

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH LEGISLATURE**

**S.F. No. 1236**

**(SENATE AUTHORS: BONOFF, Clausen and Dziedzic)**

DATE	D-PG	OFFICIAL STATUS
03/11/2013	770	Introduction and first reading Referred to Finance
03/13/2013	976	Author added Dziedzic
04/15/2013	1799a	Comm report: To pass as amended
	1835	Second reading
04/17/2013	1968a	Special Order: Amended
	1976	Third reading Passed
04/25/2013	3092	Returned from House with amendment
	3093	Senate not concur, conference committee of 5 requested
	3099	Senate conferees Bonoff; Clausen; Miller; Pappas; Eken
05/01/2013	3146	House conferees Pelowski; Winkler; Rosenthal; Dorholt; Nornes

## A bill for an act

relating to higher education; providing funding for the University of Minnesota, Minnesota State Colleges and Universities, the Minnesota Office of Higher Education, and for other higher education purposes; regulating the state grant program; limiting certain tuition increases; regulating bonus payments; eliminating state regulation of certain online instruction; providing for local bank deposit of certain MnSCU reserves; requiring the development of strategies to assist in the completion of post-secondary programs; requiring an assessment of the feasibility of a state program to refinance student debt; creating a pilot program for intensive mentoring, counseling, and job placement activities for certain students; requiring an evaluation of which performance standards should be used to evaluate institutional eligibility for state student financial aid programs; requiring the University of Minnesota to develop a plan to reduce administrative costs; requiring a higher education mental health summit; creating a tribal college supplemental grant assistance program; recognizing veteran's experience and training for various higher education purposes; providing a pilot program for state grant aid to part-time students at MnSCU institutions; appropriating money; amending Minnesota Statutes 2012, sections 13.47, subdivision 3; 127A.70, subdivision 2; 135A.61; 136A.031, subdivision 2; 136A.101, subdivisions 3, 5a, 9; 136A.121, subdivision 5, by adding a subdivision; 136A.125, subdivisions 2, 4; 136A.233, subdivision 2; 136A.62, by adding a subdivision; 136A.646; 136A.65, subdivisions 4, 8; 136A.653, by adding a subdivision; 136F.40, subdivision 2; 137.027; 141.25, subdivision 7; 141.35; 197.775, subdivisions 1, 2, by adding a subdivision; 268.19, subdivision 1; 299A.45, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 137; repealing Minnesota Statutes 2012, section 136A.121, subdivision 9b.

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

## ARTICLE 1

## **HIGHER EDUCATION APPROPRIATIONS**

1.30 Section 1. **SUMMARY OF APPROPRIATIONS.**

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

**SUMMARY BY FUND**

	<u>2014</u>	<u>2015</u>	<u>Total</u>
<u>General</u>	\$ <u>1,398,228,000</u>	\$ <u>1,429,733,000</u>	\$ <u>2,827,961,000</u>
<u>Health Care Access</u>	\$ <u>2,157,000</u>	\$ <u>2,157,000</u>	\$ <u>4,314,000</u>
<b><u>Total</u></b>	<b>\$ <u>1,400,385,000</u></b>	<b>\$ <u>1,431,890,000</u></b>	<b>\$ <u>2,832,275,000</u></b>

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>2014</u>	<u>2015</u>	<u>Total</u>
<u>Minnesota Office of Higher Education</u>	\$ <u>243,113,000</u>	\$ <u>242,218,000</u>	\$ <u>485,331,000</u>
<u>Board of Trustees of the Minnesota State Colleges and Universities</u>	\$ <u>577,615,000</u>	\$ <u>593,115,000</u>	\$ <u>1,170,730,000</u>
<u>Board of Regents of the University of Minnesota</u>	\$ <u>578,306,000</u>	\$ <u>595,206,000</u>	\$ <u>1,173,512,000</u>
<u>Mayo Clinic</u>	\$ <u>1,351,000</u>	\$ <u>1,351,000</u>	\$ <u>2,702,000</u>
<b><u>Total</u></b>	<b>\$ <u>1,400,385,000</u></b>	<b>\$ <u>1,431,890,000</u></b>	<b>\$ <u>2,832,275,000</u></b>

**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 "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2014</u>	<u>2015</u>

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

Subdivision 1. Total Appropriation \$ 243,113,000 \$ 242,218,000

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

Subd. 2. State Grants \$ 194,625,000 \$ 194,625,000

3.1	<u>If the appropriation in this subdivision for</u>		
3.2	<u>either year is insufficient, the appropriation</u>		
3.3	<u>for the other year is available for it.</u>		
3.4	<u>Subd. 3. <b>Child Care Grants</b></u>	<u>6,684,000</u>	<u>6,684,000</u>
3.5	<u>Subd. 4. <b>State Work-Study</b></u>	<u>14,502,000</u>	<u>14,502,000</u>
3.6	<u>Subd. 5. <b>Interstate Tuition Reciprocity</b></u>	<u>11,465,000</u>	<u>10,570,000</u>
3.7	<u>If the appropriation in this subdivision for</u>		
3.8	<u>either year is insufficient, the appropriation</u>		
3.9	<u>for the other year is available to meet</u>		
3.10	<u>reciprocity contract obligations.</u>		
3.11	<u>Subd. 6. <b>Safety Officer's Survivors</b></u>	<u>100,000</u>	<u>100,000</u>
3.12	<u>This appropriation is to provide educational</u>		
3.13	<u>benefits under Minnesota Statutes, section</u>		
3.14	<u>299A.45, to eligible dependent children and</u>		
3.15	<u>to the spouses of public safety officers killed</u>		
3.16	<u>in the line of duty.</u>		
3.17	<u>If the appropriation in this subdivision for</u>		
3.18	<u>either year is insufficient, the appropriation</u>		
3.19	<u>for the other year is available for it.</u>		
3.20	<u>Subd. 7. <b>Indian Scholarships</b></u>	<u>3,100,000</u>	<u>3,100,000</u>
3.21	<u>The director must contract with or employ</u>		
3.22	<u>at least one person with demonstrated</u>		
3.23	<u>competence in American Indian culture and</u>		
3.24	<u>residing in or near the city of Bemidji to</u>		
3.25	<u>assist students with the scholarships under</u>		
3.26	<u>Minnesota Statutes, section 136A.126, and</u>		
3.27	<u>with other information about financial aid for</u>		
3.28	<u>which the students may be eligible. Bemidji</u>		
3.29	<u>State University must provide office space</u>		
3.30	<u>at no cost to the Minnesota Office of Higher</u>		
3.31	<u>Education for purposes of administering the</u>		
3.32	<u>American Indian scholarship program under</u>		
3.33	<u>Minnesota Statutes, section 136A.126. This</u>		

4.1	<u>appropriation includes funding to administer</u>		
4.2	<u>the American Indian scholarship program.</u>		
4.3	<u>Subd. 8. <b>Tribal College Grants</b></u>	<u>150,000</u>	<u>150,000</u>
4.4	<u>For tribal college assistance grants under</u>		
4.5	<u>new Minnesota Statutes, section 136A.50.</u>		
4.6	<u>Subd. 9. <b>High School-to-College Developmental</b></u>		
4.7	<u><b>Transition Grants</b></u>	<u>100,000</u>	<u>100,000</u>
4.8	<u>For grants under Minnesota Statutes, section</u>		
4.9	<u>135A.61, for the high school-to-college</u>		
4.10	<u>developmental transition program grants.</u>		
4.11	<u>Subd. 10. <b>Intervention for College Attendance</b></u>		
4.12	<u><b>Program Grants</b></u>	<u>671,000</u>	<u>671,000</u>
4.13	<u>For the intervention for college attendance</u>		
4.14	<u>program under Minnesota Statutes, section</u>		
4.15	<u>136A.861.</u>		
4.16	<u>This appropriation includes funding to</u>		
4.17	<u>administer the intervention for college</u>		
4.18	<u>attendance program grants.</u>		
4.19	<u>Subd. 11. <b>Student-Parent Information</b></u>	<u>122,000</u>	<u>122,000</u>
4.20	<u>Subd. 12. <b>Get Ready</b></u>	<u>180,000</u>	<u>180,000</u>
4.21	<u>Subd. 13. <b>Midwest Higher Education Compact</b></u>	<u>95,000</u>	<u>95,000</u>
4.22	<u>Subd. 14. <b>Minnesota Minority Partnership</b></u>	<u>45,000</u>	<u>45,000</u>
4.23	<u>Subd. 15. <b>United Family Medicine Residency</b></u>		
4.24	<u><b>Program</b></u>	<u>351,000</u>	<u>351,000</u>
4.25	<u>For a grant to United Family Medicine</u>		
4.26	<u>residency program. This appropriation</u>		
4.27	<u>shall be used to support up to 18 resident</u>		
4.28	<u>physicians each year in family practice at</u>		
4.29	<u>United Family Medicine residency programs</u>		
4.30	<u>and shall prepare doctors to practice family</u>		
4.31	<u>care medicine in underserved rural and</u>		
4.32	<u>urban areas of the state. It is intended</u>		
4.33	<u>that this program will improve health</u>		
4.34	<u>care in underserved communities, provide</u>		

5.1	<u>affordable access to appropriate medical</u>		
5.2	<u>care, and manage the treatment of patients in</u>		
5.3	<u>a cost-effective manner.</u>		
5.4	<u>Subd. 16. <b>MnLINK Gateway and Minitex</b></u>	<u>5,905,000</u>	<u>5,905,000</u>
5.5	<u>Subd. 17. <b>Statewide Longitudinal Education</b></u>		
5.6	<u><b>Data System</b></u>	<u>882,000</u>	<u>882,000</u>
5.7	<u>\$582,000 in fiscal year 2014 and \$582,000</u>		
5.8	<u>in fiscal year 2015 are appropriated to the</u>		
5.9	<u>Office of Higher Education for transfer</u>		
5.10	<u>to the Office of Enterprise Technology to</u>		
5.11	<u>maintain infrastructure of the Statewide</u>		
5.12	<u>Longitudinal Education Data System and</u>		
5.13	<u>to acquire additional data through purchase</u>		
5.14	<u>and development. This transfer to the Office</u>		
5.15	<u>of Enterprise Technology is onetime. Any</u>		
5.16	<u>ongoing information technology support</u>		
5.17	<u>or costs for the Statewide Longitudinal</u>		
5.18	<u>Education Data System will be incorporated</u>		
5.19	<u>into the service level agreement and will be</u>		
5.20	<u>paid to the Office of Enterprise Technology</u>		
5.21	<u>by the Office of Higher Education under</u>		
5.22	<u>the rates and mechanism specified in that</u>		
5.23	<u>agreement.</u>		
5.24	<u>Subd. 18. <b>Hennepin County Medical Center</b></u>	<u>645,000</u>	<u>645,000</u>
5.25	<u>For transfer to Hennepin County Medical</u>		
5.26	<u>Center for graduate family medical education</u>		
5.27	<u>programs at Hennepin County Medical</u>		
5.28	<u>Center.</u>		
5.29	<u>Subd. 19. <b>Teach for America</b></u>	<u>750,000</u>	<u>750,000</u>
5.30	<u>For the purpose of supporting Teach for</u>		
5.31	<u>America activities in Minnesota and must</u>		
5.32	<u>not be used for teaching services performed</u>		
5.33	<u>outside Minnesota. The appropriation shall</u>		
5.34	<u>be used for:</u>		

6.1 (1) expenses related to the recruitment,  
6.2 selection, and training of Teach for America  
6.3 corps members;

6.4 (2) ongoing professional development and  
6.5 support of Teach for America corps members;

6.6 (3) ongoing alumni support; and

6.7 (4) management and operational support,  
6.8 development, and central services, including  
6.9 finance, technology, and human services.

