

Fiscal Note – 2005-06 Session

Bill #: S0575-0 **Complete Date:** 03/07/05

Chief Author: PAPPAS, SANDRA

Title: UNITED FAMILY MEDICINE RES GRANT

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Higher Ed Services Office

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund	0	360	360	360	360
Less Agency Can Absorb					
General Fund	0	0	0	0	0
Net Expenditures					
General Fund	0	360	360	360	360
Revenues					
General Fund	0	0	0	0	0
Net Cost <Savings>					
General Fund	0	360	360	360	360
Total Cost <Savings> to the State	0	360	360	360	360

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

S.F. 575 would provide funding for a grant to the United Family Medicine Residency program to support the costs of 18 resident physicians annually. The funding is appropriated to the Higher Education Services Office for the grant.

Assumptions

The bill does not specify a support rate per resident in the program. Communication with a representative of the program indicates that they are requesting an annual amount of \$20,000 per resident. There are a number of other family practice resident programs in the state. Many of these are operated by or funded through the University of Minnesota and are located at Hennepin County Medical Center, the University Medical School, Regions Hospital, Duluth as well as other locations. Rochester Mayo and St Cloud also operate a joint program. Similar support subsidies for family practice programs at these locations range from roughly \$19,000 to \$29,000 annually. United Hospital operates this program independent of the University of Minnesota. Annual gross costs for residents at United in 2002 were about \$189,000. After accounting for revenues from MERC and for graduate medical education from the federal government, the net cost is about \$108,000.

Expenditure formula

At an annual level of \$20,000 per resident for 18 residents would result in an annual appropriation of \$360,000. Since this is a simple pass through grant any administrative costs can be absorbed by the agency.

Long term considerations:

There would be ongoing costs of \$360,000 annually.

Local government costs

None

Agency Contact Name: BRIAN GERAGHTY (651-642-0584)

FN Coord Signature: MARK MISUKANIS

Date: 03/07/05 Phone: 642-0518

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JAYNE RANKIN

Date: 03/07/05 Phone: 296-7316

University of Minnesota

Enrollment Adjustment

March 2004

A 1995 Minnesota law (MS 135A.031) requires a direct appropriation to the University of Minnesota for a percentage of the estimated total cost of instruction.

This appropriation, called an enrollment adjustment, was created to account for instructional costs at higher education institutions that are variable and change with enrollment. Enrollment, for purposes of this appropriation, is defined in specific ways (e.g. FTE enrollment in for-credit courses) and each year is compared to the enrollment base from the prior year. Funds are appropriated for an enrollment adjustment only when there is a 2 or more percentage change in enrollment from the previous year's enrollment base. Therefore, if the institutions exceed their enrollment base by 2 percent or more, the state appropriation will increase; the reverse is also true.

Since fiscal year 1995, the first year this statute applied, the University's enrollment has varied from the previous year's enrollment base by 2 percent or more only four times, the two most recent being 2003 and 2004.

It has been the practice of the University of Minnesota to request the enrollment adjustment appropriation after the fiscal year ends so that the amount is not estimated, rather it is based upon actual enrollment. The University's statutory enrollment adjustment for fiscal years 2003 and 2004, when enrollment exceeded the prior year's base by 6 and 2 percent respectively, is as follows:

	FY2006	FY2007
Non-recurring	\$42.9M	
Recurring	\$15.4M	\$15.4M
Total for biennium		\$73.7M

(see over for detail)

The base adjustment for the 2006-2007 biennium is calculated as follows:

Nonrecurring	\$12,198,000 for FY03, FY04 and FY05	= \$36,594,000
	\$ 3,190,000 for FY04 and FY05	= <u>\$ 6,380,000</u>
		\$42,974,000

Recurring		
Beginning in FY06	\$12,198,000 + \$3,190,000	= \$15,388,000

**Minnesota State Colleges and Universities
Past Enrollment Adjustments**

	<u>Net Adjustment</u>
FY1998/FY1999	(\$5.4)
FY2000/FY2001	(\$13.9)
FY2002/FY2003	(\$6.0)
FY2004/FY2005*	[\$66.6]
FY2006/FY2007**	\$130.8

* Recognized in Governor's recommendation but cut as part of MnSCU's \$191 million biennial reduction

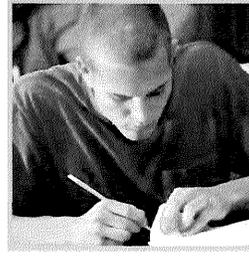
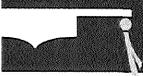
** Recognized in forecast, but not in Governor's budget

**Minnesota State Colleges and Universities
Enrollment Adjustment**

	Enrollment Change	FY03	FY04	FY05	FY06	FY06	FY07	Base Biennial Total	Total Enrollment adjustment
		Should have been paid here			<u>One-time</u> Paid here "Catch-up"	<u>Base</u> moving forward			
FY03 increase	4,409	\$13.2			\$13.2	\$13.2	\$13.2	\$26.4	
FY05 increase	7,142		\$22.8	\$22.8	\$45.6	\$22.8	\$22.8	\$45.6	
Total		\$13.2	\$22.8	\$22.8	\$58.8	\$36.0	\$36.0	\$72.0	\$130.8

Enrollment is not going away
Enrollment (FYE)

			Projected		Projected	Projected
132,586	135,819	136,557		138,090	139,408	



Enrollment and Degrees at Minnesota Public Post-Secondary Institutions



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Introduction

Public post-secondary institution enrollment overview prepared for the Minnesota Senate Higher Education Budget Division discussion on enrollment growth on March 10, 2005.

About the Higher Education Services Office

The Minnesota Higher Education Services Office is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to post-secondary education. The agency serves as the state's clearinghouse for data, research and analysis on post-secondary enrollment, financial aid, finance and trends.

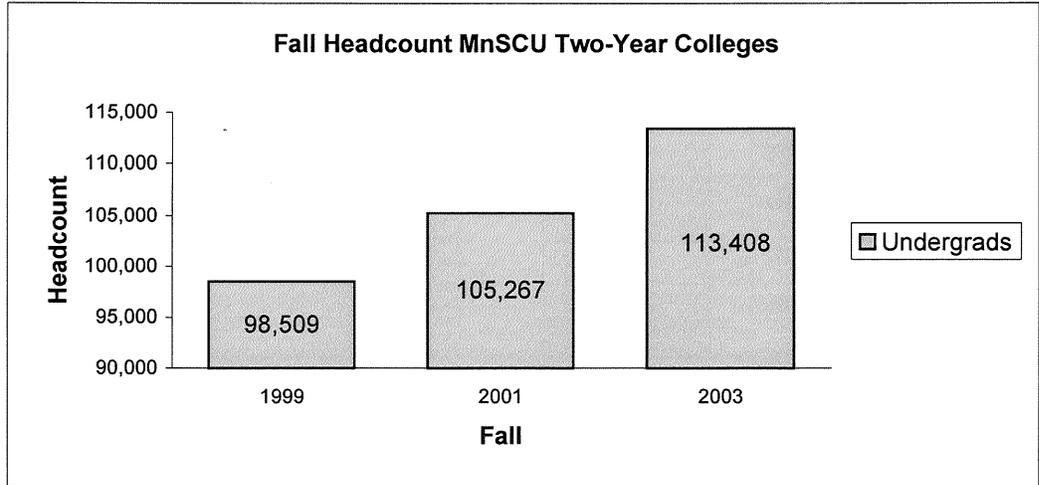
The Minnesota State Grant program, which is administered by the agency, is a need-based tuition assistance program for Minnesota students. The agency also oversees tuition reciprocity programs, a student loan program, Minnesota's 529 college savings program, licensing and an early awareness outreach initiative for youth. Through collaboration with systems and institutions, the agency assists in the development of the state's education technology infrastructure and shared library resources.

Author

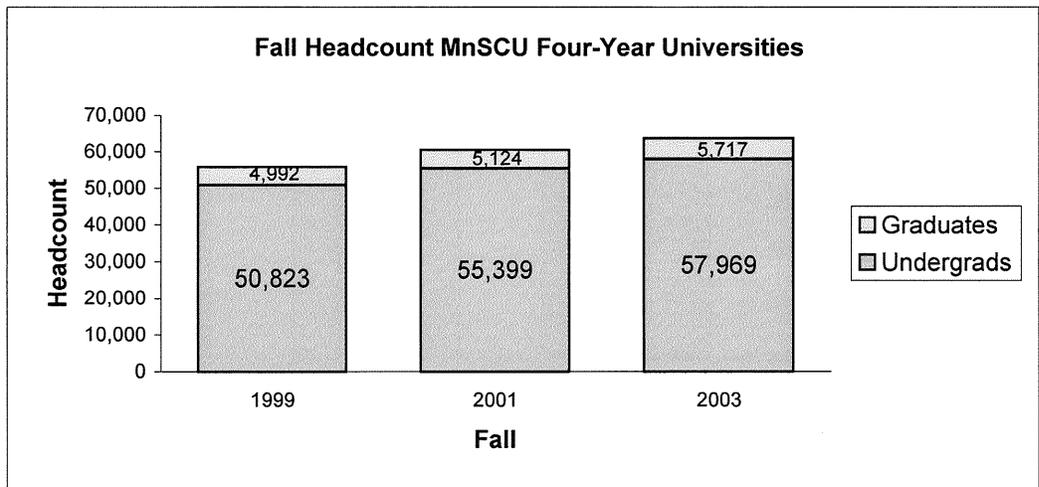
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Fall Enrollment by Undergraduate and Graduate Students

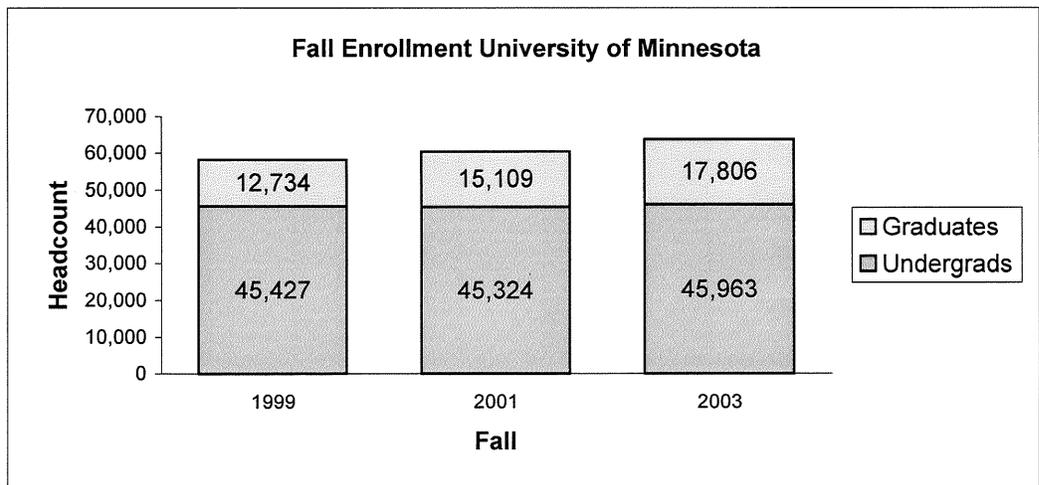
Source: MHESO Student Enrollment Database



MnSCU Two-Year	Undergrads	Total
% change from 1999 to 2003	13%	13%
% change from 2001 to 2003	8%	8%



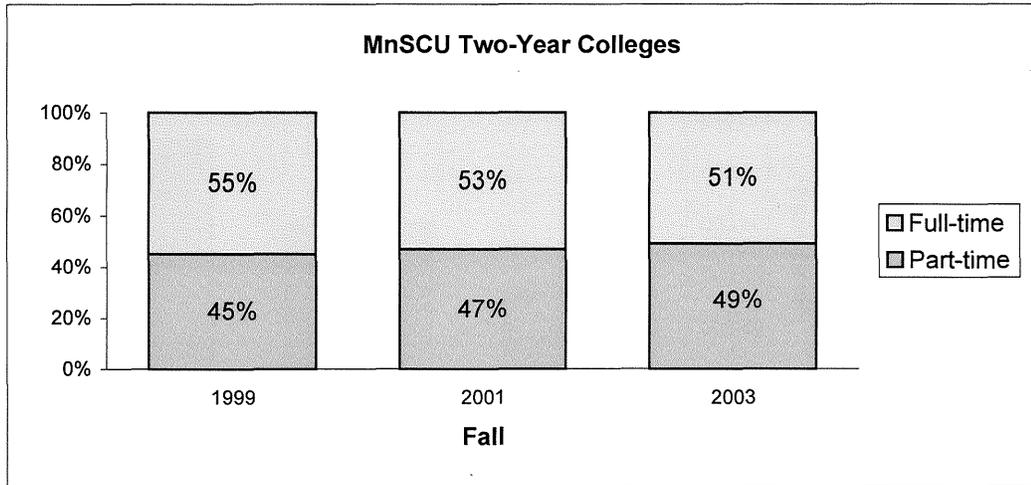
MnSCU Four-Year	Undergrads	Grads	Total
% change from 1999 to 2003	12%	13%	12%
% change from 2001 to 2003	5%	12%	5%



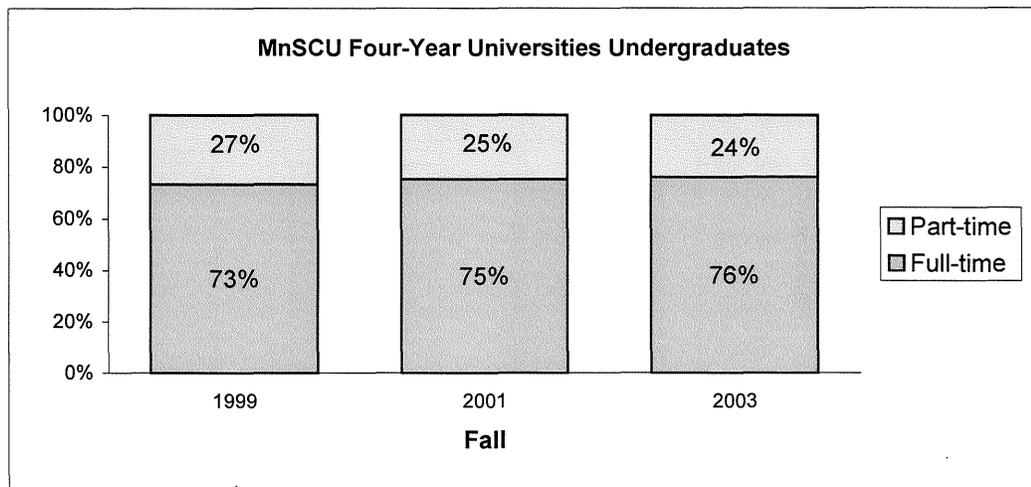
University of Minnesota	Undergrads	Grads	Total
% change from 1999 to 2003	1%	28%	9%
% change from 2001 to 2003	1%	18%	6%

Full-time and Part-time Undergraduate Fall Enrollment

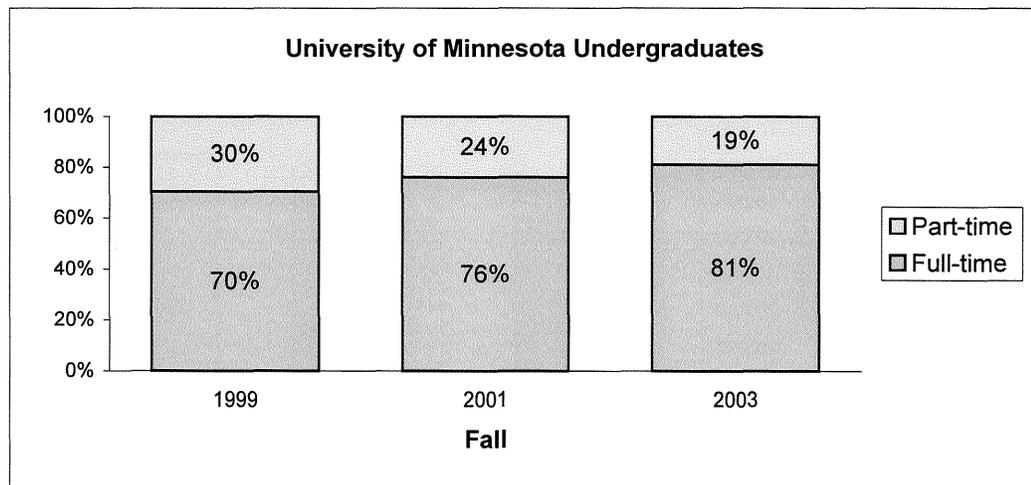
Source: MHESO Student Enrollment Database



MnSCU Two-Year	Full-time	Part-time
% change from 1999 to 2003	8%	-8%
% change from 2001 to 2003	4%	-4%



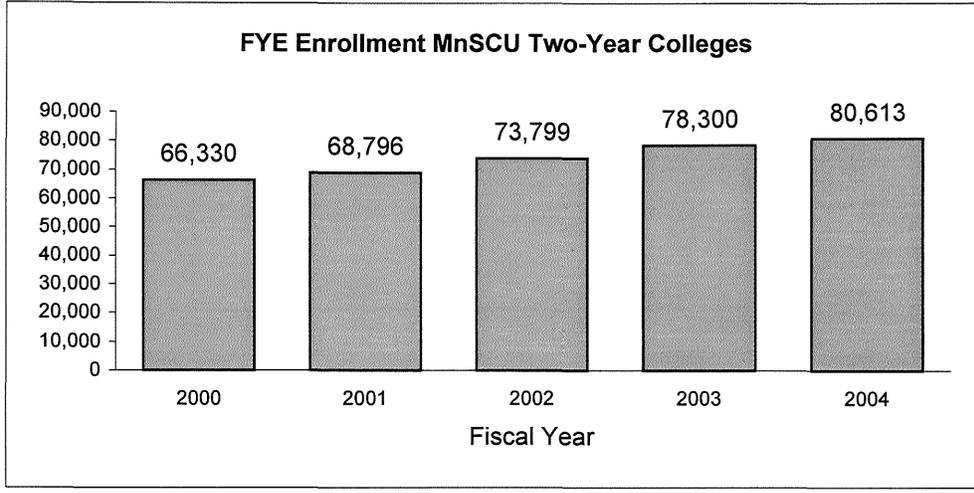
MnSCU Four-Year	Full-time	Part-time
% change from 1999 to 2003	4%	-12%
% change from 2001 to 2003	1%	-4%



University of Minnesota	Full-time	Part-time
% change from 1999 to 2003	13%	-57%
% change from 2001 to 2003	7%	-21%

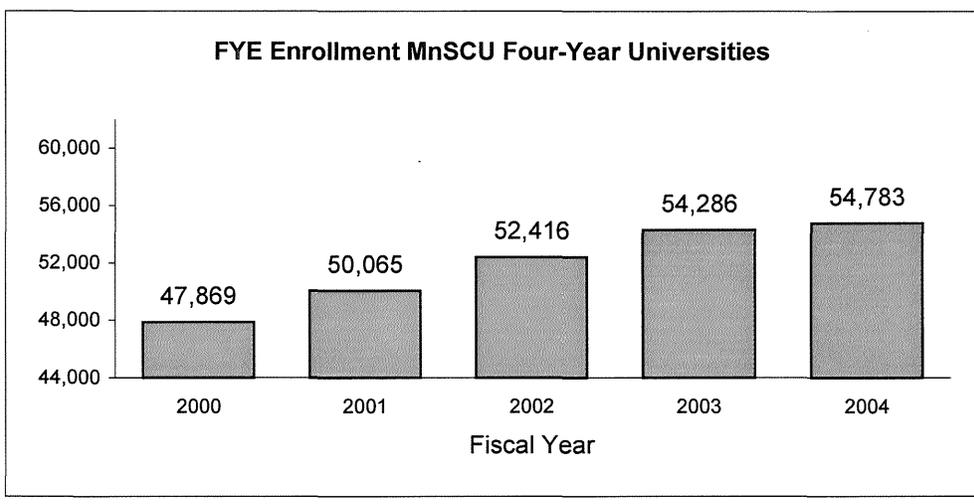
**Full Year Equivalent Enrollment (FYE)
All Students
Fiscal Year**

