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# HOUSE FILE NO. 3495

## *FIRST COMMITTEE ENGROSSMENT*

March 8, 2010

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

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*Referred by Chair to Higher Education and Workforce Development Finance and Policy Division.*

March 26, 2010

*Returned to the Committee on Finance as Amended.*

A bill for an act

1.1 relating to higher education; clarifying data disclosure provisions; authorizing  
1.2 data matching; modifying institution eligibility; establishing award procedures;  
1.3 modifying fees; modifying security requirements; requiring certain notice;  
1.4 establishing a central system office; governing credit transfers; requiring  
1.5 system office streamlining; providing postretirement premium reimbursement;  
1.6 establishing a pilot project; making technical corrections; defining and clarifying  
1.7 terms; governing appropriation reductions; amending Minnesota Statutes 2008,  
1.8 sections 13.32, subdivision 3; 135A.51, subdivision 2; 136A.101, subdivision  
1.9 10; 136A.126, by adding a subdivision; 136A.15, subdivision 6; 136A.16,  
1.10 subdivision 14; 136A.62, subdivision 3; 136A.645; 136A.646; 136A.69,  
1.11 subdivisions 1, 3, 4; 141.25, subdivisions 7, 13, by adding a subdivision;  
1.12 141.251, subdivision 2; 141.255; 141.28, subdivision 2; Minnesota Statutes 2009  
1.13 Supplement, sections 136A.01, subdivision 2; 136A.101, subdivision 4; Laws  
1.14 2009, chapter 95, article 1, section 3, subdivision 21; proposing coding for new  
1.15 law in Minnesota Statutes, chapters 136A; 136F; repealing Minnesota Statutes  
1.16 2008, section 136A.1701, subdivision 5.  
1.17

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

1.19 Section 1. Minnesota Statutes 2008, section 13.32, subdivision 3, is amended to read:

1.20 Subd. 3. **Private data; when disclosure is permitted.** Except as provided in  
1.21 subdivision 5, educational data is private data on individuals and shall not be disclosed  
1.22 except as follows:

1.23 (a) pursuant to section 13.05;

1.24 (b) pursuant to a valid court order;

1.25 (c) pursuant to a statute specifically authorizing access to the private data;

1.26 (d) to disclose information in health, including mental health, and safety emergencies  
1.27 pursuant to the provisions of United States Code, title 20, section 1232g(b)(1)(I) and Code  
1.28 of Federal Regulations, title 34, section 99.36;

2.1 (e) pursuant to the provisions of United States Code, title 20, sections 1232g(b)(1),  
2.2 (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3), (b)(6), (b)(7), and (i), and Code of Federal  
2.3 Regulations, title 34, sections 99.31, 99.32, 99.33, 99.34, 99.35, and 99.39;

2.4 (f) to appropriate health authorities to the extent necessary to administer  
2.5 immunization programs and for bona fide epidemiologic investigations which the  
2.6 commissioner of health determines are necessary to prevent disease or disability to  
2.7 individuals in the public educational agency or institution in which the investigation  
2.8 is being conducted;

2.9 (g) when disclosure is required for institutions that participate in a program under  
2.10 title IV of the Higher Education Act, United States Code, title 20, section 1092;

2.11 (h) to the appropriate school district officials to the extent necessary under  
2.12 subdivision 6, annually to indicate the extent and content of remedial instruction, including  
2.13 the results of assessment testing and academic performance at a postsecondary institution  
2.14 during the previous academic year by a student who graduated from a Minnesota school  
2.15 district within two years before receiving the remedial instruction;

2.16 (i) to appropriate authorities as provided in United States Code, title 20, section  
2.17 1232g(b)(1)(E)(ii), if the data concern the juvenile justice system and the ability of the  
2.18 system to effectively serve, prior to adjudication, the student whose records are released;  
2.19 provided that the authorities to whom the data are released submit a written request for  
2.20 the data that certifies that the data will not be disclosed to any other person except as  
2.21 authorized by law without the written consent of the parent of the student and the request  
2.22 and a record of the release are maintained in the student's file;

2.23 (j) to volunteers who are determined to have a legitimate educational interest in  
2.24 the data and who are conducting activities and events sponsored by or endorsed by the  
2.25 educational agency or institution for students or former students;

2.26 (k) to provide student recruiting information, from educational data held by colleges  
2.27 and universities, as required by and subject to Code of Federal Regulations, title 32,  
2.28 section 216;

2.29 (l) to the juvenile justice system if information about the behavior of a student who  
2.30 poses a risk of harm is reasonably necessary to protect the health or safety of the student  
2.31 or other individuals;

