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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 675

February 5, 2007

Authored by Rukavina and Nornes

The bill was read for the first time and referred to the Committee on Finance

A bill for an act

relating to education; appropriating money for higher education and related purposes to the Office of Higher Education, the Board of Trustees of the Minnesota State Colleges and Universities, the board of Regents of the University of Minnesota, and the Mayo Clinic, with certain conditions; increasing amounts of matching grants; defining terms; making technical changes; eliminating certain report requirements; eliminating certain Legislative Advisory Commission approval requirements; permitting certain interest rate savings and other agreements; amending certain Pell grant requirements; requiring summary statistics in required reports; repealing certain data sharing and collecting requirements; modifying certain aspects of financial aid programs; establishing a scholarship program for high achieving high school students; establishing the Minnesota GI bill program; requiring reports; prohibiting issuance, manufacture, or use of false or fraudulent academic credentials; providing penalties; amending Minnesota Statutes 2006, sections 13.322, subdivision 3; 135A.031, subdivision 7; 135A.034, subdivision 1; 135A.053, subdivision 2; 135A.14, subdivision 1; 136A.01, subdivision 2; 136A.0411; 136A.08, subdivision 7; 136A.101, subdivisions 4, 5a; 136A.121, subdivision 5; 136A.125, subdivision 2; 136A.15, subdivisions 1, 6; 136A.16, subdivisions 1, 2, 5, 8, 9, 10, by adding a subdivision; 136A.17, subdivision 1; 136A.1701, subdivisions 1, 2, 5; 136A.233, subdivision 3; 136A.62, subdivision 3; 136A.63; 136A.65, subdivision 1, by adding a subdivision; 136A.653; 136A.657, subdivisions 1, 2, 3, by adding a subdivision; 136A.66; 136A.67; 136A.68; 136A.69; 136A.71; 136A.861, subdivisions 1, 2, 3, 6; 136G.11, subdivision 5; 141.21, subdivisions 1a, 5; 141.25, subdivisions 1, 5, 7, 9, 10, 12; 141.255, subdivision 2; 141.265, subdivision 2; 141.271, subdivisions 10, 12; 141.28, subdivision 1; 141.35; proposing coding for new law in Minnesota Statutes, chapters 136A; 141; 197; repealing Minnesota Statutes 2006, sections 135A.01; 135A.031, subdivisions 1, 2, 3, 4, 5, 6; 135A.032; 135A.033; 136A.07; 136A.08, subdivision 8; 136A.1702; 136A.61.

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

ARTICLE 1

HIGHER EDUCATION APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

2.1 The amounts shown in this section summarize direct appropriations, by fund, made
 2.2 in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
2.4 <u>General</u>	\$ 1,597,964,000	\$ 1,618,253,000	\$ 3,216,217,000
2.5 <u>Health Care Access</u>	2,157,000	2,157,000	4,314,000
2.6 <u>Total</u>	<u>\$ 1,600,121,000</u>	<u>\$ 1,620,410,000</u>	<u>\$ 3,220,531,000</u>

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

2.8 The sums shown in the columns marked "Appropriations" are appropriated to the
 2.9 agencies and for the purposes specified in this article. The appropriations are from the
 2.10 general fund, or another named fund, and are available for the fiscal years indicated
 2.11 for each purpose. The figures "2008" and "2009" used in this article mean that the
 2.12 appropriations listed under them are available for the fiscal year ending June 30, 2008, or
 2.13 June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal
 2.14 year 2009. "The biennium" is fiscal years 2008 and 2009.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2008</u>	<u>2009</u>

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

2.21 <u>Subdivision 1. Total Appropriation</u>	<u>\$ 245,393,000</u>	<u>\$ 246,404,000</u>
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2.22 The amounts that may be spent for each
 2.23 purpose are specified in the following
 2.24 subdivisions.

2.25 <u>Subd. 2. ACHIEVE</u>	<u>46,000,000</u>	<u>46,000,000</u>
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2.26 For grants to eligible postsecondary students
 2.27 under Minnesota Statutes, section 136A.127.

2.28 Of this appropriation, \$249,000 the first
 2.29 year and \$101,000 the second year are for
 2.30 the administrative costs of operating this
 2.31 program. For the 2010-2011 biennium,
 2.32 the base for this program's administrative
 2.33 costs must be included within the agency
 2.34 administration program activity.

3.1	<u>Subd. 3. Minnesota GI Bill</u>	<u>15,000,000</u>	<u>15,000,000</u>
3.2	<u>For grants to eligible veterans or the eligible</u>		
3.3	<u>spouses and children of veterans as provided</u>		
3.4	<u>under Minnesota Statutes, section 197.791.</u>		
3.5	<u>Of this appropriation, \$152,000 the first</u>		
3.6	<u>year and \$104,000 the second year are for</u>		
3.7	<u>the administrative costs of operating this</u>		
3.8	<u>program. For the 2010-2011 biennium,</u>		
3.9	<u>the base for this program's administrative</u>		
3.10	<u>costs must be included within the agency</u>		
3.11	<u>administration program activity.</u>		
3.12	<u>Subd. 4. State Grants</u>	<u>150,254,000</u>	<u>151,224,000</u>
3.13	<u>If the appropriation in this subdivision for</u>		
3.14	<u>either year is insufficient, the appropriation</u>		
3.15	<u>for the other year is available for it.</u>		
3.16	<u>For the biennium, the private institution</u>		
3.17	<u>tuition maximum is set at \$9,838 in each</u>		
3.18	<u>year for students in four-year programs, and</u>		
3.19	<u>\$6,836 in each year for students in two-year</u>		
3.20	<u>programs.</u>		
3.21	<u>This appropriation sets the living and</u>		
3.22	<u>miscellaneous expense allowance at \$5,550</u>		
3.23	<u>each year.</u>		
3.24	<u>Subd. 5. Safety Officers Survivors</u>	<u>100,000</u>	<u>100,000</u>
3.25	<u>This appropriation is to provide educational</u>		
3.26	<u>benefits under Minnesota Statutes, section</u>		
3.27	<u>299A.45, to dependent children under age 23</u>		
3.28	<u>and to the spouses of public safety officers</u>		
3.29	<u>killed in the line of duty.</u>		
3.30	<u>If the appropriation in this subdivision for</u>		
3.31	<u>either year is insufficient, the appropriation</u>		
3.32	<u>for the other year is available for it.</u>		
3.33	<u>Subd. 6. Interstate Tuition Reciprocity</u>	<u>2,000,000</u>	<u>2,000,000</u>

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

4.5 Subd. 7. State Work Study 12,444,000 12,444,000

4.6 Subd. 8. Child Care Grants 4,934,000 4,934,000

4.7 Subd. 9. Minitex 4,381,000 4,381,000

4.8 Subd. 10. MnLINK Gateway 400,000 400,000

4.9 Subd. 11. Learning Network of Minnesota 4,800,000 4,800,000

4.10 Subd. 12. Minnesota College Savings Plan 1,120,000 1,120,000

4.11 Subd. 13. Midwest Higher Education Compact 90,000 90,000

4.12 Subd. 14. Other Small Programs 920,000 920,000

4.13 This appropriation includes funding for
 4.14 postsecondary service learning, student and
 4.15 parent information, get ready, outreach, and
 4.16 intervention for college attendance programs.

4.17 Of this appropriation, \$115,000 each year is
 4.18 for grants to increase campus-community
 4.19 collaboration and service learning statewide.

4.20 For every \$1 in state funding, grant
 4.21 recipients must contribute \$2 in campus or
 4.22 community-based support.

4.23 Subd. 15. United Family Medicine Residency
 4.24 Program 360,000 360,000

4.25 For a grant to the United Family Medicine
 4.26 residency program. This appropriation
 4.27 must be used to support up to 18 resident
 4.28 physicians each year in family practice at
 4.29 United Family Medicine residency programs
 4.30 and must prepare doctors to practice family
 4.31 care medicine in underserved rural and
 4.32 urban areas of the state. The legislature
 4.33 intends this program to improve health

5.1 care in underserved communities, provide
 5.2 affordable access to appropriate medical
 5.3 care, and manage the treatment of patients in
 5.4 a more cost-effective manner.

5.5 **Subd. 16. Agency Administration** 2,690,000 2,731,000

5.6 Of this appropriation, \$39,000 the first
 5.7 year and \$80,000 the second year are for
 5.8 compensation-related costs associated with
 5.9 the delivery of the office's services and
 5.10 programs.

5.11 **Subd. 17. Balances Forward**

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

5.15 **Subd. 18. Transfers**

5.16 The Office Of Higher Education may
 5.17 transfer unencumbered balances from the
 5.18 appropriations in subdivisions 4 to 16 to the
 5.19 state grant appropriation, the safety officer
 5.20 survivors appropriation, the interstate tuition
 5.21 reciprocity appropriation, the Minnesota
 5.22 college savings plan appropriation, the child
 5.23 care appropriation, and the state work study
 5.24 appropriation.

5.25 **Subd. 19. Reporting**

5.26 (a) By November 1 and February 15, the
 5.27 office must provide updated state grant
 5.28 spending projections taking into account
 5.29 the most current and projected enrollment
 5.30 and tuition and fee information, economic
 5.31 conditions, and other relevant factors.

5.32 Before submitting state grant spending
 5.33 projections, the office must meet and consult
 5.34 with representatives of public and private

7.1 provide support to one additional center of
 7.2 excellence in the area of biosciences at the
 7.3 program or campus level.

7.4 Of this appropriation, \$5,000,000 each year
 7.5 is for the board to improve and expand
 7.6 educational offerings in the areas of science,
 7.7 technical, engineering, and math education.

7.8 Of this appropriation, \$3,000,000 the
 7.9 first year and \$7,000,000 the second year
 7.10 is to provide resources for the board to
 7.11 implement management innovations that
 7.12 remove internal barriers to innovation and
 7.13 responsiveness.

7.14 Of this appropriation, \$45,000,000 the
 7.15 first year and \$15,000,000 the second
 7.16 year is for the board to upgrade and
 7.17 support MnSCU's technology environment,
 7.18 including enhanced security management,
 7.19 network modernization, and new technology
 7.20 architecture.

7.21 **Subd. 3. Performance Bonus** -0- 25,000,000

7.22 (a) This is a onetime appropriation in the
 7.23 second year that is available after the board
 7.24 meets the requirements of this subdivision.

7.25 (b) The board, on or before April 1, 2008,
 7.26 must report to the house Higher Education
 7.27 and Work Force Development Finance and
 7.28 Policy Division, the senate Higher Education
 7.29 Budget and Policy Division, and the Office of
 7.30 Higher Education on the board's attainment
 7.31 of each performance goal specified in this
 7.32 subdivision.

7.33 (c) The appropriation is available after the
 7.34 board demonstrates to the commissioner of

8.1 finance that the board has met at least three
 8.2 of the following five performance goals:
 8.3 (1) an increase in the percentage of students
 8.4 who take college-level courses in science,
 8.5 technology, engineering, and math of at least
 8.6 five percent over fiscal year 2007 levels;
 8.7 (2) an increase in the enrollment of upper
 8.8 division-designated center of excellence
 8.9 programs by at least five percent each year
 8.10 over fiscal year 2007 levels;
 8.11 (3) an increase in the number of students
 8.12 trained on the use of electronic medical
 8.13 record technology by at least 1,400 over
 8.14 fiscal year 2007 levels;
 8.15 (4) an increase in the number of students
 8.16 taking online courses, or an increase in the
 8.17 number of online course offerings, by at least
 8.18 ten percent over fiscal year 2007 levels; and
 8.19 (5) an expansion by at least ten percent over
 8.20 2006-2007 biennium levels in the reach
 8.21 or utilization of "awards of excellence"
 8.22 or other initiatives that reward member
 8.23 institutions, faculty, administrators, or
 8.24 staff for innovations designed to advance
 8.25 excellence and efficiency.
 8.26 (d) By October 1, 2007, the board and the
 8.27 Office of Higher Education must agree on
 8.28 specific numerical indicators and definitions
 8.29 for each of the five goals that will be used to
 8.30 demonstrate the Minnesota State Colleges
 8.31 and Universities' attainment of each goal.

