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State of Minnesota

# HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH SESSION**

## HOUSE FILE NO. 3629

March 11, 2010
Authored by Poppe and Pelowski
The bill was read for the first time and referred to the Committee on Finance

A bill for an act

relating to higher education; reorganizing the Minnesota State Colleges and Universities; adjusting salaries; establishing a central office; increasing the age for free classes; amending Minnesota Statutes 2008, sections 15A.081, subdivision 7c; 135A.51, subdivision 2; 136F.40, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 136F; repealing Minnesota Statutes 2008, section 136F.31.

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

Section 1. Minnesota Statutes 2008, section 15A.081, subdivision 7c, is amended to read:

Subd. 7c. **Minnesota State Colleges and Universities chancellor.** The Board of Trustees of the Minnesota State Colleges and Universities shall establish a salary range for the position of chancellor of the Minnesota State Colleges and Universities. The board shall submit the proposed salary range to the Legislative Coordinating Commission for approval, modification, or rejection in the manner provided in section 3.855. The board shall establish ~~the~~ a salary for the chancellor ~~within the approved salary range~~ that does not exceed the governor's salary.

In deciding whether to approve a salary increase, the board shall consider the performance of the chancellor in areas including educational leadership, student success, system management, human resources, and affirmative action.

**EFFECTIVE DATE.** This section is effective the day following final enactment for contracts entered into on or after that date.

Sec. 2. 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. 3. **[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. 4. Minnesota Statutes 2008, section 136F.40, subdivision 2, is amended to read:

Subd. 2. **Contracts.** (a) The board may enter into a contract with the chancellor, a vice-chancellor, or a president, containing terms and conditions of employment. The terms of the contract must be authorized under a plan approved under section 43A.18, subdivision 3a. The salary established for a contract under this section must not exceed the governor's salary.

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

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

(d) Any bonus authorized in a contract under this section or awarded by the board to persons with a contract under this section must be based on a measure that recognizes the relationship of increasing administrative costs on the tuition and debt amounts for students.

(e) To promote transparency and accountability, the board must provide timely and complete information on its Web site on the compensation of persons with contracts under this section.

**EFFECTIVE DATE.** This section is effective the day following final enactment for contracts entered into on or after that date.

Sec. 5. **INFORMATION TECHNOLOGY DEVELOPMENT.**

Notwithstanding any law or policy to the contrary, the Board of Trustees of the Minnesota State Colleges and Universities must ensure that the selection of projects and the development of information technology systems and applications is undertaken in a focused and strategic manner. All back office technology applications must be fully developed and implemented prior to implementing any student services or other information technology systems.

Sec. 6. **MINNESOTA STATE COLLEGES AND UNIVERSITIES; INFORMATION TECHNOLOGY.**

Notwithstanding any law or policy to the contrary, the Board of Trustees of the Minnesota State Colleges and Universities shall reorganize the centralized delivery of information technology to institutions and students. Information technology services must be located where they provide the largest economic benefits. The board must require coordinated technology services and systems through information technology that is located closest to the institutions and students who rely on these systems and services. The board must also identify methods for and facilitate the regional delivery of technology services. The board shall modify board policies to be consistent with the requirements of this section and to accomplish the goal of eliminating duplication by providing services closer to students.

Sec. 7. **MINNESOTA STATE COLLEGES AND UNIVERSITIES SYSTEM OFFICE REORGANIZATION.**

Notwithstanding any law or policy to the contrary, the Board of Trustees of the Minnesota State Colleges and Universities shall reorganize the system's central service office so that services provided by the academic and student affairs division are provided at each institution for students enrolled at the campuses associated with that institution. The board shall modify board policies to be consistent with providing academic and student affairs at the system level in which students are enrolled. Any academic affairs or student services must be provided at the institution or campus level and must not be duplicated at the central system level.

Sec. 8. **STREAMLINED MNSCU 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. At a minimum, the board shall eliminate the development division with responsibility for the foundation, identify an appropriate location for the firefighter training program, and transfer responsibility for that program; transfer all responsibility for multicultural and diversity to institutions; transfer all responsibility for customized training to the campuses that deliver customized training; and merge the responsibilities of the public affairs and government affairs divisions. 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. 9. **RESTRUCTURING HIGHER EDUCATION AND ELIMINATION OF DUPLICATION; REPORT.**

The Board of Trustees of the Minnesota State Colleges and Universities shall do a comprehensive evaluation of the academic and technical programs offered in the Minnesota State Colleges and Universities to identify potential for consolidation or elimination of duplication. The board must report by January 20, 2011, to the committees of the legislature with responsibility for higher education finance on ways to achieve a 20 percent savings in state appropriation through the consolidation of these programs and through the elimination of duplication. The report must have specific cost savings recommendations that can be implemented in the 2011-2012 academic year.

Sec. 10. **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 of trustees 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. 11. **CENTERS OF EXCELLENCE SUNSET.**

The Board of Trustees of the Minnesota State Colleges and Universities must develop a plan to phase out centers of excellence as a systemwide initiative. Beginning in fiscal year 2012 and thereafter, any amount of the base operations and maintenance appropriation attributable to centers of excellence under Minnesota Statutes, section 136F.31, must not be separately allocated by the board, but must be included in the total amount available for allocation to all institutions.

Sec. 12. **APPROPRIATION REDUCTIONS.**

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

Sec. 13. **REPEALER.**

Minnesota Statutes 2008, section 136F.31, is repealed.

**136F.31 CENTERS OF EXCELLENCE.**

Subdivision 1. **Board designation.** The board must designate at least three and up to eight different program centers of excellence. The board must determine the form and required information contained in applications from member institutions.

Subd. 2. **Center selection criteria.** The board must select programs based on institutional proposals demonstrating:

(1) the capacity to build multistate regional or national recognition of the program within five years;

(2) a commitment to expanding the influence of the center to improve results in related programs in participating institutions;

(3) the capacity to improve employment placement and income expectations of graduates from the program;

(4) a strong partnership between a four-year and at least one two-year institution that maximizes the leverage of academic and training capacities in each institution;

(5) a comprehensive academic plan that includes a seamless continuum of academic offerings in the program area that supports career development at multiple levels in related employment fields;

(6) a specific development plan that includes a description of how the institution will pursue continuous improvement and accountability;

(7) identified commitments from employers that include measurable financial and programmatic commitment to the center of excellence on the part of employers who will benefit from the development of the center. A center for teacher education must demonstrate support from local school districts;

(8) a commitment from the institution that the new designated funding will not supplant current budgets from related programs;

(9) a strong existing program upon which the proposed center will build; and

(10) a separate fund for donations dedicated for the program within current institutional foundations.

The board may adopt additional criteria that promote general goals of the centers. The board shall give priority to programs that integrate the academic and training outcomes of the center with business clusters that have a significant multiplier effect on the state's economy based on projections of job, income, or general economic growth. The board shall consult with the Department of Employment and Economic Development to identify these clusters and the potential economic impact of developing a center for excellence.

Subd. 3. **Advisory committee and reports required.** A center of excellence must create an advisory committee representing local, statewide, and national leaders in the field. By January 15 of each odd-numbered year, each designated center must provide a report to the governor and the chairs of committees of the legislature with jurisdiction over higher education finance, that includes annual and integrated data on program enrollment, student demographics, student admission data, endowment growth, graduation rates, graduation outcomes, employer involvement, indicators of student or graduate employment success, and other outcomes as determined by the board. After a center has been in existence for three years, the report must include measures of the program's impact on the local economy.