2.32 (m) with respect to Social Security numbers of students in the adult basic education  
2.33 system, to Minnesota State Colleges and Universities and the Department of Employment  
2.34 and Economic Development for the purpose and in the manner described in section  
2.35 124D.52, subdivision 7;

3.1 (n) to the commissioner of education for purposes of an assessment or investigation  
3.2 of a report of alleged maltreatment of a student as mandated by section 626.556. Upon  
3.3 request by the commissioner of education, data that are relevant to a report of maltreatment  
3.4 and are from charter school and school district investigations of alleged maltreatment of a  
3.5 student must be disclosed to the commissioner, including, but not limited to, the following:

3.6 (1) information regarding the student alleged to have been maltreated;

3.7 (2) information regarding student and employee witnesses;

3.8 (3) information regarding the alleged perpetrator; and

3.9 (4) what corrective or protective action was taken, if any, by the school facility in  
3.10 response to a report of maltreatment by an employee or agent of the school or school  
3.11 district;

3.12 (o) when the disclosure is of the final results of a disciplinary proceeding on a charge  
3.13 of a crime of violence or nonforcible sex offense to the extent authorized under United  
3.14 States Code, title 20, section 1232g(b)(6)(A) and (B) and Code of Federal Regulations,  
3.15 title 34, sections 99.31(a)(13) and (14);

3.16 (p) when the disclosure is information provided to the institution under United States  
3.17 Code, title 42, section 14071, concerning registered sex offenders to the extent authorized  
3.18 under United States Code, title 20, section 1232g(b)(7); or

3.19 (q) when the disclosure is to a parent of a student at an institution of postsecondary  
3.20 education regarding the student's violation of any federal, state, or local law or of any  
3.21 rule or policy of the institution, governing the use or possession of alcohol or of a  
3.22 controlled substance, to the extent authorized under United States Code, title 20, section  
3.23 1232g(i), and Code of Federal Regulations, title 34, section 99.31(a)(15), and provided the  
3.24 institution has an information release form signed by the student authorizing disclosure  
3.25 to a parent. The institution must notify parents and students about the purpose and  
3.26 availability of the information release forms. At a minimum, the institution must distribute  
3.27 the information release forms at parent and student orientation meetings.

3.28 Sec. 2. Minnesota Statutes 2008, section 135A.51, subdivision 2, is amended to read:

3.29 Subd. 2. **Senior citizen.** "Senior citizen" means a person who has reached ~~62~~ 66  
3.30 years of age before the beginning of any term, semester or quarter, in which a course of  
3.31 study is pursued, or a person receiving a railroad retirement annuity who has reached 60  
3.32 years of age before the beginning of the term.

3.33 Sec. 3. Minnesota Statutes 2009 Supplement, section 136A.01, subdivision 2, is  
3.34 amended to read:

4.1 Subd. 2. **Responsibilities.** (a) The Minnesota Office of Higher Education is  
4.2 responsible for:

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

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

4.8 (3) negotiating and administering reciprocity agreements;

4.9 (4) publishing and distributing financial aid information and materials, and other  
4.10 information and materials under section 136A.87, to students and parents;

4.11 (5) collecting and maintaining student enrollment and financial aid data and  
4.12 reporting data on students and postsecondary institutions to develop and implement a  
4.13 process to measure and report on the effectiveness of postsecondary institutions;

4.14 (6) administering the federal programs that affect students and institutions on a  
4.15 statewide basis; and

4.16 (7) prescribing policies, procedures, and rules under chapter 14 necessary to  
4.17 administer the programs under its supervision.

4.18 (b) The office is authorized to match individual student data from the student record  
4.19 enrollment database with individual student financial aid data collected and maintained  
4.20 by the office in order to audit or evaluate federal or state supported education programs  
4.21 as permitted by United States Code, title 20, section 1232g(b)(3), and Code of Federal  
4.22 Regulations, title 34, section 99.35. The office may match data from the following  
4.23 financial aid program databases with data from the student record enrollment database:  
4.24 tuition reciprocity; the state grant; the SELF loan; state work study; the postsecondary  
4.25 child care grant; the American Indian Scholarship; and the Achieve Scholarship. The  
4.26 office shall conduct the study in a manner that does not permit personal identification of  
4.27 parents or students by individuals other than representatives of the office.