6.10 The appropriations are expected to leverage  
6.11 an additional \$2,121,230 in fiscal year  
6.12 2014 and \$3,428,730 in fiscal year 2015 in  
6.13 nonstate money.

6.14 Teach for America must by February 1, 2015,  
6.15 report to the chairs and ranking minority  
6.16 members of the legislative committees  
6.17 and divisions with jurisdiction over higher  
6.18 education on activities funded by this  
6.19 appropriation. Specifically, and without  
6.20 limitation, the report must include a report  
6.21 on the number of teachers of color funded  
6.22 and on the success of the teaching activities.

6.23 To the extent possible, success must be  
6.24 measured using the Minnesota teachers  
6.25 development and evaluation program.

6.26 Subd. 20. Collaborative Urban Education 250,000 250,000

6.27 For East African teacher educative activities  
6.28 at Augsburg College. Augsburg College  
6.29 must report by January 15 of each year to  
6.30 the chairs and ranking minority members of  
6.31 the legislative committees and divisions with  
6.32 jurisdiction over higher education finance  
6.33 on activities funded by this appropriation,  
6.34 including the number of teachers produced,

7.1 the diversity of each cohort of teachers  
7.2 produced, and the success of the program.  
7.3 To the extent possible, success must be  
7.4 measured using the Minnesota teachers'  
7.5 development and evaluation program. Any  
7.6 balance in the first year does not cancel but is  
7.7 available in the second year.

7.8 Subd. 21. **Agency Administration** 2,491,000 2,491,000

7.9 Subd. 22. **Balances Forward**

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

7.13 Subd. 23. **Transfers**

7.14 The Minnesota Office of Higher Education  
7.15 may transfer unencumbered balances from  
7.16 the appropriations in this section to the state  
7.17 grant appropriation, the interstate tuition  
7.18 reciprocity appropriation, the child care  
7.19 grant appropriation, the Indian scholarship  
7.20 appropriation, the state work-study  
7.21 appropriation, the get ready appropriation,  
7.22 and the public safety officers' survivors  
7.23 appropriation. Transfers from the child care  
7.24 or state work-study appropriations may only  
7.25 be made to the extent there is a projected  
7.26 surplus in the appropriation. A transfer may  
7.27 be made only with prior written notice to  
7.28 the chairs and ranking minority members  
7.29 of the senate and house of representatives  
7.30 committees and divisions with jurisdiction  
7.31 over higher education finance.

7.32 Sec. 4. **BOARD OF TRUSTEES OF THE**  
7.33 **MINNESOTA STATE COLLEGES AND**  
7.34 **UNIVERSITIES**

7.35 Subdivision 1. **Total Appropriation** \$ 577,615,000 \$ 593,115,000

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

8.4      **Subd. 2. Central Office and Shared Services**  
 8.5      **Unit**

33,074,000      33,074,000

8.6      For the Office of the Chancellor and the  
 8.7      Shared Services Division.

8.8      **Subd. 3. Operations and Maintenance**      540,426,000      555,926,000

8.9      The Board of Trustees may not set the tuition  
 8.10      rate in any degree-granting program for the  
 8.11      2013-2014 and 2014-2015 academic years  
 8.12      at a rate greater than three percent above  
 8.13      the 2012-2013 academic year rate. The  
 8.14      student tuition relief may not be offset by  
 8.15      increases in mandatory fees, charges, or other  
 8.16      assessments to the student that would result  
 8.17      in an estimated cost of attendance directly  
 8.18      attributable to the board, institution, or  
 8.19      program in which the student is enrolled at an  
 8.20      amount greater than three percent above that  
 8.21      estimate for the 2012-2013 academic year.

8.22      \$18,000 each year is for transfer to the Cook  
 8.23      County Higher Education Board to provide  
 8.24      educational programming and academic  
 8.25      support services to remote regions in  
 8.26      northeastern Minnesota. This appropriation  
 8.27      is in addition to the \$102,000 per fiscal year  
 8.28      this project currently receives. The project  
 8.29      shall continue to provide information to the  
 8.30      Board of Trustees on the number of students  
 8.31      served, credit hours delivered, and services  
 8.32      provided to students. The base appropriation  
 8.33      under this paragraph is \$120,000 each year.

8.34      \$9,000,000 in fiscal year 2014 and  
 8.35      \$10,000,000 in fiscal year 2015 are for a

9.1 leveraged equipment program. For the  
9.2 purpose of this section, "equipment" means  
9.3 equipment for instructional purposes for  
9.4 programs that the board determines would  
9.5 produce graduates with skills for which there  
9.6 is a high employer need within the state. An  
9.7 equipment acquisition may be made under  
9.8 this appropriation only if matched by cash or  
9.9 in-kind contributions from nonstate sources.

9.10 \$4,000,000 in fiscal year 2014 and  
9.11 \$4,000,000 in fiscal year 2015 are for a  
9.12 faculty-driven innovations program. The  
9.13 faculty-driven innovations program will  
9.14 enable faculty to enhance the quality of  
9.15 instruction and accelerate student progress  
9.16 through technology-driven learning.

9.17 \$9,000,000 in fiscal year 2014 and  
9.18 \$20,000,000 in fiscal year 2015 are to retain  
9.19 high-quality faculty and staff.

9.20 \$1,000,000 in fiscal year 2014 and  
9.21 \$1,000,000 in fiscal year 2015 are for an  
9.22 internship and apprenticeship program.  
9.23 Fiscal year 2015 funds are available when  
9.24 the Board of Trustees demonstrates to the  
9.25 commissioner of management and budget  
9.26 that \$2,000,000 in nonstate matching funds  
9.27 have been secured for the program.

9.28 \$3,500,000 in fiscal year 2014 and  
9.29 \$6,500,000 in fiscal year 2015 are  
9.30 for purposes of meeting the needs in  
9.31 high-demand professions. This appropriation  
9.32 includes a onetime appropriation of \$50,000  
9.33 in fiscal year 2014, to convene a mental health  
9.34 issues summit, and complete the activities  
9.35 described in article 2, section 13. Fiscal year

10.1 2015 appropriated funds are available when  
10.2 the Board of Trustees of the Minnesota State  
10.3 Colleges and Universities demonstrates to  
10.4 the commissioner of management and budget  
10.5 that twenty new or expanded programs will  
10.6 be enrolling students for the fall 2014 term.

10.7 \$5,750,000 in fiscal year 2014 and  
10.8 \$6,250,000 in fiscal year 2015 for the purpose  
10.9 of increasing retention and completion rates,  
10.10 leading to higher numbers of certificates,  
10.11 diplomas, and degrees conferred.

10.12 Five percent of the fiscal year 2015  
10.13 appropriation in this subdivision is available  
10.14 in fiscal year 2015 when the Board of  
10.15 Trustees of the Minnesota State Colleges and  
10.16 Universities (MnSCU) demonstrates to the  
10.17 commissioner of management and budget  
10.18 that the board has met at least three of the  
10.19 following five performance goals:

10.20 (1) increase by at least four percent in  
10.21 fiscal year 2013, compared to fiscal year  
10.22 2010, graduates or degrees, diplomas, and  
10.23 certificates conferred;

10.24 (2) increase by at least one percent the fall  
10.25 2013 persistence and completion rate for fall  
10.26 2012 entering students compared to the fall  
10.27 2010 rate for fall 2009 entering students;

10.28 (3) increase by at least four percent the fiscal  
10.29 year 2013 related employment rate for 2012  
10.30 graduates compared to the 2011 rate for 2010  
10.31 graduates;

10.32 (4) by 2014, MnSCU must collect data on  
10.33 the number of Open Educational Resources  
10.34 (OER) tools and services offered and  
10.35 formulate a plan to actualize a one percent

11.1 reduction in expenses directly related to the  
 11.2 cost of instruction incurred by students; and  
 11.3 (5) reallocate \$22,000,000 that became  
 11.4 available through expense realignment in  
 11.5 fiscal year 2014.

11.6 "Open Educational Resources" includes,  
 11.7 but is not limited to, textbooks, study  
 11.8 guides, worksheets, journals, video, audio  
 11.9 recordings, massive open online courses, or  
 11.10 other innovative course configuration.

11.11 "Cost of instruction" means average tuition,  
 11.12 average fees, average cost to student for  
 11.13 textbooks and related course material.

11.14 By August 1, 2013, the Board of Trustees  
 11.15 and the Minnesota Office of Higher  
 11.16 Education must agree on specific numerical  
 11.17 indicators and definitions for each of the five  
 11.18 goals that will be used to demonstrate the  
 11.19 Minnesota State Colleges and Universities'  
 11.20 attainment of each goal. On or before April  
 11.21 1, 2014, the Board of Trustees must report  
 11.22 to the legislative committees with primary  
 11.23 jurisdiction over higher education finance and  
 11.24 policy the progress of the Minnesota State  
 11.25 Colleges and Universities toward attaining  
 11.26 the goals. The appropriation base for the  
 11.27 next biennium shall include appropriations  
 11.28 not made available under this subdivision for  
 11.29 failure to meet performance goals.

11.30 Subd. 4. Learning Network of Minnesota 4,115,000 4,115,000

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

11.33 Subdivision 1. Total Appropriation \$ 578,306,000 \$ 595,206,000

12.1                   Appropriations by Fund

	<u>2014</u>	<u>2015</u>
12.3 <u>General</u>	<u>576,149,000</u>	<u>593,049,000</u>
12.4 <u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>

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

12.8    Subd. 2. Operations and Maintenance                   514,686,000                   530,386,000

12.9    This appropriation includes funding for  
 12.10   operation and maintenance of the system.

12.11   This appropriation includes \$14,200,000 in  
 12.12   fiscal year 2014 and \$28,400,000 in fiscal  
 12.13   year 2015 for tuition relief. The Board  
 12.14   of Regents is requested to maintain the  
 12.15   Minnesota resident undergraduate tuition rate  
 12.16   for the 2013-2014 and 2014-2015 academic  
 12.17   years at the 2012-2013 academic year rate.

12.18   \$17,250,000 in fiscal year 2014 and  
 12.19   \$18,750,000 in fiscal year 2015 is for  
 12.20   the Minnesota Discovery, Research, and  
 12.21   InnoVation Economy (MnDRIVE) funding  
 12.22   program.

12.23   Five percent of the fiscal year 2015  
 12.24   appropriation in this subdivision is available  
 12.25   in fiscal year 2015 when the Board of Regents  
 12.26   of the University of Minnesota demonstrates  
 12.27   to the commissioner of management and  
 12.28   budget that the board has met at least three of  
 12.29   the following five performance goals:

12.30    (1) increase by at least one percent the Twin  
 12.31    Cities campus undergraduate four-year,  
 12.32    five-year, or six-year graduation rates  
 12.33    averaged over three years, for low-income  
 12.34    students reported in fall 2014 over fall 2012.  
 12.35    The average rate for fall 2012 is calculated

13.1 with the fall 2010, 2011, and 2012 graduation  
13.2 rates;  
13.3 (2) increase by at least three percent the total  
13.4 number of undergraduate STEM degrees,  
13.5 averaged over three years, conferred by the  
13.6 University of Minnesota Twin Cities campus  
13.7 reported in fiscal year 2014 over fiscal year  
13.8 2012. The averaged number for fall 2012 is  
13.9 calculated with the fall 2010, 2011, and 2012  
13.10 number;  
13.11 (3) increase by at least one percent the  
13.12 four-year, five-year, or six-year graduation  
13.13 rates, averaged over three years, at the  
13.14 University of Minnesota reported in fall 2014  
13.15 over fall 2012. The average rate for fall 2012  
13.16 is calculated with the fall 2010, 2011, and  
13.17 2012 graduation rates;  
13.18 (4) for fiscal year 2014, decrease by  
13.19 \$15,000,000 of the university's total  
13.20 operating budget expenditures devoted  
13.21 to administration oversight and mission  
13.22 support/facilities. Administration oversight  
13.23 and mission support/facilities are the  
13.24 expenses: (i) to support the delivery of  
13.25 mission activities; and (ii) the leadership,  
13.26 direction, control, and management of the  
13.27 mission; and  
13.28 (5) increase invention disclosures by three  
13.29 percent for fiscal year 2014 over fiscal year  
13.30 2013 (net of student disclosures).  
13.31 By August 1, 2013, the Board of Regents and  
13.32 the Minnesota Office of Higher Education  
13.33 must agree on specific numerical indicators  
13.34 and definitions for each of the five goals that  
13.35 will be used to demonstrate the University of

14.1 Minnesota's attainment of each goal. On or  
14.2 before April 1, 2014, the Board of Regents  
14.3 must report to the legislative committees  
14.4 with primary jurisdiction over higher  
14.5 education finance and policy the progress of  
14.6 the University of Minnesota toward attaining  
14.7 the goals. The appropriation base for the  
14.8 next biennium shall include appropriations  
14.9 not made available under this subdivision for  
14.10 failure to meet performance goals.