8.32 **Sec. 5. BOARD OF REGENTS OF THE**
 8.33 **UNIVERSITY OF MINNESOTA**

8.34 **Subdivision 1. Total Appropriation** **\$** **689,332,000** **\$** **709,562,000**

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

9.4 **Subd. 2. Operations and Maintenance** 623,462,000 618,692,000

9.5 Of this amount, \$38,000,000 in fiscal year
 9.6 2008 is for the direct and indirect expenses
 9.7 of the collaborative research partnership
 9.8 between the University and the Mayo
 9.9 Foundation for research in biotechnology
 9.10 and medical genomics. This is a onetime
 9.11 appropriation that is available until expended.

9.12 An annual report on the expenditure of these
 9.13 funds must be submitted to the governor and
 9.14 to the chairs of the senate Higher Education
 9.15 and Economic Development Budget
 9.16 Divisions, and the house Higher Education
 9.17 and Work Force Development Policy and
 9.18 Finance Division by June 30 of each fiscal
 9.19 year until the appropriation is expended.

9.20 Of this amount, \$3,450,000 each year
 9.21 is for the board to make investments in
 9.22 the university's technology and related
 9.23 infrastructure.

9.24 Of this amount, \$9,800,000 the first year and
 9.25 \$18,700,000 the second year are to award
 9.26 faculty and staff compensation increases
 9.27 differentially.

9.28 Of this amount, \$8,800,000 the first year
 9.29 and \$19,100,000 the second year are for
 9.30 the board's health workforce and clinical
 9.31 sciences initiative.

9.32 Of this amount, \$4,100,000 the first year
 9.33 and \$11,500,000 the second year are for the
 9.34 board's initiatives in science and engineering.

10.1 Of this amount, \$3,100,000 the first year
 10.2 and \$8,400,000 the second year are for
 10.3 the board’s initiatives relating to the
 10.4 environment, agriculture, and renewable
 10.5 energy.

10.6 **Subd. 3. Performance Bonus** -0- 25,000,000

10.7 (a) This is a onetime appropriation in the
 10.8 second year that is available after the board
 10.9 meets the requirements of this subdivision.

10.10 (b) The board, on or before April 1, 2008,
 10.11 must report to the house Higher Education
 10.12 and Work Force Development Finance and
 10.13 Policy Division, the senate Higher Education
 10.14 Budget and Policy Division, and the Office of
 10.15 Higher Education on the board's attainment
 10.16 of each performance goal specified in this
 10.17 subdivision.

10.18 (c) The appropriation is available after the
 10.19 board demonstrates to the commissioner of
 10.20 finance that the board has met at least three
 10.21 of the following five performance goals:

10.22 (1) an increase in the percentage of national
 10.23 faculty awards in arts, humanities, science,
 10.24 engineering, and health of at least five
 10.25 percent over fiscal year 2007 levels;

10.26 (2) to maintain or improve the university’s
 10.27 rank in its national share of funding from
 10.28 the National Institutes of Health over 2007
 10.29 levels;

10.30 (3) an increase in the percentage of
 10.31 postdoctoral appointees of at least five
 10.32 percent over fiscal year 2007 levels;

10.33 (4) an increase in the amount of financial
 10.34 support from key funders of renewable

11.1 energy research by at least five percent over
 11.2 fiscal year 2007 levels; and
 11.3 (5) an increase of at least five in the number
 11.4 of "high value licenses" to a Minnesota-based
 11.5 commercial partner, or in the number of
 11.6 "venture-quality start-up companies" in
 11.7 Minnesota that are identified and developed
 11.8 by the university's Office of Technology
 11.9 Commercialization over the number of these
 11.10 licenses or start-up companies that were
 11.11 identified or developed by the university in
 11.12 the 2006-2007 biennium.

11.13 (d) By October 1, 2007, the board and the
 11.14 Office of Higher Education, must agree on
 11.15 specific numerical indicators and definitions
 11.16 for each of the five goals that will be used
 11.17 to demonstrate the university's attainment of
 11.18 each goal.

11.19 **Subd. 4. Health Care Access Fund** 2,157,000 2,157,000

11.20 This appropriation is from the health care
 11.21 access fund and is for primary care education
 11.22 initiatives.

11.23 **Subd. 5. Special Appropriation** 63,713,000 63,713,000

11.24 **(a) Agriculture and Extension Service** 50,625,000 50,625,000

11.25 This appropriation is for the Agricultural
 11.26 Experiment Station, Minnesota Extension
 11.27 Service.

11.28 **(b) Health Sciences** 5,275,000 5,275,000

11.29 Of this appropriation, \$346,000 each year
 11.30 is to support up to 12 resident physicians
 11.31 each year in the St. Cloud Hospital family
 11.32 practice residency program. The program
 11.33 must prepare doctors to practice primary care
 11.34 medicine in the rural areas of the state. The

12.1 legislature intends this program to improve
 12.2 health care in rural communities, provide
 12.3 affordable access to appropriate medical
 12.4 care, and manage the treatment of patients in
 12.5 a more cost-effective manner.

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

12.11 **(c) Institute of Technology** 1,387,000 1,387,000

12.12 This appropriation is for the geological
 12.13 survey and the talented youth mathematics
 12.14 program.

12.15 **(d) System Specials** 6,426,000 6,426,000

12.16 This appropriation is for general research,
 12.17 student loans matching money, industrial
 12.18 relations education, Natural Resources
 12.19 Research Institute, Center for Urban and
 12.20 Regional Affairs, Bell Museum of Natural
 12.21 History, and the Humphrey exhibit.

12.22 **Subd. 6. Academic Health Center**

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

12.26 **Sec. 6. MAYO CLINIC**

12.27 **Subdivision 1. Total Appropriation** **\$ 1,202,000 \$ 1,250,000**

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

12.31 **Subd. 2. Medical School** 591,000 615,000

12.32 The state of Minnesota must pay a capitation
 12.33 each year for each student who is a resident

13.1 of Minnesota. The appropriation may be
 13.2 transferred between years of the biennium to
 13.3 accommodate enrollment fluctuations. The
 13.4 funding base for this program is \$640,000 in
 13.5 fiscal year 2010 and \$665,000 in fiscal year
 13.6 2011.

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

13.11 Subd. 3. Family Practice and Graduate
 13.12 Residency Program

611,000

635,000

13.13 The state of Minnesota must pay stipend
 13.14 support for up to 27 residents each year. The
 13.15 funding base for this program is \$660,000 in
 13.16 fiscal year 2010 and \$686,000 in fiscal year
 13.17 2011.

ARTICLE 2

RELATED HIGHER EDUCATION PROVISIONS

13.20 Section 1. Minnesota Statutes 2006, section 13.322, subdivision 3, is amended to read:

13.21 Subd. 3. **Minnesota Office of Higher Education.** (a) **General.** Data sharing
 13.22 involving the Minnesota Office of Higher Education and other institutions is governed
 13.23 by ~~sections section 136A.05 and 136A.08, subdivision 8.~~

13.24 (b) **Student financial aid.** Data collected and used by the Minnesota Office of
 13.25 Higher Education on applicants for financial assistance are classified under section
 13.26 136A.162.

13.27 (c) **Minnesota college savings plan data.** Account owner data, account data, and
 13.28 data on beneficiaries of accounts under the Minnesota college savings plan are classified
 13.29 under section 136G.05, subdivision 10.

13.30 (d) **School financial records.** Financial records submitted by schools registering
 13.31 with the Minnesota Office of Higher Education are classified under section 136A.64.

13.32 (e) **Enrollment and financial aid data.** Data collected from eligible institutions on
 13.33 student enrollment and federal and state financial aid are governed by sections 136A.121,
 13.34 subdivision 18, and 136A.1701, subdivision 11.

14.1 Sec. 2. Minnesota Statutes 2006, section 135A.031, subdivision 7, is amended to read:

14.2 Subd. 7. **Reports.** Instructional expenditure and enrollment data ~~for each~~
 14.3 ~~instructional category~~ shall be submitted by the public postsecondary systems to the
 14.4 Minnesota Office of Higher Education and the Department of Finance and included in the
 14.5 biennial budget document. The specific data shall be submitted only after the director of
 14.6 the Minnesota Office of Higher Education has consulted with a data advisory task force to
 14.7 determine the need, content, and detail of the information.

14.8 Sec. 3. Minnesota Statutes 2006, section 135A.034, subdivision 1, is amended to read:

14.9 Subdivision 1. **Operating budget.** The governing boards of the University of
 14.10 Minnesota, and the Minnesota State Colleges and Universities shall each develop, for
 14.11 legislative and executive branch acceptance, its highest budget priorities in accordance
 14.12 with statewide objectives for higher education. ~~It is the intent of the legislature to~~
 14.13 ~~appropriate at least 67 percent of the total cost of instruction after adjusting for inflation~~
 14.14 ~~and enrollment changes. However, in the event of a budget shortfall, or if funding of~~
 14.15 ~~inflation is not possible, available funding shall first be applied to the agreed upon budget~~
 14.16 ~~priorities.~~

14.17 Sec. 4. Minnesota Statutes 2006, section 135A.053, subdivision 2, is amended to read:

14.18 Subd. 2. **Performance and accountability.** Higher education systems and
 14.19 campuses are expected to achieve the objectives in subdivision 1 and will be held
 14.20 accountable for doing so. The legislature is increasing the flexibility of the systems and
 14.21 campuses to provide greater responsibility to higher education in deciding how to achieve
 14.22 statewide objectives, and to decentralize authority so that those decisions can be made
 14.23 at the level where the education is delivered. ~~To demonstrate their accountability, the~~
 14.24 ~~legislature expects each system and campus to measure and report on its performance,~~
 14.25 ~~using meaningful indicators that are critical to achieving the objectives in subdivision 1,~~
 14.26 ~~as provided in section 135A.033.~~ Nothing in this section precludes a system or campus
 14.27 from determining its own objectives and performance measures beyond those identified
 14.28 in this section.

14.29 Sec. 5. Minnesota Statutes 2006, section 135A.14, subdivision 1, is amended to read:

14.30 Subdivision 1. **Definitions.** As used in this section, the following terms have the
 14.31 meanings given them.

14.32 (a) "Administrator" means the administrator of the institution or other person with
 14.33 general control and supervision of the institution.

15.1 (b) "Public or private postsecondary educational institution" or "institution" means
 15.2 any of the following institutions having an enrollment of more than 100 persons during
 15.3 any quarter, term, or semester during the preceding year: (1) the University of Minnesota;
 15.4 (2) the state universities; (3) the state community colleges; (4) public technical colleges;
 15.5 (5) private four-year, professional and graduate institutions; (6) private two-year colleges;
 15.6 and (7) schools subject to either chapter 141, sections ~~136A.61~~ 136A.615 to 136A.71, or
 15.7 schools exempt under section 136A.657, and which offer educational programs within the
 15.8 state for an academic year greater than six consecutive months. An institution's report to
 15.9 the Minnesota Office of Higher Education or the Minnesota Department of Education may
 15.10 be considered when determining enrollment.