4.28 Sec. 4. Minnesota Statutes 2009 Supplement, section 136A.101, subdivision 4, is  
4.29 amended to read:

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

5.1 ~~operated in this state; (ii) is licensed or registered as a postsecondary institution by the~~  
5.2 ~~office or another state agency; and (iii) by July 1, 2013, is participating in the federal Pell~~  
5.3 ~~Grant program under Title IV of the Higher Education Act of 1965, as amended; an~~  
5.4 ~~institution that meets the eligibility requirements under section 136A.103.~~

5.5 Sec. 5. Minnesota Statutes 2008, section 136A.101, subdivision 10, is amended to read:

5.6 Subd. 10. **Satisfactory academic progress.** "Satisfactory academic progress"  
5.7 means ~~that:~~ satisfactory academic progress as defined under Code of Federal Regulations,  
5.8 title 34, sections 668.16(e), 668.32(f), and 668.34.

5.9 ~~(1) by the end of a student's second academic year of attendance at an institution, the~~  
5.10 ~~student has at least a cumulative grade point average of C or its equivalent, or academic~~  
5.11 ~~standing consistent with the institution's graduation requirements; and~~

5.12 ~~(2) by the end of the first term of the third and fourth academic year of attendance,~~  
5.13 ~~the student has a cumulative grade point average of at least a C or its equivalent.~~

5.14 Sec. 6. **[136A.103] INSTITUTION ELIGIBILITY REQUIREMENTS.**

5.15 (a) A postsecondary institution is eligible for state student aid under chapter 136A  
5.16 and sections 197.791 and 299A.45, if the institution is located in this state or in a state  
5.17 with which the office has entered into a higher education reciprocity agreement on state  
5.18 student aid programs that:

5.19 (1) is operated by this state or the Board of Regents of the University of Minnesota;  
5.20 or

5.21 (2) is operated privately and, as determined by the office, meets the requirements of  
5.22 paragraph (b).

5.23 (b) A private institution must:

5.24 (1) maintain academic standards substantially equivalent to those of comparable  
5.25 institutions operated in this state;

5.26 (2) be licensed or registered as a postsecondary institution by the office; and

5.27 (3)(i) by July 1, 2010, participate in the federal Pell Grant program under Title IV of  
5.28 the Higher Education Act of 1965, as amended; or

5.29 (ii) if an institution was participating in state student aid programs as of June 30,  
5.30 2010, and the institution did not participate in the federal Pell Grant program by June 30,  
5.31 2010, the institution must require every student who enrolls to sign a disclosure form,  
5.32 provided by the office, stating that the institution is not participating in the federal Pell  
5.33 Grant program.

6.1 (c) An institution that offers only graduate-level degrees or graduate-level nondegree  
6.2 programs, or that offers only degrees or programs that do not meet the required minimum  
6.3 program length to participate in the federal Pell Grant program, is an eligible institution if  
6.4 the institution is licensed or registered as a postsecondary institution by the office.

6.5 (d) An eligible institution under paragraph (b), clause (3), item (ii), that changes  
6.6 ownership as defined in section 136A.63, subdivision 2, must participate in the federal  
6.7 Pell Grant program within four calendar years of the first ownership change to continue  
6.8 eligibility.

6.9 (e) An institution that loses its eligibility for the federal Pell Grant program is not an  
6.10 eligible institution.

6.11 Sec. 7. Minnesota Statutes 2008, section 136A.126, is amended by adding a  
6.12 subdivision to read:

6.13 Subd. 5. **Awarding procedure.** (a) Complete applications are ranked in order of  
6.14 completion date. If there are multiple applications with identical completion dates, those  
6.15 applications are further sorted by application receipt date.

6.16 (b) Awards must be made on a first-come, first-served basis in the order complete  
6.17 applications are received.

6.18 (c) Awards are made to eligible students until the appropriation is expended.

6.19 (d) Applicants not receiving a grant and for whom the office has received a  
6.20 completed application are placed on a waiting list in order of application completion date.

6.21 Sec. 8. **[136A.129] LEGISLATIVE NOTICE.**

6.22 The office shall notify the chairs of the legislative committees with primary  
6.23 jurisdiction over higher education finance of any proposed material change to the  
6.24 administration of any of the grant or financial aid programs in sections 136A.095 to  
6.25 136A.128.

6.26 Sec. 9. Minnesota Statutes 2008, section 136A.15, subdivision 6, is amended to read:

6.27 Subd. 6. **Eligible institution.** "Eligible institution" means a postsecondary  
6.28 educational institution that (1) is operated or regulated by this state or the Board of Regents  
6.29 of the University of Minnesota; (2) is operated publicly or privately in another state, is  
6.30 approved by the United States Secretary of Education, and, as determined by the office,  
6.31 maintains academic standards substantially equal to those of comparable institutions  
6.32 operated in this state; (3) is licensed or registered as a postsecondary institution by the  
6.33 office or another state agency; and (4) by July 1, 2011, is participating in the federal Pell

7.1 ~~Grant program under Title IV of the Higher Education Act of 1965, as amended. It also~~  
7.2 ~~includes any institution chartered in a province.~~ an institution that meets the eligibility  
7.3 requirements under section 136A.155.