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

14.12 This appropriation is from the health care  
14.13 access fund.

14.14 **Subd. 4. Special Appropriations**

14.15 **(a) Agriculture and Extension Service** 42,922,000 42,922,000

14.16 For the Agricultural Experiment Station and  
14.17 the Minnesota Extension Service:

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

14.26 (2) this appropriation includes funding for  
14.27 research and outreach on the production of  
14.28 renewable energy from Minnesota biomass  
14.29 resources, including agronomic crops, plant  
14.30 and animal wastes, and native plants or trees.

14.31 The following areas should be prioritized and  
14.32 carried out in consultation with Minnesota  
14.33 producers, renewable energy, and bioenergy  
14.34 organizations:

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

15.6 (ii) alternative bioenergy crops and cropping  
15.7 systems; and

15.8 (iii) biofuel coproducts used for livestock  
15.9 feed;

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

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

15.26 (i) vegetable crop research with priority for  
15.27 extending the Minnesota vegetable growing  
15.28 season;

15.29 (ii) fertilizer and soil fertility research and  
15.30 development;

15.31 (iii) soil, groundwater, and surface water  
15.32 conservation practices and contaminant  
15.33 reduction research;

16.1 (iv) discovering and developing plant  
16.2 varieties that use nutrients more efficiently;  
16.3 (v) breeding and development of turf seed  
16.4 and other biomass resources in all three  
16.5 Minnesota biomes;  
16.6 (vi) development of new disease-resistant  
16.7 and pest-resistant varieties of turf and  
16.8 agronomic crops;  
16.9 (vii) utilizing plant and livestock cells to treat  
16.10 and cure human diseases;  
16.11 (viii) the development of dairy coproducts;  
16.12 (ix) a rapid agricultural response fund for  
16.13 current or emerging animal, plant, and insect  
16.14 problems affecting production or food safety;  
16.15 (x) crop pest and animal disease research;  
16.16 (xi) developing animal agriculture that is  
16.17 capable of sustainably feeding the world;  
16.18 (xii) consumer food safety education and  
16.19 outreach;  
16.20 (xiii) programs to meet the research and  
16.21 outreach needs of organic livestock and crop  
16.22 farmers; and  
16.23 (xiv) alternative bioenergy crops and  
16.24 cropping systems; and growing, harvesting,  
16.25 and transporting biomass plant material; and  
16.26 (5) by February 1, 2015, the Board of Regents  
16.27 must submit a report to the legislative  
16.28 committees and divisions with responsibility  
16.29 for agriculture and higher education finance  
16.30 on the status and outcomes of research and  
16.31 initiatives funded in this section.

16.32 (b) Health Sciences 4,854,000 6,054,000

17.1 \$346,000 each year is to support up to 12  
 17.2 resident physicians in the St. Cloud Hospital  
 17.3 family practice residency program. The  
 17.4 program must prepare doctors to practice  
 17.5 primary care medicine in rural areas of the  
 17.6 state. The legislature intends this program  
 17.7 to improve health care in rural communities,  
 17.8 provide affordable access to appropriate  
 17.9 medical care, and manage the treatment of  
 17.10 patients in a more cost-effective manner.  
 17.11 \$1,200,000 the second year is for the health  
 17.12 care professional loan forgiveness program.  
 17.13 The remainder of this appropriation is for  
 17.14 the rural physicians associates program, the  
 17.15 Veterinary Diagnostic Laboratory, health  
 17.16 sciences research, dental care, and the  
 17.17 Biomedical Engineering Center.

17.18 **(c) Institute of Technology** 1,140,000 1,140,000

17.19 For the geological survey and the talented  
 17.20 youth mathematics program.

17.21 **(d) System Special** 5,056,000 5,056,000

17.22 For general research, industrial relations  
 17.23 education, Natural Resources Research  
 17.24 Institute, Center for Urban and Regional  
 17.25 Affairs, Bell Museum of Natural History, and  
 17.26 the Humphrey Exhibit.

17.27 **(e) University of Minnesota and Mayo**  
 17.28 **Foundation Partnership** 7,491,000 7,491,000

17.29 For the direct and indirect expenses of the  
 17.30 collaborative research partnership between  
 17.31 the University of Minnesota and the Mayo  
 17.32 Foundation for research in biotechnology  
 17.33 and medical genomics. This appropriation is  
 17.34 available until expended. An annual report  
 17.35 on the expenditure of these funds must be

18.1 submitted to the governor and the chairs of  
18.2 the legislative committee responsible for  
18.3 higher education finance by June 30 of each  
18.4 fiscal year.

18.5 **Subd. 5. Academic Health Center**

18.6 The appropriation for Academic Health  
18.7 Center funding under Minnesota Statutes,  
18.8 section 297F.10, is estimated to be  
18.9 \$22,250,000 each year.

18.10 **Subd. 6. Athletic buyouts**

18.11 The appropriations made by this section may  
18.12 not be used to pay, in whole or part, for a  
18.13 buyout of an employment contract of a coach  
18.14 or other employee of the athletic department  
18.15 of the University of Minnesota.

18.16 **Sec. 6. MAYO CLINIC**

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

18.18 The amounts that may be spent are specified  
18.19 in the following subdivisions.

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

18.21 The state must pay a capitation each year for  
18.22 each student who is a resident of Minnesota.  
18.23 The appropriation may be transferred  
18.24 between each year of the biennium to  
18.25 accommodate enrollment fluctuations. It is  
18.26 intended that during the biennium the Mayo  
18.27 Clinic use the capitation money to increase  
18.28 the number of doctors practicing in rural  
18.29 areas in need of doctors.

18.30 Subd. 3. Family Practice and Graduate  
18.31 Residency Program 686,000 686,000

18.32 The state must pay stipend support for up to  
18.33 27 residents each year.

**ARTICLE 2****REFORM AND PATHWAYS TO REFORM**

19.1 Section 1. Minnesota Statutes 2012, section 135A.61, is amended to read:

19.4 **135A.61 HIGH SCHOOL-TO-COLLEGE DEVELOPMENTAL TRANSITION  
19.5 PROGRAMS PROGRAM GRANTS.**

19.6 Subdivision 1. **High school-to-college developmental transition programs**  
19.7 **program grants.** All public higher education systems and other higher education  
19.8 institutions in Minnesota are encouraged to offer (a) The director of the Minnesota Office of  
19.9 Higher Education shall award competitive matching grants to Minnesota public and private  
19.10 postsecondary institutions offering research-based high school-to-college developmental  
19.11 transition programs to prepare students for college-level academic coursework. A program  
19.12 under this section must, at a minimum, include instruction to develop the skills and  
19.13 abilities necessary to be ready for college-level coursework when the student enrolls in a  
19.14 degree, diploma, or certificate program and must address the academic skills identified  
19.15 as needing improvement by a college readiness assessment completed by the student. A  
19.16 program **Developmental courses** offered under this section must not constitute more than  
19.17 the equivalent of one semester of full-time study occurring in the summer following  
19.18 high school graduation. The courses completed in a program under this section must be  
19.19 identified on the student's transcript with a unique identifier to distinguish **it** **them** from  
19.20 other developmental education courses or programs. **Courses attended will not count**  
19.21 **towards the limit on postsecondary education used for state financial aid programs under**  
19.22 **sections 136A.121, subdivision 9, and 136A.125, subdivision 2, paragraph (a), clause (4).**

19.23 Grants must be awarded to programs that provide instruction and services including,  
19.24 but not limited to:

19.25 (1) summer developmental courses in academic areas requiring remediation;  
19.26 (2) academic advising, mentoring, and tutoring during the summer program and  
19.27 throughout the student's first year of enrollment;  
19.28 (3) interaction with student support services, admissions and financial aid offices; and  
19.29 (4) orientation to college life, such as study skills or time management.

19.30 (b) Grants shall be awarded to eligible postsecondary institutions as defined in  
19.31 section 136A.103.

19.32 (c) Grants shall be awarded for one year and may be renewed for a second year  
19.33 with documentation to the Minnesota Office of Higher Education of successful program  
19.34 outcomes.

20.1        Subd. 1a. **Eligible students.** (a) Eligible students include students who earned a  
20.2        high school diploma or its equivalent during the academic year immediately preceding the  
20.3        summer program and who meet one or more of the following criteria:

20.4        (1) are counted under section 1124(c) of the Elementary and Secondary Education  
20.5        Act of 1965 (Title I);  
20.6        (2) are eligible for free or reduced-price lunch under the National School Lunch Act;  
20.7        (3) receive assistance under the Temporary Assistance for Needy Families Law (Title  
20.8        I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996); or  
20.9        (4) are a member of a group traditionally underrepresented in higher education.

20.10        (b) Eligible students include those who met the student eligibility criteria in the  
20.11        student's final year of high school and plan to enroll in college the academic year following  
20.12        high school graduation or its equivalency.

20.13        Subd. 1b. **Application process.** (a) The director of the Minnesota Office of Higher  
20.14        Education shall develop a grant application process. The director shall attempt to support  
20.15        projects in a manner that ensures that eligible students throughout the state have access to  
20.16        program services.

20.17        (b) The grant application must include, at a minimum, the following information:  
20.18        (1) a description of the characteristics of the students to be served reflective of the  
20.19        need for services listed in subdivision 1;  
20.20        (2) a description of the services to be provided and a timeline for implementation of  
20.21        the activities;  
20.22        (3) a description of how the services provided will improve postsecondary readiness  
20.23        and support postsecondary retention;  
20.24        (4) a description of how the services will be evaluated to determine whether the  
20.25        program goals were met; and  
20.26        (5) other information as identified by the director.

20.27        Grant recipients must specify both program and student outcome goals, and  
20.28        performance measures for each goal.

20.29        Subd. 1c. **Match required.** Applicants are required to match the grant amount  
20.30        dollar-for-dollar. The match may be in cash or an in-kind contribution.

20.31        Subd. 1d. **Review committee.** The director must establish and convene a grant  
20.32        selection committee to review applications and award grants. The members of the  
20.33        committee may include representatives of postsecondary institutions, school districts,  
20.34        organizations providing college outreach services, and others deemed appropriate by the  
20.35        director.

21.1        **Subd. 2. High school-to-college developmental transition programs evaluation report.** (a) Institutions that offer a high school-to-college developmental transition program ~~and enroll students that receive a grant under section 136A.121, subdivision 9b,~~ must annually submit data and information about the services provided and program outcomes to the director of the Minnesota Office of Higher Education.