15.11 (c) "Student" means a person born after 1956 who did not graduate from a Minnesota
 15.12 high school in 1997 or later, and who is (1) registering for more than one class during
 15.13 a full academic term, such as a quarter or a semester or (2) housed on campus and is
 15.14 registering for one or more classes. Student does not include persons enrolled in extension
 15.15 classes only or correspondence classes only.

15.16 Sec. 6. **[136A.002] DEFINITIONS.**

15.17 Subdivision 1. **Scope.** For purposes of this chapter, the terms defined in this section
 15.18 have the meanings given them.

15.19 Subd. 2. **Office of Higher Education; office.** "Office of Higher Education" or
 15.20 "office" means the Minnesota Office of Higher Education.

15.21 Sec. 7. Minnesota Statutes 2006, section 136A.01, subdivision 2, is amended to read:

15.22 Subd. 2. **Responsibilities.** The Minnesota Office of Higher Education is responsible
 15.23 for:

15.24 (1) necessary state level administration of financial aid programs, including
 15.25 accounting, auditing, and disbursing state and federal financial aid funds, and reporting on
 15.26 financial aid programs to the governor and the legislature;

15.27 (2) approval, registration, licensing, and financial aid eligibility of private collegiate
 15.28 and career schools, under sections ~~136A.61~~ 136A.615 to 136A.71 and chapter 141;

15.29 (3) administering the Learning Network of Minnesota;

15.30 (4) negotiating and administering reciprocity agreements;

15.31 (5) publishing and distributing financial aid information and materials, and other
 15.32 information and materials under section 136A.87, to students and parents;

16.1 (6) collecting and maintaining student enrollment and financial aid data and
 16.2 reporting data on students and postsecondary institutions to develop and implement a
 16.3 process to measure and report on the effectiveness of postsecondary institutions;

16.4 (7) administering the federal programs that affect students and institutions on a
 16.5 statewide basis; and

16.6 (8) prescribing policies, procedures, and rules under chapter 14 necessary to
 16.7 administer the programs under its supervision.

16.8 Sec. 8. Minnesota Statutes 2006, section 136A.0411, is amended to read:

16.9 **136A.0411 COLLECTING FEES.**

16.10 The office may charge fees for seminars, conferences, workshops, services, and
 16.11 materials. The office may collect fees for registration and licensure of private institutions
 16.12 under sections ~~136A.61~~ 136A.615 to 136A.71 and chapter 141. The money is annually
 16.13 appropriated to the office.

16.14 Sec. 9. Minnesota Statutes 2006, section 136A.08, subdivision 7, is amended to read:

16.15 Subd. 7. **Reporting.** The Minnesota Office of Higher Education must annually,
 16.16 before the last day in January, submit a report to the committees in the house of
 16.17 representatives and the senate with responsibility for higher education finance on:

16.18 (1) participation in the tuition reciprocity program by Minnesota students and
 16.19 students from other states attending Minnesota postsecondary institutions under a
 16.20 reciprocity agreement;

16.21 (2) reciprocity and resident tuition rates at each institution; ~~and~~

16.22 (3) interstate payments and obligations for each state participating in the tuition
 16.23 reciprocity program in the prior year; and

16.24 (4) summary statistics on number of graduates by institution, degree granted, and
 16.25 year of graduation for reciprocity students who attended Minnesota postsecondary
 16.26 institutions.

16.27 Sec. 10. Minnesota Statutes 2006, section 136A.101, subdivision 4, is amended to read:

16.28 Subd. 4. **Eligible institution.** "Eligible institution" means a postsecondary
 16.29 educational institution located in this state or in a state with which the office has entered
 16.30 into a higher education reciprocity agreement on state student aid programs that ~~either~~ (1)
 16.31 is operated by this state or the Board of Regents of the University of Minnesota, or (2) is
 16.32 operated ~~publicly or privately~~ and, as determined by the office, meets all of the following:
 16.33 (i) maintains academic standards substantially equivalent to those of comparable

17.1 institutions operated in this state; (ii) is licensed or registered as a postsecondary institution
 17.2 by the office or another state agency; and (iii) by July 1, 2011, is participating in the federal
 17.3 Pell Grant program under Title IV of the Higher Education Act of 1965, as amended.

17.4 Sec. 11. Minnesota Statutes 2006, section 136A.101, subdivision 5a, is amended to
 17.5 read:

17.6 Subd. 5a. **Assigned family responsibility.** "Assigned family responsibility" means
 17.7 the amount of a ~~family~~ family's contribution to a student's cost of attendance, as determined
 17.8 by a federal need analysis. For dependent students, the assigned family responsibility is
 17.9 95 percent of the parental contribution. For independent students with dependents other
 17.10 than a spouse, the assigned family responsibility is 85 percent of the student contribution.
 17.11 For independent students without dependents other than a spouse, the assigned family
 17.12 responsibility is ~~72~~ 67 percent of the student contribution. ~~The assigned family~~
 17.13 ~~responsibility for all other independent students is 90 percent of the student contribution.~~

17.14 Sec. 12. Minnesota Statutes 2006, section 136A.121, subdivision 5, is amended to read:

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

17.20 (1) the assigned student responsibility of at least 46 percent of the cost of attending
 17.21 the institution of the applicant's choosing;

17.22 (2) the assigned family responsibility as defined in section 136A.101; and

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

17.24 In the case of a student who is confined to a Minnesota correctional institution, the amount
 17.25 of the federal Pell grant for which the student would have been eligible if the student
 17.26 were not incarcerated will be subtracted.

17.27 The minimum financial stipend is \$100 per academic year.

17.28 **EFFECTIVE DATE.** This section is effective July 1, 2007.

17.29 Sec. 13. Minnesota Statutes 2006, section 136A.125, subdivision 2, is amended to read:

17.30 Subd. 2. **Eligible students.** (a) An applicant is eligible for a child care grant if
 17.31 the applicant:

17.32 (1) is a resident of the state of Minnesota;

18.1 (2) has a child 12 years of age or younger, or 14 years of age or younger who is
 18.2 disabled as defined in section 125A.02, and who is receiving or will receive care on a
 18.3 regular basis from a licensed or legal, nonlicensed caregiver;

18.4 (3) is income eligible as determined by the office's policies and rules, but is not a
 18.5 recipient of assistance from the Minnesota family investment program;

18.6 (4) has not earned a baccalaureate degree and has been enrolled full time less than
 18.7 eight semesters or the equivalent;

18.8 (5) is pursuing a nonsectarian program or course of study that applies to an
 18.9 undergraduate degree, diploma, or certificate;

18.10 (6) is enrolled at least half time in an eligible institution; and

18.11 (7) is in good academic standing and making satisfactory academic progress.

18.12 (b) A student who withdraws from enrollment for active military service is entitled
 18.13 to an additional semester or the equivalent of grant eligibility and will be considered to be
 18.14 in continuing enrollment status upon return.

18.15 Sec. 14. Minnesota Statutes 2006, section 136A.15, subdivision 1, is amended to read:

18.16 Subdivision 1. **Scope.** For purposes of sections 136A.15 to ~~136A.1702~~ 136A.1701,
 18.17 the terms defined in this section have the meanings ~~ascribed to~~ given them.

18.18 Sec. 15. Minnesota Statutes 2006, section 136A.15, subdivision 6, is amended to read:

18.19 Subd. 6. **Eligible institution.** "Eligible institution" means a postsecondary
 18.20 educational institution that ~~either~~ (1) is operated or regulated by this state; or the Board of
 18.21 Regents of the University of Minnesota; (2) is operated publicly or privately in another
 18.22 state, is approved by the United States Secretary of Education, and, as determined by
 18.23 the office, maintains academic standards substantially equal to those of comparable
 18.24 institutions operated in this state; (3) is licensed or registered as a postsecondary institution
 18.25 by the office or another state agency; and (4) by July 1, 2011, is participating in the federal
 18.26 Pell Grant program under Title IV of the Higher Education Act of 1965, as amended. It
 18.27 also includes any institution chartered in a province.

18.28 Sec. 16. Minnesota Statutes 2006, section 136A.16, subdivision 1, is amended to read:

18.29 Subdivision 1. **Designation.** Notwithstanding chapter 16C, the Minnesota Office of
 18.30 Higher Education is designated as the administrative agency for carrying out the purposes
 18.31 and terms of sections 136A.15 to ~~136A.1702~~ 136A.1701. The office may establish one
 18.32 or more loan programs.

19.1 Sec. 17. Minnesota Statutes 2006, section 136A.16, subdivision 2, is amended to read:

19.2 Subd. 2. **Rules.** The office shall adopt policies and prescribe appropriate rules to
19.3 carry out the purposes of sections 136A.15 to ~~136A.1702~~ 136A.1701. The policies and
19.4 rules except as they relate to loans under section 136A.1701 must be compatible with
19.5 the provisions of the National Vocational Student Loan Insurance Act of 1965 and the
19.6 provisions of title IV of the Higher Education Act of 1965, and any amendments thereof.

19.7 Sec. 18. Minnesota Statutes 2006, section 136A.16, subdivision 5, is amended to read:

19.8 Subd. 5. **Agencies.** The office may contract with guarantee agencies, insurance
19.9 agencies, collection agencies, or any other person, to carry out the purposes of sections
19.10 136A.15 to ~~136A.1702~~ 136A.1701.

19.11 Sec. 19. Minnesota Statutes 2006, section 136A.16, subdivision 8, is amended to read:

19.12 Subd. 8. **Investment.** Money made available to the office that is not immediately
19.13 needed for the purposes of sections 136A.15 to ~~136A.1702~~ 136A.1701 may be invested
19.14 by the office. The money must be invested in bonds, certificates of indebtedness, and
19.15 other fixed income securities, except preferred stocks, which are legal investments for the
19.16 permanent school fund. The money may also be invested in prime quality commercial
19.17 paper that is eligible for investment in the state employees retirement fund. All interest
19.18 and profits from such investments inure to the benefit of the office or may be pledged for
19.19 security of bonds issued by the office or its predecessor, the Minnesota Higher Education
19.20 Coordinating Board.

19.21 Sec. 20. Minnesota Statutes 2006, section 136A.16, subdivision 9, is amended to read:

19.22 Subd. 9. **Staff.** The office may employ the professional and clerical staff the
19.23 director deems necessary for the proper administration of the loan programs established
19.24 and defined by sections 136A.15 to ~~136A.1702~~ 136A.1701.

19.25 Sec. 21. Minnesota Statutes 2006, section 136A.16, subdivision 10, is amended to read:

19.26 Subd. 10. **Director.** Subject to its directives and review, the office may delegate to
19.27 the director the responsibility for issuance of public information concerning provisions of
19.28 sections 136A.15 to ~~136A.1702~~ 136A.1701, for design of loan application forms, and for
19.29 prescribing procedures for submission of applications for loans.

19.30 Sec. 22. Minnesota Statutes 2006, section 136A.16, is amended by adding a
19.31 subdivision to read:

20.1 Subd. 16. Interest rate swaps and other agreements. (a) The office may enter into
20.2 interest rate exchange or swap agreements, hedges, forward purchase or sale agreements,
20.3 or other comparable interest rate protection agreements with a third party in connection
20.4 with the issuance or proposed issuance of bonds, outstanding bonds or notes, or existing
20.5 comparable interest rate protection agreements.

20.6 (b) The agreements authorized by this subdivision include, without limitation, master
20.7 agreements, options, or contracts to enter into those agreements in the future and related
20.8 agreements, including, without limitation, agreements to provide credit enhancement,
20.9 liquidity, or remarketing.