7.4 Sec. 10. **[136A.155] ADDITIONAL INSTITUTION ELIGIBILITY**  
7.5 **REQUIREMENTS.**

7.6 A postsecondary institution is an eligible institution for purposes of sections  
7.7 136A.15 to 136A.1702, if the institution:

7.8 (1) meets the eligibility requirements under section 136A.103; or

7.9 (2) is operated publicly or privately in another state, is approved by the United States  
7.10 Secretary of Education, and, as determined by the office, maintains academic standards  
7.11 substantially equal to those of comparable institutions operated in this state.

7.12 Sec. 11. Minnesota Statutes 2008, section 136A.16, subdivision 14, is amended to read:

7.13 Subd. 14. **Notes.** The office may sell at public or private sale, at the price or prices  
7.14 determined by the office, any note or other instrument or obligation evidencing or securing  
7.15 a loan made by the office or its predecessor, including the Minnesota Higher Education  
7.16 Coordinating Board and the Minnesota Higher Education Services Office.

7.17 Sec. 12. Minnesota Statutes 2008, section 136A.62, subdivision 3, is amended to read:

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

7.19 (1) any partnership, company, firm, society, trust, association, corporation, or any  
7.20 combination thereof, which (i) is, owns, or operates a private, nonprofit postsecondary  
7.21 education institution; (ii) is, owns, or operates a private, for-profit postsecondary education  
7.22 institution; or (iii) provides a postsecondary instructional program or course leading to a  
7.23 degree whether or not for profit;

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

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

8.1 Sec. 13. Minnesota Statutes 2008, section 136A.645, is amended to read:

8.2 **136A.645 SCHOOL CLOSURE.**

8.3 (a) When a school decides to cease postsecondary education operations, it must  
8.4 cooperate with the office in assisting students to find alternative means to complete their  
8.5 studies with a minimum of disruption, and inform the office of the following:

8.6 (1) the planned date for termination of postsecondary education operations;

8.7 (2) the planned date for the transfer of the student records;

8.8 (3) confirmation of the name and address of the organization to receive and hold  
8.9 the student records; and

8.10 (4) the official at the organization receiving the student records who is designated to  
8.11 provide official copies of records or transcripts upon request.

8.12 (b) Upon notice from a school of its intention to cease operations, the office shall  
8.13 notify the school of the date on which it must cease the enrollment of students and all  
8.14 postsecondary educational operations.

8.15 Without limitation as to other circumstance, a school shall be deemed to have ceased  
8.16 operations when the school:

8.17 (1) has an unscheduled nonemergency closure or cancellation of classes for more  
8.18 than 24 hours without prior notice to the office;

8.19 (2) announces it is closed or closing; or

8.20 (3) files for bankruptcy.

8.21 Sec. 14. Minnesota Statutes 2008, section 136A.646, is amended to read:

8.22 **136A.646 ADDITIONAL SECURITY.**

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

8.32 (b) In lieu of a bond, the institution may deposit with the commissioner of finance:

8.33 (1) a sum equal to the amount of the required surety bond in cash; or

8.34 (2) securities, as may be legally purchased by savings banks or for trust funds, in an  
8.35 aggregate market value equal to the amount of the required surety bond.



9.1 Sec. 15. Minnesota Statutes 2008, section 136A.69, subdivision 1, is amended to read:

9.2 Subdivision 1. **Registration fees.** (a) The office shall collect reasonable registration  
 9.3 fees that are sufficient to recover, but do not exceed, its costs of administering the  
 9.4 registration program. The office shall charge \$1,100 for initial registration fees and \$950  
 9.5 for annual renewal fees; the fees listed in paragraphs (b) and (c) for new registrations.

9.6 (b) A new school offering no more than one degree at each level during its first year  
 9.7 must pay registration fees for each applicable level in the following amounts:

9.8	<u>associate degree</u>	<u>\$2,000</u>
9.9	<u>baccalaureate degree</u>	<u>\$2,500</u>
9.10	<u>master's degree</u>	<u>\$3,000</u>
9.11	<u>doctorate degree</u>	<u>\$3,500</u>

9.12 (c) A new school that will offer more than one degree per level during its first  
 9.13 year must pay registration fees in an amount equal to the fee for the first degree at each  
 9.14 degree level under paragraph (b), plus fees for each additional nondegree program or  
 9.15 degree as follows:

9.16	<u>nondegree program</u>	<u>\$250</u>
9.17	<u>additional associate degree</u>	<u>\$250</u>
9.18	<u>additional baccalaureate degree</u>	<u>\$500</u>
9.19	<u>additional master's degree</u>	<u>\$750</u>
9.20	<u>additional doctorate degree</u>	<u>\$1,000</u>

9.21 (d) The annual renewal registration fee is \$1,200.