Source: MnSCU and University of Minnesota



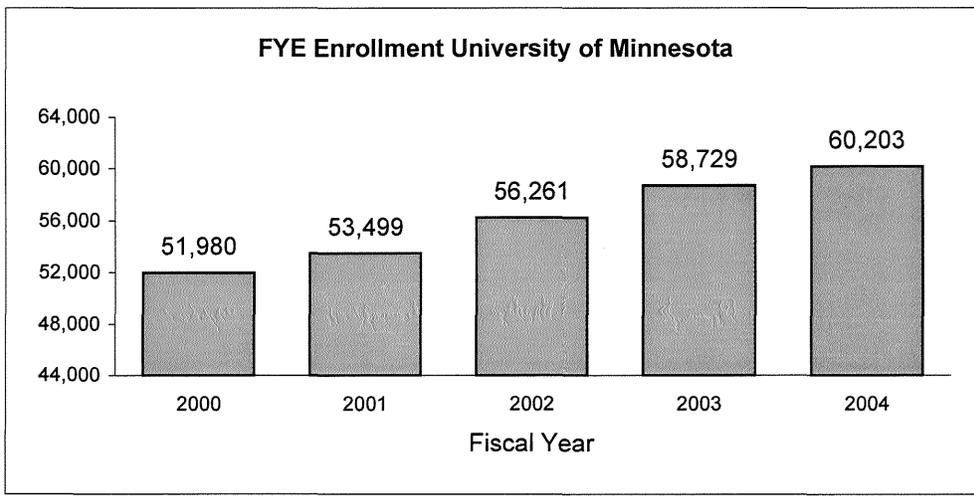
MnSCU Two-Year FYE

% change from 2002 to 2004 9%
% change from 2000 to 2004 22%



MnSCU Four-Year FYE

% change from 2002 to 2004 5%
% change from 2000 to 2004 14%

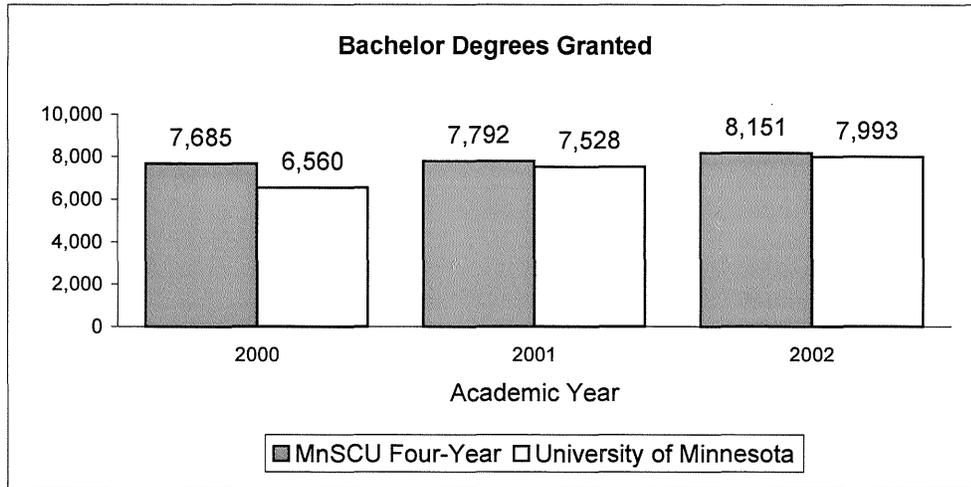


University of Minnesota FYE

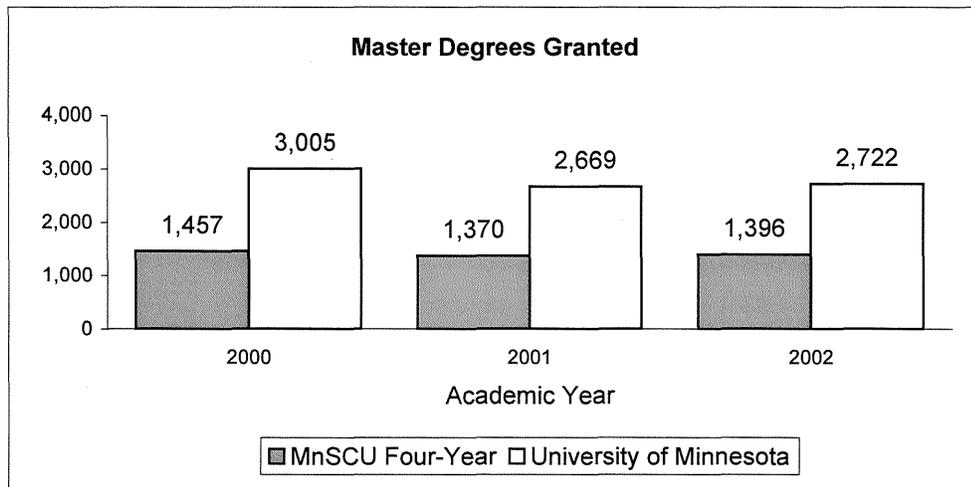
% change from 2002 to 2004 7%
% change from 2000 to 2004 16%

Degrees and Other Awards Granted

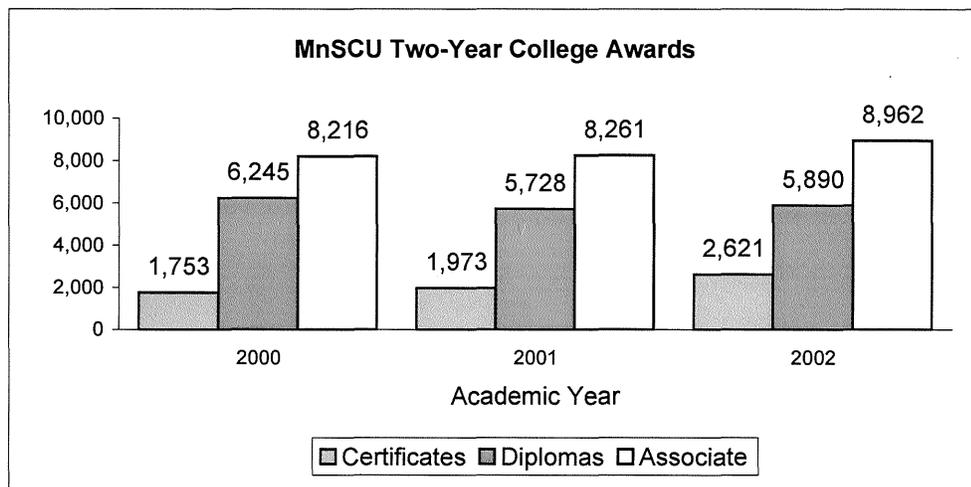
Source: U.S. Dept. of Education, National Center for Education Statistics, IPEDS Completion Surveys



Bachelor Degrees	MnSCU	U of M
% change from 2000 to 2002	6%	22%



Master Degrees	MnSCU	U of M
% change from 2000 to 2002	-4%	-9%



MnSCU Two-Year	Certificates	Diplomas	Associate
% change from 2000 to 2002	50%	-6%	9%

Centers of Excellence

Governor Tim Pawlenty recommends that the Minnesota State Colleges and Universities designate and develop focused post-secondary centers of excellence at selected institutions. The MnSCU Board of Trustees will use a competitive proposal process to select at least three and up to eight centers of excellence. Selected centers must include one state university and up to two two-year state college partners with a lead campus named.

Selected programs must report to the Legislature and the Board of Trustees every two years, demonstrating success in:

- Meeting Minnesota's changing employment and economic development needs;
- Growing and maintaining enrollment and recruiting high-achieving students;
- Achieving national recognition;
- Engaging employers in program development and improvement;
- Collaborating between two- and four-year programs and institutions;
- Providing a continuum of degree and employer training options;
- Establishing and growing a program or department-specific endowment;

Funding

- \$12.5 million FY 2006, \$12.5 million FY 2007
- Programs of excellence will use the funding for teaching and learning equipment, resources, planning and general capacity building for their programs.
- \$2.5 million of the \$12.5 million annual appropriation is for recruiting, retaining and rewarding faculty and staff working within the centers of excellence.

Targeted Program Areas

Centers of excellence may be designated in any of these categories: manufacturing technology, business, science/engineering, teacher education, technology and health care. No more than one center may be designated in each field. A state university or two-year college may be designated as a center of excellence in more than one program area.

Definition

A center of excellence is defined as a group of closely related and aligned academic programs within a targeted field, anchored by a lead institution. Each center would serve as a best-practices leader. A single program at an institution is not considered a center of excellence, though a single program may be the foundation for the development of a center of excellence.

Benefits

- Minnesota's state universities and community and technical colleges will be better positioned to attract high-achieving students, teaching talent and employer involvement from across the state, region and country.
- Minnesota's high school graduates seeking stand-out programs in specific fields will have a strong reason to stay in Minnesota to attend school.
- Minnesota employers will have access to centers of excellence graduates and employee training that is offered as part of the center of excellence.
- Minnesota will develop a more strategic higher education system in Greater Minnesota
- Centers of excellence will benefit from additional focused funding and other external support enabling them to do more. Centers will inform the development and improvement of all related programs in the state.

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

TO: Senator Robert Kierlin

FROM: Maja Weidmann  Senate Research (651/296-4855)

DATE: March 10, 2005

RE: Summary: S.F. 1174: Governor's Higher Education Funding Bill

ARTICLE 1

Section 1 delineates appropriations.

Section 2, subdivision 1 appropriates money to the higher education services office.

Subdivision 2 appropriates \$140,575,000 in each year for the state grant program. If the appropriation for either year is insufficient, the appropriation for the other year is available. Sets the private institution tuition and fee maximums: \$8,983 in both years for four-year institutions and \$6,913 in both years for two-year institutions. Sets the living and miscellaneous expense allowance at \$5,280 in each year.

Subdivisions 3 through 10 appropriate money for tuition reciprocity payments, state work study, childcare grants, Minitex, the MnLINK Gateway, the Learning Network of Minnesota, the Minnesota College Savings Plan, and various early intervention and service learning programs.

Subdivision 11 appropriates money for agency administration.

Subdivision 12 states that a balance in the first year under this section does not cancel, but is available for the second year.

Subdivision 13 authorizes the transfer of unencumbered balances in this section to the state grant program appropriation, the interstate tuition reciprocity program appropriation, the childcare grant appropriation, and the work study appropriation.

Subdivision 14 requires monthly reporting of institutional disbursements and unexpended balances of state financial aid. Also requires the submission of state grant spending projections employing updated enrollment, tuition and fee, and economic data on November 1 and February 15. Delineates procedures to be followed in gathering and disseminating data.

Section 3, Subdivision 1 appropriates \$602,994,000 in the first year and \$599,894,000 in the second year to the board of trustees of MnSCU.

Subdivision 2 makes a general appropriation of \$565,494,000 in the first year and \$562,394,000 in the second year. Of this amount:

- \$9,000,000 the first year and \$5,000,000 the second year are to strengthen and expand MnSCU's Minnesota online program.
- \$4,800,000 the first year and \$5,200,000 the second year are to increase MnSCU's capacity to train nurses.
- \$2,500,000 the first year and \$3,000,000 the second year are to establish an innovations fund.
- \$1,500,000 each year is to address the management education needs of farm and small business owners.

Subdivision 3 appropriates \$25,000,000 in each year for the allocation formula.

Subdivision 4 appropriates \$12,500,000 in each year to support designated centers of excellence and competitive salaries. Of this appropriation, \$10,000,000 in each year is to support the centers of excellence and \$2,500,000 in each year is to make incentive payments to faculty or staff for initiatives that promote excellence in student learning.

Section 4, subdivision 1 appropriates \$608,567,000 in the first year and \$612,067,000 in the second year to the board of regents of the University of Minnesota.

Subdivision 2 appropriates \$545,200,000 in the first year and \$548,700,000 in the second year for operations and maintenance. Of this amount:

- \$15,000,000 in the first year is for the biotechnology and medical genomics collaborative research project. The money is a one-time appropriation to be divided equally between the University of Minnesota and the Mayo Foundation. The appropriation must be matched dollar for dollar with nonstate funds. The money for the project will be released upon certification to the director of HESO of the receipt of the nonstate match. Requires the submission of an annual report.
- \$12,000,000 the first year and \$24,000,000 the second year is for the biosciences for a healthy society initiative.
- \$5,000,000 the first year and \$10,000,000 the second year is for faculty compensation.
- \$20,000,000 the first year and \$15,000,000 the second year is for research support. The funding base for this initiative in fiscal years 2008 and 2009 is \$15,000,000 per year.
- \$6,500,000 the first year and \$13,000,000 the second year is for initiatives to attract and retain students.

Subdivision 3 appropriates \$2,157,000 in each year from the health care access fund for primary care education initiatives.

Subdivision 4 appropriates \$63,367,000 in each year for system specials. Of this amount:

- \$50,625,000 in each year is for agriculture and extension services.
- \$4,929,000 in each year is for health sciences
- \$1,387,000 in each year is for the institute of technology

- \$6,426,000 is for system specials.

Subdivision 5 estimates the anticipated portion of the tobacco tax and use revenue proceeds to be allocated to the Academic Health Center.

Section 5, subdivision 1 appropriates \$1,391,000 in each year to the Mayo Medical Foundation. Of this amount, \$514,000 in each year is for use as capitation money to increase the number of doctors practicing in rural areas, \$531,000 in each year is to pay a capitation for up to 27 family practice and graduate residents, and \$346,000 in each year is to support 12 resident physicians each year in the St. Cloud-Mayo family practice residency program.

Section 6 appropriates \$390,000 of the HEFA reserve to HESO; the balance is transferred to the general fund.

ARTICLE 2

Sections 1, 6, and 10 amend language stating that state grant and childcare grant applicants cannot be in arrears on child support payments.

Section 2 expands the data collection authority of HESO to include the collection, maintenance, and reporting of data on students and postsecondary institutions to measure progress in student learning.

Section 3 modifies the activities of the higher education advisory council.

Section 4 makes technical changes to reflect elimination of higher education services council.

Section 5 authorizes the HESO director to appoint students to HESO task forces.

Section 7 changes the definition of “tuition and fees” used in the formula used to calculate the “cost of attendance”; “actual” tuition and fees will be used in the formula rather than “average” tuition and fees.

Sections 8, 11, 31, and 32 provide an additional semester of eligibility for various financial programs to students that withdraw from school to go into active military services.

Section 9 requires state grant eligible institutions to provide HESO with student enrollment, financial aid, financial, and other data as determined by the director, to enable the office to carry out its responsibilities.

Section 12 requires institutions receiving SELF loan money to provide HESO with student enrollment, financial aid, financial, and other data as determined by the director, to enable the office to carry out its responsibilities.

Section 13 adds language to clarify that to be eligible to receive the SELF loan, students must be a Minnesota resident who is enrolled or accepted for enrollment at an eligible institution in Minnesota or in another state or province. Non-Minnesota residents are eligible if they are

enrolled or accepted for enrollment at an eligible institution in Minnesota and will be physically attending classes in Minnesota for at least 50 percent of the academic term. Non-Minnesota resident students not physically attending classes in Minnesota due to an approved study abroad for 12 months or less are eligible to receive a loan.

Section 14 codifies language pertaining to HESO's administration of the income-contingent loan repayment program.

Section 15 contains language recommended by bond counsel codifying the manner in which HESO deposits and holds assets from the operation of its loan program.

Section 16, subdivisions 1 through 3 direct the MnSCU board to designate at least three and up to eight different program centers of excellence, specifies the criteria the board must use in the selection of the centers, and requires that the centers must establish advisory committees, and report on their activity.

Sections 17 through 22 and 24 through 30 make language changes recommended by TIAA-CREFF, the Minnesota College Savings Plan program administrator. The changes are necessary to conform with federal rulings on section 529 of the federal tax code, and to clarify existing language.

Section 23 contains language proposed by the legislative auditor clarifying the parties that can hold Minnesota College Savings Plan assets.

Section 33 authorizes HESO to enter into an agreement with the Minnesota Housing Finance Agency to issue tax exempt bonds for student loans.

Section 34 specifies that the additional semester of grant eligibility under sections 8, 11, 31, and 32 applies to students who withdrew from school after December 31, 2002, because the student was ordered to active duty service as defined in Minnesota Statutes, section 190.05, subdivisions 5b or 5c.

Section 35 directs HESO to convene an advisory task force on postsecondary funding

Section 36 directs the revisor to change the term "HESO" and "Higher Education Services Office" to "Minnesota Office of Higher Education" wherever the term appears in statutes and rules.

Section 37 repeals: Minnesota Statutes 2004, sections 136A.011 [Higher Education Services Council] and 136A.031, subdivision 1 [authorizing the Higher Education Services Council to appoint advisory committees] and obsolete rules associated with two repealed programs: Youthworks and the AP/IB Scholarship Program.

ARTICLE 3

Section 1 defines "multiple location" as it pertains to private career schools.

Sections 2 and 3 increase the surety bond amount private career schools must hold .

Sections 4, 5, and 6 make technical changes.

Section 7 amends language specifying requirements for the maintenance of the school's records.

Section 8 increases the time by which schools must renew their licenses from 30 to 60 days prior to the expiration of the current license.

Section 9 codifies the various fees career schools must pay; these are currently in rules.

Section 10 makes a statutory reference.

Section 11 provides for the refund of money to students for schools offering programs that do not exceed 40 hours in length.

Section 12 amends language addressing the refund of tuition, fees, and other charges to students.

Section 13 provides for the sale of equipment and supplies furnished to the student.

Section 14 defines the criteria to be used in determining when a student is considered to have withdrawn from a school.

Section 15 provides for the repayment of money if a school closes.

Section 16 specifies the wording career schools must use when they state that they are licensed.

Section 17 provides for the procedures schools must follow when collecting, assessing, and distributing funds received from loans or other financial aid.

Section 18 requires that HESO shall, rather than may, grant a reasonable time for a school to respond to complaints directed towards it.

Section 19 makes data submitted to HESO as part of the license application or renewal are nonpublic data.

Section 20 amends the statutory language delineating the institutions that are exempt for the licensing process. The amended language allows HESO to define "schools with no physical presence in Minnesota engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions"

Article 4

Section 1 transfers the authority, duties, and unexpended funds of the Higher Education Facilities Authority to HESO.

Section 2 contains instructions to the revisor.

Section 3 repeals Minnesota Statutes 2004, sections 136A.25 and 136A.26 pertaining to the Higher Education Facilities Authority.

Section 4 makes sections 1 to 3 effective July 1, 2005.

Fiscal Note – 2005-06 Session

Bill #: S1174-0 **Complete Date:** 03/07/05

Chief Author: KIERLIN, BOB

Title: ONLY ART 2 & ART 1 STATE GRANT PRGM

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Higher Ed Services Office

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund	0	(90)	90	90	90
Less Agency Can Absorb					
General Fund	0	0	0	0	0
Net Expenditures					
General Fund	0	(90)	90	90	90
Revenues					
General Fund		0	0	0	0
Net Cost <Savings>					
General Fund	0	(90)	90	90	90
Total Cost <Savings> to the State	0	(90)	90	90	90

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
General Fund		0.00	0.00	0.00	0.00
Total FTE					

Bill Description

S.F. 1174 is the bill that contains the Governor's budget and policy recommendations for higher education. Article 1 contains appropriations to the Higher Education Services Office (HESO), The University of Minnesota, the MnSCU system, the Mayo Medical Foundation, and the St. Cloud Hospital- Mayo Family Practice Residency program. Article 2 contains a number of policy and technical changes for HESO. Article 3 contains changes in Minnesota Statutes chapter 141 relating to private career schools. Article 4 transfers the Higher Education Facilities Authority to HESO.

This fiscal note only addresses the changes in the state grant program in article 1 and the fiscal impact of changes in article 2.

These changes are:

- Article 1, section 2, subd 2,
 - Increases the living and miscellaneous expense(LME) allowance by \$75 to \$5,280
 - Recognizes savings in state grant program from change in the federal needs analysis
- Article 2, section 7;
 - Change the recognized cost of attendance in the state grant program from average costs at an institution to actual costs

All of the other sections in article 2 either have no or minimal fiscal impact. Section 16 defines and establishes criteria for Centers of Excellence at MnSCU. The appropriation for these Centers is in article 1, section 3.