20.10 (c) The agreements authorized by this subdivision may be entered into on the basis
20.11 of negotiation with a qualified third party or through a competitive proposal process on
20.12 terms and conditions as and with covenants and provisions approved by the office and
20.13 may include, without limitation:

20.14 (1) provisions establishing reserves;

20.15 (2) pledging assets or revenues of the office for current or other payments or
20.16 termination payments;

20.17 (3) contracting with the other parties to the agreements to provide for the custody,
20.18 collection, securing, investment, and payment of money of the office or money held in
20.19 trust; or

20.20 (4) requiring the issuance of bonds or other agreements authorized by this section
20.21 in the future.

20.22 (d) With respect to bonds or notes outstanding or proposed to be issued bearing
20.23 interest at a variable rate, the office may agree to pay sums equal to interest at a fixed rate
20.24 or at a different variable rate determined in accordance with a formula set out in the
20.25 agreement on an amount not exceeding the outstanding principal amount of the bonds or
20.26 notes at the time of payment in exchange for an agreement by the third party to pay sums
20.27 equal to interest on a like amount at a variable rate determined according to a formula
20.28 set out in the agreement.

20.29 (e) With respect to bonds or notes outstanding or proposed to be issued bearing
20.30 interest at a fixed rate or rates, the office may agree to pay sums equal to interest at a
20.31 variable rate determined in accordance with a formula set out in the agreement on an
20.32 amount not exceeding the outstanding principal amount of the bonds or notes at the time of
20.33 payment in exchange for an agreement by the third party to pay sums equal to interest on a
20.34 like amount at a fixed rate or rates determined according to a formula set in the agreement.

20.35 (f) Subject to any applicable covenants of the office, payments required to be made
20.36 by the office under the agreement, including termination payments, may be made from

21.1 amounts pledged or available to pay debt service on the bonds or notes with respect to
 21.2 which the agreement was made or from assets of the loan capital fund of the office.
 21.3 The office may issue bonds or notes to provide for any payments, including, without
 21.4 limitation, a termination payment due or to become due under an agreement authorized
 21.5 under this section.

21.6 Sec. 23. Minnesota Statutes 2006, section 136A.17, subdivision 1, is amended to read:

21.7 Subdivision 1. **Eligibility.** A student is eligible to apply for a loan under sections
 21.8 136A.15 to ~~136A.1702~~ 136A.1701 if the office finds that the student is an eligible student
 21.9 as defined in those sections and is eligible for a loan under federal laws and regulations
 21.10 governing the federal guaranteed student loan programs.

21.11 Sec. 24. Minnesota Statutes 2006, section 136A.1701, subdivision 1, is amended to
 21.12 read:

21.13 Subdivision 1. **Establishment of program.** The Minnesota Office of Higher
 21.14 Education may provide for programs of loans which may be made in lieu of or in addition
 21.15 to loans authorized under sections 136A.15 to ~~136A.1702~~ 136A.1701 and applicable
 21.16 provisions of federal law as provided in this section.

21.17 Sec. 25. Minnesota Statutes 2006, section 136A.1701, subdivision 2, is amended to
 21.18 read:

21.19 Subd. 2. **Purpose of program.** The purpose of the loan programs under this section
 21.20 is to provide financial assistance for the postsecondary education of students who are
 21.21 eligible students whether or not such students qualify for a loan or loans under other
 21.22 provisions of sections 136A.15 to ~~136A.1702~~ 136A.1701.

21.23 Loans granted to students may be used solely for educational purposes.

21.24 Sec. 26. Minnesota Statutes 2006, section 136A.1701, subdivision 5, is amended to
 21.25 read:

21.26 Subd. 5. **Maximum loans for students.** Loans made under this section or sections
 21.27 136A.15 to ~~136A.1702~~ 136A.1701 to an individual eligible student for vocational study
 21.28 may be made for a maximum of three academic years or their equivalent and loans made
 21.29 to any other individual eligible student may be made for a maximum of eight academic
 21.30 years or their equivalent.

21.31 Sec. 27. Minnesota Statutes 2006, section 136A.233, subdivision 3, is amended to read:

22.1 Subd. 3. **Payments.** Work-study payments shall be made to eligible students by
22.2 postsecondary institutions as provided in this subdivision.

22.3 (a) Students shall be selected for participation in the program by the postsecondary
22.4 institution on the basis of student financial need.

22.5 (b) In selecting students for participation, priority must be given to students enrolled
22.6 for at least 12 credits. In each academic year, a student may be awarded work-study
22.7 payments for one period of nonenrollment or less than half-time enrollment if the student
22.8 will enroll on at least a half-time basis during the following academic term.

22.9 (c) Students will be paid for hours actually worked and the maximum hourly rate
22.10 of pay shall not exceed the maximum hourly rate of pay permitted under the federal
22.11 college work-study program.

22.12 (d) Minimum pay rates will be determined by an applicable federal or state law.

22.13 (e) The office shall annually establish a minimum percentage rate of student
22.14 compensation to be paid by an eligible employer.

22.15 (f) Each postsecondary institution receiving money for state work-study grants
22.16 shall make a reasonable effort to place work-study students in employment with eligible
22.17 employers outside the institution. However, a public employer other than the institution
22.18 may not terminate, lay off, or reduce the working hours of a permanent employee for the
22.19 purpose of hiring a work-study student, or replace a permanent employee who is on layoff
22.20 from the same or substantially the same job by hiring a work-study student.

22.21 (g) The percent of the institution's work-study allocation provided to graduate
22.22 students shall not exceed the percent of graduate student enrollment at the participating
22.23 institution.

22.24 (h) An institution may use up to 30 percent of its allocation for student internships
22.25 with private, for-profit employers.

22.26 Sec. 28. Minnesota Statutes 2006, section 136A.861, subdivision 1, is amended to read:

22.27 Subdivision 1. **Grants.** The director of the Minnesota Office of Higher Education
22.28 shall award grants to foster postsecondary attendance and retention by providing outreach
22.29 services to historically underserved students in grades six through 12 and historically
22.30 underrepresented college students. Grants must be awarded to programs that provide
22.31 precollege services, including, but not limited to:

22.32 (1) academic counseling;

22.33 (2) mentoring;

22.34 (3) fostering and improving parental involvement in planning for and facilitating a
22.35 college education;

- 23.1 (4) services for students with English as a second language;
- 23.2 (5) academic enrichment activities;
- 23.3 (6) tutoring;
- 23.4 (7) career awareness and exploration;
- 23.5 (8) orientation to college life;
- 23.6 (9) assistance with high school course selection and information about college
- 23.7 admission requirements; and
- 23.8 (10) financial aid counseling.

23.9 Grants shall be awarded to postsecondary institutions, professional organizations,

23.10 community-based organizations, or others deemed appropriate by the director.

23.11 Grants shall be awarded for one year and may be renewed for a second year with

23.12 documentation to the Minnesota Office of Higher Education of successful program

23.13 outcomes.

23.14 Sec. 29. Minnesota Statutes 2006, section 136A.861, subdivision 2, is amended to read:

23.15 Subd. 2. **Eligible students.** Eligible students include students in grades six through

23.16 12 who meet one or more of the following criteria:

23.17 (1) are counted under section 1124(c) of the Elementary and Secondary Education

23.18 Act of 1965 (Title I);

23.19 (2) are eligible for free or reduced-price lunch under the National School Lunch Act;

23.20 (3) receive assistance under the Temporary Assistance for Needy Families Law (Title

23.21 I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996); or

23.22 (4) are a member of a group traditionally underrepresented in higher education.

23.23 Eligible undergraduate students include those who met the student eligibility criteria

23.24 as 6th through 12th graders.

23.25 Sec. 30. Minnesota Statutes 2006, section 136A.861, subdivision 3, is amended to read:

23.26 Subd. 3. **Application process.** The director of the Minnesota Office of Higher

23.27 Education shall develop a grant application process. The director shall attempt to support

23.28 projects in a manner that ensures that eligible students throughout the state have access

23.29 to ~~precollege~~ program services.

23.30 The grant application must include, at a minimum, the following information:

23.31 (1) a description of the characteristics of the students to be served reflective of the

23.32 need for services listed in subdivision 1;

23.33 (2) a description of the services to be provided and a timeline for implementation of

23.34 the activities;

24.1 (3) a description of how the services provided will foster postsecondary attendance
24.2 and support postsecondary retention;

24.3 (4) a description of how the services will be evaluated to determine whether the
24.4 program goals were met; and

24.5 (5) other information as identified by the director.

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

24.8 Sec. 31. Minnesota Statutes 2006, section 136A.861, subdivision 6, is amended to read:

24.9 Subd. 6. **Program evaluation.** Each grant recipient must annually submit a report
24.10 to the Minnesota Office of Higher Education delineating its program and student outcome
24.11 goals, and activities implemented to achieve the stated outcomes. The goals must be
24.12 clearly stated and measurable. Grant recipients are required to collect, analyze, and report
24.13 on participation and outcome data that enable the office to verify that the program goals
24.14 were met. The office shall maintain:

24.15 (1) information about successful precollege program and undergraduate student
24.16 retention program activities for dissemination to individuals throughout the state interested
24.17 in adopting or replicating successful program practices; and

24.18 (2) data on the success of the funded projects in increasing the high school
24.19 graduation ~~and~~ college participation, and college graduation rates of students served
24.20 by the grant recipients. The office may convene meetings of the grant recipients, as
24.21 needed, to discuss issues pertaining to the implementation of precollege services and
24.22 undergraduate retention programs.

24.23 Sec. 32. Minnesota Statutes 2006, section 136G.11, subdivision 5, is amended to read:

24.24 Subd. 5. **Amount of matching grant.** The amount of the matching grant for a
24.25 beneficiary equals:

24.26 (1) if the beneficiary's family income is \$50,000 or less, 15 percent of the sum
24.27 of the contributions made to the beneficiary's account during the calendar year, not to
24.28 exceed ~~\$300~~ \$400; and

24.29 (2) if the beneficiary's family income is more than \$50,000 but not more than
24.30 \$80,000, ~~five~~ ten percent of the sum of the contributions made to the beneficiary's account
24.31 during the calendar year, not to exceed ~~\$300~~ \$400.

24.32 Sec. 33. **REPEALER.**

25.1 Minnesota Statutes 2006, sections 135A.01; 135A.031, subdivisions 1, 2, 3, 4, 5, and
25.2 6; 135A.032; 135A.033; 136A.07; 136A.08, subdivision 8; and 136A.1702, are repealed.

25.3 **ARTICLE 3**
25.4 **ACHIEVE SCHOLARSHIP**

25.5 Section 1. **[136A.127] ACADEMIC COMPETITIVENESS HIGHLIGHTING**
25.6 **INDIVIDUAL EXCELLENCE AND VALUING EDUCATION SCHOLARSHIP**
25.7 **PROGRAM.**

25.8 Subdivision 1. **Establishment.** The academic competitiveness highlighting
25.9 individual excellence and valuing education (ACHIEVE) scholarship program is
25.10 established.

25.11 Subd. 2. **Purpose.** The purpose of ACHIEVE scholarships is to reward Minnesota
25.12 students for taking rigorous courses in high school.

25.13 Subd. 3. **Program goal.** The goal of the program is to encourage more low- and
25.14 moderate-income Minnesota students to take rigorous college-level academic courses in
25.15 high school and provide them with resources to help pay for postsecondary education.
25.16 Students who take these courses are more likely to attend and graduate from postsecondary
25.17 institutions.