9.22 Sec. 16. Minnesota Statutes 2008, section 136A.69, subdivision 3, is amended to read:

9.23 Subd. 3. **Degree or nondegree program addition fee.** The office processing fee  
 9.24 fees for adding a degree or nondegree program that represents a significant departure in  
 9.25 the objectives, content, or method of delivery of degree or nondegree programs that are  
 9.26 currently offered by the school is \$500 per degree or nondegree program; are as follows:

9.27	<u>nondegree program that is a part of an existing degree</u>	<u>-0-</u>
9.28	<u>nondegree program that is not a part of an existing degree</u>	<u>\$250 each</u>
9.29	<u>majors, specializations, emphasis areas, concentrations, and other</u>	<u>\$250 each</u>
9.30	<u>similar areas of emphasis</u>	
9.31	<u>associate degrees</u>	<u>\$500 each</u>
9.32	<u>baccalaureate degrees</u>	<u>\$500 each</u>
9.33	<u>master's degrees</u>	<u>\$750 each</u>
9.34	<u>doctorate degrees</u>	<u>\$2,000 each</u>

9.35 Sec. 17. Minnesota Statutes 2008, section 136A.69, subdivision 4, is amended to read:

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

10.5 (1) ~~\$300~~ \$400 for the team base fee or for a paper review conducted by a consultant  
10.6 if the office determines that a fact-finding visit is not required;

10.7 (2) \$300 for each day or part thereof on site per team member; and

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

10.10 Sec. 18. **[136F.08] CENTRAL SYSTEM OFFICE.**

10.11 Subdivision 1. Establishment. A central system office is established for the  
10.12 Minnesota State Colleges and Universities to provide central support to the institutions  
10.13 enrolling students and to assist the board in fulfilling its missions under section 136F.05.  
10.14 The central office must not assume responsibility for services that are most effectively  
10.15 and efficiently provided at the institution level. The central system office is under the  
10.16 direction of the chancellor.

10.17 Subd. 2. General duties. The central system office must coordinate system level  
10.18 responsibilities for financial management, personnel management, facilities management,  
10.19 information technology, credit transfer, legal affairs, government relations, and auditing.  
10.20 The central system office shall coordinate its services with the services provided at the  
10.21 institution level so as not to duplicate any functions that are provided by institutions.

10.22 Sec. 19. **[136F.302] CREDIT TRANSFER.**

10.23 The board of trustees must develop and maintain a systemwide effective and  
10.24 efficient mechanism for seamless student transfer between system institutions that has a  
10.25 goal of minimal loss of credits for transferring students. The Degree Audit and Reporting  
10.26 System (DARS) and the u.select database, and successor databases, housed within the  
10.27 office of the chancellor shall be the official repository of course equivalencies between  
10.28 system colleges and universities. Each system college and university shall be responsible  
10.29 for ensuring the accuracy and completeness of course equivalencies listed for courses  
10.30 offered by that college or university. The development and maintenance of the system  
10.31 must, at a minimum, address the following:

10.32 (1) alignment of institution curriculum and its communication to stakeholders;

10.33 (2) transfer between similar programs;

10.34 (3) documentation for transfer-related agreements between institutions;

11.1 (4) systemwide transfer information on the Internet that is easily accessible and  
11.2 maintained in a current and accurate status;

11.3 (5) training for campus-level staff to provide accurate and consistent advice to  
11.4 students;

11.5 (6) institutional rather than student obligation to provide prompt required  
11.6 documentation for course equivalency determinations; and

11.7 (7) consistency of transfer policies among institutions in compliance with a system  
11.8 policy.

11.9 Sec. 20. Minnesota Statutes 2008, section 141.25, is amended by adding a subdivision  
11.10 to read:

11.11 Subd. 2a. **Refunds.** If a contract is deemed unenforceable under subdivision 2, a  
11.12 school must refund tuition, fees, and other charges received from a student or on behalf  
11.13 of a student within 30 days of receiving written notification and demand for refund from  
11.14 the Minnesota Office of Higher Education.