21.6        (b) The director must establish and convene a data working group to develop: (1) the data methodology to be used in evaluating the effectiveness of the programs implemented to improve the academic performance of participants, including the identification of appropriate comparison groups; and (2) a timeline for institutions to submit data and information to the director. The data working group must develop procedures that ensure consistency in the data collected by each institution. Data group members must have expertise in data collection processes and the delivery of academic programs to students, and represent the types of institutions that offer a program under this section. The data group must assist the director in analyzing and synthesizing institutional data and information to be included in the evaluation report submitted to the legislature under subdivision 3.

21.17        (c) Participating institutions must specify both program and student outcome goals and the activities implemented to achieve the goals. The goals must be clearly stated and measurable, and data collected must enable the director to verify the program has met the outcome goals established for the program.

21.21        (d) The data and information submitted must include, at a minimum, the following:

21.22            (1) demographic information about program participants;

21.23            (2) names of the high schools from which the students graduated;

21.24            (3) the college readiness test used to determine the student was not ready for college-level academic coursework;

21.26            (4) the academic content areas assessed and the scores received by the students on the college readiness test;

21.28            (5) a description of the services, including any supplemental noncredit academic support services, provided to students;

21.30            (6) data on the registration load, courses completed, and grades received by students;

21.31            (7) the retention of students from the term they participated in the program to the fall term immediately following graduation from high school;

21.33            (8) information about the student's enrollment in subsequent terms; and

21.34            (9) other information specified by the director or the data group that facilitates the evaluation process.

22.1        **Subd. 3. Report to legislature.** By March 15 of each year, ~~beginning in 2011~~,  
22.2 the director shall submit a report to the committees of the legislature with jurisdiction  
22.3 over higher education finance and policy that evaluates the effectiveness of programs  
22.4 in improving the academic performance of students who participated in the transition  
22.5 programs.

22.6        **EFFECTIVE DATE.** The amendments in this section are effective for programs  
22.7 offered in the summer of 2014 and thereafter.

22.8        Sec. 2. Minnesota Statutes 2012, section 136A.121, is amended by adding a  
22.9 subdivision to read:

22.10        **Subd. 20. Institution reporting.** (a) Each institution receiving financial aid under  
22.11 this section must annually report by December 31 to the office the following for its  
22.12 undergraduate programs:

22.13        (1) enrollment, persistence, and graduation data for all students, including aggregate  
22.14 information on state and federal Pell grant recipients;

22.15        (2) the job placement rate and salary and wage information for graduates of each  
22.16 program that is either designed or advertised to lead to a particular type of job or advertised  
22.17 or promoted with a claim regarding job placement; and

22.18        (3) the student debt to earnings ratio of graduates.

22.19        (b) The office shall provide the following on its Internet Web site:

22.20        (1) the information submitted by an institution pursuant to paragraph (a), which shall  
22.21 be made available in a searchable database; and

22.22        (2) other information and links that are useful to students and parents who are in  
22.23 the process of selecting a college or university. This information may include, but is  
22.24 not limited to, local occupational profiles.

22.25        (c) The office shall provide a standard format and instructions for supplying the  
22.26 information required under paragraph (a).

22.27        Sec. 3. Minnesota Statutes 2012, section 136A.125, subdivision 4, is amended to read:

22.28        **Subd. 4. Amount and length of grants.** (a) The amount of a child care grant  
22.29 must be based on:

22.30        (1) the income of the applicant and the applicant's spouse;

22.31        (2) the number in the applicant's family, as defined by the office; and

22.32        (3) the number of eligible children in the applicant's family.

22.33        (b) The maximum award to the applicant shall be \$2,600 ~~\$2,800~~ for each eligible  
22.34 child per academic year, except that the campus financial aid officer may apply to the

23.1 office for approval to increase grants by up to ten percent to compensate for higher market  
23.2 charges for infant care in a community. The office shall develop policies to determine  
23.3 community market costs and review institutional requests for compensatory grant  
23.4 increases to ensure need and equal treatment. The office shall prepare a chart to show the  
23.5 amount of a grant that will be awarded per child based on the factors in this subdivision.  
23.6 The chart shall include a range of income and family size.

23.7 Sec. 4. Minnesota Statutes 2012, section 136A.62, is amended by adding a subdivision  
23.8 to read:

23.9 Subd. 6. **Online platform service.** An online platform service is a nondegree  
23.10 granting entity that provides online access to schools as defined in subdivision 3, to enable  
23.11 the schools to offer online training, courses, or programs.

23.12 Sec. 5. Minnesota Statutes 2012, section 136A.653, is amended by adding a  
23.13 subdivision to read:

23.14 Subd. 3a. **Tuition-free educational courses.** A school, including a school using an  
23.15 online platform service, offering training, courses, or programs is exempt from sections  
23.16 136A.61 to 136A.71, to the extent it offers tuition-free courses to students in Minnesota.  
23.17 A course will be considered tuition-free if the school charges no tuition and the required  
23.18 fees and other required charges paid by the student for the course do not exceed two  
23.19 percent of the most recent average undergraduate tuition and required fees as of January  
23.20 1 of the current year charged for full-time students at all degree-granting institutions as  
23.21 published annually by the United States Department of Education as of January 1 of each  
23.22 year. To qualify for an exemption a school or online platform service must prominently  
23.23 display a notice comparable to the following: "IMPORTANT: Each educational institution  
23.24 makes its own decision regarding whether to accept completed coursework for credit.  
23.25 Check with your university or college."

23.26 Sec. 6. **[136F.791] MNSCU RESERVES PROJECT.**

23.27 Subdivision 1. **Establishment.** To increase the distribution of potential economic  
23.28 benefit of deposits of reserve funds of the institutions of the Minnesota State Colleges and  
23.29 Universities (MnSCU), the MnSCU reserves project is established to transfer certain  
23.30 reserve deposits of selected institutions from the state treasury to a community financial  
23.31 institution. Notwithstanding section 16A.27, by January 2 of every other year beginning  
23.32 January 2, 2014, the commissioner of management and budget shall transfer the specified  
23.33 amount of board-required reserve funds of colleges and universities selected by the Board

24.1 of Trustees under subdivision 2 to a community financial institution designated for each of  
24.2 the participating colleges and universities.

24.3       Subd. 2. **Participating colleges and universities.** By August 15 of every other year  
24.4 beginning August 15, 2013, colleges and universities may apply to the Board of Trustees  
24.5 of the Minnesota State Colleges and Universities for participation in the MnSCU reserves  
24.6 project. Each applicant must designate one or more community financial institutions for  
24.7 the deposit of a specified amount of board-required reserves with the terms of the deposit  
24.8 for each designated community financial institution. The designated community financial  
24.9 institution must be located in the geographic area of a participating campus. From the  
24.10 applicants, the board may select up to eight postsecondary institutions to participate in  
24.11 the MnSCU reserves project. In making its selection, the board must consider the size  
24.12 of the institution's reserves and the terms offered by the designated community financial  
24.13 institutions. Unless there are not sufficient applicants, two-year and four-year institutions  
24.14 may be selected to participate in the MnSCU reserves project and the majority of the  
24.15 selected institutions must be located in greater Minnesota. By December 1 of every other  
24.16 year beginning December 1, 2013, the board must notify the commissioner of management  
24.17 and budget and the chair and ranking minority members of the legislative committees and  
24.18 divisions with jurisdiction over higher education finance of the participating colleges  
24.19 and universities, the deposit amount for each institution, and the associated community  
24.20 financial institutions. The MnSCU reserves project shall provide for the transfer of  
24.21 deposits for up to a five-year period.

24.22       Subd. 3. **Community financial institution.** As used in this section, "community  
24.23 financial institution" means a federally insured bank or credit union, chartered as a bank or  
24.24 credit union by the state of Minnesota or the United States.

24.25       Subd. 4. **Evaluation and report.** The commissioner of management and budget  
24.26 and the Board of Trustees shall independently evaluate the effectiveness or harm of the  
24.27 MnSCU reserves project in increasing the use of community financial institutions and  
24.28 providing wider distribution of the economic benefit of the deposit of postsecondary  
24.29 reserves. Each evaluation must include the participating colleges, universities, and  
24.30 community financial institutions. The commissioner of management and budget and  
24.31 the Board of Trustees shall report on the MnSCU reserves project evaluation to the  
24.32 committees and divisions of the legislature with primary jurisdiction over higher education  
24.33 finance by February 1 every four years beginning on February 1, 2016.

24.34       Sec. 7. Minnesota Statutes 2012, section 141.35, is amended to read:

24.35       **141.35 EXEMPTIONS.**

25.1        Sections 141.21 to 141.32 shall not apply to the following:

25.2        (1) public postsecondary institutions;

25.3        (2) postsecondary institutions registered under sections 136A.61 to 136A.71;

25.4        (3) schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;

25.6        (4) private schools complying with the requirements of section 120A.22, subdivision 25.7 4;

25.8        (5) courses taught to students in a valid apprenticeship program taught by or 25.9 required by a trade union;

25.10       (6) schools exclusively engaged in training physically or mentally disabled persons 25.11 for the state of Minnesota;

25.12       (7) schools licensed by boards authorized under Minnesota law to issue licenses 25.13 except schools required to obtain a private career school license due to the use of 25.14 "academy," "institute," "college," or "university" in their names;

25.15       (8) schools and educational programs, or training programs, contracted for by 25.16 persons, firms, corporations, government agencies, or associations, for the training of their 25.17 own employees, for which no fee is charged the employee;

25.18       (9) schools engaged exclusively in the teaching of purely avocational, recreational, 25.19 or remedial subjects as determined by the office except schools required to obtain a private 25.20 career school license due to the use of "academy," "institute," "college," or "university" in 25.21 their names unless the school used "academy" or "institute" in its name prior to August 25.22 1, 2008;

25.23       (10) classes, courses, or programs conducted by a bona fide trade, professional, or 25.24 fraternal organization, solely for that organization's membership;

25.25       (11) programs in the fine arts provided by organizations exempt from taxation 25.26 under section 290.05 and registered with the attorney general under chapter 309. For 25.27 the purposes of this clause, "fine arts" means activities resulting in artistic creation or 25.28 artistic performance of works of the imagination which are engaged in for the primary 25.29 purpose of creative expression rather than commercial sale or employment. In making 25.30 this determination the office may seek the advice and recommendation of the Minnesota 25.31 Board of the Arts;

25.32       (12) classes, courses, or programs intended to fulfill the continuing education 25.33 requirements for licensure or certification in a profession, that have been approved by a 25.34 legislatively or judicially established board or agency responsible for regulating the practice 25.35 of the profession, and that are offered exclusively to an individual practicing the profession;

26.1        (13) classes, courses, or programs intended to prepare students to sit for  
26.2        undergraduate, graduate, postgraduate, or occupational licensing and occupational  
26.3        entrance examinations;

26.4        (14) classes, courses, or programs providing 16 or fewer clock hours of instruction  
26.5        that are not part of the curriculum for an occupation or entry level employment except  
26.6        schools required to obtain a private career school license due to the use of "academy,"  
26.7        "institute," "college," or "university" in their names;

26.8        (15) classes, courses, or programs providing instruction in personal development,  
26.9        modeling, or acting;

26.10       (16) training or instructional programs, in which one instructor teaches an individual  
26.11       student, that are not part of the curriculum for an occupation or are not intended to prepare  
26.12       a person for entry level employment; and

26.13       (17) schools with no physical presence in Minnesota, as determined by the office,  
26.14       engaged exclusively in offering distance instruction that are located in and regulated by  
26.15       other states or jurisdictions; and

26.16       (18) schools providing exclusively training, instructional programs, or courses  
26.17       where tuition, fees, and any other charges for a student to participate do not exceed \$100.