25.18 Subd. 4. **Definition; qualifying course.** For the purposes of this section, a
25.19 "qualifying course" means a course that is equivalent to at least one course credit in high
25.20 school, as defined in section 120B.024, and that is one of the following:

25.21 (1) advanced placement courses or international baccalaureate courses under section
25.22 120B.13;

25.23 (2) for students who took an advanced placement or international baccalaureate
25.24 examination but not a high school course, the number of courses equivalent to credits
25.25 earned by taking advanced placement or international baccalaureate examinations under
25.26 section 120B.13, subdivision 3a;

25.27 (3) postsecondary enrollment options courses and programs under section 124D.09;

25.28 (4) concurrent enrollment courses under section 124D.09, subdivision 10;

25.29 (5) college in the schools courses under section 124D.09, subdivision 10;

25.30 (6) the number of courses equivalent to credits earned via the college-level
25.31 examination program under section 120B.131; or

25.32 (7) the number of courses equivalent to credits earned via work-based learning
25.33 programs under section 124D.4531, 124D.46, 124D.47, or 124D.49.

25.34 The courses count toward the scholarship whether or not the postsecondary
25.35 institution grants postsecondary credit for them.

26.1 Subd. 5. **Documentation of qualifying courses.** The student shall request a
 26.2 transcript from the high school. The high school shall provide a transcript to the Office
 26.3 of Higher Education documenting the qualifying courses the student took. High schools
 26.4 shall certify on the transcript which courses on the transcript are qualifying courses and
 26.5 provide a total number of qualifying courses for each student.

26.6 Subd. 6. **Review panel.** The director of the office shall appoint a review panel to
 26.7 monitor the implementation of ACHIEVE scholarships. The review panel may assist the
 26.8 director in examining appeals of whether high school courses qualify for the scholarships.
 26.9 The review panel shall include representatives of public and private high schools and
 26.10 postsecondary institutions. This subdivision expires June 30, 2008.

26.11 Subd. 7. **Student eligibility.** To be eligible to receive a scholarship under this
 26.12 section, in addition to the requirements listed under section 136A.121, a student must:

26.13 (1) take qualifying courses or earn credits equivalent to courses in grades 9 through
 26.14 12 in a Minnesota high school, or be home-schooled pursuant to section 120A.22, and
 26.15 graduate from high school;

26.16 (2) have a family adjusted gross income in the last complete calendar year prior to
 26.17 the academic year of postsecondary attendance of less than \$100,000;

26.18 (3) be a United States citizen or eligible noncitizen as defined in section 484 of the
 26.19 Higher Education Act, United States Code, title 20, sections 1091 et seq., as amended, and
 26.20 Code of Federal Regulations, title 34, section 668.33; and

26.21 (4) be a Minnesota resident as defined in section 136A.101, subdivision 8.

26.22 Subd. 8. **Administration.** ACHIEVE scholarships shall be administered by the
 26.23 Minnesota Office of Higher Education.

26.24 Subd. 9. **Documentation of qualifying family income.** The parents of the students
 26.25 must document a qualifying family income by declaration on the application stating that
 26.26 they meet the income requirement. The Office of Higher Education or the postsecondary
 26.27 institution may request copies of federal individual income tax returns as documentation.

26.28 Subd. 10. **Scholarships awards.** Minnesota ACHIEVE scholarships shall consist of
 26.29 \$314 per qualifying course taken while the student attended a Minnesota high school. The
 26.30 scholarships may be used to pay for qualifying expenses at eligible institutions.

26.31 Subd. 11. **Qualifying expenses.** Qualifying expenses are components included
 26.32 under the cost of attendance used for federal student financial aid programs as defined
 26.33 in section 472 of the Higher Education Act, United States Code, title 20, sections 1091
 26.34 et seq., as amended.

26.35 Subd. 12. **Eligible institutions.** Eligible institutions are MnSCU institutions,
 26.36 University of Minnesota campuses, Minnesota not-for-profit institutions, and Minnesota

27.1 degree-granting for-profit institutions. Private institutions must either be accredited
 27.2 or registered or licensed with the Office of Higher Education and participating in the
 27.3 Minnesota state grant program.

27.4 Subd. 13. **Availability of scholarship funds.** Each scholarship is available for
 27.5 up to four academic years immediately following high school graduation. After that
 27.6 date, the scholarship is no longer available to the student. The office must certify to the
 27.7 commissioner of finance by October 1 of each year the amounts to be canceled from
 27.8 scholarship eligibility that has expired.

27.9 Subd. 14. **Disbursement of scholarships.** The office shall provide payment to the
 27.10 postsecondary institution on behalf of the student.

27.11 Subd. 15. **Authority to adopt rules.** The Minnesota Office of Higher Education
 27.12 may adopt rules to administer the program.

27.13 **ARTICLE 4**

27.14 **MINNESOTA GI BILL**

27.15 Section 1. Minnesota Statutes 2006, section 136A.01, subdivision 2, is amended to
 27.16 read:

27.17 Subd. 2. **Responsibilities.** The Minnesota Office of Higher Education is responsible
 27.18 for:

27.19 (1) necessary state level administration of financial aid and Minnesota GI Bill
 27.20 programs, including accounting, auditing, and disbursing state and federal financial aid
 27.21 funds, and reporting on financial aid programs to the governor and the legislature;

27.22 (2) approval, registration, licensing, and financial aid eligibility of private collegiate
 27.23 and career schools, under sections 136A.61 to 136A.71 and chapter 141;

27.24 (3) administering the Learning Network of Minnesota;

27.25 (4) negotiating and administering reciprocity agreements;

27.26 (5) publishing and distributing financial aid information and materials, and other
 27.27 information and materials under section 136A.87, to students and parents;

27.28 (6) collecting and maintaining student enrollment and financial aid data and
 27.29 reporting data on students and postsecondary institutions to develop and implement a
 27.30 process to measure and report on the effectiveness of postsecondary institutions;

27.31 (7) administering the federal programs that affect students and institutions on a
 27.32 statewide basis; and

27.33 (8) prescribing policies, procedures, and rules under chapter 14 necessary to
 27.34 administer the programs under its supervision.

28.1 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to
28.2 qualifying coursework taken on or after that date.

28.3 **Sec. 2. [197.791] MINNESOTA GI BILL PROGRAM.**

28.4 Subdivision 1. **Policy.** It is the policy of the state of Minnesota to provide
28.5 postsecondary educational assistance to Minnesota veterans who have provided honorable
28.6 service to this state and nation as members of the United States armed forces, whether
28.7 in peacetime or in war, and to the spouses and children of Minnesota veterans who have
28.8 become severely disabled or deceased during or as the direct result of military service.

28.9 Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

28.10 (b) "Commissioner" means the commissioner of veterans affairs, unless otherwise
28.11 specified.

28.12 (c) "Cost of attendance" for both undergraduate and graduate students has the
28.13 meaning given in section 136A.121, subdivision 6, multiplied by a factor of 1.2.

28.14 (d) "Child" means a natural or adopted child of a person described in subdivision 5,
28.15 paragraph (a), clause (1), item (i) or (ii).

28.16 (e) "Director" means the director of the Minnesota Office of Higher Education.

28.17 (f) "Eligible institution" has the meaning given in section 136A.101, subdivision 4.

28.18 (g) "Eligible student" means a person who:

28.19 (1) if the student is an undergraduate student, has applied for the federal Pell Grant
28.20 and the Minnesota State Grant;

28.21 (2) is maintaining satisfactory academic progress as defined by the institution for
28.22 students participating in federal Title IV programs;

28.23 (3) is enrolled in an education program leading to a certificate, diploma, or degree
28.24 at an eligible institution;

28.25 (4) is enrolled at least half time as defined in section 136A.101, subdivision 7b, if an
28.26 undergraduate student, or is enrolled for four credits or more if a graduate student; and

28.27 (5) has applied for educational assistance under the Minnesota GI Bill program prior
28.28 to the end of the academic term for which the assistance is being requested.

28.29 (h) "Program" means the Minnesota GI Bill program established in this section,
28.30 unless otherwise specified.

28.31 (i) "Veteran" has the meaning given in section 197.447, and also includes a service
28.32 member who has fulfilled the requirements for being a veteran but is still serving actively
28.33 in the United States armed forces.

28.34 Subd. 3. **Program established.** There is established a program to provide
28.35 postsecondary educational assistance to eligible Minnesota veterans and to the children

29.1 and spouses of deceased and severely disabled Minnesota veterans. This program may be
 29.2 cited as the "Minnesota GI Bill program."

29.3 The director, in consultation with the commissioner and in cooperation with
 29.4 eligible postsecondary educational institutions, shall expend a biennial appropriation
 29.5 for the purpose of providing postsecondary educational assistance to eligible persons
 29.6 in accordance with this program. Each public postsecondary educational institution in
 29.7 the state must participate in the program and each private postsecondary educational
 29.8 institution in the state is encouraged to participate in the program. Any participating
 29.9 private institution may suspend or terminate its participation in the program at the end
 29.10 of any semester or other academic term.

29.11 Subd. 4. **Duties; responsibilities.** (a) The director, in consultation with the
 29.12 commissioner, shall establish policies and procedures including, but not limited to,
 29.13 procedures for student application record keeping, information sharing, payment to
 29.14 participating eligible institutions, and other procedures the director considers appropriate
 29.15 and necessary for effective and efficient administration of the program established in
 29.16 this section.

29.17 (b) The director, in consultation with the commissioner, may delegate part or
 29.18 all of the administrative procedures for the program to responsible representatives of
 29.19 participating eligible institutions.

29.20 Subd. 5. **Eligibility.** (a) A person is eligible for educational assistance under this
 29.21 section if:

29.22 (1) the person is:

29.23 (i) a veteran who is serving or has served honorably in any branch or unit of the
 29.24 United States armed forces at any time on or after August 2, 1990;

29.25 (ii) a nonveteran who has served honorably for a total of sixteen years or more
 29.26 cumulatively as a member of the Minnesota national guard or any other active or reserve
 29.27 component of the United States armed forces, and any part of that service occurred on
 29.28 or after August 2, 1990;

29.29 (iii) the surviving spouse or child of a person described in item (i) or (ii) who has
 29.30 died as a direct result of that military service; or

29.31 (iv) the spouse or child of a person described in item (i) or (ii) who has a total
 29.32 and permanent service-connected disability as rated by the United States veterans
 29.33 administration;

29.34 (2) the person described in clause (1), item (i) or (ii) had Minnesota as the person's
 29.35 state of residence at the time of the person's initial enlistment or any reenlistment in
 29.36 the United States armed forces;

30.1 (3) the person receiving the educational assistance is a Minnesota resident, as
 30.2 defined in section 136A.101, subdivision 8; and

30.3 (4) the person receiving the educational assistance is an eligible student.

30.4 (b) A person's eligibility terminates when the person becomes eligible for benefits
 30.5 under section 135A.52.

30.6 (c) As proof of honorable service and disability or death status for a veteran or
 30.7 service member, the director, by policy and in consultation with the commissioner, may
 30.8 require official documentation, including the person's federal form DD-214 or other official
 30.9 military discharge papers, correspondence from the United States veterans administration,
 30.10 birth certificate, marriage certificate, proof of enrollment at an eligible institution, signed
 30.11 affidavits, proof of residency, proof of identity, or any other official documentation the
 30.12 director considers necessary to determine an applicant's eligibility status.