11.15 Sec. 21. Minnesota Statutes 2008, section 141.25, subdivision 7, is amended to read:

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

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

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

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

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

11.25 (iv) maintain and support the school;

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

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

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

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

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

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

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

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

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

12.13 Sec. 22. Minnesota Statutes 2008, section 141.25, subdivision 13, is amended to read:

12.14 Subd. 13. **Schools licensed by another state agency or board.** A school required  
12.15 to obtain a private career school license due to the use of "academy," "institute," "college,"  
12.16 or "university" in its name or licensed for the purpose of participating in state financial aid  
12.17 under chapter 136A, and which is also licensed by another state agency or board shall be  
12.18 required to satisfy only the requirements of subdivisions 3, clauses (1), (2), (3), (5), (7),  
12.19 and (10); 4; 5, paragraph (b), clause (2); 7, clauses (1) and (10); 8; 9, clause (13); and 12.

12.20 Sec. 23. Minnesota Statutes 2008, section 141.251, subdivision 2, is amended to read:

12.21 Subd. 2. **Conditions.** The office shall adopt rules establishing the conditions for  
12.22 renewal of a license. The conditions shall permit two levels of renewal based on the record  
12.23 of the school. A school that has demonstrated the quality of its program and operation  
12.24 through longevity and performance in the state may renew its license based on a relaxed  
12.25 standard of scrutiny. A school that has been in operation in Minnesota for a limited period  
12.26 of time or that has not performed adequately on performance indicators shall renew its  
12.27 license based on a strict standard of scrutiny. The office shall specify minimum longevity  
12.28 standards and performance indicators that must be met before a school may be permitted  
12.29 to operate under the relaxed standard of scrutiny. The performance indicators used in this  
12.30 determination shall include, but not be limited to: ~~degree granting status,~~ regional or  
12.31 national accreditation, loan default rates, placement rate of graduates, student withdrawal  
12.32 rates, audit results, student complaints, and school status with the United States  
12.33 Department of Education. Schools that meet the requirements established in rule shall be  
12.34 required to submit a full relicensure report once every four years, and in the interim years

13.1 will be exempt from the requirements of section 141.25, subdivision 3, clauses (4), (5),  
13.2 and (8), and Minnesota Rules, parts 4880.1700, subpart 6; and 4880.2100, subpart 4.

13.3 Sec. 24. Minnesota Statutes 2008, section 141.255, is amended to read:

13.4 **141.255 FEES.**

13.5 Subdivision 1. **Initial licensure fee.** The office processing fee for an initial licensure  
13.6 application is:

13.7 (1) ~~\$1,500~~ \$2,500 for a school that will offer no more than one program during  
13.8 its first year of operation;

13.9 (2) ~~\$2,000 for a school that will offer two or more nondegree level programs~~ \$750  
13.10 for a school licensed exclusively due to the use of the term "college," "university,"  
13.11 "academy," or "institute" in their name, or licensed exclusively in order to participate in  
13.12 state grant or SELF loan financial aid programs; and

13.13 (3) \$2,500, plus \$500 for each additional program offered by the school, for a school  
13.14 during its first year of operation; and.

13.15 ~~(3) \$2,500 for a school that will offer two or more degree level programs during~~  
13.16 ~~its first year of operation.~~

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

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

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

13.23 (1) for a school that offers one program, the license renewal fee is \$1,150;

13.24 (2) for a school that offers more than one program, the license renewal fee is  
13.25 \$1,150, plus \$200 for each additional program with a maximum renewal licensing fee  
13.26 of \$2,000; and

13.27 (3) schools licensed exclusively due to the use of the term "college," "university,"  
13.28 "academy," or "institute" in their name or licensed exclusively in order to participate in  
13.29 state grant or SELF loan financial aid programs shall pay a renewal fee of \$750.

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

13.33 ~~Subd. 3. **Degree level addition fee.** The office processing fee for adding a degree~~  
13.34 ~~level to an existing program is \$2,000 per program.~~

14.1 Subd. 4. **Program addition fee.** The office processing fee for adding a program  
14.2 ~~that represents a significant departure in the objectives, content, or method of delivery of~~  
14.3 ~~programs~~ to those that are currently offered by the school is \$500 per program.

14.4 Subd. 5. **Visit or consulting fee.** If the office determines that a fact-finding visit  
14.5 or outside consultant is necessary to review or evaluate any new or revised program, the  
14.6 office shall be reimbursed for the expenses incurred related to the review as follows:

14.7 (1) ~~\$300~~ \$400 for the team base fee or for a paper review conducted by a consultant  
14.8 if the office determines that a fact-finding visit is not required;

14.9 (2) \$300 for each day or part thereof on site per team member; and

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

14.12 Subd. 6. **Modification fee.** The fee for modification of any existing program is  
14.13 \$100 and is due if there is:

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

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

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

14.20 Subd. 7. **Solicitor permit fee.** The solicitor permit fee is \$350 and must be paid  
14.21 annually.

14.22 Subd. 8. **Multiple location fee.** Schools wishing to operate at multiple locations  
14.23 must pay:

14.24 (1) \$250 per location, for locations two to five ~~locations~~; and

14.25 (2) an additional ~~\$50~~ \$100 for each location over five.