26.18       **Sec. 8. DEVELOPMENT OF FINANCIAL STRATEGIES FOR TIMELY**  
26.19       **COMPLETION OF POSTSECONDARY PROGRAMS.**

26.20       The director of the Minnesota Office of Higher Education, in consultation with the  
26.21       higher education policy and finance committees of the legislature, shall analyze strategies  
26.22       to financially assist students in the timely completion of their higher education program.  
26.23       The director shall seek the advice of stakeholders in the higher education community  
26.24       about the analysis. In addition to other issues, the analysis must include consideration of  
26.25       the following:

26.26       (1) tuition policies such as tuition guarantees, tuition rebates, declining tuition,  
26.27       and other tuition strategies that provide a financial incentive to complete a program in a  
26.28       timely fashion;

26.29       (2) financial aid policies, including state grant awards and loan interest rate  
26.30       adjustments, that make completing a program less of a financial burden than the costs  
26.31       at the beginning of a program;

26.32       (3) a system for identifying, counseling, and assisting students who are considering  
26.33       leaving a program due to financial reasons;

26.34       (4) increased state grant awards for enrollment in programs for which there is a  
26.35       demonstrated employment need within the state for program graduates; and

27.1        (5) a strategy to connect students to employers prior to completion of a program and  
27.2        combining a work experience with program completion.

27.3        The director shall report the results of the analysis along with any recommendations  
27.4        to the committees and divisions of the legislature with jurisdiction over higher education  
27.5        finance and policy by January 15, 2014.

27.6        **EFFECTIVE DATE.** This section is effective the day following final enactment.

27.7        **Sec. 9. DIRECTOR OF THE OFFICE OF MINNESOTA HIGHER EDUCATION**  
27.8        **STUDENT LOAN REFINANCING ANALYSIS.**

27.9        The director of the Minnesota Office of Higher Education, in consultation with  
27.10        the higher education finance and policy committees of the legislature, shall analyze the  
27.11        feasibility and appropriate components of a program that would assist Minnesota residents  
27.12        in refinancing student loans for higher education. Without limitation, the outlines of the  
27.13        program could include the issuance of bonds by the Minnesota Office of Higher Education  
27.14        to provide a pool of money that could be lent at a lower rate to student loan debtors than is  
27.15        charged on their existing student loan debt, thereby reducing borrowing costs.

27.16        In addition to any other issues the director determines necessary to analyze, the  
27.17        director shall analyze:

27.18        (1) whether there would be a sufficient spread between interest that could be charged  
27.19        by the office on its refinancing loans and the current interest on existing student loans to  
27.20        make the loans from the office attractive and sufficiently beneficial to student loan debtors;

27.21        (2) the amount of bonds that need to be issued to make them marketable;

27.22        (3) the eligibility requirements for student loan debtors seeking to refinance,  
27.23        including whether a debtor must be employed, the sort of education received, and whether  
27.24        the education received was completed; and

27.25        (4) the appropriate cap on the amount of a refinancing loan and other loan program  
27.26        specifics.

27.27        The director shall report on the analysis under this section and make  
27.28        recommendations to the higher education finance and policy committees of the legislature  
27.29        by January 15, 2014.

27.30        **EFFECTIVE DATE.** This section is effective the day following final enactment.

27.31        **Sec. 10. PILOT PROGRAM OF INTENSIVE GUIDANCE; MENTORING AND**  
27.32        **JOB PLACEMENT.**

28.1        The Board of Trustees of the Minnesota State Colleges and Universities must  
28.2        operate at least one pilot program at a college and one at a university that provides a high  
28.3        level of course advising and guidance, personal financial counseling, and job placement  
28.4        for students who are at risk of not completing their studies. The objectives of the pilot  
28.5        program are as follows:

28.6        (1) to increase the likelihood that students will complete their higher education  
28.7        programs of study by identifying programs of study that interest the students and  
28.8        connecting those interests to appropriate programs within the college or university;  
28.9        (2) to provide mentoring to students;  
28.10        (3) to monitor and advise students concerning higher education finance and financial  
28.11        assistance;  
28.12        (4) to connect students to employers while enrolled at the college or university; and  
28.13        (5) to connect graduates of the college or university with postgraduation employment  
28.14        options.

28.15        The board must report by November 1, 2015, on the results of the pilot program to  
28.16        the chairs and ranking minority members of the legislative committees and divisions with  
28.17        jurisdiction over higher education finance. The report must identify for each pilot program  
28.18        its success in achieving program objectives specified in clauses (1) to (5), and the cost and  
28.19        cost-effectiveness of meeting each objective. The report must include recommendations  
28.20        on whether to make the program permanent and on appropriate cost-effective program  
28.21        components.

28.22        **Sec. 11. HIGHER EDUCATION INSTITUTIONAL PARTICIPATION IN STATE**  
28.23        **STUDENT AID PROGRAMS; REPORT.**

28.24        The Minnesota Office of Higher Education must report by February 1, 2014, to the  
28.25        chairs and ranking minority members of the legislative committees and divisions with  
28.26        the primary jurisdiction over higher education finance on the available and appropriate  
28.27        data that should be used as statutory criteria to determine whether a higher education  
28.28        institution should be allowed to participate in state financial aid programs. Among other  
28.29        data, the data could include an institution's completion/graduation rates, student debt to  
28.30        income ratios, and employment rates related to field of study. The office must consult  
28.31        regularly with the higher education finance committees or divisions about the purpose  
28.32        and content of the report.

28.33        **Sec. 12. UNIVERSITY OF MINNESOTA REPORTS.**

29.1        Subdivision 1. **Medical school capacity.** The Board of Regents of the University  
29.2 of Minnesota must report, by November 1, 2013, to the legislative committees and  
29.3 divisions with primary jurisdiction over higher education finance and policy the following  
29.4 information with respect to its Twin Cities campus medical school:

29.5        (1) the number of applicants seeking admission to the school for the academic term  
29.6 commencing in the fall of 2013 and the number admitted;  
29.7        (2) the number of applicants admitted to the school for each of the fall academic  
29.8 terms commencing between 2000 and 2012;  
29.9        (3) the number of school graduates projected for each of the next ten years;  
29.10        (4) the number of school graduates projected to remain and practice in Minnesota  
29.11 after graduation for each of the next ten years; and  
29.12        (5) plans of the university to increase the capacity of the school.

29.13        The report must include the most recent and accepted analysis concerning the need  
29.14 for physicians in Minnesota in the future, including time frames of the next five, ten, 15,  
29.15 and 20 years. The need must be stated in aggregate and in specialty practice areas.

29.16        Subd. 2. **STEM programs.** The Board of Regents of the University of Minnesota  
29.17 must report, by November 1, 2013, to the legislative committees and divisions with  
29.18 primary jurisdiction over higher education finance and policy with respect to its  
29.19 undergraduate science, technology, engineering, and mathematics programs on the Twin  
29.20 Cities campus the following information:

29.21        (1) the number of applicants seeking admission to those programs for the academic  
29.22 term commencing in the fall of 2013 and the number admitted;  
29.23        (2) the percentage of students that graduate from the programs who remain in  
29.24 Minnesota both historically and projected into the future; and  
29.25        (3) plans to expand the capacity of the programs.

29.26        The report must include the most recent and accepted analysis of the projected  
29.27 need of employers within the state for graduates of science, technology, engineering, and  
29.28 mathematics programs in the future, including times frames of five, ten, 15, and 20 years.

29.29        Subd. 3. **University administrative costs.** (a) The Board of Regents of the  
29.30 University of Minnesota must, within 30 days of its receipt of the report or study, provide  
29.31 to the chairs and ranking minority members of the legislative committees and divisions  
29.32 with jurisdiction over higher education finance, a report currently expected to be received  
29.33 by the university in July 2013, concerning what is commonly known as a spans and  
29.34 layers analysis by Sibson Consulting and an administrative services benchmarking and  
29.35 diagnostic study expected to be done in May 2013, by Huron Consulting.

30.1        (b) The Board of Regents of the University of Minnesota must provide to the  
30.2        chairs and ranking minority members of the legislative committees with jurisdiction over  
30.3        higher education finance a plan to lower its overall costs based on its work with Huron  
30.4        Consulting concerning administrative services benchmarking and diagnostic study within  
30.5        90 days of its receipt of the final report from Huron Consulting. The board must update  
30.6        the committees and minority members every 30 days on the progress of the analysis and  
30.7        any preliminary findings or recommendations.

30.8        **Sec. 13. MENTAL HEALTH ISSUES SUMMIT.**

30.9        The Board of Trustees of the Minnesota State Colleges and Universities, in  
30.10        cooperation with the commissioner of human services, shall convene a summit of  
30.11        representatives of the Minnesota State Colleges and Universities, the University of  
30.12        Minnesota, private colleges, mental health professionals, special education representatives,  
30.13        children and adult mental health advocates and providers, and community mental health  
30.14        centers. The summit shall develop a comprehensive workforce development plan to:

30.15        (1) increase the number of mental health professionals and practitioners;  
30.16        (2) ensure appropriate course work and training experience; and  
30.17        (3) increase the number of culturally diverse mental health professionals and  
30.18        practitioners.

30.19        The plan required by this section shall be submitted to the chairs and ranking minority  
30.20        members of the legislative committees responsible for health and human services policy  
30.21        and higher education policy no later than January 15, 2015.

30.22        **EFFECTIVE DATE.** This section is effective the day following final enactment.

30.23        **Sec. 14. SALARY STUDY.**

30.24        The Board of Trustees of the Minnesota State Colleges and Universities and the  
30.25        Board of Regents of the University of Minnesota must each conduct a study comparing  
30.26        the number of faculty and administrative staff employed and the salary and benefit of  
30.27        its faculty and staff to the number of faculty and administrative staff employed and the  
30.28        salary and benefits of faculty and staff in comparable non-Minnesota institutions. Each  
30.29        board must report the results of its study to the legislative committees and divisions with  
30.30        jurisdiction over higher education finance by February 1, 2014.

30.31        **Sec. 15. REPEALER.**

30.32        Minnesota Statutes 2012, section 136A.121, subdivision 9b, is repealed.

**ARTICLE 3****MISCELLANEOUS**

Section 1. Minnesota Statutes 2012, section 13.47, subdivision 3, is amended to read:

**Subd. 3. Dissemination.** Employment and training data may be disseminated by employment and training service providers:

(a) to other employment and training service providers to coordinate the employment and training services for the data subject or to determine eligibility or suitability for services from other programs;

(b) to local and state welfare agencies for monitoring the eligibility of the participant for assistance programs, or for any employment or training program administered by those agencies; and

(c) to the commissioner of employment and economic development; and

(d) by the commissioner of employment and economic development to the Office of Higher Education for purposes of supporting program improvement, system evaluation, and research initiatives including the Statewide Longitudinal Education Data System.

Sec. 2. Minnesota Statutes 2012, section 127A.70, subdivision 2, is amended to read:

**Subd. 2. Powers and duties; report.** (a) The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:

(1) improving the quality of and access to education at all points from preschool through graduate education;

(2) improving preparation for, and transitions to, postsecondary education and work; and

(3) ensuring educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers.