30.13 (d) The director, in consultation with the commissioner, may deny eligibility or
 30.14 terminate benefits under this section to any person the director considers to have not
 30.15 provided sufficient proof of eligibility for the program. An applicant may appeal the
 30.16 director's eligibility determination in writing to the director at any time. The director must
 30.17 rule on any application or appeal within 30 days of receipt of all documentation that the
 30.18 director requires. Upon receiving an application with insufficient documentation, the
 30.19 director must notify the applicant within 30 days of receipt of the application that the
 30.20 application is being suspended pending receipt by the director of sufficient documentation
 30.21 from the applicant. The decision of the director regarding an appeal is final. However, an
 30.22 applicant whose appeal of an eligibility determination has been rejected by the director
 30.23 may submit an additional appeal of that determination in writing to the director at any
 30.24 time that the applicant is able to provide substantively significant additional information
 30.25 relating to the person's eligibility for the program. An approval of an applicant's eligibility
 30.26 by the director following an appeal by the applicant is not retroactively effective beyond
 30.27 the later of one year previously or the semester of the person's original application.

30.28 Subd. 6. **Benefit entitlement amount.** (a) On approval by the director of an
 30.29 applicant's eligibility for the program, the applicant is entitled to educational assistance
 30.30 under the program, for use at any time according to program rules at any eligible
 30.31 postsecondary educational institution in the state. Eligibility for the program terminates
 30.32 upon exhaustion of a person's benefits as specified in paragraph (c).

30.33 (b) The amount of educational assistance in any semester or term for an eligible
 30.34 person must be determined by subtracting from the eligible person's cost of attendance
 30.35 at that eligible public institution, or in the case of an eligible private institution the cost

31.1 of attendance for a comparable program at the Twin Cities campus of the University of
 31.2 Minnesota, the amount received in that semester or term by that person from:

31.3 (1) the federal Pell Grant;

31.4 (2) the state grant program; and

31.5 (3) any federal military or veterans educational benefits, including, but not limited
 31.6 to, the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program,
 31.7 vocational rehabilitation benefits, and any other federal benefits associated with the
 31.8 person's status as a veteran, except veterans disability payments from the United States
 31.9 veterans administration.

31.10 (c) The amount of education assistance for any eligible person must not exceed any
 31.11 of the following amounts:

31.12 (1) \$1,000 per semester or term of enrollment;

31.13 (2) \$3,000 per state fiscal year; and

31.14 (3) \$10,000 total.

31.15 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to
 31.16 qualifying coursework taken on or after that date.

31.17 **ARTICLE 5**

31.18 **PRIVATE INSTITUTIONS**

31.19 Section 1. **[136A.615] CITATION.**

31.20 Sections 136A.615 to 136A.71 may be cited as the "Minnesota Private and
 31.21 Out-of-State Public Postsecondary Education Act."

31.22 Sec. 2. Minnesota Statutes 2006, section 136A.62, subdivision 3, is amended to read:

31.23 Subd. 3. **School.** "School" means:

31.24 (1) any individual, partnership, company, firm, society, trust, association,
 31.25 corporation, or any combination thereof, which ~~(a)~~ (i) is, owns, or operates a private;
 31.26 ~~nonprofit~~ postsecondary education institution; ~~(b)~~ (ii) provides a postsecondary
 31.27 instructional program or course leading to a degree whether or not for profit; ~~(c)~~ or (iii)
 31.28 is, owns, or operates a private, postsecondary education institution which uses the term
 31.29 "college", "academy", "institute" or "university" in its name; ~~or (d) operates for profit and~~
 31.30 ~~provides programs or courses which are intended to allow an individual to fulfill in part~~
 31.31 ~~or totally the requirements necessary to maintain a license to practice an occupation.~~
 31.32 School shall also mean

32.1 (2) any public postsecondary educational institution located in another state or
 32.2 country which offers or makes available to a Minnesota resident any course, program or
 32.3 educational activity which does not require the leaving of the state for its completion; or

32.4 (3) any individual, entity, or postsecondary institution located in another state
 32.5 that contracts with any school located within the state of Minnesota for the purpose of
 32.6 providing educational programs, training programs, or awarding postsecondary credits
 32.7 or continuing education credits to Minnesota residents that may be applied to a degree
 32.8 program.

32.9 Sec. 3. Minnesota Statutes 2006, section 136A.63, is amended to read:

32.10 **136A.63 REGISTRATION.**

32.11 All schools located within Minnesota and all schools located outside Minnesota
 32.12 which offer degree programs or courses within Minnesota shall register annually with
 32.13 the office.

32.14 Sec. 4. Minnesota Statutes 2006, section 136A.65, subdivision 1, is amended to read:

32.15 Subdivision 1. **Prohibition.** No school subject to registration shall grant a degree
 32.16 unless such degree and its underlying curriculum, is approved by the office, nor shall
 32.17 any school subject to registration use the name "college," "academy," "institute" or
 32.18 "university" in its name without approval by the office.

32.19 Sec. 5. Minnesota Statutes 2006, section 136A.65, is amended by adding a subdivision
 32.20 to read:

32.21 Subd. 1a. **Accreditation; requirement.** No school shall be registered or authorized
 32.22 to offer any degree at any level unless such school is accredited by an agency recognized
 32.23 by the United States Department of Education for purposes of eligibility to participate in
 32.24 federal financial aid programs, Title IV.

32.25 Sec. 6. Minnesota Statutes 2006, section 136A.653, is amended to read:

32.26 **136A.653 EXEMPTIONS.**

32.27 Subdivision 1. **Exemption.** A school that is subject to licensing by the office under
 32.28 chapter 141, is exempt from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71.
 32.29 The determination of the office as to whether a particular school is subject to regulation
 32.30 under chapter 141 is final for the purposes of this exemption.

32.31 Subd. 2. **Educational program; nonprofit organizations.** Educational programs
 32.32 which are sponsored by a bona fide and nonprofit trade, labor, business, professional

33.1 or fraternal organization, which programs are conducted solely for that organization's
 33.2 membership or for the members of the particular industries or professions served by that
 33.3 organization, and which are not available to the public on a fee basis, are exempted from
 33.4 the provisions of sections ~~136A.61~~ 136A.615 to 136A.71.

33.5 Subd. 3. **Educational program; business firms.** Educational programs which are
 33.6 sponsored by a business firm for the training of its employees or the employees of other
 33.7 business firms with which it has contracted to provide educational services at no cost to the
 33.8 employees are exempted from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71.

33.9 Subd. 4. **Voluntary submission.** Any school or program exempted from the
 33.10 provisions of sections ~~136A.61~~ 136A.615 to 136A.71 by the provisions of this section
 33.11 may voluntarily submit to the provisions of those sections.

33.12 Sec. 7. Minnesota Statutes 2006, section 136A.657, subdivision 1, is amended to read:

33.13 Subdivision 1. **Exemption.** Any school or any department or branch of a school (a)
 33.14 which is substantially owned, operated or supported by a bona fide church or religious
 33.15 organization; (b) whose programs are primarily designed for, aimed at and attended by
 33.16 persons who sincerely hold or seek to learn the particular religious faith or beliefs of that
 33.17 church or religious organization; and (c) whose programs are primarily intended to prepare
 33.18 its students to become ministers of, to enter into some other vocation closely related to, or
 33.19 to conduct their lives in consonance with, the particular faith of that church or religious
 33.20 organization, is exempt from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71.

33.21 Sec. 8. Minnesota Statutes 2006, section 136A.657, subdivision 2, is amended to read:

33.22 Subd. 2. **Limitation.** This exemption shall not extend to any school or to
 33.23 any department or branch of a school, or program of such school, which through
 33.24 advertisements or solicitations represents to any students or prospective students that
 33.25 the school, its aims, goals, missions or purposes or its programs are different from
 33.26 those described in subdivision 1. This exemption shall not extend to any school which
 33.27 represents to any student or prospective student that the major purpose of its programs
 33.28 is to prepare the student for a vocation not closely related to that particular religious
 33.29 faith, or to provide the student with a general educational program recognized by other
 33.30 schools or the broader educational, business or social community as being substantially
 33.31 equivalent to the educational programs offered by schools or departments or branches of
 33.32 schools which are not exempt from sections ~~136A.61~~ 136A.615 to 136A.71, and rules
 33.33 adopted pursuant thereto.

34.1 Sec. 9. Minnesota Statutes 2006, section 136A.657, subdivision 3, is amended to read:

34.2 Subd. 3. **Scope.** Nothing in sections ~~136A.61~~ 136A.615 to 136A.71, or the rules
34.3 adopted pursuant thereto, shall be interpreted as permitting the office to determine the
34.4 truth or falsity of any particular set of religious beliefs.

34.5 Sec. 10. Minnesota Statutes 2006, section 136A.657, is amended by adding a
34.6 subdivision to read:

34.7 Subd. 4. **Statement required; religious nature.** Any degree awarded upon
34.8 completion of a religiously exempt program shall include descriptive language to make
34.9 the religious nature of the award clear.

34.10 Sec. 11. Minnesota Statutes 2006, section 136A.66, is amended to read:

34.11 **136A.66 LIST.**

34.12 The office shall maintain a list of ~~schools~~ registered institutions authorized to grant
34.13 degrees and schools authorized to use the name "college," "academy," "institute" or
34.14 "university," and shall make such list available to the public.

34.15 Sec. 12. Minnesota Statutes 2006, section 136A.67, is amended to read:

34.16 **136A.67 UNAUTHORIZED REPRESENTATIONS.**

34.17 No school and none of its officials or employees shall advertise or represent in any
34.18 manner that such school is approved or accredited by the office or state of Minnesota
34.19 except that any school which is duly registered with the office, or any of its officials or
34.20 employees, may represent that the school is registered with the office: using one of the
34.21 following statements:

34.22 "(Name of school) is registered as a private institution with the Minnesota Office of
34.23 Higher Education. Registration is not an endorsement of the institution. Credits earned at
34.24 the institution may not transfer to all other institutions. The educational programs may not
34.25 meet the needs of every student or employer."; or

34.26 "(Name of School) is registered as a private institution by the Minnesota Office of Higher
34.27 Education pursuant to Minnesota Statutes, sections 136A.615 to 136A.71."

34.28 Sec. 13. Minnesota Statutes 2006, section 136A.68, is amended to read:

34.29 **136A.68 RECORDS.**

34.30 ~~After August 1, 1975, all schools located in this state must maintain permanent~~
34.31 ~~records of all students enrolled therein at any time. The office may require schools to~~

35.1 ~~provide a plan acceptable to the office for preserving all such records for at least ten years.~~
 35.2 ~~The office may require that such plan include the filing of a continuous surety bond or a~~
 35.3 ~~deposit of funds in trust in an amount not to exceed \$20,000 for the purpose of preserving~~
 35.4 ~~records after such school ceases to exist.~~ A registered school shall maintain a permanent
 35.5 record for each student for 50 years from the last date of the student's attendance. A
 35.6 registered school offering distance instruction to a student located in Minnesota shall
 35.7 maintain a permanent record for each Minnesota student for 50 years from the last date of
 35.8 the student's attendance. Records include a student's academic transcript, documents, and
 35.9 files containing student data about academic credits earned, courses completed, grades
 35.10 awarded, degrees awarded, and periods of attendance. To preserve permanent records, a
 35.11 school shall submit a plan that meets the following requirements:

35.12 (1) at least one copy of the records must be held in a secure, fireproof depository or
 35.13 duplicate records must be maintained off site in a secure location and manner approved
 35.14 by the office;

35.15 (2) an appropriate official must be designated to provide a student with copies of
 35.16 records or a transcript upon request;

35.17 (3) an alternative method approved by the office, of complying with clauses (1) and
 35.18 (2) must be established if the school ceases to exist; and

35.19 (4) a continuous surety bond must be filed with the office in an amount not to exceed
 35.20 \$20,000 if the school has no binding agreement approved by the office for preserving
 35.21 student records. The bond shall run to the state of Minnesota.