Assumptions

For the revenue base, the current state appropriation base of \$140.5 million plus the federal LEAP and SLEAP grants of \$1.58 million in Fiscal Year 2005 was used.

Expenditures were projected on the base of Fiscal Year 2004 applicants in the agency's data base. Two changes were incorporated: tuition and fee changes and enrollment changes.

The tuition and fee increases incorporated in the Governor's proposed budget were used for Fiscal Years 2006 and 2007. It was assumed that MnSCU would increase tuition and fees 6.5 percent per year, the University of Minnesota, 8.0 percent per year, and all other participating institutions, 5 percent per year. Tuition and fee increases of 2.1 percent in Fiscal Year 2008 and 2.2 percent in Fiscal Year 2009 were used as well. These were based on inflation estimates contained in the February forecast from the Department of Finance

Enrollment projections provided by MnSCU and the University of Minnesota through Fiscal Year 2009 were used to adjust the expected number of applicants. For other participating institutions, the patterns projected for Fiscal Years 2006 and 2007 were continued through Fiscal Year 2009.

The analysis includes the change in the Federal Need Analysis for Fiscal Years 2006-2009 incorporating the changes in the State and Other Taxes table set to take place in Fiscal Year 2006. It was assumed that there would be no other changes in the calculation of Federal Pell Grants during the period.

Expenditure formula

The table below shows the expenditure and saving estimates (in thousands) from the several changes described above.

	FY 06	FY 07	FY 08	FY 09
Article 1				
Section 2, subd 2- LME Change	2,490	2,600	2,600	2,600
Section 2, subd 2- Federal Needs Analysis Change	-6,930	-7,410	-7,410	-7,410
Article 2				
Section 7- Recognizing actual rather than average costs of tuition and fees	5,960	6,530	6,530	6,530
Interaction Effect of Changes	-30	-50	-50	-50

Net change	1,490	1,670	1,670	1,670
Federal LEAP and SLEAP Resources*	1,580	1,580	1,580	1,580
Total change after recognition of Federal resources	-90	90	90	90

*LEAP is the Leveraging Educational Assistance Partnership grant from the federal government.
SLEAP is a supplement to the grant.
These resources are used for state grant recipients but are not part of the simulation model.
They must be recognized outside the model as shown above and described in the assumptions.

Long term considerations:

The current appropriation base for the state grant program is flat and is divided between both years of the biennium. Although the net biennial cost for fiscal years 2006-07 is zero, there is a minor cost implication in fiscal years 2008-09. These are minimal and well within the general projection error of the program.

The assumptions for tuition and fee increases in fiscal years 2008-09 were based on inflation estimates from the Department of Finance in the February forecast. These may understate actual increases since inflation in the higher education sector tends to exceed general consumer inflation.

Local govt costs

None

FN Coord Signature: MARK MISUKANIS

Date: 03/07/05 Phone: 642-0518

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JAYNE RANKIN

Date: 03/07/05 Phone: 296-7316

ACCOUNTABILITY AND REPORTING
MINNESOTA STATE COLLEGES AND UNIVERSITIES
SENATE HIGHER EDUCATION BUDGET DIVISION
March 10, 2005

System Level Accountability Framework

- Legislative accountability language in 2001
- Board of Trustees directed staff to develop broader framework in 2002
- Development and Implementation Process in 2003
 - Drafting Team including faculty, students, staff and administrators
 - Institutional Research Directors Group
 - Trustees, Chancellor, Presidents and Vice Chancellors
- Balanced Scorecard Model – Balance the competing interests of Stakeholders
- Performance Assessment – developing measures in 2004 through 2006
 - Measure progress on four strategic directions from the System’s strategic plan:
 - Access and Opportunity
 - Fully Integrate the System
 - High Quality Learning Programs and Services
 - Community and Economic Vitality
 - Twelve Indicator Categories with 31 Measures
 - Seventeen completed
 - Six to be delivered this fiscal year
 - Eight more to be developed
 - Includes the five Legislative accountability measures
 - More detailed “drill-downs” will be available
 - State and/or national context where available
 - Measures use internal and external data sources:
 - Student, personnel and accounting information systems
 - Higher Education Services Office
 - State licensing boards
 - Department of Employment and Economic Development
 - U. S. Education Department and Bureau of the Census
 - National Student Clearinghouse and national student surveys
 - Performance measures are being integrated into Board, System and Institutional management.
- Framework and measures will be delivered to stakeholders via a Board of Trustees public website
- Legislative Report available at:
<http://www.mnscu.edu/media/publications/pdf/2005accountabilityrpt.pdf>

System Fact Book

- Provides accurate and current information on:
 - Students and their characteristics,
 - Enrollment trends; and
 - Graduates
- Provides a common set of information to inform planning and decision-making
- Designed to inform stakeholders:
 - State and local education leaders
 - Faculty, staff and administrators at System colleges and universities
 - State and local policymakers
 - Minnesota residents and taxpayers
- Fact Book will be delivered to stakeholders via a System public website
- Fact Book available at:
<http://www.mnscu.edu/media/publications/pdf/2004factbook.pdf>

System Instructional Cost Study

- Provides information direct and indirect costs per FYE by:
 - Institution
 - Level of instruction
 - Discipline
- Used for:
 - System allocation framework
 - Program analysis and decision-making
- Cost Study available at:
<http://www.budget.mnscu.edu/Institution/coststudy/index.html>

System-level Accountability Framework Composite Indicators and Core Measures

Strategic Direction	Composite Indicators		Core Measures
	Indicator Short Title	Full Indicator	
I. Access & Opportunity	Access to Programs & Courses	1 Minnesotans have access to an array of MnSCU programs and courses.	A. Student Participation Rates B. Graduate Debt Burden C. Affordability Index D. Student Retention Rates E. First Generation Students*
	Financial Resources Availability	2 Financial resources are available to foster student access and success.	A. State Appropriations B. Gifts and Grants Revenue
II. Fully Integrate the System	Fiscal & Physical Capital Utilization	3 The system is effectively and efficiently utilizing its fiscal and physical resources.	A. Fiscal Measures B. Facilities Measures C. Technology Measures D. Reallocation of Resources*
	Human Resources	4 The system is effectively and efficiently utilizing its human resources.	A. Employee Productivity: Faculty and staff/student ratio B. Instructional Productivity: Teaching Faculty/student ratio C. Faculty and Staff Development
	Planning and Resource Alignment	5 The system is engaged in effective planning, collaboration, and resource decision-making.	A. Program Viability B. Course Transfer
III. Expand High Quality Learning Programs & Services	Student Learning	6 Students achieve identified learning outcomes.	A. Student Pass Rate on Certification or Licensure Exams B. Student Success at Transferring Institution versus Non-transfer Students C. IPEDS Graduation and Transfer-Out Rates*
	Student Satisfaction	7 Students are satisfied with their educational experience.	A. Response to Student Satisfaction Questions in National Surveys
	Student Engagement	8 Students are actively engaged in their education.	A. Response to Student Engagement Questions in National Surveys
	Program Development	9 Programs are responsive to current and future market needs.	A. Gap analysis: Employer needs versus production of graduates B. Market Share of Higher Education Completers by Selected Programs C. Program Delivery Methods compared to Student Needs D. Five High Priority Programs*
IV. Community Development & Economic Vitality	External Partnerships	10 Colleges and universities enhance community development through external partnerships.	A. Number and Type of Partnerships with External Entities B. Customized Training Revenues*
	Economic Development	11 College and university expertise contributes to the state's economic development.	A. Graduate Related Employment Rates B. Continuing Education Rates C. Graduates Median Wage Rates
	Community Engagement	12 Colleges and universities contribute to the quality of life in the community.	A. Percentage of Students who Participated in Service Learning or Volunteerism

	Data has been developed.
	Data due by end of FY 2005.
	Future development needed.

* Legislative Accountability Measures

Higher Education Accountability Proposal

What is the Goal?

To develop a statewide program, including both public and private institutions, to assess and evaluate the higher education sector in Minnesota.

Why do we need a more comprehensive program?

1. The current accountability process is not systematic. Under MS 135A.053, subd. 2, each system and campus is expected to “measure and report on its performance using meaningful indicators...”. Indicators may be chosen but they may not be consistent. Comparisons can’t be made of the measures across the systems.
2. The process only applies to public institutions. Private institutions benefit from public spending and should be considered.
3. Current measures cannot be aggregated to a state level in order to understand how the overall system is performing.
4. The statewide objectives are very broad and difficult to link to actual institutional activity.
5. Implementation has been uneven.

How will this program be different?

1. The program will be systematic and consistent.
2. It will apply to all systems in higher education.
3. The program will be broad and not overreach into institutional prerogatives.
4. The program will provide information for policy makers to make adjustments in general state policy.
5. The program will link state higher education outcomes to economic goals more directly.
6. The program will lead to improvement across all systems.

What have we done to date?

1. Examined programs at other states. The Office reviewed all fifty states and examined what, if any accountability programs are used.
2. Evaluated expenditures for accountability programs in other states and those developed by national groups.
3. Visited with national experts. The Director spent time with Pat Callan at the National center for Public Policy and Higher Education, Dennis Jones at NCHEMS, and with the National Governors’ Association.

What are the general plans going forward?

1. Form external advisory group of stakeholders to assist in developing a program.
2. Identify and contract with national experts who have developed these programs in other states.
3. Identify a limited number of goals (5 to 7) against which to measure the system.
4. Clearly identify the scope of work now being done in Minnesota and build on these efforts in the new program.
5. Develop institutional measures and comparables.
6. Develop a list of and assessment tools for student outcomes.
7. Identify appropriate areas of focus. Should we differentiate between graduate and undergraduate? Should we separate research and professional development at the University of Minnesota? How should we treat four-year and two-year programs?

8. Articulate the deliverable we are seeking.
9. Establish a timeline and schedule.

In what ways may the money be used?

1. Purchasing test results from national test organizations like GRE, LSAT, MCAT, GMAT, PCAT.
2. Obtain information on licensure tests for professionals (nursing, clinical pathology, physical therapy, social work, radiology, teaching and others.
3. Analyzing information from the National Assessment of Adult Literacy (NAAL).
4. Pay for costs related to the application of the Collegiate Learning Assessment through the RAND Corporation for four year graduates and the ACT WorkKeys assessment for two year graduates.
5. Paying for surveys of employers, students and parents.
6. Paying for additional test results from individual institutions.
7. Contracting with national experts for advice and analysis.
8. Staff costs for assessment, analysis and reporting.

How will we report?

The agency will report to the Governor and the Legislature in the 2006 session on the progress of the accountability program.

System-Level Accountability Framework:

Report to the Legislature

February 15, 2005



Minnesota
STATE COLLEGES
& UNIVERSITIES

Introduction

This document is the first composite report on the system's progress toward implementation of the Board of Trustees' Accountability Framework. The report includes 17 component measures in six of the twelve indicator categories that comprise the framework. Five of the measures reported are those that were defined by the Legislature.

The Legislature defined the following five accountability measures for the system in Laws of Minnesota 2001, First Special Session Chapter 1, Article 1, Section 3, Subdivision 3b:

By February 15, 2002, and each odd-numbered year thereafter, the board of trustees of the Minnesota state colleges and universities must submit a report to the commissioner of finance and the chairs of the higher education finance committees delineating:

- (1) the five undergraduate degree programs determined to be of highest priority to the system, and the revenue necessary to advance each program to be a center of excellence;
- (2) the reallocation of money and curricular and staffing changes, by campus and program, made to advance the system's priorities;
- (3) baseline data, and the methodology used to measure the number of first-generation students admitted systemwide, together with a plan to increase both the recruitment and retention through graduation of these students;
- (4) progress towards increasing the percentage of students at four-year institutions graduating within four, five, and six years and the percentage of students at two-year institutions completing a program or transferring to a four-year institution, as reported in IPEDS. Data should be provided for each institution by race, ethnicity, and gender. Data provided should include information on successful retention strategies and the money allocated to enhance student retention; and
- (5) progress towards increasing the revenue generated from contracts with employers for customized training.

The Board of Trustees submitted reports on these five measures in 2002 and 2003. The 2003 Legislature directed the Board to include the five measures in its accountability report.

This report includes a background chapter on the development of the Framework. It also includes a chapter for each of the four strategic directions that provide the organizing principle for the Accountability Framework along with the measures that have been developed in each area.

Background on the Framework

The Board of Trustees of Minnesota State Colleges and Universities is responsible for balancing the various and sometimes competing interests of system stakeholders. Accordingly, the board is uniquely positioned to provide a comprehensive vantage point for serving the information needs that stakeholders have about system performance. Accordingly, the board adopted a system-level accountability framework¹ in June of 2003.

The purpose of the accountability framework is as follows:

Emanating from the system mission and vision, the purpose of the system-level accountability framework is to inform stakeholders and enable the Board of Trustees to evaluate system performance and direct strategic improvements by aligning (1) planning assumptions and scans of higher education's external environment, (2) assessments of the system's progress on strategic directions and goals relative to benchmarks, targets, and stakeholder satisfaction and (3) assurances that the system meets expectations of statutes, laws, policies, and ethical standards,

The "Assumptions" and "Assessment" components of the purpose were developed from standard principles of strategic planning and are concerned with **performance** outcomes. These two components of the scorecard are intended to place performance issues at the foreground of the board's attention. The "Assurances" component of the purpose is concerned with **process** issues that are not governance responsibilities, but that the board has delegated to management. It is intended to bring only exceptions to the board's attention. If the board has assurance about management carrying out its responsibilities properly, then it is able to focus primary attention on matters of governance and strategic importance.

ASSUMPTIONS: Strategy Alignment with External Environment

The "Assumptions" component focuses on the external environment that is outside of the direct control of the system. It illustrates whether existing strategies remain aligned with the macro-environmental (demographics, economics, government, and technology) and competitive forces that influence the system. In essence this component addresses the question, "*Does the system have the right strategies in place to address threats and opportunities presented by the external environment?*" It has an external focus for judging performance. When environmental conditions change significantly and deviate from planning assumptions, strategies must be reconsidered.

¹ A cross-functional task force of system employees designed the framework. The design was influenced by the work of Dr. David Norton and Dr. Robert Kaplan, creators of the "balanced scorecard" concept, Dr. John Carver, creator of the "Policy Governance" concept, and Dr. Robert Behn, author of Rethinking Democratic Accountability.

ASSESSMENTS: Progress toward Strategic Directions

The “Assessments” component showcases the system’s strategic plan and the critical priorities of the annual work plan. In essence the indicators in this component address the question, *“Is the system making sufficient progress toward its strategic directions?”* This component has an internal focus for judging performance. It may use internal benchmarks and targets as a basis for determining whether expectations are being met, but professional judgment is also required.

This component is the heart of the scorecard. It is organized according to the four strategic directions contained in the system strategic plan. Twelve composite indicators have been created to assist with developing common expectations for the adequacy of progress toward implementing the strategic plan. Indicators were developed by asking the question, **“How will we know if a strategic direction is being attained?”** Each indicator is a composite in that it is supported by one or more core measures of quantifiable data, e.g., participation rates, retention, graduate related employment rates. The five legislative accountability measures have been integrated into the appropriate indicator categories. The objective data must be interpreted and complemented with the judgment of system leadership to assess the sufficiency of progress.

ASSURANCES: Meeting Legal & Policy Expectations

The assurances component of the scorecard is intended to have a much more muted presence. It is concerned with process responsibilities that the board has delegated to the Chancellor through board policies. While it is important that the board have assurances that these management responsibilities are being executed effectively, it does not need extensive evidence. Thus, the component is designed to bring matters to the board’s attention only on an “exception” basis. Then the board is free to focus primarily on strategic and governance matters and only secondarily on process issues when an exception merits their attention.

IMPLEMENTATION

The system-level accountability framework is envisioned as a primary governance tool for the Minnesota State Colleges and Universities Board of Trustees. It will develop common expectations for the board and stakeholders about expected outcomes. The chancellor will use the framework to manage system performance. Furthermore, it will serve as an information management tool and ensure that attention is focused on important strategic issues.

College, university and system staff members have been working since April 2003 to define and develop the component measures within the Framework. Staff also is developing a Board of Trustees website for public reporting on the three components of the Accountability Framework. Figure 1 on the following page is an image of the design for the main dashboard from the Accountability Framework website.

Figure 1

SYSTEM-LEVEL ACCOUNTABILITY SCORECARD			
I. Assumptions: Strategy Alignment with External Environment			
	Demographics	Economics	Government Technology Competition
II. Assessments: Progress Toward Strategic Directions			
Access & Opportunity	Fully Integrate the System	High Quality Learning Programs & Services	Community & Economic Vitality
<p> 1. Access to Programs & Courses</p> <p> 2. Financial Resources Availability</p>	<p> 3. Fiscal & Physical Capital Utilization</p> <p> 4. Human Resources</p> <p> 5. Planning & Resource Alignment</p>	<p> 6. Student Learning</p> <p> 7. Student Satisfaction</p> <p> 8. Student Engagement</p> <p> 9. Program Development</p>	<p> 10. External Partnerships</p> <p> 11. Economic Development</p> <p> 12. Community Engagement</p>
III. Assurances: Meeting Legal & Policy Expectations			
<div style="border: 1px solid black; padding: 5px; text-align: center;">Monitoring</div> <p><i>Required Reports</i></p>	<div style="border: 1px solid black; padding: 5px; text-align: center;">Innovations</div> <p>Innovation 1 Innovation 2</p>	<div style="border: 1px solid black; padding: 5px; text-align: center;">Policy Compliance</div> <p> Compliance Issue 1 Compliance Issue 2</p>	

Symbol

Meaning

-  Gray cells indicate that core and contextual measurement data supports the indicator, but no measurable targets have been set to assess progress.
-  Blank cells indicate that measurement data has not yet been developed for the indicator.
-  Colored cells (green, yellow, red) indicate that measurable targets have been established in either the System work plan or strategic plan and that core measurement data is available to assess progress.
-  New indicate that new information has been posted since the last Board of Trustees meeting.

Supporting Processes

Target Setting - Accountability ultimately requires establishing and communicating measurable goals or targets. A process for establishing targets should include a careful selection of priorities, thorough analysis of contextual data such as benchmarks and baselines, agreement between the Chancellor and presidents on each institution's expected contribution to the goal, and acceptance by the Board of Trustees. The likely vehicle for communicating targets is the System work plan or strategic plan.

Continuous Improvement - The array of indicators and measures must be subject to ongoing scrutiny to assure that the system is measuring the "right things." A continuous improvement process must be developed to serve this purpose.

Strategic Direction One: Access & Opportunity

The Minnesota State Colleges and Universities will provide more people from different backgrounds with the opportunity to experience the benefits of higher education.

Rationale - Minnesota has a long history of investing in higher education and providing accessible education for all people who want to improve themselves and their communities. As Minnesota's diversity increases through immigration and growing communities of color, the system has an obligation to provide the benefits of education to people from all ethnic, cultural and economic backgrounds, as well as those with disabilities.

Indicator 1: Access to Programs & Courses

Measure 1A: System Participation Rate

Definition: Measure 1A-1 reports Minnesota resident students enrolled at a state college or university as a percent Minnesota population. The numerator is Minnesota resident students aged 15 to 84 enrolled at a Minnesota State college or university. The denominator is Minnesota population aged 15 to 84. Measure 1A-2 reports the system's percentage market share of resident students at all higher education institutions in the state.

Significance: Measure 1A-1 and 1A-2 are significant in that they indicate the extent to which Minnesota State Colleges and Universities are providing higher education access to the residents of the state.

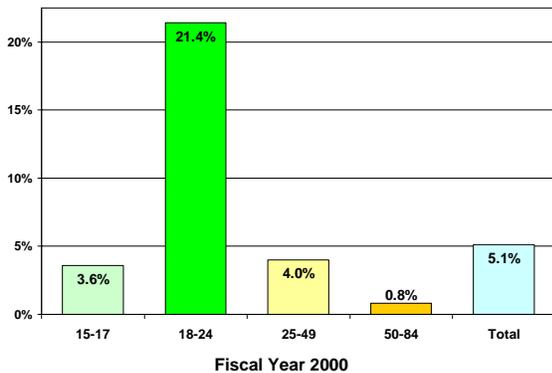
Measure: Minnesota residents enrolled in system institutions during Fiscal Year 2000 represented 7.1 percent of the state's population aged 15 to 84. Participation in credit courses was 5.1 percent and participation in non-credit courses was 1.9 percent.