14.26 Subd. 9. **Student transcript fee.** The fee for a student transcript requested from  
14.27 a closed school whose records are held by the office is ~~\$10~~ \$15, with a maximum of  
14.28 five transcripts per request.

14.29 Subd. 10. **Public office documents; copies.** ~~The office shall establish~~ rates for  
14.30 copies of any public office document shall be 50 cents per page.

14.31 Sec. 25. Minnesota Statutes 2008, section 141.28, subdivision 2, is amended to read:

14.32 Subd. 2. **Unlawful designation.** No school organized after November 15, 1969,  
14.33 shall apply to itself either as a part of its name or in any other manner the designation of  
14.34 "college" or "university" ~~unless such school applies for and receives certification from the~~

15.1 ~~office that it meets appropriate standards and is entitled to such designation.~~ Operating  
15.2 schools now using such designation may continue use thereof.

15.3 Sec. 26. Laws 2009, chapter 95, article 1, section 3, subdivision 21, is amended to read:

15.4 Subd. 21. **Transfers**

15.5 The Minnesota Office of Higher Education  
15.6 may transfer unencumbered balances from  
15.7 the appropriations in this section to the state  
15.8 grant appropriation, the interstate tuition  
15.9 reciprocity appropriation, the child care  
15.10 grant appropriation, the Indian scholarship  
15.11 appropriation, the state work-study  
15.12 appropriation, the achieve scholarship  
15.13 appropriation, the public safety officers'  
15.14 survivors appropriation, and the Minnesota  
15.15 college savings plan appropriation. Transfers  
15.16 from the state grant, child care, or state  
15.17 work-study appropriations may only be made  
15.18 to the extent there is a projected surplus in  
15.19 the appropriation. A transfer may be made  
15.20 only with prior written notice to the chairs  
15.21 of the senate and house of representatives  
15.22 committees with jurisdiction over higher  
15.23 education finance.

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

15.25 Sec. 27. **STREAMLINED MNSCU SYSTEM OFFICE.**

15.26 Notwithstanding any law or policy to the contrary, the Board of Trustees of the  
15.27 Minnesota State Colleges and Universities shall streamline services provided through  
15.28 the system's central service office to reduce expenditures, better target the use of state  
15.29 resources, and provide services at the most appropriate and efficient level so as not  
15.30 to duplicate any services provided at the institutional level. These actions must be  
15.31 implemented so as to achieve budgetary savings and efficiencies in delivery of services  
15.32 and the accomplishment of the academic mission. The board must revise any board  
15.33 policies in a way that is consistent with the requirements of this section.

16.1       Sec. 28. **CREDIT TRANSFER; MINNESOTA STATE COLLEGES AND**  
16.2 **UNIVERSITIES.**

16.3           (a) The Board of Trustees of the Minnesota State Colleges and Universities must  
16.4 develop and implement a plan to improve credit transfers within the system. At a  
16.5 minimum, the board must:

16.6           (1) enhance the availability of easily used information on transferring and tracking  
16.7 credits;

16.8           (2) improve training for all staff involved with credit transfer;

16.9           (3) identify barriers to transferring credits including intellectual property issues for  
16.10 faculty and devise methods to eliminate these barriers; and

16.11           (4) identify discrepancies in the treatment of transferring and accepting credits  
16.12 by various institutions within the system and devise methods to improve the uniform  
16.13 treatment of credit transfers.

16.14           (b) The board must convene working groups of affected faculty, staff, and  
16.15 administrators representing institutions and academic and technical disciplines in the  
16.16 system to work on issues and barriers to credit transfer. The purpose of the working  
16.17 groups is to develop specific actions that will remove any barriers to credit transfer and to  
16.18 improve the ease and transparency of credit transfer for students.

16.19           (c) The board of trustees must report to the legislature by January 15, 2012, on the  
16.20 plans for and progress towards improvements in the transfer of credits. Any proposal to  
16.21 develop and implement a mandatory or voluntary common course numbering system for  
16.22 the Minnesota State Colleges and Universities must not be required until after the receipt  
16.23 of the report under this section.

