with this section to the legislature in the governor's budget for the immediately following fiscal year, ~~or~~. If the office determines the need under paragraph (a), clause (1), (2), or (3), to be for the current fiscal year, the governor shall include and submit the amounts certified in a governor's supplemental budget if the regular budget for that year has previously been ~~approved~~ enacted.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2011.

Sec. 4. **[136F.705] UNDERGRADUATE TUITION GUARANTEE PLAN.**

(a) The board of trustees is encouraged to offer entering students a plan providing stable tuition for students pursuing two-year or four-year degrees that can provide students a tuition option designed to meet the goals in this section.

(b) A Minnesota resident student who first enrolls in a degree program at a state college or university beginning in the spring of 2012 or later is guaranteed a stable tuition for up to four consecutive academic years.

(c) For an undergraduate student enrolled in a baccalaureate degree program at a state university, the tuition charged to the student for each semester of enrollment during a four-year period, beginning with the first semester of enrollment, must not exceed the amount of tuition that the student was charged for the first semester of enrollment. For a student who continues to be enrolled after four consecutive academic years, the tuition rate for each semester in excess of four years is equal to the tuition rate paid by new enrollees at the state university.

(d) For an undergraduate student enrolled in an associate degree program at a college, the tuition charged to the student for each semester of enrollment during a two-year period, beginning with the first semester of enrollment, must not exceed the amount of tuition that the student was charged for the first semester of enrollment. For a student who continues to be enrolled after two consecutive academic years, the tuition rate for each semester in excess of two years is equal to the tuition rate for new enrollees at the college.

(e) Time limits for the stable tuition plan under this section do not apply to a student in the military while the student is on active military duty.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2011.

Sec. 5. Minnesota Statutes 2010, section 136G.01, is amended to read:

136G.01 PLAN ESTABLISHED.

A college savings plan known as the Minnesota college savings plan is established. In establishing this plan, the legislature seeks to encourage individuals to save for postsecondary education by:

(1) providing a qualified tuition plan under federal tax law; and

~~(2) providing matching grants for contributions to the program by low- and middle-income families, and~~

~~(3)~~ (2) encouraging individuals, foundations, and businesses to provide additional grants to participating students.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 6. Minnesota Statutes 2010, section 136G.03, subdivision 1, is amended to read:

Subdivision 1. **General.** For purposes of sections 136G.01 to ~~136G.13~~ 136G.14, the following terms have the meanings given.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 7. Minnesota Statutes 2010, section 136G.03, subdivision 18, is amended to read:

Subd. 18. **Matching grant.** "Matching grant" means an amount added to a matching grant account under section 136G.11 for eligible account beneficiaries for account contributions in calendar years 2001 to 2010.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 8. Minnesota Statutes 2010, section 136G.03, subdivision 27, is amended to read:

Subd. 27. **Plan.** "Plan" refers to the plan established under sections 136G.01 to ~~136G.13~~ 136G.14.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 9. Minnesota Statutes 2010, section 136G.05, subdivision 1, is amended to read:

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

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

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 10. Minnesota Statutes 2010, section 136G.05, subdivision 6, is amended to read:

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

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 11. Minnesota Statutes 2010, section 136G.05, subdivision 8, is amended to read:

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

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 12. **[137.105] UNDERGRADUATE TUITION GUARANTEE PLAN.**

The Board of Regents is encouraged to offer students a guaranteed tuition plan that can provide students a tuition option designed to meet the goals in this section. A Minnesota resident student who first enrolls in a degree program at the University of Minnesota beginning in the spring of 2012 or later may be offered guaranteed stable tuition for up to four consecutive academic years. Under the guaranteed plan, for an undergraduate student enrolled in a baccalaureate degree program, the tuition charged to the student for each semester of enrollment during a four-year period, beginning with the first semester of enrollment, must not exceed the amount of tuition that the student was charged for the first semester of enrollment. For a student who continues to be enrolled after four consecutive academic years, the tuition rate for each semester in excess of four years is equal to the tuition rate paid by new enrollees at the University of Minnesota. Time limits for the stable tuition plan under this section do not apply to a student in the military while the student is on active military duty.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2011.

Sec. 13. **STUDY OF GRADUATE EDUCATION IN FOR-PROFIT SECTOR.**

The Minnesota Office of Higher Education must study graduate education in for-profit institutions with a physical presence in the state. The study must examine the rights and responsibilities of graduate students attending those institutions. At a minimum, the study must include an analysis of graduate student disciplinary processes; processes and policies adopted for the protection of graduate students' intellectual property rights; policies and guidelines addressing academic freedom of inquiry for students; and administrative processes in place to address disputes. The office must report on the findings of this study by January 15, 2013, to the committees of the legislature with responsibility for higher education finance. The report must include recommendations for any changes to improve graduate education in the for-profit sector.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2011.

Sec. 14. **CREDIT TRANSFER WITHIN MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

When providing the report required by Laws 2010, chapter 364, section 38, the Board of Trustees of the Minnesota State Colleges and Universities shall provide information about progress made toward achieving the goals described in the system's smart transfer plan, and shall provide information about the number of students transferring between and among the system's two- and four-year institutions during the

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previous fiscal year. In addition, the Board of Trustees shall include a system study of mechanisms for effective transfer in other states.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2011.

Sec. 15. **REPEALER.**

(a) Minnesota Statutes 2010, sections 135A.26; and 181.986, are repealed effective retroactively from July 1, 2011.

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

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

Presented to the governor July 19, 2011

Signed by the governor July 20, 2011, 9:10 a.m.