Context: Contextual information on participation rates in higher education indicate that Minnesota ranks 11th nationally on a measure of enrollment as a percent of the population aged 18 to 64. The state's rate is 10 percent above the national average. Minnesota's college going rate for high school graduates ranks ninth nationally and is 13 percent above the national average.

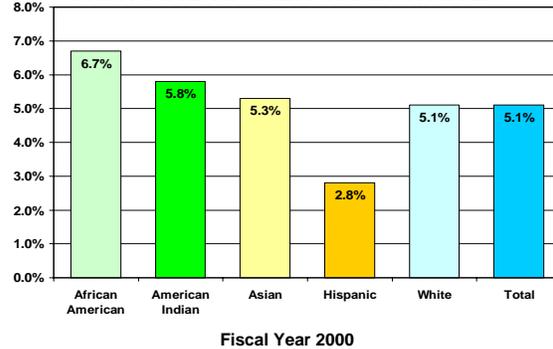
Drill-Downs:

Participation rates in credit courses at system colleges and universities are highest among the traditional 18- to 24-year-old age group, with 21.4 percent of the population in this age group enrolled, as shown in Figure 1A-1. The participation rate was 4 percent in the 25- to 49-year-old age group and 3.6 percent in the 15- to 17-year-old group. Three racial-ethnic minority groups, African Americans, American Indians and Asians had participation rates in the system that were higher than whites, as shown in Figure 1A-2. Hispanics had a lower participation rate.

**Figure 1A-1
CREDIT PARTICIPATION RATE IS
HIGHEST AMONG 18- TO 24-YEAR-OLDS**

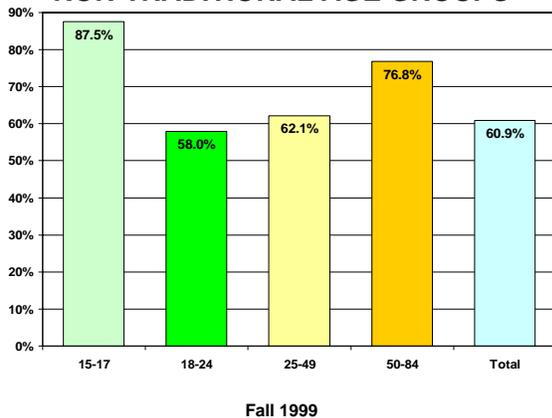


**Figure 1A-2
THREE RACIAL-ETHNIC MINORITY
GROUPS HAVE PARTICIPATION RATES
THAT ARE HIGHER THAN WHITES**

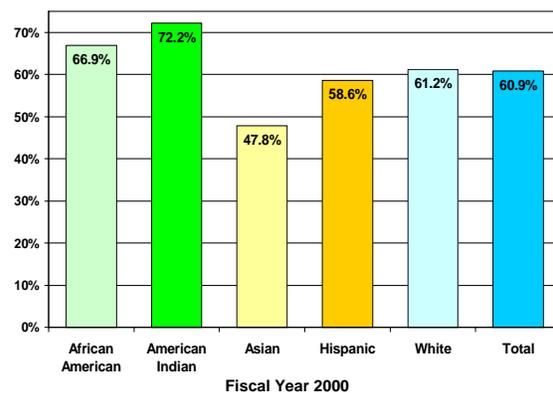


The system has the largest market shares among the 15- to 17-year-old age group with 87.5 percent and the 50- to 84-year-old age group with 76.8 percent, as shown in Figure 1A-3. The system market share for African Americans, American Indians and Asians was higher than for whites, as shown in Figure 1A-4.

**Figure 1A-3
SYSTEM HAS A LARGER SHARE OF
NON-TRADITIONAL AGE GROUPS**



**Figure 1A-4
SYSTEM HAS A LARGER SHARE OF
TWO RACIAL-ETHNIC GROUPS**



Measure 1B: Graduate Debt Burden

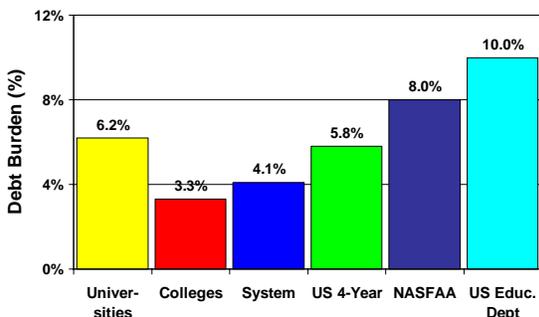
Definition: Measure 1B reports system graduates' student loan principal and interest payments as a percent of their average monthly income. Average monthly income was measured in the year that begins with the third calendar quarter after the quarter of graduation. This is typically the point in time when graduates begin to make payments on their student loans. Graduates' loan balances include borrowing from federal and Minnesota state student loan programs at all colleges and/or universities they attended.

Significance: Measure 1B is significant in that it indicates the percent of income that graduates must commit to their education costs at a time when many are establishing households and beginning families. This measure is complementary to Measure 1C, Affordability Index, which indicates the proportion of the costs of attendance paid by students and their families while they are attending.

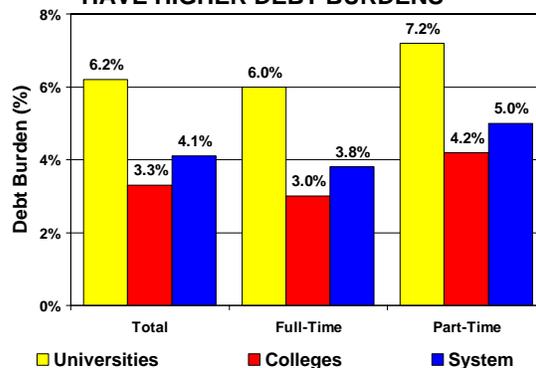
Measure: System graduates in Fiscal Year 2002 who borrowed to finance their postsecondary education had a median debt burden of 4.1 percent of the monthly income, as shown in Figure 1B-1. The median debt burden was 6.2 percent for state university graduates and 3.3 percent for state college graduates.

Context: The U.S. median debt burden for graduates of non-doctoral universities in 2000 was 5.8 percent, compared to the 6.2 percent figure for state university graduates, as shown in Figure 1B-1. Two organizations have established thresholds to indicate the level of debt burden that is of concern to policy makers. The National Association of Student Financial Aid Administrators (NASFAA) indicates that debt burdens should be below 8 percent to reduce the risk of loan defaults. The U.S. Education Department has established a goal of keeping the federal student loan debt burden below 10 percent.

**Figure 1B – 1
SYSTEM GRADUATES’
DEBT BURDEN IS SLIGHTLY BELOW
U.S. AVERAGE**



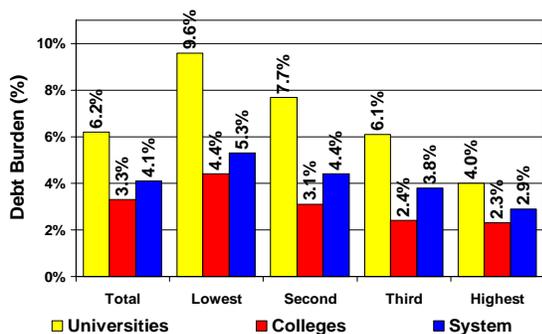
**Figure 1B – 2
GRADUATES EMPLOYED PART-TIME
HAVE HIGHER DEBT BURDENS**



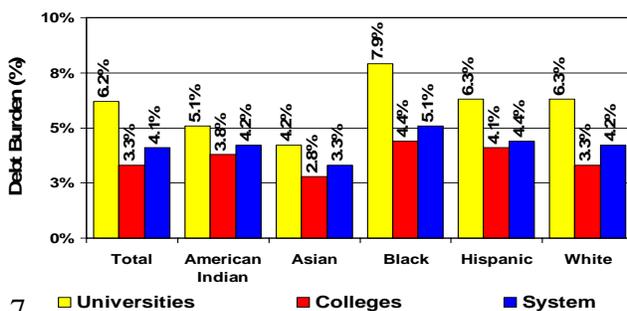
Graduates employed part-time had higher debt burdens than graduates employed full-time, as shown in Figure 1B-2. Graduates in the lowest income quartile after graduation had higher debt burdens (5.3 percent) than did graduates in the highest income quartile (2.9 percent), as shown in Figure 1B-3. State university graduates in the lowest income quartile had a median debt burden of 10 percent which is higher than the NASFAA threshold and equal to the U.S. Education Department threshold.

Black graduates had higher debt burdens (5.1 percent) than did white graduates (4.2 percent), American Indian graduates (4.2 percent), Asian graduates (3.3 percent) or Hispanic graduates (4.4 percent), as shown in Figure 1B-4. Black graduates from state universities had a median debt burden of 8 percent, which was almost equal to the NASFAA threshold.

**Figure 1B – 3
LOWEST-INCOME GRADUATES
HAVE DEBT BURDENS NEAR THRESHOLD**

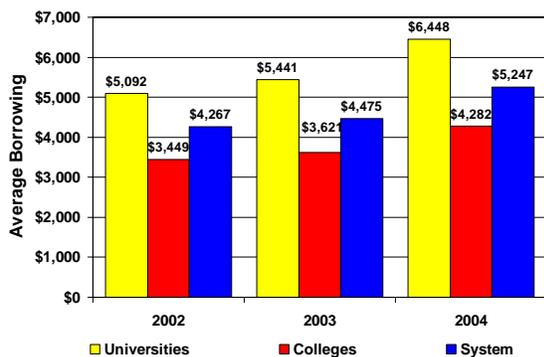


**Figure 1B – 4
BLACK GRADUATES
HAVE HIGHER DEBT BURDENS**

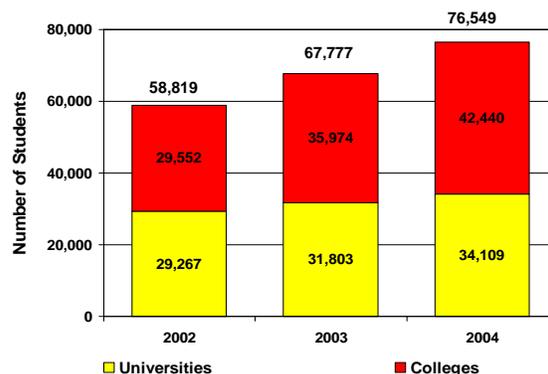


Trends: Recent trends in student borrowing suggest that the system will see increases in graduate debt burden and in the number of graduates with student loan debt during the next several years. The average amount that students borrowed increased by 23 percent or \$1,000 between Fiscal Years 2002 and 2004, as shown in Figure 1B-5. During the same time period, the number of students borrowing increased by 30 percent from 58,819 to 76,549, as shown in Figure 1B-6. The number of students borrowing at the state colleges increased by 45 percent. The combination of increased borrowing and more students borrowing resulted in a 60 percent increase in total borrowing from \$250.1 million in Fiscal Year 2002 to \$401.7 million in Fiscal Year 2004.

**Figure 1B – 5
AVERAGE BORROWING INCREASED BY
23 PERCENT OR \$1,000 IN TWO YEARS**



**Figure 1B – 6
NUMBER OF STUDENTS BORROWING HAS
INCREASED BY 30 PERCENT IN TWO YEARS**



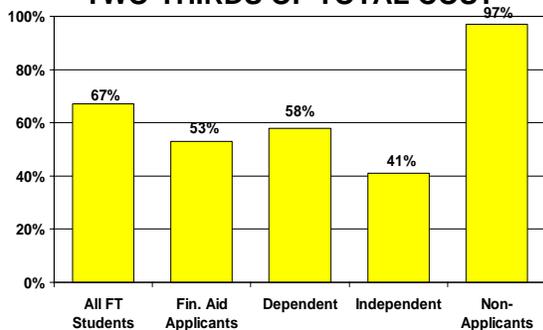
Measure 1C: Affordability

Definition: Measure 1C reports the percent of the cost of attendance that system students pay after subtracting federal, state, institutional and private financial aid (Net Cost 3). The numerator is the net cost of attendance paid by students. The denominator is total cost of attendance.

Significance: Measure 1C is significant in that it indicates the extent to which a Minnesota State Colleges and Universities education is affordable.

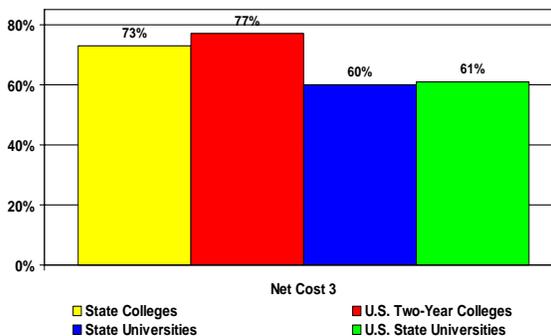
Measure: System students, on average, paid 67 percent of their total cost of attendance, as shown in Figure 1C-1. Financial aid applicants paid 53 percent of their costs and non-applicants paid 97 percent of their costs.

**Figure 1C-1
FULL-TIME STUDENTS' NET COST IS
TWO-THIRDS OF TOTAL COST**



Measure 1C1
Average Total Budget = \$12,297

**Figure 1C-2
SYSTEM STUDENTS' NET COST IS
SLIGHTLY BELOW U.S. AVERAGE**



Measure 1C1.1

Context: The net cost as a percent of total cost for system students is slightly lower than U.S. average figures for comparable institutions, as shown in Figure 1C-2. State college students pay 73 percent of total costs, while the average for U.S. public two-year colleges is 77 percent. State university students pay 60 percent of total costs, while the average for U.S. public four-year universities is 61 percent.

Drill-Downs: Part-time students pay a larger percent of their total costs of attendance than full-time students, as shown in Figure 1C-3. The lowest-income part-time financial aid applicants taking either six to eight credits or nine to 11 credits paid 60 and 67 percent of their cost of attendance, compared to 43 percent for the lowest-income full-time financial aid applicants. After subtracting parental and family contributions, lowest-income part-time financial aid applicants had net costs of \$7,087 (9 to 11 credits) and \$7,532 (6 to 8 credits) compared to \$5,007 for full-time students, as shown in Figure 1C-4.

Figure 1C-3
LOWEST-INCOME PART-TIME STUDENTS
PAY A MUCH LARGER SHARE
OF THEIR COSTS

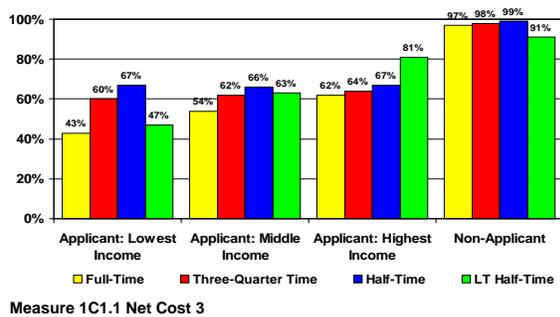
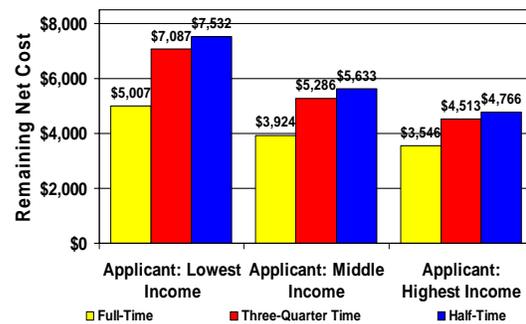


Figure 1C-4
LOWEST-INCOME PART-TIME STUDENTS
HAVE HIGHEST REMAINING NET COST



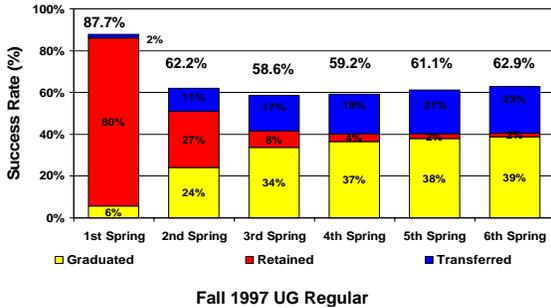
Measure 1D: Retention, Graduation, Transfer and Success Rates

Definition: Measure 1D, success rate, reports percentage of a cohort of entering students that have either graduated, been retained or transferred to another institution. The numerator is the number of entering students in the cohort or entry term who have graduated, were retained or transferred, and the number of graduated and transferred are cumulative across terms. The denominator is the total number of entering students in the cohort term. The measure and its components are reported for each term in the six years following the entry term.

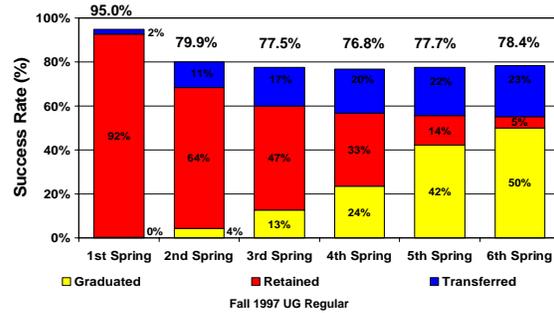
Significance: Measure 1D is significant in that it indicates the extent to which students who enroll in system colleges or universities achieve success by graduating, being retained or transferring to another higher education institution.

Measure: Success rates for entering students are the highest in the spring semester after fall entry, with a rate of 87.7 percent for state college students and 95.0 percent for state university students, as shown in Figures 1D-1 and 1D-2. The rates generally decline between entry term and the second spring semester and are relatively stable for subsequent terms as students shift from being retained to the graduated or transferred statuses.

**Figure 1D-1
SUCCESS RATE OF FALL 1997 COHORT
DECLINES AND THEN RISES:
COLLEGES FULL-TIME**

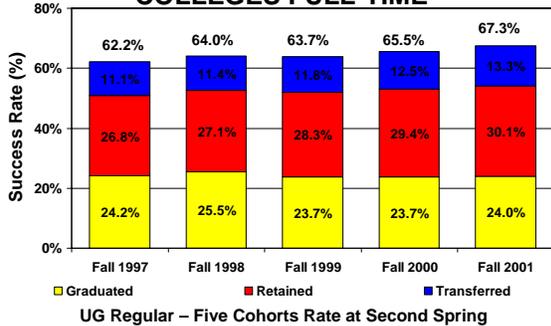


**Figure 1D-2
SUCCESS RATE OF FALL 1997 COHORT
DECLINES AND STABILIZES:
UNIVERSITIES FULL-TIME**

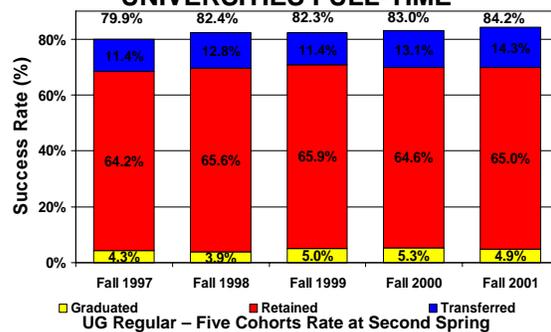


Drill-Downs: Success rates for full-time entering undergraduate students at the colleges and at the universities have increased during the last five years, as shown in Figures 1D-3 and 1D-4. The two-year success rate for full-time state college students increased from 62.2 percent for Fall 1997 entering students to 67.3 percent for Fall 2001 entering students. The comparable rate for full-time state university undergraduate students increased from 79.9 percent for Fall 1997 entering students to 84.2 percent for Fall 2001 entering students.

**Figure 1D-3
INCREASING RETENTION & SUCCESS
RATES AFTER TWO YEARS:
COLLEGES FULL-TIME**



**Figure 1D-4
INCREASING RETENTION & SUCCESS
RATES AFTER TWO YEARS:
UNIVERSITIES FULL-TIME**



Measure 1E: First Generation Students

Definition: Measure 1E reports number and percent of the system’s students in credit courses who are first-generation college students. First-generation students are those whose parents did not attend college.