(b) Under the direction of the P-20 Education Partnership Statewide Longitudinal Education Data System Governance Committee, the Office of Higher Education, and the Departments of Education and Employment and Economic Development shall improve and expand the statewide longitudinal education data system (SLEDS) to:

(1) provide authorized officials of early learning programs, schools, school districts, institutions of higher education, and workforce programs with access to individual-level

32.1 data, summary reports, and access to data in a manner that can be integrated with additional  
32.2 data maintained outside of the SLEDS system to inform education decision-making;

32.3 (2) provide policymakers, education and workforce leaders, researchers, and  
32.4 members of the public with data, research, and reports to:

32.5 (i) expand reporting on students' educational outcomes;

32.6 (ii) support instruction and collaboration among faculty, teachers, and instructors;

32.7 (iii) evaluate the effectiveness of educational and workforce programs;

32.8 (iv) evaluate the relationship between education and workforce outcomes; and

32.9 (v) evaluate the efficacy of teacher preparation programs.

32.10 To the extent possible under federal and state law, research and reports should  
32.11 be accessible to the public on the Internet, and disaggregated by student and worker  
32.12 demographic characteristics, organization and organization characteristics, and geography,  
32.13 including legislative district.

32.14 It is the intent of the legislature that the statewide longitudinal education data system  
32.15 inform public policy and decision-making. The SLEDS governance committee, with  
32.16 assistance from staff of the Office of Higher Education, the Department of Education, and  
32.17 the Department of Employment and Economic Development, shall respond to legislative  
32.18 committee and agency requests on topics utilizing data made available through the  
32.19 statewide longitudinal education data system as resources permit. Any analysis of or  
32.20 report on the data must contain only summary data.

32.21 (c) By January 15 of each year, the partnership shall submit a report to the governor  
32.22 and to the chairs and ranking minority members of the legislative committees and  
32.23 divisions with jurisdiction over P-20 education policy and finance that summarizes the  
32.24 partnership's progress in meeting its goals and identifies the need for any draft legislation  
32.25 when necessary to further the goals of the partnership to maximize student achievement  
32.26 while promoting efficient use of resources.

32.27 **Sec. 3. [135A.63] TERRORIST RELATIONSHIP PROHIBITED.**

32.28 The board of regents of the University of Minnesota and the board of trustees of  
32.29 the Minnesota State Colleges and Universities must each develop a policy concerning the  
32.30 hosting, expending money on, facilitating travel for, or conferring an academic honor on  
32.31 behalf of any person who has either been convicted of an act of terrorism or who has  
32.32 publicly acknowledged committing or participating in terrorism.

32.33 Sec. 4. Minnesota Statutes 2012, section 136A.031, subdivision 2, is amended to read:

33.1        **Subd. 2. Higher Education Advisory Council.** A Higher Education Advisory  
33.2        Council (HEAC) is established. The HEAC is composed of the Director of the Office of  
33.3        Higher Education; the president of the University of Minnesota or designee; the chancellor  
33.4        of the Minnesota State Colleges and Universities or designee; the commissioner of  
33.5        education; the commissioner of employment and economic development; the president  
33.6        of the Private College Council or a nonprofit private college; and a representative from  
33.7        the Minnesota Career College Association; ~~and a member appointed by the governor~~.  
33.8        The chair shall be designated by the governor. The HEAC shall bring to the attention of  
33.9        the ~~Minnesota Office of Higher Education~~ governor and the legislature any matters that  
33.10       the HEAC deems important and necessary.

33.11       Sec. 5. Minnesota Statutes 2012, section 136A.101, subdivision 3, is amended to read:  
33.12       Subd. 3. **Director Commissioner.** "Director" "Commissioner" means the ~~director~~  
33.13       commissioner of the Minnesota Office of Higher Education.

33.14       Sec. 6. Minnesota Statutes 2012, section 136A.101, subdivision 9, is amended to read:  
33.15       Subd. 9. **Independent student.** "Independent student" has the meaning given ~~it in~~  
33.16       under Title IV of the Higher Education Act of 1965, United States Code, title 20, section  
33.17       1070a-6 as amended, and applicable regulations.

33.18       Sec. 7. Minnesota Statutes 2012, section 136A.125, subdivision 2, is amended to read:  
33.19       Subd. 2. **Eligible students.** (a) An applicant is eligible for a child care grant if  
33.20       the applicant:  
33.21       (1) is a resident of the state of Minnesota;  
33.22       (2) has a child 12 years of age or younger, or 14 years of age or younger who is  
33.23       disabled as defined in section 125A.02, and who is receiving or will receive care on a  
33.24       regular basis from a licensed or legal, nonlicensed caregiver;  
33.25       (3) is income eligible as determined by the office's policies and rules, but is not a  
33.26       recipient of assistance from the Minnesota family investment program;  
33.27       (4) has not earned a baccalaureate degree and has been enrolled full time less than  
33.28       eight semesters or the equivalent;  
33.29       (5) is pursuing a nonsectarian program or course of study that applies to an  
33.30       undergraduate degree, diploma, or certificate;  
33.31       (6) is enrolled at least half time in an eligible institution; and  
33.32       (7) is in good academic standing and making satisfactory academic progress.

34.1        (b) A student who withdraws from enrollment for active military service or for a  
34.2        major illness, while under the care of a medical professional, that substantially limits the  
34.3        student's ability to complete the term is entitled to an additional semester or the equivalent  
34.4        of grant eligibility and will be considered to be in continuing enrollment status upon return.

34.5        Sec. 8. **[136A.221] RESEARCH DOGS AND CATS.**

34.6        (a) A higher education research facility that receives public money or a facility  
34.7        that provides research in collaboration with a higher education facility that confines  
34.8        dogs or cats for science or research purposes and plans on destroying a dog or cat for  
34.9        other than science or research purposes, must first offer the dog or cat to an animal  
34.10        rescue organization. A facility that is required to offer dogs or cats to an animal rescue  
34.11        organization under this section may enter into an agreement with the animal rescue  
34.12        organization to protect the facility. A facility that provides a dog or cat to a rescue  
34.13        organization under this section is immune from any civil liability that otherwise might  
34.14        result from their actions, provided that the facility is acting in good faith.

34.15        (b) For the purposes of this section, "animal rescue organization" means any  
34.16        nonprofit organization incorporated for the purpose of rescuing animals in need and  
34.17        finding permanent, adoptive homes for the animals.

34.18        Sec. 9. Minnesota Statutes 2012, section 136A.233, subdivision 2, is amended to read:

34.19        Subd. 2. **Definitions.** For purposes of sections 136A.231 to 136A.233, the words  
34.20        defined in this subdivision have the meanings ascribed to them.

34.21        (a) "Eligible student" means a Minnesota resident enrolled or intending to enroll at  
34.22        least half time in a degree, diploma, or certificate program in a Minnesota postsecondary  
34.23        institution.

34.24        (b) "Minnesota resident" means a student who meets the conditions in section  
34.25        136A.101, subdivision 8.

34.26        (c) "Financial need" means the need for financial assistance in order to attend a  
34.27        postsecondary institution as determined by a postsecondary institution according to  
34.28        guidelines established by the Minnesota Office of Higher Education.

34.29        (d) "Eligible employer" means any eligible postsecondary institution, any nonprofit,  
34.30        nonsectarian agency or state institution located in the state of Minnesota, a disabled person  
34.31        or a person over 65 who employs a student to provide personal services in or about the  
34.32        person's residence, or a private, for-profit employer employing a student as an intern in a  
34.33        position directly related to the student's field of study that will enhance the student's  
34.34        knowledge and skills in that field.

35.1       (e) "Eligible postsecondary institution" means any postsecondary institution eligible  
35.2 for participation in the Minnesota state grant program as specified in section 136A.101,  
35.3 subdivision 4.

35.4       (f) "Independent student" has the meaning given ~~it in~~ under Title IV of the Higher  
35.5 ~~Education Act of 1965, United States Code, title 20, section 1070a-6 as amended~~, and  
35.6 applicable regulations.

35.7       (g) "Half time" for undergraduates has the meaning given in section 136A.101,  
35.8 subdivision 7b, and for graduate students is defined by the institution.

35.9       Sec. 10. **[136A.50] TRIBAL COLLEGE SUPPLEMENTAL GRANT**

35.10       **ASSISTANCE.**

35.11       Subdivision 1. **Definitions.** (a) As used in this section, the following terms have  
35.12 the meanings given them.

35.13       (b) "Nonbeneficiary student" means a resident of Minnesota who is enrolled in a  
35.14 tribally controlled college but is not an enrolled member of a federally recognized Indian  
35.15 tribe.

35.16       (c) "Tribally controlled college" means an accredited institution of higher education  
35.17 located in this state that is formally controlled by or has been formally sanctioned or  
35.18 chartered by the governing body of a federally recognized Indian tribe, or a combination  
35.19 of federally recognized Indian tribes. Tribally controlled college does not include any  
35.20 institution or campus subject to the jurisdiction of the Board of Trustees of the Minnesota  
35.21 State Colleges and Universities or the Board of Regents of the University of Minnesota.

35.22       Subd. 2. **Eligibility; grant assistance.** (a) A tribally controlled college is eligible to  
35.23 receive supplemental grant assistance from the Office of Higher Education, as provided in  
35.24 this section, for nonbeneficiary student enrollment if the college is not otherwise eligible  
35.25 to receive federal grant funding for those students under ~~United States Code, title 25,~~  
35.26 ~~section 1808.~~

35.27       (b) The office shall make grants to tribally controlled colleges to defray the costs  
35.28 of education associated with the enrollment of nonbeneficiary students. Grants made  
35.29 pursuant to this section must be provided directly to the recipient college.

35.30       Subd. 3. **Grant application.** To receive a grant under this section, a tribally  
35.31 controlled college must submit an application in the manner required by the Office of  
35.32 Higher Education. Upon submission of a completed application indicating that the tribally  
35.33 controlled college is eligible, the office shall distribute to the college, during each year of  
35.34 the biennium, a grant of \$5,300 for each nonbeneficiary student on a full-time equivalent  
35.35 basis. If the amount appropriated for grants under this section is insufficient to cover

36.1 the total amount of grant eligibility, the office shall distribute a prorated amount per  
36.2 nonbeneficiary student on a full-time equivalent basis.

36.3 Subd. 4. **Reporting by recipient institutions.** Each tribally controlled college  
36.4 receiving a grant under this section shall provide to the Office of Higher Education,  
36.5 on an annual basis, an accurate and detailed account of the expenditures of the grant  
36.6 funds received by the college, and a copy of the college's most recent audit report and  
36.7 documentation of the enrollment status and ethnic status of each nonbeneficiary student  
36.8 for which grant assistance is sought under this section.

36.9 Sec. 11. Minnesota Statutes 2012, section 136A.646, is amended to read:

36.10 **136A.646 ADDITIONAL SECURITY.**

36.11 (a) In the event any registered institution is notified by the United States Department  
36.12 of Education that it has fallen below minimum financial standards and that its continued  
36.13 participation in Title IV will be conditioned upon its satisfying either the Zone Alternative,  
36.14 Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit  
36.15 Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), the  
36.16 institution shall provide a surety bond conditioned upon the faithful performance of all  
36.17 contracts and agreements with students in a sum equal to the "letter of credit" required by  
36.18 the United States Department of Education in the Letter of Credit Alternative, but in no  
36.19 event shall such bond be less than \$10,000 nor more than \$250,000.

36.20 (b) In lieu of a bond, the applicant may deposit with the commissioner of  
36.21 management and budget:

36.22 (1) a sum equal to the amount of the required surety bond in cash; or  
36.23 (2) securities, as may be legally purchased by savings banks or for trust funds, in an  
36.24 aggregate market value equal to the amount of the required surety bond.

36.25 (c) The surety of any bond may cancel it upon giving 60 days' notice in writing to  
36.26 the office and shall be relieved of liability for any breach of condition occurring after  
36.27 the effective date of cancellation.

