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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH SESSION

HOUSE FILE NO. 3448

March 8, 2010
Authored by Rukavina, Atkins, Clark, Mahoney, Reinert and others
The bill was read for the first time and referred to the Committee on Finance
April 15, 2010
Committee Recommendation and Adoption of Report:
To Pass as Amended
Read Second Time

A bill for an act

relating to higher education; authorizing data matching; modifying institution eligibility; establishing award procedures; establishing a grant program; modifying security requirements; requiring certain notice; establishing a central system office; modifying bonding limits; authorizing bonding authority transfer; providing for certain refunds; requiring certain studies and reports; governing credit transfers; requiring system office streamlining; providing postretirement premium reimbursement; establishing pilot projects; making technical corrections; requesting certain public education; defining and clarifying terms; governing appropriation reductions; amending Minnesota Statutes 2008, sections 135A.15, subdivision 1; 135A.155; 135A.51, subdivision 2; 136A.101, subdivision 10; 136A.121, subdivision 6; 136A.126, by adding a subdivision; 136A.15, subdivision 6; 136A.16, subdivision 14; 136A.62, subdivision 3; 136A.645; 136A.646; 141.25, subdivisions 7, 13, by adding a subdivision; 141.251, subdivision 2; 141.28, subdivision 2; 474A.04, subdivision 6; 474A.091, subdivision 3; Minnesota Statutes 2009 Supplement, sections 136A.01, subdivision 2; 136A.101, subdivision 4; 136F.98, subdivision 1; Laws 2010, chapter 215, article 2, sections 4, subdivision 3; 6; proposing coding for new law in Minnesota Statutes, chapters 136A; 136F; repealing Minnesota Statutes 2009 Supplement, section 136A.121, subdivision 9b.

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

Section 1. Minnesota Statutes 2008, section 135A.15, subdivision 1, is amended to read:

Subdivision 1. **Policy required.** The Board of Trustees of the Minnesota State Colleges and Universities shall, and the University of Minnesota is requested to, adopt a clear, understandable written policy on sexual harassment and sexual violence that informs victims of their rights under the crime victims bill of rights, including the right to assistance from the Crime Victims Reparations Board and the commissioner of public safety. The policy must apply to students and employees and must provide information about their rights and duties. The policy must apply to criminal incidents occurring on

property owned by the postsecondary system or institution in which the victim is a student or employee of that system or institution. It must include procedures for reporting incidents of sexual harassment or sexual violence and for disciplinary actions against violators. During student registration, each technical college, community college, or state university shall, and the University of Minnesota is requested to, provide each student with information regarding its policy. A copy of the policy also shall be posted at appropriate locations on campus at all times. Each private postsecondary institution that is an eligible institution as defined in section ~~136A.101, subdivision 4~~ 136A.155, must adopt a policy that meets the requirements of this section.

Sec. 2. Minnesota Statutes 2008, section 135A.155, is amended to read:

135A.155 HAZING POLICY.

The board of trustees of the Minnesota State Colleges and Universities shall, and the University of Minnesota is requested to, adopt a clear, understandable written policy on student conduct, including hazing. The policy must include procedures for reporting incidents of inappropriate hazing and for disciplinary actions against individual violators and organizations. The policy shall be made available to students by appropriate means as determined by each institution, which may include publication in a student handbook or other institutional publication, or posting by electronic display on the Internet, and shall be posted at appropriate locations on campus. A private postsecondary institution that is an eligible institution as defined in section ~~136A.101, subdivision 4~~ 136A.155, must adopt a policy that meets the requirements of this section.

Sec. 3. Minnesota Statutes 2008, section 135A.51, subdivision 2, is amended to read:

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

Sec. 4. Minnesota Statutes 2009 Supplement, section 136A.01, subdivision 2, is amended to read:

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

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

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

(3) negotiating and administering reciprocity agreements;

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

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

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

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

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

Sec. 5. Minnesota Statutes 2009 Supplement, section 136A.101, subdivision 4, is amended to read:

Subd. 4. **Eligible institution.** "Eligible institution" means ~~a postsecondary educational institution located in this state or in a state with which the office has entered into a higher education reciprocity agreement on state student aid programs that (1) is operated by this state or the Board of Regents of the University of Minnesota, or (2) is operated privately and, as determined by the office, meets all of the following: (i) maintains academic standards substantially equivalent to those of comparable institutions operated in this state; (ii) is licensed or registered as a postsecondary institution by the office or another state agency; and (iii) by July 1, 2013, is participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended~~ an institution that meets the eligibility requirements under section 136A.103.