35.22 Sec. 14. Minnesota Statutes 2006, section 136A.69, is amended to read:

35.23 **136A.69 FEES.**

35.24 Subdivision 1. **Registration fees.** The office shall collect reasonable registration
 35.25 fees that are sufficient to recover, but do not exceed, its costs of administering the
 35.26 registration program. The office shall charge \$1,100 for initial registration fees and \$950
 35.27 for annual renewal fees.

35.28 Subd. 2. **Degree level addition fee.** The office processing fee for adding a degree
 35.29 level to an existing program is \$2,000 per program.

35.30 Subd. 3. **Program addition fee.** The office processing fee for adding a program
 35.31 that represents a significant departure in the objectives, content, or method of delivery of
 35.32 programs that are currently offered by the school is \$500 per program.

35.33 Subd. 4. **Visit or consulting fee.** If the office determines that a fact-finding visit
 35.34 or outside consultant is necessary to review or evaluate any new or revised program, the
 35.35 office shall be reimbursed for the expenses incurred related to the review as follows:

36.1 (1) \$300 for the team base fee or for a paper review conducted by a consultant if the
 36.2 office determines that a fact-finding visit is not required;

36.3 (2) \$300 for each day or part thereof on site per team member; and

36.4 (3) the actual cost of customary meals, lodging, and related travel expenses incurred
 36.5 by team members.

36.6 Subd. 5. **Modification fee.** The fee for modification of any existing program is
 36.7 \$100 and is due if there is:

36.8 (1) an increase or decrease of 25 percent or more, from the original date of program
 36.9 approval, in clock hours, credit hours, or calendar length of an existing program;

36.10 (2) a change in academic measurement from clock hours to credit hours or vice
 36.11 versa; or

36.12 (3) an addition or alteration of courses that represent a 25 percent change or more in
 36.13 the objectives, content, or methods of delivery.

36.14 Sec. 15. Minnesota Statutes 2006, section 136A.71, is amended to read:

36.15 **136A.71 INJUNCTION.**

36.16 Upon application of the attorney general the district courts shall have jurisdiction to
 36.17 enjoin any violations of sections ~~136A.61~~ 136A.615 to 136A.71.

36.18 Sec. 16. **[136A.705] PENALTY.**

36.19 Violation of a provision of this chapter shall be a misdemeanor. Each day's failure
 36.20 to comply with this chapter shall be a separate violation. The office shall adopt rules
 36.21 establishing a list of civil penalties and the fine associated with each violation. Fines for
 36.22 violations shall not exceed \$500 per day per violation.

36.23 Sec. 17. Minnesota Statutes 2006, section 141.21, subdivision 1a, is amended to read:

36.24 Subd. 1a. **Office of Higher Education; office.** "Office of Higher Education" or
 36.25 "office" means the Minnesota Office of Higher Education.

36.26 Sec. 18. Minnesota Statutes 2006, section 141.21, subdivision 5, is amended to read:

36.27 Subd. 5. **School.** "School" means any person, within or outside the state, who
 36.28 maintains, advertises, solicits, or conducts any program ~~for profit~~ at any level other than
 36.29 baccalaureate or graduate programs, and is not specifically exempted by sections 141.21
 36.30 to 141.35. School includes any entity within or outside the state, which: maintains,
 36.31 advertises, solicits for, or conducts any program at any level other than degree granting
 36.32 and uses the term, "college," "institute," "academy," or "university" in its name.

37.1 Sec. 19. Minnesota Statutes 2006, section 141.25, subdivision 1, is amended to read:

37.2 Subdivision 1. **Required.** A school must not maintain, advertise, solicit for,
37.3 administer, or conduct any program in Minnesota without first obtaining a license from
37.4 the office.

37.5 Sec. 20. Minnesota Statutes 2006, section 141.25, subdivision 5, is amended to read:

37.6 Subd. 5. **Bond.** (a) No license shall be issued to any school which maintains,
37.7 conducts, solicits for, or advertises within the state of Minnesota any program, unless the
37.8 applicant files with the office a continuous corporate surety bond written by a company
37.9 authorized to do business in Minnesota conditioned upon the faithful performance of all
37.10 contracts and agreements with students made by the applicant.

37.11 (b) The amount of the surety bond shall be ten percent of the preceding year's gross
37.12 income from student tuition, fees, and other required institutional charges, but in no event
37.13 less than \$10,000 nor greater than \$250,000, except that a school may deposit a greater
37.14 amount at its own discretion. A school in each annual application for licensure must
37.15 compute the amount of the surety bond and verify that the amount of the surety bond
37.16 complies with this subdivision, unless the school maintains a surety bond equal to at least
37.17 \$250,000. A school that operates at two or more locations may combine gross income
37.18 from student tuition, fees, and other required institutional charges for all locations for the
37.19 purpose of determining the annual surety bond requirement. The gross tuition and fees
37.20 used to determine the amount of the surety bond required for a school having a license for
37.21 the sole purpose of recruiting students in Minnesota shall be only that paid to the school
37.22 by the students recruited from Minnesota.

37.23 (c) The bond shall run to the state of Minnesota and to any person who may have a
37.24 cause of action against the applicant arising at any time after the bond is filed and before it
37.25 is canceled for breach of any contract or agreement made by the applicant with any student.
37.26 The aggregate liability of the surety for all breaches of the conditions of the bond shall not
37.27 exceed the principal sum deposited by the school under paragraph (b). The surety of any
37.28 bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved
37.29 of liability for any breach of condition occurring after the effective date of cancellation.

37.30 (d) In lieu of bond, the applicant may deposit with the commissioner of finance a
37.31 sum equal to the amount of the required surety bond in cash, or securities as may be
37.32 legally purchased by savings banks or for trust funds in an aggregate market value equal
37.33 to the amount of the required surety bond.

37.34 (e) Failure of a school to post and maintain the required surety bond or deposit under
37.35 paragraph (d) ~~may~~ shall result in denial, suspension, or revocation of the school's license.

38.1 Sec. 21. Minnesota Statutes 2006, section 141.25, subdivision 7, is amended to read:

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

38.4 (1) that the applicant has a sound financial condition with sufficient resources
38.5 available to:

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

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

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

38.11 (iv) maintain and support the school;

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

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

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

38.19 (5) that the premises and conditions under which the students work and study are
38.20 sanitary, healthful, and safe, according to modern standards;

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

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

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

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

38.30 (10) that there has been no adjudication of fraud or misrepresentation in any
38.31 criminal, civil, or administrative proceeding in any jurisdiction against the school or its
38.32 owner, officers, agents, or sponsoring organization.

38.33 Sec. 22. Minnesota Statutes 2006, section 141.25, subdivision 9, is amended to read:

39.1 Subd. 9. **Catalog, brochure, or electronic display.** Before a license is issued to
 39.2 a school, the school shall furnish to the office a catalog, brochure, or electronic display
 39.3 including:

39.4 (1) identifying data, such as volume number and date of publication;

39.5 (2) name and address of the school and its governing body and officials;

39.6 (3) a calendar of the school showing legal holidays, beginning and ending dates of
 39.7 each course quarter, term, or semester, and other important dates;

39.8 (4) the school policy and regulations on enrollment including dates and specific
 39.9 entrance requirements for each program;

39.10 (5) the school policy and regulations about leave, absences, class cuts, make-up
 39.11 work, tardiness, and interruptions for unsatisfactory attendance;

39.12 (6) the school policy and regulations about standards of progress for the student
 39.13 including the grading system of the school, the minimum grades considered satisfactory,
 39.14 conditions for interruption for unsatisfactory grades or progress, a description of any
 39.15 probationary period allowed by the school, and conditions of reentrance for those
 39.16 dismissed for unsatisfactory progress;

39.17 (7) the school policy and regulations about student conduct and conditions for
 39.18 dismissal for unsatisfactory conduct;

39.19 (8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student
 39.20 activities, laboratory fees, service charges, rentals, deposits, and all other charges;

39.21 (9) the school policy and regulations, including an explanation of section 141.271,
 39.22 about refunding tuition, fees, and other charges if the student does not enter the program,
 39.23 withdraws from the program, or the program is discontinued;

39.24 (10) a description of the available facilities and equipment;

39.25 (11) a course outline syllabus for each course offered showing course objectives,
 39.26 subjects or units in the course, type of work or skill to be learned, and approximate time,
 39.27 hours, or credits to be spent on each subject or unit;

39.28 (12) the school policy and regulations about granting credit for previous education
 39.29 and preparation;

39.30 (13) a notice to students relating to the transferability of any credits earned at the
 39.31 school to other institutions;

39.32 (14) a procedure for investigating and resolving student complaints; and

39.33 ~~(14)~~ (15) the name and address of the Minnesota Office of Higher Education.

39.34 A school that is exclusively a distance education school is exempt from clauses
 39.35 (3) and (5).

40.1 Sec. 23. Minnesota Statutes 2006, section 141.25, subdivision 10, is amended to read:

40.2 Subd. 10. **Placement records.** (a) Before a license is ~~issued~~ reissued to a school
40.3 that offers, advertises or implies a placement service, the school shall file with the office
40.4 for the past year and thereafter at reasonable intervals determined by the office, a certified
40.5 copy of the school's placement record, containing a list of graduates, a description of their
40.6 jobs, names of their employers, and other information as the office may prescribe.

40.7 (b) Each school that offers a placement service shall furnish to each prospective
40.8 student, upon request, prior to enrollment, written information concerning the percentage
40.9 of the previous year's graduates who were placed in the occupation for which prepared or
40.10 in related employment.

40.11 Sec. 24. Minnesota Statutes 2006, section 141.25, subdivision 12, is amended to read:

40.12 Subd. 12. **Permanent records.** A school licensed under this chapter and located
40.13 in Minnesota shall maintain a permanent record for each student for 50 years from the
40.14 last date of the student's attendance. A school licensed under this chapter and offering
40.15 distance instruction to a student located in Minnesota shall maintain a permanent record
40.16 for each Minnesota student for 50 years from the last date of the student's attendance.
40.17 Records include school transcripts, documents, and files containing student data about
40.18 academic credits earned, courses completed, grades awarded, degrees awarded, and
40.19 periods of attendance. To preserve permanent records, a school shall submit a plan that
40.20 meets the following requirements:

40.21 (1) at least one copy of the records must be held in a secure, fireproof depository;

40.22 (2) an appropriate official must be designated to provide a student with copies of
40.23 records or a transcript upon request;

40.24 (3) an alternative method, approved by the office, of complying with clauses (1) and
40.25 (2) must be established if the school ceases to exist; and

40.26 (4) a continuous surety bond must be filed with the office in an amount not to exceed
40.27 \$20,000 if the school has no binding agreement approved by the office, for preserving
40.28 student records ~~or a trust must be arranged if the school ceases to exist.~~ The bond shall run
40.29 to the state of Minnesota.

40.30 Sec. 25. Minnesota Statutes 2006, section 141.255, subdivision 2, is amended to read:

40.31 Subd. 2. **Renewal licensure fee; late fee.** (a) The office processing fee for a
40.32 renewal licensure application is:

40.33 (1) for a category A school, as determined by the office, the fee is \$865 if the school
40.34 offers one program or \$1,150 if the school offers two or more programs; and

41.1 (2) for a category B or C school, as determined by the office, the fee is \$430 if the
41.2 school offers one program or \$575 if the school offers two or more programs.