16.24       Sec. 29. **POSTRETIREMENT HEALTH INSURANCE PREMIUM**  
16.25 **REIMBURSEMENT.**

16.26           The Minnesota State Colleges and Universities (MnSCU) system shall waive  
16.27 premium reimbursement payments including any late payment charges, fees, penalties, or  
16.28 interest payments imposed on overdue health insurance premium reimbursements owed  
16.29 by a college retiree to the college under a contractual or collective bargaining agreement  
16.30 providing for postretirement health insurance benefits arising from employment under  
16.31 a contract or collective bargaining agreement with a school district or technical college  
16.32 prior to July 1, 1995, and who became an employee of Minnesota State Colleges and  
16.33 Universities on July 1, 1995. This section applies only if the college has failed to bill  
16.34 the retiree for the premium reimbursement payments as required under the applicable



17.1 collective bargaining or contractual agreement, or if not otherwise established, within 90  
17.2 days following the date on which the premium was due.

17.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

17.4 Sec. 30. **REPORT OF CREDIT TRANSFER ACTIVITIES.**

17.5 The Board of Trustees of the Minnesota State Colleges and Universities shall report  
17.6 on February 15, 2011, and annually thereafter through 2015, on its activities to achieve  
17.7 the credit transfer goals of Minnesota Statutes, section 136F.302, and the results of those  
17.8 activities. The report shall be made to the chairs and ranking minority members of the  
17.9 legislative committees with primary jurisdiction over higher education policy and finance.  
17.10 The goals of Minnesota Statutes, section 136F.302, should be fully achieved as soon as  
17.11 possible, but no later than the start of the 2015-2016 academic year.

17.12 Sec. 31. **PILOT PROJECT; LOCAL DEPOSIT OF RESERVES OF**  
17.13 **MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

17.14 Subdivision 1. **Establishment.** To increase the distribution of potential economic  
17.15 benefit of deposits of reserve funds of the institutions of the Minnesota State Colleges and  
17.16 Universities, a pilot project is established to transfer certain reserve deposits of selected  
17.17 institutions from the state treasury to a community financial institution. Notwithstanding  
17.18 Minnesota Statutes, section 16A.27, on July 1, 2010, the commissioner of management  
17.19 and budget shall transfer the board-required reserve funds of colleges and universities  
17.20 selected by the board of trustees under subdivision 2, to a community financial institution  
17.21 designated for each of the participating colleges and universities.

17.22 Subd. 2. **Participating colleges and universities.** By June 11, 2010, colleges and  
17.23 universities must apply to the Board of Trustees of the Minnesota State Colleges and  
17.24 Universities for participation in the pilot project. Each applicant must designate one or  
17.25 more community financial institutions for the deposit of board-required reserves, with the  
17.26 terms of the deposit for each designated community financial institution. The designated  
17.27 community financial institution must be located within 25 miles of a participating campus.  
17.28 From the applicants, the board shall select eight postsecondary institutions to participate in  
17.29 the local deposit pilot project. In making its selection, the board must consider the size  
17.30 of the institution's reserves and the terms offered by the designated community financial  
17.31 institutions. Two-year and four-year institutions must be selected to participate in the pilot  
17.32 project and at least five of the selected institutions must be located in greater Minnesota.

18.1 By June 25, 2010, the board must notify the commissioner of management and  
18.2 budget of the participating colleges and universities and the associated community  
18.3 financial institutions.

18.4 Subd. 3. **Community financial institution.** As used in this section, "community  
18.5 financial institution" means a federally insured bank or credit union, chartered as a bank  
18.6 or credit union by the state of Minnesota or the United States, that is headquartered in  
18.7 Minnesota and that has no more than \$2,500,000,000 in assets.

18.8 Subd. 4. **Evaluation and report.** The commissioner of management and budget and  
18.9 the board of trustees shall independently evaluate the effectiveness or harm of the local  
18.10 deposit pilot project in increasing the use of community financial institutions and providing  
18.11 wider distribution of the economic benefit of the deposit of postsecondary reserves. Each  
18.12 evaluation must include the participating colleges, universities, and community financial  
18.13 institutions. The commissioner and the board shall report the results of the pilot project  
18.14 evaluation to the appropriate committees of the legislature by December 1, 2011, with  
18.15 recommendations on the future implementation of the pilot project.

18.16 **Sec. 32. APPROPRIATION REDUCTIONS.**

18.17 Any reduction in appropriations for the biennium ending June 30, 2011, for the  
18.18 central system office of Minnesota State Colleges and Universities must not be passed  
18.19 through to any institution or campus. The Board of Trustees of the Minnesota State  
18.20 Colleges and Universities must not charge any institution for appropriation reductions  
18.21 made to the central office.

18.22 **Sec. 33. REPEALER.**

18.23 Minnesota Statutes 2008, section 136A.1701, subdivision 5, is repealed.