Sec. 6. Minnesota Statutes 2008, section 136A.101, subdivision 10, is amended to read:

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

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

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

Sec. 7. **[136A.103] INSTITUTION ELIGIBILITY REQUIREMENTS.**

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

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

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

(b) A private institution must:

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

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

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

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

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

(d) An eligible institution under paragraph (b), clause (3), item (ii), that changes ownership as defined in section 136A.63, subdivision 2, must participate in the federal

Pell Grant program within four calendar years of the first ownership change to continue eligibility.

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

Sec. 8. Minnesota Statutes 2008, section 136A.121, subdivision 6, is amended to read:

Subd. 6. **Cost of attendance.** (a) The recognized cost of attendance consists of allowances specified in law for living and miscellaneous expenses, and an allowance for tuition and fees equal to the lesser of the average tuition and fees charged by the institution, ~~or~~ the tuition and fee maximums established in law, or for students at for-profit institutions, the average tuition and fee amount for public two-year institutions for a student in a two-year program or the average tuition and fee amount for a state university for students in four-year programs.

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

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

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

EFFECTIVE DATE. This section is effective for grants made beginning on July 1, 2010.

Sec. 9. Minnesota Statutes 2008, section 136A.126, is amended by adding a subdivision to read:

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

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

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

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

Sec. 10. **[136A.129] ONETIME GRANT FOR HIGH SCHOOL-TO-COLLEGE DEVELOPMENTAL TRANSITION PROGRAM.**

(a) Within the limits of appropriations, a student who enrolls in a program under section 135A.61 is eligible for a onetime grant to help pay expenses to attend the program. The amount of the grant must be determined according to section 136A.121, subdivision 5, except as modified by paragraph (b). The requirement in 136A.121, subdivision 9a, that subtracts a federal Pell Grant award for which a student would be eligible, even if the student has exhausted the federal Pell Grant award, does not apply to a student who receives a grant under this subdivision in the award year in which the grant is received. The maximum grant under this subdivision must be reduced by the average amount a student would earn working in an on-campus work-study position for ten hours per week during a summer term. The office must determine an amount for student earnings in a summer term, using available data about earnings, before determining the amount awarded under this subdivision.

(b) For a student with an expected family contribution of zero, the maximum amount of the grant is the cost of attendance under section 136A.121, subdivision 6.

(c) A grant under this subdivision counts as one of the eight semesters of eligibility under section 136A.121, subdivision 9. A grant under this subdivision must not be awarded for the same term for which another grant is awarded under this section.

(d) Beginning in fiscal year 2012, up to $1,000,000 each year may be used for grants under this section.

Sec. 11. **[136A.1291] LEGISLATIVE NOTICE.**

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

Sec. 12. Minnesota Statutes 2008, section 136A.15, subdivision 6, is amended to read:

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

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

Sec. 13. **[136A.155] ADDITIONAL INSTITUTION ELIGIBILITY REQUIREMENTS.**

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

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

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

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

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

Sec. 15. Minnesota Statutes 2008, section 136A.62, subdivision 3, is amended to read:

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

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

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

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

Sec. 16. Minnesota Statutes 2008, section 136A.645, is amended to read:

136A.645 SCHOOL CLOSURE.

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

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

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

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

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

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

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

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

(2) announces it is closed or closing; or

(3) files for bankruptcy.

Sec. 17. Minnesota Statutes 2008, section 136A.646, is amended to read:

136A.646 ADDITIONAL SECURITY.