Significance: Measure 1E is significant in that research on student preparation, enrollment and persistence in higher education suggests that students whose parents did not attend college are less well prepared for college, less likely to enroll in college and less likely to persist and graduate from college than students with at least one parent that has earned a bachelor’s degree.

Measure: Approximately one-third of the system’s entering undergraduate students with known levels of parental education are first-generation students, as shown in

Figure 1E-1. First-generation students constituted 36 percent of entering undergraduate students in Fiscal Year 2003 and 33 percent in Fiscal Year 2004.

Figure 1E-1
PERCENTAGE OF FIRST-GENERATION STUDENTS IS BELOW US AVERAGE

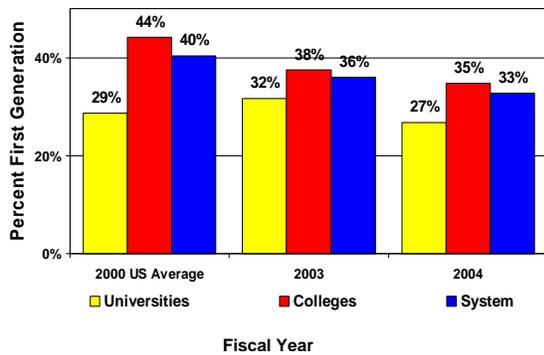
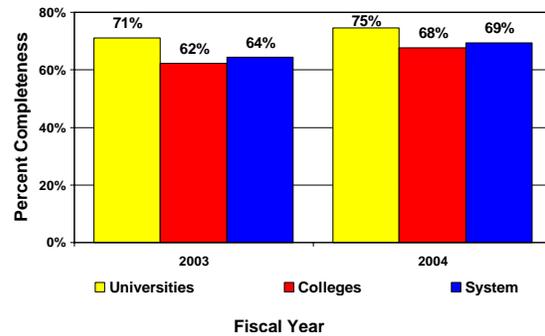


Figure 1E-2
COMPLETENESS OF PARENTAL EDUCATION DATA IMPROVING



Context: The percentage of first-generation students in the system is lower than that of similar U.S. institutions, as shown in Figure 1E-1. The system average of 33 percent in Fiscal Year 2004 was lower than the 40 percent average for U.S. public two-year and four-year institutions in Fiscal Year 2000. The state university students, at 27 percent first-generation, were slightly below the 29 percent figure for U.S. public four-year universities. The state college students, at 35 percent first-generation, were below the 44 percent figure for U.S. public two-year universities. The completeness of the system's data on parental education improved to 69 percent in Fiscal Year 2004, as shown in Figure 1E-2.

Strategic Direction Two: Fully Integrate the System

The Minnesota State Colleges and Universities will become a more fully coordinated and integrated system of distinct higher education institutions that provide high-quality education.

Rationale - A primary reason for creating the Minnesota State Colleges and Universities System was to coordinate programs and services, providing students with easy and seamless access to higher education. The system has a public responsibility to fully integrate its programs and services to provide students with access to the collective programs, services and strengths of its distinct institutions.

Indicator 3: Fiscal & Physical Capital Utilization

Measure 3A: Fiscal Measures

Definition: Measure 3A1 is fully allocated instructional expenditures per full-year-equivalent student. The numerator is direct instructional expenditures plus support expenditures attributable to instruction in a fiscal year. The denominator is full-year-equivalent enrollment for that fiscal year. Measure 3A2 is the percent distribution of education and general expenditures among functional categories.

Significance: Measures 3A1 and 3A2 are key measures of the system's fiscal resource utilization.

Measure: The system's fully allocated instructional expenditures per full-year-equivalent student in Fiscal Year 2003 were \$7,028. The system spent 49.4 percent of its total educational and general expenditures on instruction and 14.3 percent for academic support in Fiscal Year 2003.

Measure 3B: Facilities Measures

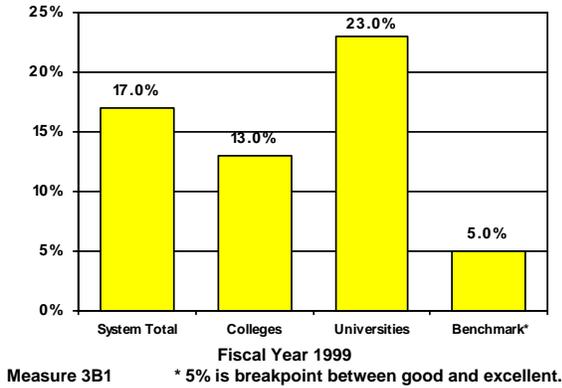
Definition: Measure 3B-1 is the facilities condition index. The numerator is the total dollar amount of existing major maintenance repairs and replacements as identified by a comprehensive facilities condition audit. The denominator is the current replacement value for all college and university educational and general facilities. Measure 3B-2 is the expenditures for facilities renewal per gross square foot of space. The numerator includes expenditures for repair and replacement, Higher Education Asset Preservation and Renewal Allocation, capital renewal and campus maintenance. The denominator is gross square feet of academic space.

Significance: Measures 3B-1 and 3B-2 are key measures of the system's facilities resource stewardship.

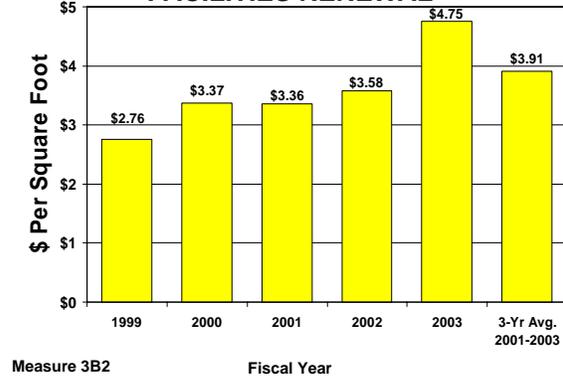
Measure: The system's facilities condition index was 17 percent in 1999, the last time a facilities condition audit was conducted, as shown in Figure 3B-1. This compares to a

breakpoint between good and excellent of 5 percent. Resources for facilities renewal increased from \$2.76 per square foot in Fiscal Year 1999 to \$4.75 per square foot in Fiscal Year 2003, as shown in Figure 3B-2.

**Figure 3B-1
FACILITIES CONDITION INDEX
EXCEEDS BENCHMARK**



**Figure 3B-2
INCREASING RESOURCES FOR
FACILITIES RENEWAL**



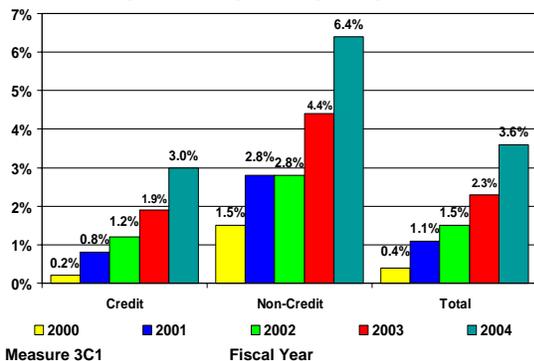
Measure 3C: Technology Measures

Definition: Measure 3C-1 is the utilization of technology in instruction. The numerator is the number of Internet-based course sections offered. The denominator is the total number of course sections offered. Measure 3C-2 is the percent of Web functionality in the Integrated Statewide Record System that has been implemented by the colleges and universities. Measure 3C-3 is the percent of student course registrations that completed on the internet. Measure 3C4 is the percent of customers that reported satisfaction with the system's Information Technology Services Division.

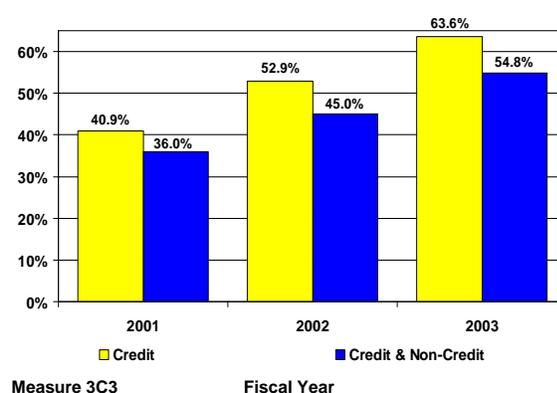
Significance: Measures 3C-1 through 3C-4 are significant in that they measure the system's efforts to utilize technology in instruction and support services and customers satisfaction with IT services.

Measure: The percent of the system's course sections offered online grew from 0.4 percent in 2000 to 3.6 percent in 2004, as shown in Figure 3C-1. The system had 25,228

**Figure 3C-1
INTERNET COURSES GROWING
AS A PERCENT OF TOTAL**



**Figure 3C-2
INCREASING PERCENT OF COURSE
REGISTRATIONS USING THE WEB**



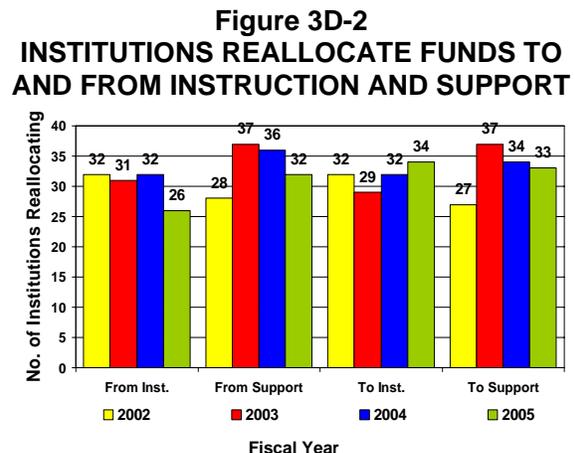
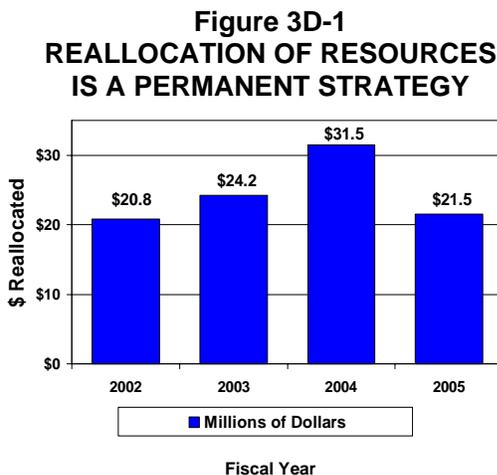
students enrolled in its 3,589 Internet course sections in 2004. Fifty-four percent of available Web functionality has been implemented by the colleges and universities. Online registration in credit courses increased from 40.9 percent in Fiscal Year 2001 to 63.6 percent in Fiscal Year 2003, as shown in Figure 3C-2. Forty-two percent of system Information Technology Services' customers indicated that they were completely or very satisfied with its services in a 2002 survey.

Measure 3D: Reallocation of Resources

Definition: Measure 3D is the amount of money that was reallocated to advance system priorities.

Significance: Measure 3D is significant in that it measures system efforts to advance its priorities and respond to changing demands for instructional and support programs through reallocation of resources.

Measure: System colleges and universities reallocated \$32 million in Fiscal Year 2004 and \$22 million in Fiscal Year 2005, as shown in Figure 3D-1. The majority of colleges and universities reduce expenditures in both instructional and support programs and reallocate those funds to higher priority instructional and support programs, as shown in Figure 3D-2. Appendix A contains institutional level detail on this measure.



Strategic Direction Three: Expand High Quality Learning Programs & Services

The Minnesota State Colleges and Universities will provide students with a full range of high-quality learning programs and services that respond to student needs and document student achievement.

Rationale - A key legislative objective for higher education is to “provide a level of excellence that is competitive on a national and international level, through high-quality teaching, scholarship and learning in a broad range of arts and sciences, technical education and professional fields.” (Minnesota State Statute Section 135A.053, Subdivision 1.) The rapid pace of change in society and the workplace requires the system to continuously evaluate and revise programs and services to offer students innovative and high-quality learning experiences to meet this legislative objective.

Indicator 6: Student Learning

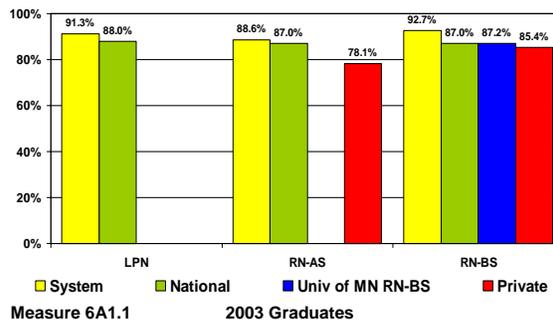
Measure 6A: Student or Graduate Pass Rates on Licensure Exams

Definition: Measure 6A, student or graduate pass rates, reports percentage of a cohort of students or graduates that passed a state or national licensure examination. Pass rates are reported for graduates of nursing (6A-1) and peace officer training (6A-2) programs. Pass rates also are reported for students entering teacher education programs (Praxis I) and for students about to graduate from teacher education programs (Praxis II) (6A-3).

Significance: Measure 6A is significant in that it indicates the effectiveness of college and university instructional programs at preparing students or graduates for professional licensure. Tests administered at entry indicate the readiness of students for the professional program.

Measure 6A-1: System licensed practical nursing graduates in 2003 had a pass rate of 91.3 percent on the national nursing examination. Associate degree registered nursing graduates in 2003 had a pass rate of 88.6 percent on the national nursing examination. Bachelor’s degree registered nursing graduates in 2003 had a pass rate of 92.7 percent on the national nursing examination, as shown in Figure 6A-1.

**Figure 6A-1
SYSTEM NURSING GRADUATE
PASS RATES ARE ABOVE
NATIONAL RATES**

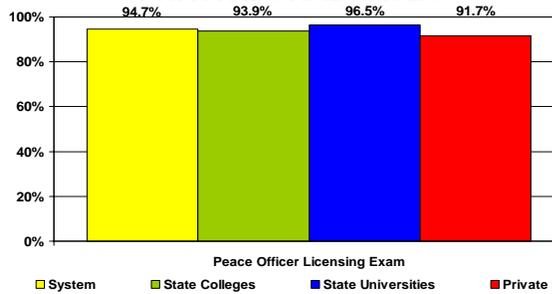


Context: System nursing graduates at all levels had licensure pass rates that were higher than those of graduates from other nursing programs at both public and private colleges and universities.

Measure 6A-2: System peace officer training graduates in 2003 had a pass rate of 94.7 percent on the state licensing examination, as shown in Figure 6A-2.

Context: System peace officer graduates had licensure pass rates that were higher than those of graduates from other peace officer training programs at private colleges and universities.

Figure 6A-2
SYSTEM LAW ENFORCEMENT GRADUATE PASS RATES ARE ABOVE PRIVATE GRADUATES

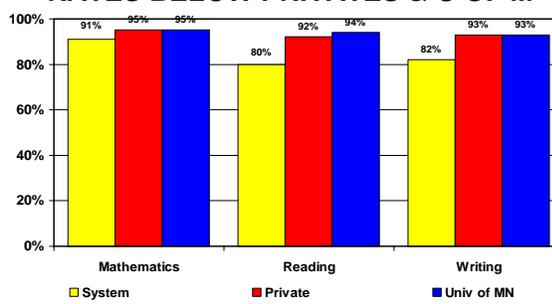


Measure 6A2

Measure 6A-3.1: Applicants to system teacher education programs had pass rates on the Pre-Professional Skills Examinations (Praxis I) of 91 percent on the mathematics exam, 80 percent on the reading exam and 82 percent on the writing exam, as shown in Figure 6A-3.

Context: Applicants to system teacher education programs had pass rates on the Pre-Professional Skills Examination that were lower than those of applicants to programs at other public and private colleges and universities, as shown in Figure 6A-3.

Figure 6A-3
TEACHER EDUCATION STUDENT PRE-PROFESSIONAL SKILLS PASS RATES BELOW PRIVATES & U OF M

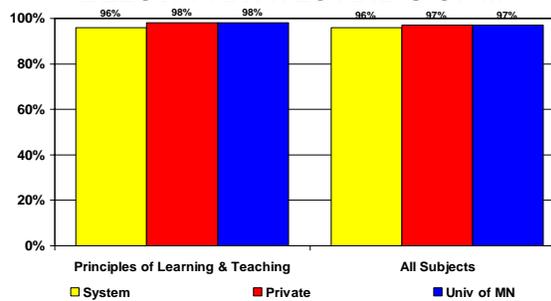


Measure 6A3.1 Pre-Professional Skills Exams

Measure 6A-3.2: System teacher education students had pass rates on the Knowledge and Subject Exams (Praxis II) of 96 percent.

Context: System teacher education students had pass rates on the Knowledge and Subject Exams that were only slightly below those of students at other public and private colleges and universities, as shown in Figure 6A-4.

Figure 6A-4
SYSTEM TEACHER EDUCATION STUDENT PASS RATES SLIGHTLY BELOW PRIVATES AND U OF M



Measure 6A3.2 Knowledge and Subject Exams

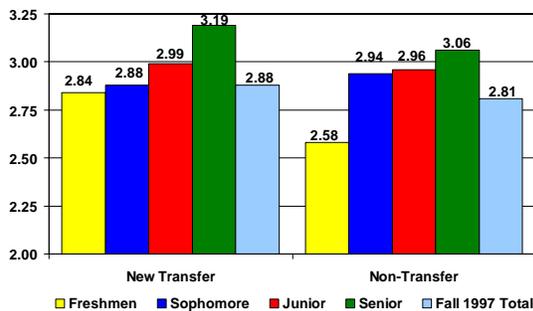
Measure 6B: Transfer Student Success

Definition: Measure 6B, transfer student success, compares the performance of transfer students to that of non-transfer students. The two groups are compared on grade point average (6B-1), cumulative credits earned at graduation (6B-2), persistence rates (6B-3) and graduation rates (6B-4).

Significance: Measure 6B is significant in that it indicates the effectiveness of the system’s colleges and universities at preparing students for transfer.

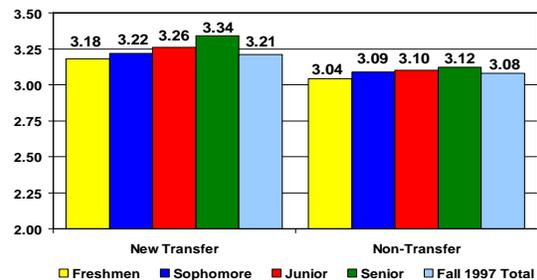
Measure 6B-1: System transfer students have initial GPAs that are comparable to those of non-transfer students, as shown in Figure 6B-1.1. Transfer student GPAs are higher than those of non-transfer students at graduation, as shown in Figure 6B-1.2.

Figure 6B-1.1
TRANSFER STUDENT GPAS ARE SIMILAR TO NON-TRANSFER STUDENTS



Measure 6B1.1

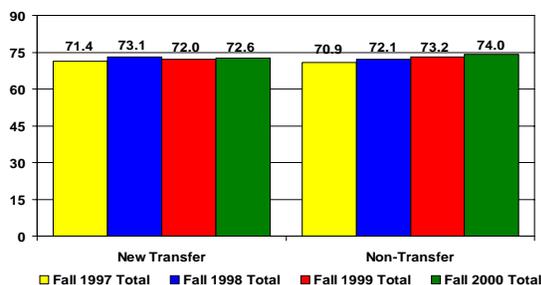
Figure 6B-1.2
TRANSFER STUDENT GPA AT GRADUATION IS HIGHER THAN NON-TRANSFER



Measure 6B1.2

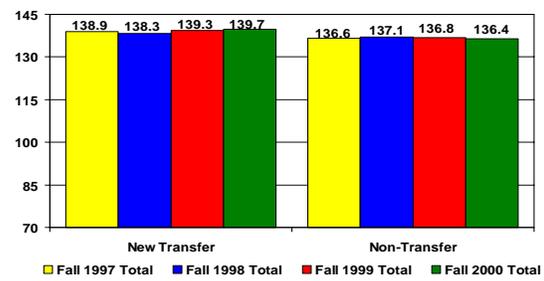
Measure 6B-2: System transfer students at state colleges have cumulative credits earned at graduation that are similar to non-transfer students, as shown in Figure 6B-2.1. Transfer student at state universities have slightly higher cumulative credits earned than non-transfer students, as shown in Figure 6B-2.2.