36.28 Sec. 12. Minnesota Statutes 2012, section 136A.65, subdivision 4, is amended to read:

36.29 Subd. 4. **Criteria for approval.** (a) A school applying to be registered and to have  
36.30 its degree or degrees and name approved must substantially meet the following criteria:

36.31 (1) the school has an organizational framework with administrative and teaching  
36.32 personnel to provide the educational programs offered, and the school has made available  
36.33 to the school's admission staff, financial aid staff, administrative or office staff, and faculty,

37.1 information on the authoritative source of information within the institution on financial  
37.2 aid and transfer of credits for students and prospective students;

37.3 (2) the school has financial resources sufficient to meet the school's financial  
37.4 obligations, including refunding tuition and other charges consistent with its stated policy  
37.5 if the institution is dissolved, or if claims for refunds are made, to provide service to the  
37.6 students as promised, and to provide educational programs leading to degrees as offered;

37.7 (3) the school operates in conformity with generally accepted budgeting and  
37.8 accounting principles;

37.9 (4) the school provides an educational program leading to the degree it offers;

37.10 (5) the school provides appropriate and accessible library, laboratory, and other  
37.11 physical facilities to support the educational program offered;

37.12 (6) the school has a policy on freedom or limitation of expression and inquiry for  
37.13 faculty and students which is published or available on request;

37.14 (7) the school uses only publications and advertisements which are truthful and do  
37.15 not give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the  
37.16 school, its personnel, programs, services, or occupational opportunities for its graduates  
37.17 for promotion and student recruitment;

37.18 (8) the school's compensated recruiting agents who are operating in Minnesota  
37.19 identify themselves as agents of the school when talking to or corresponding with students  
37.20 and prospective students; and

37.21 (9) the school provides information to students and prospective students concerning:

37.22 (i) comprehensive and accurate policies relating to student admission, evaluation,  
37.23 suspension, and dismissal;

37.24 (ii) clear and accurate policies relating to granting credit for prior education, training,  
37.25 and experience and for courses offered by the school;

37.26 (iii) current schedules of fees, charges for tuition, required supplies, student  
37.27 activities, housing, and all other standard charges;

37.28 (iv) policies regarding refunds and adjustments for withdrawal or modification  
37.29 of enrollment status; and

37.30 (v) procedures and standards used for selection of recipients and the terms of  
37.31 payment and repayment for any financial aid program.

37.32 (b) An application for degree approval must also include:

37.33 (i) title of degree and formal recognition awarded;

37.34 (ii) location where such degree will be offered;

37.35 (iii) proposed implementation date of the degree;

37.36 (iv) admissions requirements for the degree;

38.1 (v) length of the degree;

38.2 (vi) projected enrollment for a period of five years;

38.3 (vii) the curriculum required for the degree, including course syllabi or outlines;

38.4 (viii) statement of academic and administrative mechanisms planned for monitoring

38.5 the quality of the proposed degree;

38.6 (ix) statement of satisfaction of professional licensure criteria, if applicable;

38.7 (x) documentation of the availability of clinical, internship, externship, or practicum

38.8 sites, if applicable; and

38.9 (xi) statement of how the degree fulfills the institution's mission and goals,

38.10 complements existing degrees, and contributes to the school's viability.

38.11 Sec. 13. Minnesota Statutes 2012, section 136A.65, subdivision 8, is amended to read:

38.16        **(b)** (a) The office may refuse to renew, revoke, or suspend registration, approval of  
38.17        a school's degree, or use of a regulated term in its name by giving written notice and  
38.18        reasons to the school. The school may request a hearing under chapter 14. If a hearing is  
38.19        requested, no revocation or suspension shall take effect until after the hearing.

38.20           (e) (b) Reasons for revocation or suspension of registration or approval may be  
38.21           for one or more of the following reasons:

38.22 (1) violating the provisions of sections 136A.61 to 136A.71;

38.23 (2) providing false, misleading, or incomplete information to the office;

38.24 (3) presenting information about the school which is false, fraudulent, misleading,  
38.25 deceptive, or inaccurate in a material respect to students or prospective students; or

38.26 (4) refusing to allow reasonable inspection or to supply reasonable information after  
38.27 a written request by the office has been received.

38.28        (c) Any order refusing, revoking, or suspending a school's registration, approval of a  
38.29        school's degree, or use of a regulated term in the school's name is appealable in accordance  
38.30        with chapter 14. The request must be in writing and made to the office within 30 days of the  
38.31        date the school is notified of the action of the office. If a school has been operating and its  
38.32        registration has been revoked, suspended, or refused by the office, the order is not effective  
38.33        until the final determination of the appeal, unless immediate effect is ordered by the court.

38.34 Sec. 14. Minnesota Statutes 2012, section 136F.40, subdivision 2, is amended to read:

39.1        **Subd. 2. Contracts.** (a) The board may enter into a contract with the chancellor,  
39.2        a vice-chancellor, or a president, containing terms and conditions of employment. The  
39.3        terms of the contract must be authorized under a plan approved under section 43A.18,  
39.4        subdivision 3a.

39.5        (b) Notwithstanding section 43A.17, subdivision 11, or other law to the contrary, a  
39.6        contract under this section may provide a liquidated salary amount or other compensation  
39.7        if a contract is terminated by the board prior to its expiration.

39.8        (c) Notwithstanding section 356.24 or other law to the contrary, a contract under  
39.9        this section may contain a deferred compensation plan made in conformance with section  
39.10       457(f) of the Internal Revenue Code.

39.11       (d) Notwithstanding any provision of the plan approved under section 43A.18,  
39.12       subdivision 3a, a contract under this section must not authorize or otherwise provide for a  
39.13       discretionary or mandatory bonus payment.

39.14       **EFFECTIVE DATE.** This section is effective the day following final enactment  
39.15       and applies to contracts entered into on or after that date.

39.16       Sec. 15. Minnesota Statutes 2012, section 137.027, is amended to read:

39.17       **137.027 APPROPRIATION; FRINGE BENEFITS.**

39.18       (a) Direct appropriations to the University of Minnesota include money to pay  
39.19       the employer's share of Social Security, state retirement, and health insurance. Money  
39.20       provided for these purposes shall be expended only for these purposes and any amounts in  
39.21       excess of the employer's share shall be returned to the state treasury.

39.22       (b) Unless otherwise explicitly provided for in law, direct appropriations to the  
39.23       University of Minnesota do not include, and may not be used to pay, any mandatory or  
39.24       discretionary bonus payment provided for in an employment contract with the president  
39.25       or vice-presidents, chancellors, provosts, vice provosts, deans, or directors of individual  
39.26       programs.

39.27       Sec. 16. **[137.71] MINNESOTA DISCOVERY, RESEARCH, AND INNOVATION**  
39.28       **ECONOMY FUNDING PROGRAM.**

39.29       **Subdivision 1. Establishment.** (a) The Minnesota Discovery, Research, and  
39.30       Innovation Economy (MnDRIVE) funding program is established to discover new  
39.31       knowledge through scientific research that will:

39.32       (1) advance the state's economy;

40.1        (2) leverage opportunities and establish priorities in sectors of state strength and  
40.2        comparative advantage;

40.3        (3) improve the health and wellbeing of Minnesota's citizens;  
40.4        (4) advance the capacity and competitiveness of existing and emerging food- and  
40.5        manufacturing-related science and technology industries; and

40.6        (5) build a better Minnesota by driving progress and advancing the common good.

40.7        (b) The MnDRIVE funding program shall establish priorities by investing in  
40.8        scientific research that promotes:

40.9        (1) programs that can position Minnesota as a leader in engineering, science,  
40.10        technology, and food-related solutions;

40.11        (2) initiatives that support the growth of targeted industry clusters and the  
40.12        competitiveness of existing Minnesota engineering, science, technology, and food  
40.13        companies in developing new products and services;

40.14        (3) initiatives that can result in creating new Minnesota-based companies;  
40.15        (4) initiatives that can improve the quality of life of Minnesota's citizens, decrease  
40.16        the incidence of disease, and transform how we prevent, treat, and cure diseases; and  
40.17        (5) initiatives that can secure a safer environment, seek sustainable energy solutions,  
40.18        and prevent, diagnose, and treat environmental problems associated with Minnesota  
40.19        industry.

40.20        **Subd. 2. Funding requests.** The Board of Regents of the University of Minnesota,  
40.21        acting alone or in partnership with other public or private entities, is requested to submit  
40.22        investment proposals consistent with the goals and objectives of the MnDRIVE funding  
40.23        program as part of the Board of Regents biennial budget request to the legislature. The  
40.24        Board of Regents must give consideration to investments in existing scientific research  
40.25        programs that meet these guidelines but may require additional resources in order to  
40.26        preserve or accelerate Minnesota into a national or global leadership position. The  
40.27        governor shall submit a recommendation to the legislature regarding funding requests  
40.28        submitted by the Board of Regents.

40.29        **Subd. 3. Reporting.** By March 1 of each odd-numbered year, the Board of Regents  
40.30        of the University of Minnesota must provide to the chairs and ranking minority members  
40.31        of the legislative committees with primary jurisdiction over higher education policy and  
40.32        finance a summary report of investments and accomplishments related to funds received  
40.33        from the state under subdivision 2 from the prior biennium.

40.34        **EFFECTIVE DATE.** This section is effective the day following final enactment.

40.35        Sec. 17. Minnesota Statutes 2012, section 141.25, subdivision 7, is amended to read:

41.1        **Subd. 7. Minimum standards.** A license shall be issued if the office first determines:

41.2            (1) that the applicant has a sound financial condition with sufficient resources

41.3            available to:

41.4            (i) meet the school's financial obligations;

41.5            (ii) refund all tuition and other charges, within a reasonable period of time, in the  
41.6            event of dissolution of the school or in the event of any justifiable claims for refund against  
41.7            the school by the student body;

41.8            (iii) provide adequate service to its students and prospective students; and

41.9            (iv) maintain and support the school;

41.10           (2) that the applicant has satisfactory facilities with sufficient tools and equipment  
41.11           and the necessary number of work stations to prepare adequately the students currently  
41.12           enrolled, and those proposed to be enrolled;

41.13           (3) that the applicant employs a sufficient number of qualified teaching personnel to  
41.14           provide the educational programs contemplated;

41.15           (4) that the school has an organizational framework with administrative and  
41.16           instructional personnel to provide the programs and services it intends to offer;

41.17           (5) that the premises and conditions under which the students work and study are  
41.18           sanitary, healthful, and safe;

41.19           (6) that the quality and content of each occupational course or program of study  
41.20           provides education and adequate preparation to enrolled students for entry level positions  
41.21           in the occupation for which prepared;

41.22           (7) that the living quarters which are owned, maintained, recommended, or approved  
41.23           by the applicant for students are sanitary and safe;

41.24           (8) that the contract or enrollment agreement used by the school complies with  
41.25           the provisions in section 141.265;

41.26           (9) that contracts and agreements do not contain a wage assignment provision or a  
41.27           confession of judgment clause; and

41.28           (10) that there has been no adjudication of fraud or misrepresentation in any  
41.29           criminal, civil, or administrative proceeding in any jurisdiction against the school or its  
41.30           owner, officers, agents, or sponsoring organization; and

41.31           (11) that the applicant has made available to the applicant's admissions staff, financial  
41.32           aid staff, administrative or office staff, and faculty, information on the authoritative  
41.33           sources of information within the institution on financial aid and transfer of credits for  
41.34           students or prospective students.

41.35        Sec. 18. Minnesota Statutes 2012, section 197.775, subdivision 1, is amended to read:

42.1        Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this  
42.2 section.

42.3        (b) "Commissioner" means the commissioner of veterans affairs.

42.4        (c) "State college or university" means a unit of the University of Minnesota or  
42.5 Minnesota State Colleges and Universities.