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

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

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

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

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

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

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

Sec. 19. Minnesota Statutes 2009 Supplement, section 136F.98, subdivision 1, is amended to read:

Subdivision 1. **Issuance of bonds.** The Board of Trustees of the Minnesota State Colleges and Universities or a successor may issue revenue bonds under sections 136F.90 to 136F.97 whose aggregate principal amount at any time may not exceed ~~$200,000,000~~ $275,000,000, and payable from the revenue appropriated to the fund established by section 136F.94, and use the proceeds together with other public or private money that may otherwise become available to acquire land, and to acquire, construct, complete, remodel, and equip structures or portions thereof to be used for dormitory, residence hall, student union, food service, parking purposes, or for any other similar revenue-producing building or buildings of such type and character as the board finds desirable for the good and benefit of the state colleges and universities. Before issuing the bonds or any part of them, the board shall consult with and obtain the advisory recommendations of the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee about the facilities to be financed by the bonds.

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

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

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

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

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

(i) meet the school's financial obligations;

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

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

(iv) maintain and support the school;

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

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

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

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

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

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

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

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

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

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

Subd. 13. **Schools licensed by another state agency or board.** A school required to obtain a private career school license due to the use of "academy," "institute," "college,"

or "university" in its name or licensed for the purpose of participating in state financial aid under chapter 136A, and which is also licensed by another state agency or board shall be required to satisfy only the requirements of subdivisions 3, clauses (1), (2), (3), (5), (7), and (10); 4; 5, paragraph (b), clause (2); 7, clauses (1) and (10); 8; 9, clause (13); and 12.

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

Subd. 2. **Conditions.** The office shall adopt rules establishing the conditions for renewal of a license. The conditions shall permit two levels of renewal based on the record of the school. A school that has demonstrated the quality of its program and operation through longevity and performance in the state may renew its license based on a relaxed standard of scrutiny. A school that has been in operation in Minnesota for a limited period of time or that has not performed adequately on performance indicators shall renew its license based on a strict standard of scrutiny. The office shall specify minimum longevity standards and performance indicators that must be met before a school may be permitted to operate under the relaxed standard of scrutiny. The performance indicators used in this determination shall include, but not be limited to: ~~degree granting status,~~ regional or national accreditation, loan default rates, placement rate of graduates, student withdrawal rates, audit results, student complaints, and school status with the United States Department of Education. Schools that meet the requirements established in rule shall be required to submit a full relicensure report once every four years, and in the interim years will be exempt from the requirements of section 141.25, subdivision 3, clauses (4), (5), and (8), and Minnesota Rules, parts 4880.1700, subpart 6; and 4880.2100, subpart 4.

Sec. 24. Minnesota Statutes 2008, section 141.28, subdivision 2, is amended to read:

Subd. 2. **Unlawful designation.** No school organized after November 15, 1969, shall apply to itself either as a part of its name or in any other manner the designation of "college" or "university" ~~unless such school applies for and receives certification from the office that it meets appropriate standards and is entitled to such designation~~. Operating schools now using such designation may continue use thereof.

Sec. 25. Minnesota Statutes 2008, section 474A.04, subdivision 6, is amended to read:

Subd. 6. **Entitlement transfers.** An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to bonding authority allocated to the original entitlement issuer under this section. An entitlement issuer may enter into an agreement with an issuer which is not an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to

$100,000 of which are issued pursuant to bonding authority allocated to the original entitlement issuer under this section. The agreement may be approved and executed by the mayor of the entitlement issuer with or without approval or review by the city council. Notwithstanding section 474A.091, subdivision 4, prior to December 1, the Minnesota Housing Finance Agency, Minnesota Office of Higher Education, and Minnesota Rural Finance Authority may transfer allocated bonding authority made available under this chapter to one another under an agreement by each agency and the commissioner.

Sec. 26. Minnesota Statutes 2008, section 474A.091, subdivision 3, is amended to read:

Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in August through and on the last Monday in November. Applications for allocations must be received by the department by 4:30 p.m. on the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) Prior to October 1, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

(1) applications for residential rental project bonds;

(2) applications for small issue bonds for manufacturing projects; and

(3) applications for small issue bonds for agricultural development bond loan projects.

(c) On the first Monday in October through the last Monday in November, allocations shall be awarded from the unified pool in the following order of priority:

(1) applications for student loan bonds issued by or on behalf of the Minnesota Office of Higher Education;

(2) applications for mortgage bonds;

(3) applications for public facility projects funded by public facility bonds;

(4) applications for small issue bonds for manufacturing projects;

(5) applications for small issue bonds for agricultural development bond loan projects;

(6) applications for residential rental project bonds;

(7) applications for enterprise zone facility bonds;

(8) applications for governmental bonds; and

(9) applications for redevelopment bonds.