Figure 6B-2.1
CUMULATIVE CREDITS EARNED AT GRADUATION SIMILAR FOR BOTH GROUPS AT COLLEGES



Measure 6B2.1

Figure 6B-2.2
TRANSFERS HAVE SLIGHTLY HIGHER CUMULATIVE CREDITS EARNED AT UNIVERSITIES

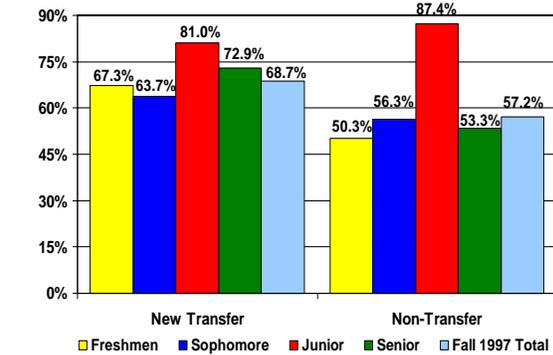


Measure 6B2.2

Measure 6B-3: System transfer students have persistence rates, enrollment in subsequent terms, that are higher than non-transfer students, as shown in Figure 6B-3.

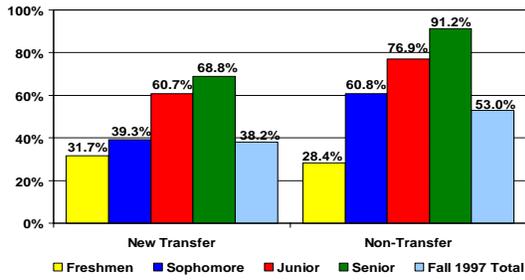
Measure 6B-4: System transfer students have three-year graduation rates at the state colleges and six-year graduation rates at the state universities that are lower than those of non-transfer students, as shown in Figures 6B-4.1 and 6B-4.2.

Figure 6B-3
TRANSFER STUDENT PERSISTENCE IS HIGHER THAN NON-TRANSFER



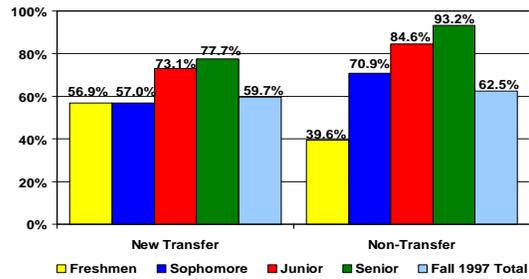
Measure 6B3

Figure 6B-4.1
TRANSFER STUDENTS HAVE LOWER 3-YEAR GRADUATION RATE THAN NON-TRANSFER AT COLLEGES



Measure 6B4.1

Figure 6B-4.2
TRANSFER STUDENTS HAVE LOWER 6-YEAR GRADUATION RATE THAN NON-TRANSFER AT UNIVERSITIES



Measure 6B4.2

Measure 6C: IPEDS Graduation and Transfer-Out Rates

Definition: Measure 6C is the graduation and transfer-out rates that are reported to the National Center for Education Statistics on the Integrated Postsecondary Education Data System Survey. The graduation rate is the percent of full-time, first-time certificate-seeking, diploma-seeking or degree-seeking undergraduate students who graduate within 150 percent of the time it would take a full-time student to complete the award. The transfer-out rate is the percent of full-time, first-time certificate-seeking, diploma-seeking or degree-seeking undergraduate students who do not graduate within 150 percent of the time it would take a full-time student, but do transfer to another college or university.

Significance: Measure 6C is significant in that it indicates the effectiveness of colleges and universities at enabling degree-seeking students to meet their educational goals.

Measure 6C: The combined graduation and transfer-out rates at the state colleges increased from 53.5 percent in 1999 to 55.6 percent in 2003, as shown in Figure 6C-1. The graduation rates at the state universities increased from 39.7 percent in 1999 to 46.1 percent in 2003, as shown in Figure 6C-2. Reporting transfer-out rates is optional, and these rates were not reported by the universities in 1999 and 2000.

Figure 6C-1
COLLEGE GRADUATION & TRANSFER-OUT RATES INCREASING

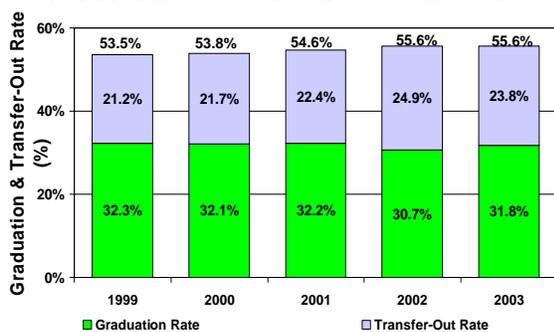
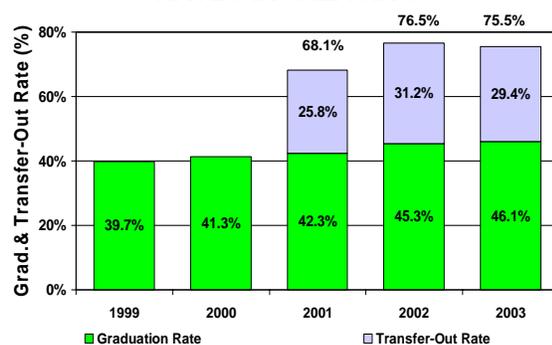


Figure 6C-2
UNIVERSITY GRADUATION RATES INCREASING



Context: The 2003 combined graduation and transfer-out rate for the state colleges, 55.6 percent, was substantially higher than the rate for similar U.S. public two-year colleges, as shown in Figure 6C-3. The graduation and transfer-out rate for the state universities, 75.5 percent, was substantially higher than the rate for similar U.S. public four-year universities, as shown in Figure 6C-4.

Figure 6C-3
COLLEGE GRADUATION & TRANSFER-OUT RATES ARE HIGHER THAN SIMILAR U.S. INSTITUTIONS

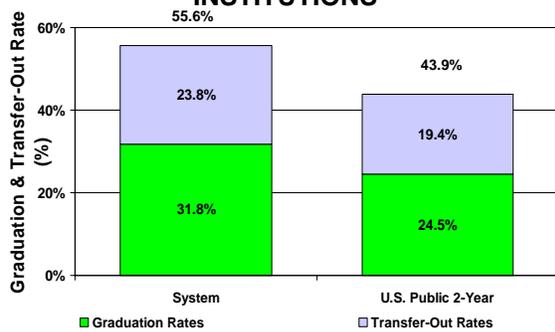
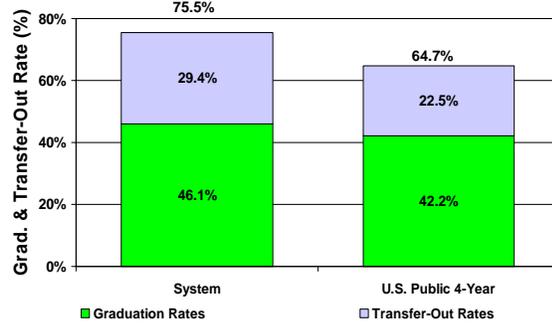


Figure 6C-4
UNIVERSITY GRADUATION & TRANSFER-OUT RATES ARE HIGHER THAN SIMILAR U.S. INSTITUTIONS



Drill-Downs: The combined graduation and transfer-out rates for students of color at the state colleges were substantially lower than for white students, but the rates for all groups increased between 2001 and 2003, as shown in Figure 6C-5. The combined graduation and transfer-out rates for students of color at the state universities also were lower than for white students, and the rates for most groups increased between 2001 and 2003, as shown in Figure 6C-6. Appendix A contains institutional level reports.

Figure 6C-5
COLLEGE GRAD/TRANSFER-OUT RATES LOWER FOR STUDENTS OF COLOR BUT INCREASING IN ALL GROUPS

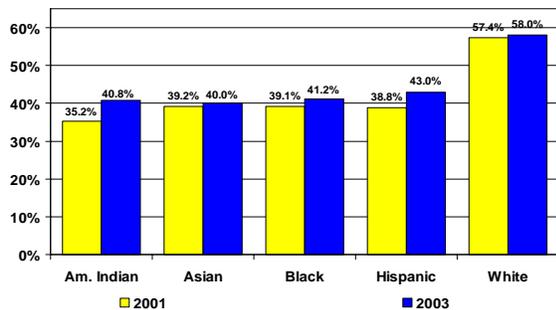
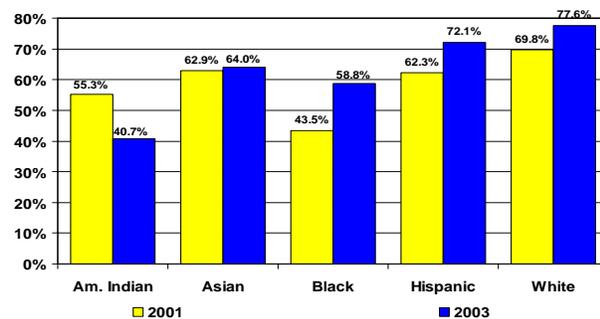


Figure 6C-6
UNIVERSITY GRAD/TRANSFER-OUT RATES LOWER FOR STUDENTS OF COLOR BUT INCREASING IN MOST GROUPS



Indicator 9: Program Development

Measure 9D: Five High Priority Programs

Definition: Measure 9D reports the number and percent of system instructional programs and graduates in five high priority undergraduate program areas. The five areas were chosen by system leadership in response to a legislative directive and include business and information technology, education, engineering and manufacturing technology, health care and law enforcement.

Significance: Measure 9D is significant in that it indicates the extent to which the colleges and universities are offering instructional programs and producing graduates in these five program areas that provide an educated workforce for Minnesota private- and public-sector employers. The liberal arts and sciences, because they are integral to the higher education enterprise, provide the foundation for the program areas.

Measure: The majority of system instructional programs are in the five high priority program areas in Fiscal Year 2005, as shown in Figure 9D-1. The majority of system graduates also were in the five high priority program areas in Fiscal Year 2003, as shown in Figure 9D-2.

Figure 9D-1
MAJORITY OF SYSTEM PROGRAMS ARE IN FIVE HIGH PRIORITY AREAS IN 2005

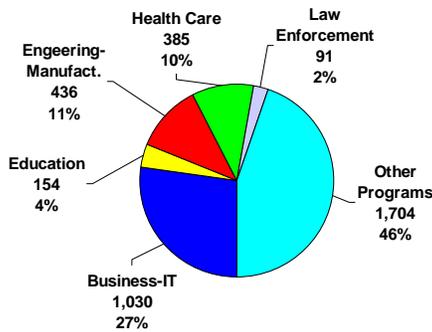
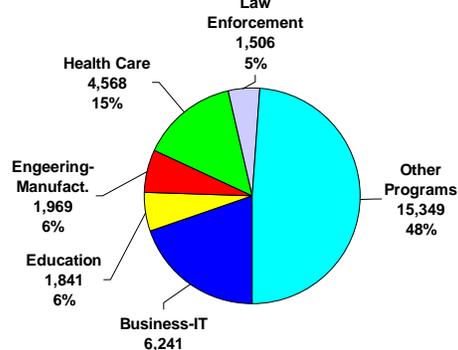
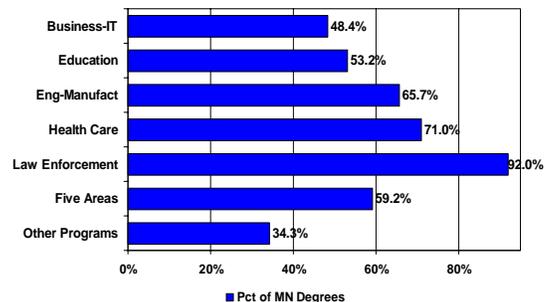


Figure 9D-2
MAJORITY OF SYSTEM DEGREES ARE IN FIVE HIGH PRIORITY AREAS IN 2003



Context: The system provides the majority of the State's graduates in four of the five high priority program areas, as shown in Figure 9D-3.

Figure 9D-3
SYSTEM PROVIDES MAJORITY OF DEGREES IN 4 OF 5 AREAS



Strategic Direction Four: Community Development & Economic Vitality

The Minnesota State Colleges and Universities will work in new and collaborative ways to maintain and build vital communities and economies at the local, regional and state level.

Rationale - Minnesota's higher education systems should "assist the state in being competitive in the world market and to prepare a highly skilled and adaptable workforce that meets Minnesota's opportunities and needs." (Minnesota State Statute Section 135A.053, Subdivision 1.) The Minnesota State Colleges and Universities System is in a unique and important position to help Minnesotans develop the knowledge and skills they need to create strong communities and economies.

Indicator 10: External Partnerships

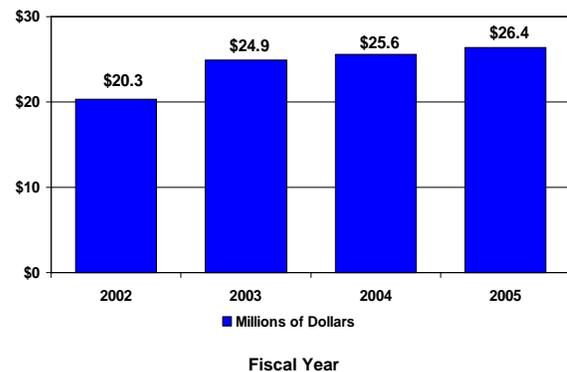
Measure 10B: Customized Training Revenues

Definition: Measure 10B reports system's customized training revenue.

Significance: Measure 10B is significant in that it indicates the extent to which the colleges and universities are providing instruction and related services to employers.

Measure: Customized training revenues have increased from \$20.3 million in Fiscal Year 2002 to an estimated \$26.4 million in Fiscal Year 2005, as shown in Figure 10B-1.

**Figure 10B-1
CUSTOMIZED TRAINING REVENUES
ARE INCREASING**



Indicator 11: Economic Development

Measure 11A: Graduate Related Employment Rate

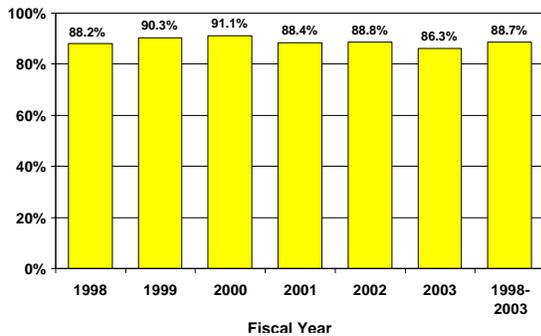
Definition: Measure 11A reports system graduates' employment rate during the year after graduation in occupations that they report were related to their program or major. The numerator is the number of graduates that reported related employment. The denominator is the number of graduates in related employment plus those seeking related employment.

Significance: Measure 11A is significant in that it indicates the extent to which college and university instructional programs are providing graduates with the knowledge and skills that employers are seeking. This measure is complementary to Measure 11B, Graduate Continued Education Rate, which indicates the proportion of graduates that continued their education.

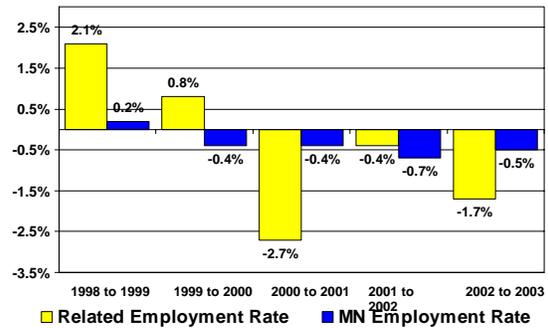
Measure: The related employment rate for system graduates in Fiscal Year 2003 was 86.3 percent, as shown in Figure 11A-1. This rate is down from a high of 91.1 percent for Fiscal Year 2000 graduates and at its lowest point during the period from 1998 to 2003.

Context: The annual change in the related employment rate tends to exceed the change in the Minnesota unadjusted employment rate. When rates are increasing, the related rate increases faster than the Minnesota rate. When rates are decreasing, the related rate also decreases faster than the Minnesota rate.

**Figure 11A – 1
GRADUATE RELATED
EMPLOYMENT RATE**

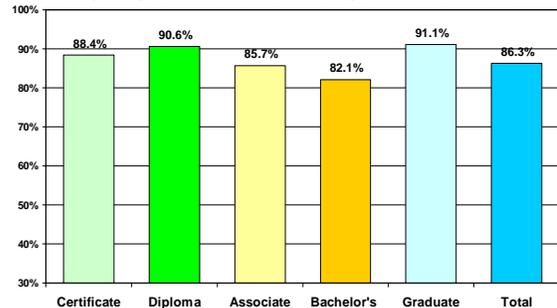


**Figure 11A – 2
CHANGES IN RELATED EMPLOYMENT
RATE EXCEED
MN EMPLOYMENT RATE**



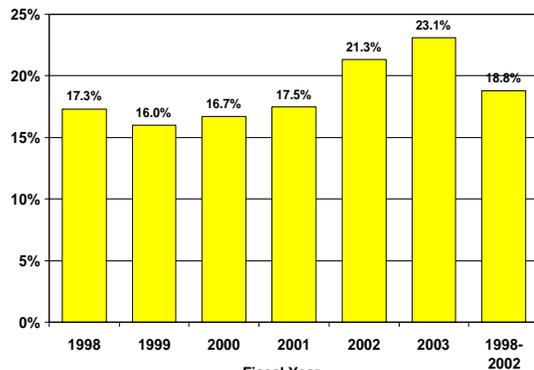
Drill-Downs: Related employment rates for Fiscal Year 2003 graduates were highest at graduate and diploma levels, as shown in Figure 11A-3.

**Figure 11A – 3
GRADUATE & DIPLOMA LEVELS HAVE
HIGHEST RELATED EMPLOYMENT RATE**



Measure 11B: Continuing Education Rate
Definition: Measure 11B reports system graduates' continued education rate during the year after graduation. The numerator is the number of graduates that reported continuing their education. The denominator is the number of graduates that responded to the follow-up survey.

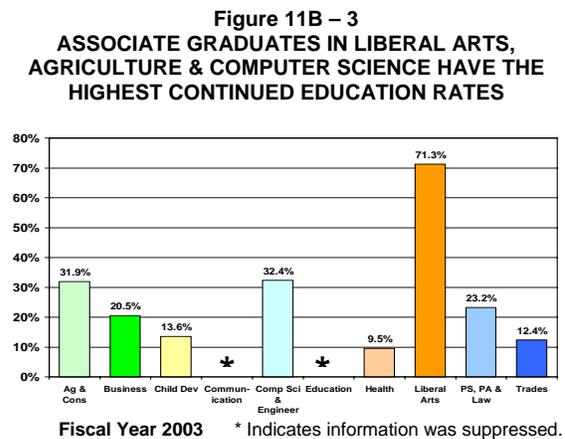
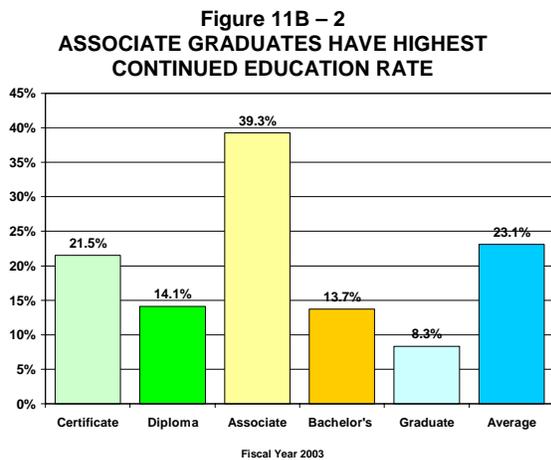
**Figure 11B – 1
GRADUATE CONTINUED
EDUCATION RATES ARE INCREASING**



Significance: Measure 11B is significant in that it indicates the extent to which college and university instructional programs prepare graduates for continued education at the undergraduate or graduate level. This measure is complementary to Measure 11A, Graduate Related Employment Rate.