42.6        (d) "Veteran" includes the definition provided in section 197.447, and also includes  
42.7 any person serving in active service, as defined in section 190.05, subdivision 5.

42.8        Sec. 19. Minnesota Statutes 2012, section 197.775, subdivision 2, is amended to read:

42.9        Subd. 2. **Recognition of courses.** (a) Minnesota State Colleges and Universities  
42.10 must recognize courses and award educational credits for courses that were part of a  
42.11 veteran's military training or service if the courses meet the standards of the American  
42.12 Council on Education or equivalent standards for awarding academic credits. In  
42.13 recognizing courses and awarding educational credits, consideration must be given to  
42.14 academic skills developed in all aspects of the training or service course curriculum, and  
42.15 may not be limited solely to the physical fitness or activity components of the course.

42.16        (b) The University of Minnesota and private colleges and universities in Minnesota  
42.17 are encouraged to recognize courses and award educational credits for courses that were  
42.18 part of a veteran's military training or service if the courses meet the standards of the  
42.19 American Council on Education or equivalent standards for awarding academic credits.

42.20        In recognizing courses and awarding educational credits, the University of Minnesota  
42.21 and private colleges and universities in Minnesota are encouraged to consider academic  
42.22 skills developed in all aspects of the training or service course curriculum, and not limit  
42.23 consideration solely to the physical fitness or activity components of the course.

42.24        Sec. 20. Minnesota Statutes 2012, section 197.775, is amended by adding a subdivision  
42.25 to read:

42.26        Subd. 2a. **Recognition of veteran status.** (a) With the policy in this subdivision,  
42.27 the state recognizes veterans' selfless sacrifices in service to our nation, and their varied  
42.28 and specialized military education and training, as well as the need for their timely and  
42.29 meaningful reintegration into civilian society. The state also recognizes the special value  
42.30 of veterans in furthering the goal of creating a diverse student population in the state's  
42.31 postsecondary institutions.

42.32        (b) Minnesota State Colleges and Universities must adopt a policy recognizing,  
42.33 for applicants who are veterans, the applicant's veteran status as a positive factor in  
42.34 determining whether to grant admission to a graduate or professional academic degree

43.1 program. The Board of Trustees must report to the chairs and ranking minority members  
43.2 of the legislative committees and divisions with jurisdiction over higher education policy  
43.3 and finance annually by February 15 on the number of veterans who apply for a graduate  
43.4 or professional academic degree program and the number accepted.

43.5 (c) The University of Minnesota, and private colleges and universities in Minnesota,  
43.6 are encouraged to adopt a policy recognizing, for applicants who are veterans, the  
43.7 applicant's veteran status as a positive factor in determining whether to grant admission to  
43.8 an undergraduate, graduate, or professional academic degree program.

43.9 Sec. 21. Minnesota Statutes 2012, section 268.19, subdivision 1, is amended to read:

43.10 Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered  
43.11 from any person under the administration of the Minnesota Unemployment Insurance Law  
43.12 are private data on individuals or nonpublic data not on individuals as defined in section  
43.13 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court  
43.14 order or section 13.05. A subpoena is not considered a district court order. These data  
43.15 may be disseminated to and used by the following agencies without the consent of the  
43.16 subject of the data:

43.17 (1) state and federal agencies specifically authorized access to the data by state  
43.18 or federal law;

43.19 (2) any agency of any other state or any federal agency charged with the  
43.20 administration of an unemployment insurance program;

43.21 (3) any agency responsible for the maintenance of a system of public employment  
43.22 offices for the purpose of assisting individuals in obtaining employment;

43.23 (4) the public authority responsible for child support in Minnesota or any other  
43.24 state in accordance with section 256.978;

43.25 (5) human rights agencies within Minnesota that have enforcement powers;

43.26 (6) the Department of Revenue to the extent necessary for its duties under Minnesota  
43.27 laws;

43.28 (7) public and private agencies responsible for administering publicly financed  
43.29 assistance programs for the purpose of monitoring the eligibility of the program's recipients;

43.30 (8) the Department of Labor and Industry and the Division of Insurance Fraud  
43.31 Prevention in the Department of Commerce for uses consistent with the administration of  
43.32 their duties under Minnesota law;

43.33 (9) local and state welfare agencies for monitoring the eligibility of the data subject  
43.34 for assistance programs, or for any employment or training program administered by those  
43.35 agencies, whether alone, in combination with another welfare agency, or in conjunction

44.1 with the department or to monitor and evaluate the statewide Minnesota family investment  
44.2 program by providing data on recipients and former recipients of food stamps or food  
44.3 support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance  
44.4 under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

44.5 (10) local and state welfare agencies for the purpose of identifying employment,  
44.6 wages, and other information to assist in the collection of an overpayment debt in an  
44.7 assistance program;

44.8 (11) local, state, and federal law enforcement agencies for the purpose of ascertaining  
44.9 the last known address and employment location of an individual who is the subject of  
44.10 a criminal investigation;

44.11 (12) the United States Immigration and Customs Enforcement has access to data on  
44.12 specific individuals and specific employers provided the specific individual or specific  
44.13 employer is the subject of an investigation by that agency;

44.14 (13) the Department of Health for the purposes of epidemiologic investigations;

44.15 (14) the Department of Corrections for the purpose of preconfinement and  
44.16 postconfinement employment tracking of committed offenders for the purpose of case  
44.17 planning; and

44.18 (15) the state auditor to the extent necessary to conduct audits of job opportunity  
44.19 building zones as required under section 469.3201.; and

44.20 (16) the Office of Higher Education for purposes of supporting program  
44.21 improvement, system evaluation, and research initiatives including the Statewide  
44.22 Longitudinal Education Data System.

44.23 (b) Data on individuals and employers that are collected, maintained, or used by  
44.24 the department in an investigation under section 268.182 are confidential as to data  
44.25 on individuals and protected nonpublic data not on individuals as defined in section  
44.26 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district  
44.27 court order or to a party named in a criminal proceeding, administrative or judicial, for  
44.28 preparation of a defense.

44.29 (c) Data gathered by the department in the administration of the Minnesota  
44.30 unemployment insurance program must not be made the subject or the basis for any  
44.31 suit in any civil proceedings, administrative or judicial, unless the action is initiated by  
44.32 the department.

44.33 Sec. 22. Minnesota Statutes 2012, section 299A.45, subdivision 4, is amended to read:

44.34 Subd. 4. **Renewal.** Each award must be given for one academic year and is  
44.35 renewable for a maximum of eight semesters or the equivalent. A student who withdraws

45.1 from enrollment for active military service or for a major illness, while under the care  
45.2 of a medical professional, that substantially limits the student's ability to complete the  
45.3 term is entitled to an additional semester or the equivalent of grant eligibility. An award  
45.4 must not be given to a dependent child who is 23 years of age or older on the first day of  
45.5 the academic year.

45.6 **Sec. 23. REVISOR'S INSTRUCTION.**

45.7 The revisor of statutes shall change the term "director" as it relates to the director  
45.8 of the Minnesota Office of Higher Education to "commissioner" wherever in Minnesota  
45.9 Statutes or Minnesota Rules the term appears.

45.10 **ARTICLE 4**

45.11 **STATE GRANT PROGRAM**

45.12 Section 1. Minnesota Statutes 2012, section 136A.101, subdivision 5a, is amended to  
45.13 read:

45.14 **Subd. 5a. Assigned family responsibility.** "Assigned family responsibility" means  
45.15 the amount of a family's contribution to a student's cost of attendance, as determined by a  
45.16 federal need analysis. For dependent students, the assigned family responsibility is 96  
45.17 percent of the parental contribution. For independent students with dependents other than  
45.18 a spouse, the assigned family responsibility is 86 percent of the student contribution.  
45.19 For independent students without dependents other than a spouse, the assigned family  
45.20 responsibility is 68 50 percent of the student contribution.

45.21 Sec. 2. Minnesota Statutes 2012, section 136A.121, subdivision 5, is amended to read:

45.22 **Subd. 5. Grant stipends.** The grant stipend shall be based on a sharing of  
45.23 responsibility for covering the recognized cost of attendance by the applicant, the  
45.24 applicant's family, and the government. The amount of a financial stipend must not  
45.25 exceed a grant applicant's recognized cost of attendance, as defined in subdivision 6, after  
45.26 deducting the following:

45.27 (1) the assigned student responsibility of at least 46 50 percent of the cost of  
45.28 attending the institution of the applicant's choosing;  
45.29 (2) the assigned family responsibility as defined in section 136A.101; and  
45.30 (3) the amount of a federal Pell grant award for which the grant applicant is eligible.  
45.31 The minimum financial stipend is \$100 per academic year.

46.1        **Sec. 3. STATE GRANT TUITION CAPS; LIVING AND MISCELLANEOUS**  
46.2        **EXPENSE ALLOWANCE.**

46.3            (a) For the purposes of the state grant program under Minnesota Statutes, section  
46.4            136A.121, for the biennium ending June 30, 2015, the tuition maximum is \$13,000 each  
46.5            fiscal year of the biennium for students in four-year programs, and \$5,808 in each fiscal  
46.6            year of the biennium for students in two-year programs.

46.7            (b) The living and miscellaneous expense allowance for the state grant program  
46.8            under Minnesota Statutes, section 136A.121, for the biennium ending June 30, 2015, is set  
46.9            at \$7,940 for each fiscal year of the biennium.

46.10        **Sec. 4. STATE GRANT AWARD CALCULATION; MNSCU PART-TIME**  
46.11        **STUDENTS.**

46.12            (a) State grant awards under Minnesota Statutes, section 136A.121, for the biennium  
46.13            ending June 30, 2015, made from appropriations for that biennium for part-time students  
46.14            attending a Minnesota state college and university system institution shall be modified  
46.15            as provided by this section. All other provisions of law and rule applying to state grant  
46.16            awards not inconsistent with this section shall apply to awards to those part-time students.

46.17            (b) For a student registering for less than full-time, the assigned family responsibility  
46.18            is the amount determined for a full-time student under Minnesota Statutes, section  
46.19            136A.101, subdivision 5a, prorated by the percent of full-time for which a student is  
46.20            enrolled.

APPENDIX  
Article locations in S1236-2

ARTICLE 1	HIGHER EDUCATION APPROPRIATIONS .....	Page.Ln 1.28
ARTICLE 2	REFORM AND PATHWAYS TO REFORM .....	Page.Ln 19.1
ARTICLE 3	MISCELLANEOUS .....	Page.Ln 31.1
ARTICLE 4	STATE GRANT PROGRAM .....	Page.Ln 45.10

APPENDIX  
Repealed Minnesota Statutes: S1236-2

**136A.121 GRANTS.**

**Subd. 9b. Onetime grant for high school-to-college developmental transition program.**

(a) A student who enrolls in a program under section 135A.61 is eligible for a onetime grant to help pay expenses to attend the program. The amount of the grant must be determined according to subdivision 5, except as modified by paragraph (b). The requirement in subdivision 9a that subtracts a federal Pell Grant award for which a student would be eligible, even if the student has exhausted the federal Pell Grant award, does not apply to a student who receives a grant under this subdivision in the award year in which the grant is received. The maximum grant under this subdivision must be reduced by the average amount a student would earn working in an on-campus work-study position for ten hours per week during a summer term. The office must determine an amount for student earnings in a summer term, using available data about earnings, before determining the amount awarded under this subdivision.

(b) For a student with an expected family contribution of zero, the maximum amount of the grant is the cost of attendance under subdivision 6.

(c) A grant under this subdivision counts as one of the nine semesters of eligibility under subdivision 9. A grant under this subdivision must not be awarded for the same term for which another grant is awarded under this section.