(d) If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: (1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) other residential rental projects.

(g) From the first Monday in August through the last Monday in November, $20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds to the extent such amounts are available within the unified pool.

(h) The total amount of allocations for mortgage bonds from the housing pool and the unified pool may not exceed:

(1) $10,000,000 for any one city; or

(2) $20,000,000 for any number of cities in any one county.

(i) The total amount of allocations for student loan bonds from the unified pool may not exceed ~~$10,000,000~~ $25,000,000 per year.

(j) If there is insufficient bonding authority to fund all projects within any qualified bond category other than enterprise zone facility projects, manufacturing projects, and

residential rental projects, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers.

(k) If an application is rejected, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(l) The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Sec. 27. Laws 2010, chapter 215, article 2, section 4, subdivision 3, is amended to read:

Subd. 3. **Operations and Maintenance** -0- (9,967,000)

For fiscal years 2012 and 2013, the base for operations and maintenance is ~~$592,792,000~~ $580,802,000 each year.

Sec. 28. Laws 2010, chapter 215, article 2, section 6, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment, for grant awards beginning July 1, 2010.

Sec. 29. **STUDY OF CERTIFICATES AND DIPLOMAS; EDUCATIONAL CAREER PATH.**

The Board of Trustees of the Minnesota State Colleges and Universities, in conjunction with the Minnesota Chamber of Commerce, representatives of industry groups, and labor unions, shall study the program requirements for certificates and diplomas awarded by the Minnesota State Colleges and Universities to determine the feasibility of designing technical education programs to allow students to have more opportunities to earn credentials with lower credit requirements that could be combined into higher level certificates or diplomas. The study must consult with business and industry representatives as well as labor unions and faculty on the types of credentials that would be recognized for employment purposes. In addition, the study must address the feasibility of increasing the capacity to accumulate credentials in related programs into an educational career path leading to a diploma or degree. The study must also address the need for workers in other fields and take into account other job training programs provided by labor unions and business.

The board must report the study findings to the committees of the legislature with responsibility for postsecondary education finance by February 15, 2011.

Sec. 30. **STREAMLINED MINNESOTA STATE COLLEGES AND UNIVERSITIES SYSTEM OFFICE.**

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

Sec. 31. **CREDIT TRANSFER; MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

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

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

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

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

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

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

(c) The board must report to the legislature by January 15, 2012, on the plans for and progress towards improvements in the transfer of credits. Any proposal to develop and implement a mandatory or voluntary common course numbering system for the Minnesota

State Colleges and Universities must not be required until after the receipt of the report under this section.

Sec. 32. **POSTRETIREMENT HEALTH INSURANCE PREMIUM REIMBURSEMENT.**

The Minnesota State Colleges and Universities system shall waive premium reimbursement payments including any late payment charges, fees, penalties, or interest payments imposed on overdue health insurance premium reimbursements owed by a college retiree to the college under a contractual or collective bargaining agreement providing for postretirement health insurance benefits arising from employment under a contract or collective bargaining agreement with a school district or technical college prior to July 1, 1995, and who became an employee of Minnesota State Colleges and Universities on July 1, 1995. This section applies only if the college has failed to bill the retiree for the premium reimbursement payments as required under the applicable collective bargaining or contractual agreement, or if not otherwise established, within 90 days following the date on which the premium was due.

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

Sec. 33. **PILOT PROJECT; LOCAL DEPOSIT OF RESERVES OF MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

Subdivision 1. **Establishment.** To increase the distribution of potential economic benefit of deposits of reserve funds of the institutions of the Minnesota State Colleges and Universities, a pilot project is established to transfer certain reserve deposits of selected institutions from the state treasury to a community financial institution. Notwithstanding Minnesota Statutes, section 16A.27, by December 31, 2010, the commissioner of management and budget shall transfer the designated amount of board-required reserve funds of colleges and universities selected by the Board of Trustees under subdivision 2, to a community financial institution designated for each of the participating colleges and universities.