Measure: The continued education rate for system graduates in Fiscal Year 2003 was 23.1 percent, as shown in Figure 11B-1. This rate is up from 21.3 percent for Fiscal Year 2002 graduates and at its highest point for the period 1998 to 2003.

Drill-Downs: Continued education rates for Fiscal Year 2003 graduates were highest at associate degree level, as shown in Figure 11B-3. Associate graduates in the liberal arts, agriculture and computer science and engineering have the highest continued education rates, as shown in Figure 11B-3.

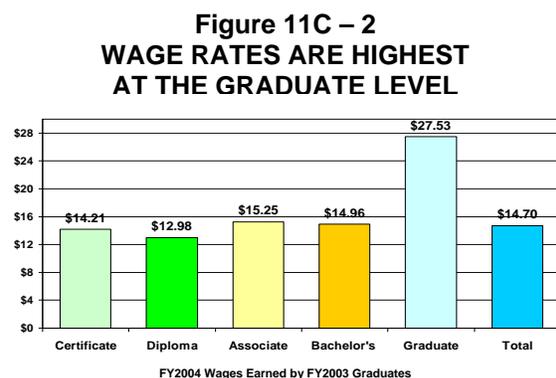
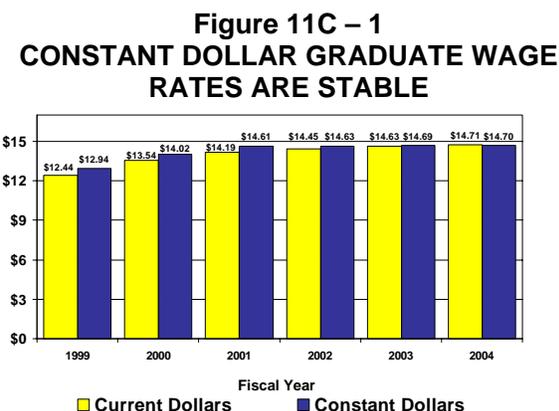


Measure 11C: Graduates Median Wage Rates

Definition: Measure 11C reports the median wage rate earned by system graduates with related employment during the year after graduation. The numerator is total dollars earned by each graduate during the fiscal year. The denominator is the total number of hours worked by each graduate during the fiscal year. Median wage rates are reported to reduce the influence of extreme values at the top and bottom of the wage distribution.

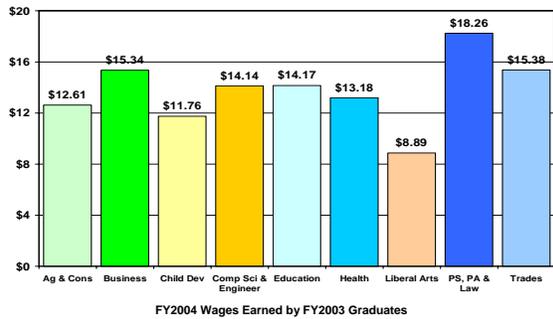
Significance: Measure 11C is significant in that it indicates graduates' economic returns to their college and university education during the first year after graduation. This measure is complementary to Measure 11A, Graduate Related Employment Rate.

Measure: The Fiscal Year 2004 median wage rate earned by Fiscal Year 2003 system graduates was \$14.70, as shown in Figure 11C-1. The constant dollar wage rate has been stable at this level for the last three years.

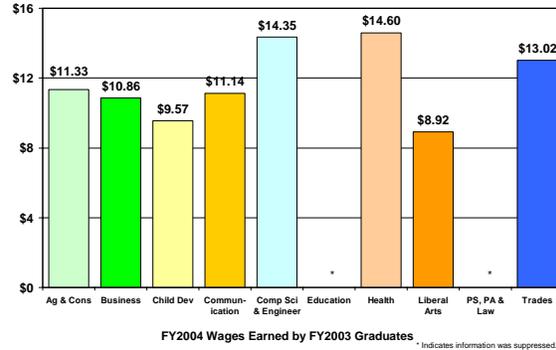


Drill-Downs: Median wage rates for Fiscal Year 2003 graduates were highest at the graduate level, as shown in Figure 11C-2. This reflects the fact that many graduate students have been in the workforce for several years and are using the graduate degree to advance in their careers. Certificate graduates in the law enforcement, the trades and business have the highest median wage rates, as shown in Figure 11C-3. Bachelor's graduates in the health fields and computer science and engineering have the highest median wage rates, as shown in Figure 11C-4.

**Figure 11C – 3
CERTIFICATE WAGE RATES
ARE HIGHEST IN LAW, TRADES & BUSINESS**



**Figure 11C – 4
BACHELOR'S WAGE RATES
ARE HIGHEST IN HEALTH & COMPUTER SCIENCE**



Appendix A

Measure 3D: Reallocation of Resources - Institutional Level Detail

Measure 6C: IPEDS Graduation and Transfer-Out Rates - Institutional Level Detail

Measure 3D
Reallocation of Resources to Advance System Priorities
Minnesota State Colleges and Universities
Fiscal Years 2002 through 2005

Colleges	FY2002	FY2003	FY2004	FY2005
Alexandria Technical College	\$408,150	\$720,770	\$873,200	\$486,000
Anoka-Ramsey Community College	\$540,000	\$421,619	\$1,596,100	\$250,000
Anoka Technical College	\$637,666	\$1,145,708	\$954,346	\$559,750
Central Lakes College	\$700,000	\$1,030,664	\$1,014,110	\$293,891
Century College	\$428,319	\$709,167	\$905,300	\$459,178
Dakota County Technical College	\$714,666	\$777,309	\$390,978	\$0
Fond du Lac Tribal and Community College	\$267,000	\$145,890	\$57,000	\$85,000
Hennepin Technical College	\$813,239	\$935,657	\$593,700	\$655,933
Inver Hills Community College	\$367,797	\$515,125	\$434,661	\$330,370
Lake Superior College	\$549,000	\$782,000	\$1,225,000	\$1,525,000
Minneapolis Community and Technical College	\$250,000	\$225,000	\$1,045,000	\$230,000
Minnesota State College - Southeast Technical	\$997,500	\$410,500	\$128,000	\$248,000
Minnesota State Community and Technical College				\$455,361
Fergus Falls Community College (Now Minnesota State Community and Technical College)	\$186,659	\$261,110	\$284,079	
Minnesota West Community and Technical College	\$160,000	\$395,800	\$523,500	\$234,000
Normandale Community College	\$903,000	\$911,641	\$898,000	\$697,800
North Hennepin Community College	\$301,757	\$1,264,400	\$344,400	\$510,000
Northeast Higher Education District	\$1,652,915	\$2,142,406	\$1,334,500	\$982,626
Hibbing Community College	\$303,000	\$630,767	\$176,566	\$363,295
Itasca Community College	\$485,000	\$90,000	\$358,800	\$120,000
Mesabi Range Community and Technical College	\$432,000	\$837,840	\$309,052	\$195,750
Rainy River Community College	\$265,915	\$276,123	\$324,000	\$273,581
Vermilion Community College	\$167,000	\$307,676	\$166,082	\$30,000
Northland Community and Technical College (Now including the East Grand Forks campus)				\$303,000
Northland Community and Technical College	\$196,570	\$245,164	\$398,000	
Northwest Technical College	\$451,000	\$871,871	\$779,276	
Northwest Technical College - Bemidji				\$195,900
Pine Technical College	\$103,500	\$262,000	\$240,000	\$227,000
Ridgewater College	\$640,000	\$1,004,537	\$615,861	\$453,250
Riverland Community College	\$340,000	\$290,997	\$0	\$70,000
Rochester Community and Technical College	\$243,000	\$465,270	\$902,848	\$0
St. Cloud Technical College	\$380,000	\$1,038,087	\$153,396	\$960,786
Saint Paul College	\$450,000	\$371,014	\$1,686,800	\$836,000
South Central Technical College	\$300,000	\$304,600	\$185,000	\$221,000
Subtotal: Colleges	\$12,981,738	\$17,648,306	\$17,563,055	\$11,269,845
Universities				
Bemidji State University	\$798,200	\$629,000	\$1,646,200	\$901,783
Metropolitan State University	\$293,500	\$438,000	\$2,303,087	\$268,579
Minnesota State University, Mankato	\$1,491,000	\$709,025	\$1,716,748	\$2,424,380
Minnesota State University Moorhead	\$2,000,000	\$900,109	\$1,859,448	\$2,631,942
St. Cloud State University	\$1,525,000	\$1,520,000	\$3,574,608	\$1,256,785
Southwest Minnesota State University	\$685,000	\$845,000	\$1,635,000	\$1,300,000
Winona State University	\$1,000,000	\$1,486,506	\$1,200,000	\$1,447,000
Subtotal: Universities	\$7,792,700	\$6,527,640	\$13,935,091	\$10,230,469
System Total	\$20,774,438	\$24,175,946	\$31,498,146	\$21,500,314
Average	\$561,471	\$653,404	\$851,301	\$581,090

Measure 6C
IPEDS Graduation Rates and Transfer-Out Rates by Racial/Ethnic Status and Gender
Two-Year College Fall 2000 and Four-Year University Fall 1997 First-time, Full-time, Degree Seeking Students
Minnesota State Colleges and Universities

Area	Institution	Non-Resident Alien	African American	American Indian	Asian/Pacific Islander	Hispanic	White	Unknown Race/Ethnicity	Total Male	Total Female	Grand Total
Colleges Total											
	Graduation Rate	21.4%	12.7%	20.1%	21.3%	21.9%	38.4%	24.6%	34.6%	34.6%	34.6%
	Transfer Out Rate	13.1%	29.5%	20.6%	21.4%	21.6%	21.0%	30.2%	21.4%	24.0%	22.5%
	Combined Rate	34.5%	42.2%	40.7%	42.7%	43.5%	59.4%	54.7%	56.0%	58.6%	57.2%
Metro Area Community Colleges Total											
	Graduation Rate	19.5%	4.9%	12.5%	11.8%	3.3%	16.5%	10.0%	10.0%	17.2%	13.9%
	Transfer Out Rate	22.0%	40.9%	31.3%	30.7%	48.3%	36.3%	46.9%	40.6%	37.7%	39.0%
	Combined Rate	41.5%	45.8%	43.8%	42.5%	51.7%	52.8%	56.9%	50.6%	54.9%	53.0%
Anoka-Ramsey Community College											
	Initial Cohort	**	7	**	18	9	355	637	425	607	1032
	Total Completers	**		**	2		83	66	35	118	153
	Transfers Out	**	2	**	6	5	115	320	198	252	450
	Graduation Rate	**		**	11.1%		23.4%	10.4%	8.2%	19.4%	14.8%
	Transfer Out Rate	**	28.6%	**	33.3%	55.6%	32.4%	50.2%	46.6%	41.5%	43.6%
	Combined Rate	**	28.6%	**	44.4%	55.6%	55.8%	60.6%	54.8%	61.0%	58.4%
Inver Hills Community College											
	Initial Cohort	10	19	4	18	24	453	114	281	361	642
	Total Completers	2	1		1	1	61	6	24	48	72
	Transfers Out	2	11	3	4	10	161	43	109	125	234
	Graduation Rate	20.0%	5.3%		5.6%	4.2%	13.5%	5.3%	8.5%	13.3%	11.2%
	Transfer Out Rate	20.0%	57.9%	75.0%	22.2%	41.7%	35.5%	37.7%	38.8%	34.6%	36.5%
	Combined Rate	40.0%	63.2%	75.0%	27.8%	45.8%	49.0%	43.0%	47.3%	47.9%	47.7%
Normandale Community College											
	Initial Cohort	17	62	4	71	17	852	83	546	560	1106
	Total Completers	3	3	1	10		109	3	47	82	129
	Transfers Out	5	27		24	10	363	36	231	234	465
	Graduation Rate	17.7%	4.8%	25.0%	14.1%		12.8%	3.6%	8.6%	14.6%	11.7%
	Transfer Out Rate	29.4%	43.6%		33.8%	58.8%	42.6%	43.4%	42.3%	41.8%	42.0%
	Combined Rate	47.1%	48.4%	25.0%	47.9%	58.8%	55.4%	47.0%	50.9%	56.4%	53.7%
North Hennepin Community College											
	Initial Cohort	**	54	**	46	10	549	107	362	420	782
	Total Completers	**	3	**	5	1	112	19	56	86	142
	Transfers Out	**	18	**	13	4	162	42	117	124	241
	Graduation Rate	**	5.6%	**	10.9%	10.0%	20.4%	17.8%	15.5%	20.5%	18.2%
	Transfer Out Rate	**	33.3%	**	28.3%	40.0%	29.5%	39.3%	32.3%	29.5%	30.8%
	Combined Rate	**	38.9%	**	39.1%	50.0%	49.9%	57.0%	47.8%	50.0%	49.0%

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Source: Office of the Chancellor Research and Planning

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Measure 6C
IPEDS Graduation Rates and Transfer-Out Rates by Racial/Ethnic Status and Gender
Two-Year College Fall 2000 and Four-Year University Fall 1997 First-time, Full-time, Degree Seeking Students
Minnesota State Colleges and Universities

Area	Institution	Non-Resident Alien	African American	American Indian	Asian/Pacific Islander	Hispanic	White	Unknown Race/Ethnicity	Total Male	Total Female	Grand Total
Metro Area Community and Technical Colleges Total											
	Graduation Rate	9.3%	7.1%	12.1%	6.4%	10.0%	18.1%	8.1%	12.2%	14.1%	13.1%
	Transfer Out Rate	24.1%	26.2%	33.3%	20.0%	13.3%	25.7%	33.7%	26.4%	28.2%	27.3%
	Combined Rate	33.3%	33.3%	45.5%	26.4%	23.3%	43.8%	41.8%	38.5%	42.3%	40.4%
Century College											
	Initial Cohort	26	46	10	59	11	653	357	563	599	1162
	Total Completers	4	9	3	2	3	132	34	84	103	187
	Transfers Out	7	9	2	14		176	114	140	182	322
	Graduation Rate	15.4%	19.6%	30.0%	3.4%	27.3%	20.2%	9.5%	14.9%	17.2%	16.1%
	Transfer Out Rate	26.9%	19.6%	20.0%	23.7%		27.0%	31.9%	24.9%	30.4%	27.7%
	Combined Rate	42.3%	39.1%	50.0%	27.1%	27.3%	47.2%	41.5%	39.8%	47.6%	43.8%
Minneapolis Community and Technical College											
	Initial Cohort	28	164	23	81	19	371	148	439	395	834
	Total Completers	1	6	1	7		53	7	38	37	75
	Transfers Out	6	46	9	14	4	87	56	124	98	222
	Graduation Rate	3.6%	3.7%	4.4%	8.6%		14.3%	4.7%	8.7%	9.4%	9.0%
	Transfer Out Rate	21.4%	28.1%	39.1%	17.3%	21.1%	23.5%	37.8%	28.3%	24.8%	26.6%
	Combined Rate	25.0%	31.7%	43.5%	25.9%	21.1%	37.7%	42.6%	36.9%	34.2%	35.6%
Metro Area Technical Colleges Total											
	Graduation Rate	35.0%	27.6%	46.2%	35.2%	27.1%	41.9%	49.1%	41.5%	40.3%	41.1%
	Transfer Out Rate	15.0%	19.7%	23.1%	11.4%	18.8%	12.8%	15.6%	11.3%	18.2%	13.8%
	Combined Rate	50.0%	47.4%	69.2%	46.7%	45.8%	54.7%	64.6%	52.8%	58.5%	54.9%
Anoka Technical College											
	Initial Cohort		**	**	8	**	280	7	193	112	305
	Total Completers		**	**	4	**	125	1	87	45	132
	Transfers Out		**	**	1	**	42	3	27	19	46
	Graduation Rate		**	**	50.0%	**	44.6%	14.3%	45.1%	40.2%	43.3%
	Transfer Out Rate		**	**	12.5%	**	15.0%	42.9%	14.0%	17.0%	15.1%
	Combined Rate		**	**	62.5%	**	59.6%	57.1%	59.1%	57.1%	58.4%
Dakota County Technical College											
	Initial Cohort	**	**	**	5	11	261	249	329	213	542
	Total Completers	**	**	**	1	2	115	126	152	98	250
	Transfers Out	**	**	**	1	5	33	36	38	38	76
	Graduation Rate	**	**	**	20.0%	18.2%	44.1%	50.6%	46.2%	46.0%	46.1%
	Transfer Out Rate	**	**	**	20.0%	45.5%	12.6%	14.5%	11.6%	17.8%	14.0%
	Combined Rate	**	**	**	40.0%	63.6%	56.7%	65.1%	57.8%	63.9%	60.2%

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Source: Office of the Chancellor Research and Planning

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Minnesota State Colleges and Universities

Area	Institution	Non-Resident Alien	African American	American Indian	Asian/Pacific Islander	Hispanic	White	Unknown Race/Ethnicity	Total Male	Total Female	Grand Total
Hennepin Technical College											
	Initial Cohort	**	32		29	**	698	3	530	243	773
	Total Completers	**	11		6	**	243		173	91	264
	Transfers Out	**	8		6	**	95	1	60	51	111
	Graduation Rate	**	34.4%		20.7%	**	34.8%		32.6%	37.5%	34.2%
	Transfer Out Rate	**	25.0%		20.7%	**	13.6%	33.3%	11.3%	21.0%	14.4%
	Combined Rate	**	59.4%		41.4%	**	48.4%	33.3%	44.0%	58.4%	48.5%
Saint Paul College											
	Initial Cohort	15	102	9	63	27	278	4	297	201	498
	Total Completers	6	25	5	26	7	153	2	148	76	224
	Transfers Out	2	21	3	4	4	24	1	27	32	59
	Graduation Rate	40.0%	24.5%	55.6%	41.3%	25.9%	55.0%	50.0%	49.8%	37.8%	45.0%
	Transfer Out Rate	13.3%	20.6%	33.3%	6.4%	14.8%	8.6%	25.0%	9.1%	15.9%	11.9%
	Combined Rate	53.3%	45.1%	88.9%	47.6%	40.7%	63.7%	75.0%	58.9%	53.7%	56.8%
Greater Minnesota Community Colleges Total											
	Graduation Rate	5.9%	6.8%	10.1%			32.2%	19.1%	22.4%	36.5%	28.4%
	Transfer Out Rate		29.6%	23.2%	25.0%	22.2%	32.7%	32.6%	34.9%	27.0%	31.5%
	Combined Rate	5.9%	36.4%	33.3%	25.0%	22.2%	65.0%	51.7%	57.3%	63.5%	60.0%
Fergus Falls Community College											
	Initial Cohort		10	**		**	363	13	208	182	390
	Total Completers			**		**	105		36	69	105
	Transfers Out		6	**		**	147	7	97	66	163
	Graduation Rate			**		**	28.9%		17.3%	37.9%	26.9%
	Transfer Out Rate		60.0%	**		**	40.5%	53.9%	46.6%	36.3%	41.8%
	Combined Rate		60.0%	**		**	69.4%	53.9%	63.9%	74.2%	68.7%
Fond du Lac Tribal and Community College											
	Initial Cohort		**	46	**		75	3	57	69	126
	Total Completers		**	2	**		18		9	11	20
	Transfers Out		**	9	**		15		10	15	25
	Graduation Rate		**	4.4%	**		24.0%		15.8%	15.9%	15.9%
	Transfer Out Rate		**	19.6%	**		20.0%		17.5%	21.7%	19.8%
	Combined Rate		**	23.9%	**		44.0%		33.3%	37.7%	35.7%

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Minnesota State Colleges and Universities