41.3 (b) If a license renewal application is not received by the office by the close of
41.4 business at least 60 days before the expiration of the current license, a late fee of \$100
41.5 per business day, not to exceed \$3,000, shall be assessed.

41.6 Sec. 26. Minnesota Statutes 2006, section 141.265, subdivision 2, is amended to read:

41.7 Subd. 2. **Contract information.** A contract or enrollment agreement used by a
41.8 school must include at least the following:

41.9 (1) the name and address of the school, clearly stated;

41.10 (2) a clear and conspicuous disclosure that the agreement is a legally binding
41.11 instrument upon written acceptance of the student by the school unless canceled under
41.12 section 141.271;

41.13 (3) the school's cancellation and refund policy that shall be clearly and conspicuously
41.14 entitled "Buyer's Right to Cancel";

41.15 (4) a clear statement of total cost of the program including tuition and all other
41.16 charges;

41.17 (5) the name and description of the program, including the number of hours or
41.18 credits of classroom instruction, or distance instruction, that shall be included; and

41.19 (6) a clear and conspicuous explanation of the form and means of notice the student
41.20 should use in the event the student elects to cancel the contract or sale, the effective
41.21 date of cancellation, and the name and address of the seller to which the notice should
41.22 be sent or delivered.

41.23 The contract or enrollment agreement must not include a wage assignment provision
41.24 or a confession of judgment clause.

41.25 Sec. 27. Minnesota Statutes 2006, section 141.271, subdivision 10, is amended to read:

41.26 Subd. 10. **Cancellation occurrence.** Written notice of cancellation shall take place
41.27 on the date the letter of cancellation is postmarked or, in the cases where the notice is hand
41.28 carried, it shall occur on the date the notice is delivered to the school. If a student has not
41.29 attended a scheduled class or classes for a period of 21 consecutive days, the student
41.30 is considered to have withdrawn from school for all purposes as of the student's last
41.31 documented date of attendance.

41.32 Sec. 28. Minnesota Statutes 2006, section 141.271, subdivision 12, is amended to read:

42.1 Subd. 12. **Instrument not to be negotiated.** A school shall not negotiate any
 42.2 promissory instrument received as payment of tuition or other charge prior to completion
 42.3 of 50 percent of the program-, except that prior to that time, instruments may be transferred
 42.4 by assignment to purchasers who shall be subject to all defenses available against the
 42.5 school named as payee.

42.6 Sec. 29. Minnesota Statutes 2006, section 141.28, subdivision 1, is amended to read:

42.7 Subdivision 1. **Not to advertise state approval.** Schools, agents of schools, and
 42.8 solicitors may not advertise or represent in writing or orally that such school is approved
 42.9 or accredited by the state of Minnesota, except that any school, agent, or solicitor may
 42.10 advertise that the school and solicitor have been duly licensed by the state using one of the
 42.11 following ~~language~~ statements:

42.12 "(Name of school) is licensed as a private career school with the Minnesota Office of
 42.13 Higher Education. Licensure is not an endorsement of the institution. Credits earned at the
 42.14 institution may not transfer to all other institutions. The educational programs may not
 42.15 meet the needs of every student or employer."; or

42.16 "(Name of school) is licensed as a private career school by the Minnesota Office of Higher
 42.17 Education pursuant to Minnesota Statutes, chapter 141."

42.18 Sec. 30. Minnesota Statutes 2006, section 141.35, is amended to read:

42.19 **141.35 EXEMPTIONS.**

42.20 Sections 141.21 to ~~141.35~~ 141.34 shall not apply to the following:

42.21 (1) public postsecondary institutions;

42.22 (2) private postsecondary institutions registered under sections ~~136A.61~~ 136A.615
 42.23 to 136A.71 that are nonprofit, or that are for profit and registered under sections ~~136A.61~~
 42.24 136A.615 to 136A.71 as of December 31, 1998, or are approved to offer exclusively
 42.25 baccalaureate or postbaccalaureate programs;

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

42.28 (4) private schools complying with the requirements of section 120A.22, subdivision
 42.29 4;

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

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

- 43.1 (7) schools licensed by boards authorized under Minnesota law to issue licenses;
- 43.2 (8) schools and educational programs, or training programs, contracted for by
- 43.3 persons, firms, corporations, government agencies, or associations, for the training of their
- 43.4 own employees, for which no fee is charged the employee;
- 43.5 (9) schools engaged exclusively in the teaching of purely avocational, recreational,
- 43.6 or remedial subjects as determined by the office;
- 43.7 ~~(10) driver training schools and instructors as defined in section 171.33, subdivisions~~
- 43.8 ~~1 and 2;~~
- 43.9 ~~(11)~~ (10) classes, courses, or programs conducted by a bona fide trade, professional,
- 43.10 or fraternal organization, solely for that organization's membership;
- 43.11 ~~(12)~~ (11) programs in the fine arts provided by organizations exempt from taxation
- 43.12 under section 290.05 and registered with the attorney general under chapter 309. For
- 43.13 the purposes of this clause, "fine arts" means activities resulting in artistic creation or
- 43.14 artistic performance of works of the imagination which are engaged in for the primary
- 43.15 purpose of creative expression rather than commercial sale or employment. In making
- 43.16 this determination the office may seek the advice and recommendation of the Minnesota
- 43.17 Board of the Arts;
- 43.18 ~~(13)~~ (12) classes, courses, or programs intended to fulfill the continuing education
- 43.19 requirements for licensure or certification in a profession, that have been approved by
- 43.20 a legislatively or judicially established board or agency responsible for regulating the
- 43.21 practice of the profession, and that are offered exclusively to an individual practicing
- 43.22 the profession;
- 43.23 ~~(14)~~ (13) classes, courses, or programs intended to prepare students to sit for
- 43.24 undergraduate, graduate, postgraduate, or occupational licensing and occupational
- 43.25 entrance examinations;
- 43.26 ~~(15)~~ (14) classes, courses, or programs providing 16 or fewer clock hours of
- 43.27 instruction that are not part of the curriculum for an occupation or entry level employment;
- 43.28 ~~(16)~~ (15) classes, courses, or programs providing instruction in personal
- 43.29 development, modeling, or acting;
- 43.30 ~~(17)~~ (16) training or instructional programs, in which one instructor teaches an
- 43.31 individual student, that are not part of the curriculum for an occupation or are not intended
- 43.32 to prepare a person for entry level employment; and
- 43.33 ~~(18)~~ (17) schools with no physical presence in Minnesota, as determined by the
- 43.34 office, engaged exclusively in offering distance instruction that are located in and
- 43.35 regulated by other states or jurisdictions.

44.1 Sec. 31. **[141.37] EXEMPTION; RELIGIOUS SCHOOLS.**

44.2 Subdivision 1. **Exemption.** Any school or any department or branch of a school (1)
 44.3 which is substantially owned, operated, or supported by a bona fide church or religious
 44.4 organization; (2) whose programs are primarily designed for, aimed at, and attended by
 44.5 persons who sincerely hold or seek to learn the particular religious faith or beliefs of
 44.6 that church or religious organization; and (3) whose programs are primarily intended to
 44.7 prepare its students to become ministers of, to enter into some other vocation closely
 44.8 related to, or to conduct their lives in consonance with, the particular faith of that church
 44.9 or religious organization, is exempt from the provisions of sections 141.21 to 141.34.

44.10 Subd. 2. **Limitations.** This exemption shall not extend to any school or to any
 44.11 department or branch of a school, or program of such school which through advertisements
 44.12 or solicitations represents to any students or prospective students that the school, its
 44.13 aims, goals, missions or purposes, or its programs are different from those described in
 44.14 subdivision 1. This exemption shall not extend to any school which represents to any
 44.15 student or prospective student that the major purpose of its programs is to prepare the
 44.16 student for a vocation not closely related to that particular religious faith, or to provide the
 44.17 student with a general educational program recognized by other schools or the broader
 44.18 educational, business, or social community as being substantially equivalent to the
 44.19 educational programs offered by schools or departments or branches of schools which are
 44.20 not religious in nature and are not exempt from chapter 141 and rules adopted pursuant
 44.21 under this chapter.

44.22 Subd. 3. **Scope.** Nothing in this chapter or the rules adopted under it shall be
 44.23 interpreted as permitting the office to determine the truth or falsity of any particular set
 44.24 of religious beliefs.

44.25 Subd. 4. **Descriptive language required.** Any certificate, diploma, degree, or other
 44.26 formal recognition awarded upon completion of any religiously exempt program shall
 44.27 include such descriptive language as to make the religious nature of the award clear.

44.28 Sec. 32. **REPEALER.**

44.29 Minnesota Statutes 2006, section 136A.61, is repealed.

44.30 **ARTICLE 6**

44.31 **HIGHER EDUCATION CRIMINAL PROVISIONS**

44.32 Section 1. **[136A.675] FALSE OR FRAUDULENT ACADEMIC DOCUMENT**
 44.33 **OR CREDENTIAL; PENALTIES.**

45.1 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this
 45.2 subdivision have the meanings given them.

45.3 (b) "False academic credential" means a document such as a degree, diploma,
 45.4 certificate, list of coursework, or degree credit, including a transcript, that provides
 45.5 evidence or demonstrates completion of a course of instruction or coursework that results
 45.6 in attaining a degree at a level of associate or higher which is issued by a person or
 45.7 institution that is not approved or authorized to issue the degree by the Office of Higher
 45.8 Education.

45.9 (c) "Fraudulent or counterfeit academic credential" means a document such as a
 45.10 degree, diploma, certificate, list of coursework, or degree credit, including a transcript, that
 45.11 provides evidence or demonstrates completion of a course of instruction or coursework
 45.12 that results in attaining a degree at a level of associate or higher which has been altered or
 45.13 modified after its issuance by a duly approved or authorized institution of higher learning.

45.14 (d) "Duly approved or authorized institution of higher learning" means an institution
 45.15 that:

45.16 (1) is approved to operate under sections 136A.61 to 136A.71 or chapter 141;

45.17 (2) has authorization to operate in this state issued by another Minnesota state
 45.18 agency that has authority to authorize the operation of a postsecondary institution;

45.19 (3) is a Minnesota public postsecondary institution;

45.20 (4) operates in this state and is exempt from this chapter;

45.21 (5) does not operate in this state and is licensed or otherwise authorized by the
 45.22 appropriate state agency in its state of domicile if the state's degree-granting criteria are
 45.23 equivalent to this state's or has been determined by the office to meet academic standards
 45.24 comparable to those of an institution located in this state that has accreditation recognized
 45.25 by the United States Department of Education; or

45.26 (6) does not operate within the United States but has been determined by the office
 45.27 to meet academic standards comparable to those of an institution located in this state that
 45.28 has accreditation recognized by the United States Department of Education.

45.29 Subd. 2. **False, fraudulent, counterfeit academic documents.** It is unlawful for
 45.30 any person to knowingly issue or manufacture a false, fraudulent, or counterfeit academic
 45.31 document, including degrees or student academic transcripts.

45.32 Subd. 3. **Use or claim; false or counterfeit degree.** It is unlawful for a person to
 45.33 knowingly use or claim to have a degree which is false or counterfeit:

45.34 (1) to obtain employment;

45.35 (2) to obtain a promotion or higher compensation in employment;

45.36 (3) to obtain admission to an institution of higher learning; or

46.1 (4) in connection with any business, trade, profession, or occupation.

46.2 Subd. 4. **Penalties.** A person who commits an act described in subdivision 2 or 3 is
46.3 guilty of a misdemeanor.

46.4 **Sec. 2. EFFECTIVE DATE.**

46.5 Section 1 is effective August 1, 2007, and applies to crimes committed on or after
46.6 that date.