Subd. 2. **Participating colleges and universities.** By August 15, 2010, colleges and universities must apply to the Board of Trustees of the Minnesota State Colleges and Universities for participation in the pilot project. Each applicant must designate one or more community financial institutions for the deposit of board-required reserves with the terms of the deposit for each designated community financial institution. The designated community financial institution must be located in the geographic area of a participating campus. From the applicants, the board shall select up to eight postsecondary institutions

to participate in the local deposit pilot project. In making its selection, the board must consider the size of the institution's reserves and the terms offered by the designated community financial institutions. Two-year and four-year institutions must be selected to participate in the pilot project and the majority of the selected institutions must be located in greater Minnesota.

By December 1, 2010, the board must notify the commissioner of management and budget of the participating colleges and universities and the associated community financial institutions.

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

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

Sec. 34. **NANOTECHNOLOGY REPORT.**

By February 1, 2011, the Board of Regents of the University of Minnesota and the Board of Trustees of the Minnesota State Colleges and Universities shall study nanotechnology research and education and report to the committees of the legislature with responsibility for higher education, economic development, environment, and public health on the ethical issues and the principles for nanotechnology research and development and education they utilize in their institutions and nanotechnology initiatives. The report must assess ways they ensure that nanotechnology is used responsibly through standards and guidelines that protect public health and the environment and provide for occupational health and safety.

Sec. 35. **SURGICAL TECHNOLOGISTS PILOT PROJECT.**

Subdivision 1. **Surgical technologists; training and employment pilot project.** (a) The Board of Trustees of the Minnesota State Colleges and Universities shall establish a pilot project to develop partnerships and training and employment opportunities for

surgical technologists. The pilot project must develop partnerships between a health care facility located within 25 miles of an accredited surgical technologist program offered by a Minnesota State Colleges and Universities institution and the institution. The partnerships must promote the employment and retention of the services of individuals to perform surgical technology tasks or functions who have successfully completed an accredited educational program for surgical technologists and who hold and maintain a certified surgical technician credential from a nationally recognized surgical technologist certifying body accredited by the National Commission for Certifying Agencies and recognized by the American College of Surgeons and the Association of Surgical Technologists.

(b) Nothing in this section prohibits:

(1) a participating health care facility from continuing the employment of an individual who is employed to practice surgical technology in that health care facility on the effective date of this section;

(2) any licensed practitioner from performing surgical technology tasks or functions if the individual is acting within the scope of that practitioner's license;

(3) any student in training to be licensed as a health care practitioner from performing surgical technology tasks or functions if under the supervision of a licensed physician; or

(4) any participating health care facility from employing or retaining the services of an individual to perform tasks listed in this subdivision, provided the individual maintains a certified surgical assistant credential from the National Surgical Assistant Association.

(c) This subdivision expires June 30, 2014.

Subd. 2. **Report.** Surgical technologist training programs of the Minnesota State Colleges and Universities must cooperate with hospitals to assure that graduates meet the standards set by hospitals for surgical technologists providing services to surgical patients. The board of trustees shall report on the pilot project under this section to the appropriate legislative chairs by January 1, 2013, with recommendations to enhance surgical technologist training and to assure an adequate supply of surgical technologist graduates to meet the needs of facilities.

Sec. 36. **APPROPRIATION REDUCTIONS.**

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

Sec. 37. **UNIVERSITY MAYO PARTNERSHIP.**

Any reductions to the University of Minnesota for operations and maintenance in fiscal year 2011 must not be allocated to the University of Minnesota and Mayo Foundation Partnership.

Sec. 38. **FEDERAL HEALTH CARE REFORM.**

The regents of the University of Minnesota are requested to direct the University of Minnesota Extension Service to conduct public education related to the provisions of federal health care reform legislation, as enacted under the Patient Protection and Affordable Care Act (Public Law No. 111-148) and the Health Care and Education Reconciliation Act (Public Law No. 111-152), and the potential benefits of federal health care reform to Minnesota citizens, employers, and health care providers.

Sec. 39. **REPEALER.**

Minnesota Statutes 2009 Supplement, section 136A.121, subdivision 9b, is repealed.

136A.121 GRANTS.

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

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

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