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Itasca Community College											
	Initial Cohort	**		8	**	**	280	29	191	147	338
	Total Completers	**		3	**	**	108	6	55	63	118
	Transfers Out	**		1	**	**	87	12	67	34	101
	Graduation Rate	**		37.5%	**	**	38.6%	20.7%	28.8%	42.9%	34.9%
	Transfer Out Rate	**		12.5%	**	**	31.1%	41.4%	35.1%	23.1%	29.9%
	Combined Rate	**		50.0%	**	**	69.6%	62.1%	63.9%	66.0%	64.8%
Rainy River Community College											
	Initial Cohort	**	**	11	**	**	105		57	68	125
	Total Completers	**	**	2	**	**	42		18	27	45
	Transfers Out	**	**	3	**	**	31		23	14	37
	Graduation Rate	**	**	18.2%	**	**	40.0%		31.6%	39.7%	36.0%
	Transfer Out Rate	**	**	27.3%	**	**	29.5%		40.4%	20.6%	29.6%
	Combined Rate	**	**	45.5%	**	**	69.5%		71.9%	60.3%	65.6%
Vermilion Community College											
	Initial Cohort		29	**		**	176	44	192	60	252
	Total Completers		2	**		**	49	11	40	22	62
	Transfers Out		4	**		**	47	10	49	13	62
	Graduation Rate		6.9%	**		**	27.8%	25.0%	20.8%	36.7%	24.6%
	Transfer Out Rate		13.8%	**		**	26.7%	22.7%	25.5%	21.7%	24.6%
	Combined Rate		20.7%	**		**	54.6%	47.7%	46.4%	58.3%	49.2%
Greater Minnesota Community and Technical Colleges Total											
	Graduation Rate	27.5%	8.6%	31.2%	30.4%	26.5%	40.9%	28.1%	36.7%	40.2%	38.2%
	Transfer Out Rate	7.5%	32.1%	16.4%	16.1%	14.3%	19.8%	25.3%	20.7%	20.3%	20.5%
	Combined Rate	35.0%	40.7%	47.5%	46.4%	40.8%	60.6%	53.4%	57.3%	60.5%	58.7%
Central Lakes College											
	Initial Cohort	**	5	**	4	**	779	10	439	363	802
	Total Completers	**	2	**	1	**	337	2	184	160	344
	Transfers Out	**		**		**	134	3	81	56	137
	Graduation Rate	**	40.0%	**	25.0%	**	43.3%	20.0%	41.9%	44.1%	42.9%
	Transfer Out Rate	**		**		**	17.2%	30.0%	18.5%	15.4%	17.1%
	Combined Rate	**	40.0%	**	25.0%	**	60.5%	50.0%	60.4%	59.5%	60.0%

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Hibbing Community College											
	Initial Cohort		3	**		**	99	338	276	166	442
	Total Completers		2	**		**	40	108	94	56	150
	Transfers Out		1	**		**	19	92	63	51	114
	Graduation Rate		66.7%	**		**	40.4%	32.0%	34.1%	33.7%	33.9%
	Transfer Out Rate		33.3%	**		**	19.2%	27.2%	22.8%	30.7%	25.8%
	Combined Rate		100.0%	**		**	59.6%	59.2%	56.9%	64.5%	59.7%
Lake Superior College											
	Initial Cohort	**	5	10	8	**	266	208	292	209	501
	Total Completers	**		1	1	**	50	51	63	41	104
	Transfers Out	**		2	1	**	64	56	74	52	126
	Graduation Rate	**		10.0%	12.5%	**	18.8%	24.5%	21.6%	19.6%	20.8%
	Transfer Out Rate	**		20.0%	12.5%	**	24.1%	26.9%	25.3%	24.9%	25.2%
	Combined Rate	**		30.0%	25.0%	**	42.9%	51.4%	46.9%	44.5%	45.9%
Mesabi Range Community and Technical College											
	Initial Cohort	3	14	15	**	**	324	7	250	117	367
	Total Completers	1		5	**	**	132	2	91	49	140
	Transfers Out		6	1	**	**	78	2	59	28	87
	Graduation Rate	33.3%		33.3%	**	**	40.7%	28.6%	36.4%	41.9%	38.2%
	Transfer Out Rate		42.9%	6.7%	**	**	24.1%	28.6%	23.6%	23.9%	23.7%
	Combined Rate	33.3%	42.9%	40.0%	**	**	64.8%	57.1%	60.0%	65.8%	61.9%
Minnesota West Community and Technical College											
	Initial Cohort	**	**	11	8	4	496	49	356	215	571
	Total Completers	**	**	2	2	2	246	18	164	107	271
	Transfers Out	**	**	4	1		81	7	57	36	93
	Graduation Rate	**	**	18.2%	25.0%	50.0%	49.6%	36.7%	46.1%	49.8%	47.5%
	Transfer Out Rate	**	**	36.4%	12.5%		16.3%	14.3%	16.0%	16.7%	16.3%
	Combined Rate	**	**	54.6%	37.5%	50.0%	65.9%	51.0%	62.1%	66.5%	63.8%
Northland Community and Technical College											
	Initial Cohort	9	8	11		5	308		203	138	341
	Total Completers	3	1	5		1	159		94	75	169
	Transfers Out		4	2			53		37	22	59
	Graduation Rate	33.3%	12.5%	45.5%		20.0%	51.6%		46.3%	54.4%	49.6%
	Transfer Out Rate		50.0%	18.2%			17.2%		18.2%	15.9%	17.3%
	Combined Rate	33.3%	62.5%	63.6%		20.0%	68.8%		64.5%	70.3%	66.9%

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Source: Office of the Chancellor Research and Planning

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Measure 6C
IPEDS Graduation Rates and Transfer-Out Rates by Racial/Ethnic Status and Gender
Two-Year College Fall 2000 and Four-Year University Fall 1997 First-time, Full-time, Degree Seeking Students
Minnesota State Colleges and Universities

Area	Institution	Non-Resident Alien	African American	American Indian	Asian/Pacific Islander	Hispanic	White	Unknown Race/Ethnicity	Total Male	Total Female	Grand Total
Ridgewater College											
	Initial Cohort		**	9	**	21	770	68	454	419	873
	Total Completers		**	3	**	6	387	13	197	214	411
	Transfers Out		**		**	3	118	14	71	65	136
	Graduation Rate		**	33.3%	**	28.6%	50.3%	19.1%	43.4%	51.1%	47.1%
	Transfer Out Rate		**		**	14.3%	15.3%	20.6%	15.6%	15.5%	15.6%
	Combined Rate		**	33.3%	**	42.9%	65.6%	39.7%	59.0%	66.6%	62.7%
Riverland Community College											
	Initial Cohort		3		4	3	438	3	268	183	451
	Total Completers				2	1	201	2	134	72	206
	Transfers Out				2		74		34	42	76
	Graduation Rate				50.0%	33.3%	45.9%	66.7%	50.0%	39.3%	45.7%
	Transfer Out Rate				50.0%		16.9%		12.7%	23.0%	16.9%
	Combined Rate				100.0%	33.3%	62.8%	66.7%	62.7%	62.3%	62.5%
Rochester Community and Technical College											
	Initial Cohort	25	38	**	29	**	876	55	542	491	1033
	Total Completers	5	1	**	10	**	228	11	109	150	259
	Transfers Out	2	14	**	5	**	240	13	160	115	275
	Graduation Rate	20.0%	2.6%	**	34.5%	**	26.0%	20.0%	20.1%	30.6%	25.1%
	Transfer Out Rate	8.0%	36.8%	**	17.2%	**	27.4%	23.6%	29.5%	23.4%	26.6%
	Combined Rate	28.0%	39.5%	**	51.7%	**	53.4%	43.6%	49.6%	54.0%	51.7%
Greater Minnesota Technical Colleges Total											
	Graduation Rate	28.6%	25.8%	15.7%	31.8%	38.5%	48.4%	39.6%	48.8%	42.5%	46.4%
	Transfer Out Rate	14.3%	25.8%	18.6%	31.8%	10.3%	13.9%	18.5%	11.9%	18.9%	14.6%
	Combined Rate	42.9%	51.6%	34.3%	63.6%	48.7%	62.3%	58.0%	60.7%	61.4%	61.0%
Alexandria Technical College											
	Initial Cohort	**	**		**	3	557	171	489	246	735
	Total Completers	**	**		**	2	350	83	291	146	437
	Transfers Out	**	**		**		50	24	48	26	74
	Graduation Rate	**	**		**	66.7%	62.8%	48.5%	59.5%	59.4%	59.5%
	Transfer Out Rate	**	**		**		9.0%	14.0%	9.8%	10.6%	10.1%
	Combined Rate	**	**		**	66.7%	71.8%	62.6%	69.3%	69.9%	69.5%

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Measure 6C
IPEDS Graduation Rates and Transfer-Out Rates by Racial/Ethnic Status and Gender
Two-Year College Fall 2000 and Four-Year University Fall 1997 First-time, Full-time, Degree Seeking Students
Minnesota State Colleges and Universities

Area	Institution	Non-Resident Alien	African American	American Indian	Asian/Pacific Islander	Hispanic	White	Unknown Race/Ethnicity	Total Male	Total Female	Grand Total
Minnesota State College - Southeast Technical											
	Initial Cohort		**	**	**	**	268	**	187	88	275
	Total Completers		**	**	**	**	121	**	88	35	123
	Transfers Out		**	**	**	**	19	**	14	7	21
	Graduation Rate		**	**	**	**	45.2%	**	47.1%	39.8%	44.7%
	Transfer Out Rate		**	**	**	**	7.1%	**	7.5%	8.0%	7.6%
	Combined Rate		**	**	**	**	52.2%	**	54.6%	47.7%	52.4%
Northwest Technical College											
	Initial Cohort		11	62	4	23	955	130	679	506	1185
	Total Completers		3	8		8	426	48	325	168	493
	Transfers Out		4	11	2	2	184	26	97	132	229
	Graduation Rate		27.3%	12.9%		34.8%	44.6%	36.9%	47.9%	33.2%	41.6%
	Transfer Out Rate		36.4%	17.7%	50.0%	8.7%	19.3%	20.0%	14.3%	26.1%	19.3%
	Combined Rate		63.6%	30.7%	50.0%	43.5%	63.9%	56.9%	62.2%	59.3%	60.9%
Pine Technical College											
	Initial Cohort		4	**	**	**	77	**	50	43	93
	Total Completers		1	**	**	**	21	**	12	13	25
	Transfers Out		1	**	**	**	11	**	6	7	13
	Graduation Rate		25.0%	**	**	**	27.3%	**	24.0%	30.2%	26.9%
	Transfer Out Rate		25.0%	**	**	**	14.3%	**	12.0%	16.3%	14.0%
	Combined Rate		50.0%	**	**	**	41.6%	**	36.0%	46.5%	40.9%
South Central Technical College											
	Initial Cohort		**	**	6	7	559	28	376	231	607
	Total Completers		**	**	2	3	243	6	165	90	255
	Transfers Out		**	**	1	2	65	5	44	31	75
	Graduation Rate		**	**	33.3%	42.9%	43.5%	21.4%	43.9%	39.0%	42.0%
	Transfer Out Rate		**	**	16.7%	28.6%	11.6%	17.9%	11.7%	13.4%	12.4%
	Combined Rate		**	**	50.0%	71.4%	55.1%	39.3%	55.6%	52.4%	54.4%
St. Cloud Technical College											
	Initial Cohort	**	8	**	8	4	580	36	393	251	644
	Total Completers	**	4	**	4		289	10	180	128	308
	Transfers Out	**		**	2		86	14	50	55	105
	Graduation Rate	**	50.0%	**	50.0%		49.8%	27.8%	45.8%	51.0%	47.8%
	Transfer Out Rate	**		**	25.0%		14.8%	38.9%	12.7%	21.9%	16.3%
	Combined Rate	**	50.0%	**	75.0%		64.7%	66.7%	58.5%	72.9%	64.1%

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Measure 6C
IPEDS Graduation Rates and Transfer-Out Rates by Racial/Ethnic Status and Gender
Two-Year College Fall 2000 and Four-Year University Fall 1997 First-time, Full-time, Degree Seeking Students
Minnesota State Colleges and Universities

Area	Institution	Non-Resident Alien	African American	American Indian	Asian/Pacific Islander	Hispanic	White	Unknown Race/Ethnicity	Total Male	Total Female	Grand Total
State Universities Total											
	Graduation Rate	36.3%	20.6%	13.0%	33.7%	37.2%	47.3%	45.6%	43.1%	48.2%	46.1%
	Transfer Out Rate	6.6%	38.2%	27.8%	30.3%	34.9%	30.3%	25.7%	27.5%	30.8%	29.4%
	Combined Rate	42.9%	58.8%	40.7%	64.0%	72.1%	77.6%	71.3%	70.6%	79.0%	75.5%
Bemidji State University											
	Initial Cohort	21	**	29	**	6	442	29	266	265	531
	Total Completers	8	**	1	**	2	174	14	101	98	199
	Transfers Out	2	**	8	**	1	100	3	54	61	115
	Graduation Rate	38.1%	**	3.5%	**	33.3%	39.4%	48.3%	38.0%	37.0%	37.5%
	Transfer Out Rate	9.5%	**	27.6%	**	16.7%	22.6%	10.3%	20.3%	23.0%	21.7%
	Combined Rate	47.6%	**	31.0%	**	50.0%	62.0%	58.6%	58.3%	60.0%	59.1%
Metropolitan State University											
	Initial Cohort		**	**	9		21	**	26	12	38
	Total Completers		**	**	2		4	**	4	2	6
	Transfers Out		**	**	3		7	**	7	5	12
	Graduation Rate		**	**	22.2%		19.1%	**	15.4%	16.7%	15.8%
	Transfer Out Rate		**	**	33.3%		33.3%	**	26.9%	41.7%	31.6%
	Combined Rate		**	**	55.6%		52.4%	**	42.3%	58.3%	47.4%
Minnesota State University Moorhead											
	Initial Cohort	**	4	3	6	**	458	516	318	673	991
	Total Completers	**		1	3	**	202	248	135	321	456
	Transfers Out	**	1	2	2	**	148	112	90	175	265
	Graduation Rate	**		33.3%	50.0%	**	44.1%	48.1%	42.5%	47.7%	46.0%
	Transfer Out Rate	**	25.0%	66.7%	33.3%	**	32.3%	21.7%	28.3%	26.0%	26.7%
	Combined Rate	**	25.0%	100.0%	83.3%	**	76.4%	69.8%	70.8%	73.7%	72.8%
Minnesota State University, Mankato											
	Initial Cohort	17	11	5	25	12	1486	115	757	914	1671
	Total Completers	10	3		12	3	756	49	363	470	833
	Transfers Out	2	1	2	7	6	421	36	196	279	475
	Graduation Rate	58.8%	27.3%		48.0%	25.0%	50.9%	42.6%	48.1%	51.4%	49.9%
	Transfer Out Rate	11.8%	9.1%	40.0%	28.0%	50.0%	28.4%	31.3%	26.0%	30.5%	28.5%
	Combined Rate	70.6%	36.4%	40.0%	76.0%	75.0%	79.3%	73.9%	74.0%	82.0%	78.4%

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Two-Year College Fall 2000 and Four-Year University Fall 1997 First-time, Full-time, Degree Seeking Students
Minnesota State Colleges and Universities

Area	Institution	Non-Resident Alien	African American	American Indian	Asian/Pacific Islander	Hispanic	White	Unknown Race/Ethnicity	Total Male	Total Female	Grand Total
Southwest Minnesota State University											
	Initial Cohort	22	6	4	**	**	355	**	192	217	409
	Total Completers	1	1	1	**	**	151	**	61	99	160
	Transfers Out		3		**	**	104	**	58	60	118
	Graduation Rate	4.6%	16.7%	25.0%	**	**	42.5%	**	31.8%	45.6%	39.1%
	Transfer Out Rate		50.0%		**	**	29.3%	**	30.2%	27.7%	28.9%
	Combined Rate	4.6%	66.7%	25.0%	**	**	71.8%	**	62.0%	73.3%	68.0%
St. Cloud State University											
	Initial Cohort	19	30	8	21	11	1408	157	725	929	1654
	Total Completers	11	6	2	3	5	603	62	285	407	692
	Transfers Out	1	13	3	8	4	452	49	216	314	530
	Graduation Rate	57.9%	20.0%	25.0%	14.3%	45.5%	42.8%	39.5%	39.3%	43.8%	41.8%
	Transfer Out Rate	5.3%	43.3%	37.5%	38.1%	36.4%	32.1%	31.2%	29.8%	33.8%	32.0%
	Combined Rate	63.2%	63.3%	62.5%	52.4%	81.8%	74.9%	70.7%	69.1%	77.6%	73.9%
Winona State University											
	Initial Cohort	**	11	**	23	7	1134	79	452	815	1267
	Total Completers	**	4	**	9	4	617	39	229	448	677
	Transfers Out	**	6	**	6	1	376	26	132	284	416
	Graduation Rate	**	36.4%	**	39.1%	57.1%	54.4%	49.4%	50.7%	55.0%	53.4%
	Transfer Out Rate	**	54.6%	**	26.1%	14.3%	33.2%	32.9%	29.2%	34.9%	32.8%
	Combined Rate	**	90.9%	**	65.2%	71.4%	87.6%	82.3%	79.9%	89.8%	86.3%

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Senators Pappas, Pogemiller, Tomassoni, Larson and Solon introduced--
S.F. No. 575: Referred to the Committee on Finance.

A bill for an act

relating to higher education; appropriating money to
the Higher Education Services Office for a grant to
the united family medicine residency program.

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

Section 1. [APPROPRIATION.]

\$..... in fiscal year 2006 and \$..... in fiscal year
2007 are appropriated from the general fund to the Higher
Education Services Office for a grant to the united family
medicine residency program. This appropriation shall be used to
support 18 resident physicians each year in family practice at
united family medicine residency programs and shall prepare
doctors to practice family care medicine in underserved rural
and urban areas of the state. It is intended that this program
will improve health care in underserved communities, provide
affordable access to appropriate medical care, and manage the
treatment of patients in a more cost-effective manner.

1 Senator moves to amend S.F. No. 627 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. [135A.53] [RESIDENT TUITION.]

4 (a) A student shall qualify for a resident tuition rate or
5 its equivalent at state universities and colleges, including the
6 University of Minnesota, if the student meets all of the
7 following requirements:

8 (1) high school attendance within the state for two or more
9 years;

10 (2) graduation from a state high school or attainment
11 within the state of the equivalent of high school graduation;
12 and

13 (3) registration as an entering student at, or current
14 enrollment in, a public institution of higher education.

15 (b) This section is in addition to any other statute, rule,
16 or higher education institution regulation or policy providing
17 eligibility for a resident tuition rate or its equivalent to a
18 student.

19 Sec. 2. [EFFECTIVE DATE.]

20 Section 1 is effective the day following final enactment
21 and applies to tuition for school terms commencing on or after
22 that date."

Senators Pappas, Robling, Kierlin, Neuville and Larson introduced--
S.F. No. 627: Referred to the Committee on Finance.

1 A bill for an act

2 relating to higher education; regulating tuition for
 3 certain students; proposing coding for new law in
 4 Minnesota Statutes, chapter 135A.

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

6 Section 1. [135A.53] [RESIDENT TUITION.]

7 Subdivision 1. [FINDINGS.] This section does not confer
 8 postsecondary education benefits on the basis of residence
 9 within the meaning of United States Code, title 8, section 1623.

10 Subd. 2. [PURPOSE.] This section is to provide educational
 11 opportunity to children who grew up in Minnesota so that they
 12 may help improve the overall economic condition of the state.

13 Subd. 3. [QUALIFICATIONS FOR IN-STATE TUITION RATES.] (a)
 14 A student, other than a nonimmigrant alien within the meaning of
 15 United States Code, title 8, section 1101, subsection (a),
 16 paragraph 15, shall qualify for a resident tuition rate or its
 17 equivalent at state universities and colleges, including the
 18 University of Minnesota, if the student meets all of the
 19 following requirements:

20 (1) high school attendance within the state for two or more
 21 years;

22 (2) graduation from a state high school or attainment of
 23 the equivalent of high school graduation; and

24 (3) registration as an entering student at, or current
 25 enrollment in, a public institution of higher education.

1 (b) This section is in addition to any other statute, rule,
2 or higher education institution regulation or policy providing
3 eligibility for a resident tuition rate or its equivalent to a
4 student.

5 Sec. 2. [EFFECTIVE DATE.]

6 Section 1 is effective the day following final enactment
7 and applies to tuition for school terms commencing on or after
8 that date.

ITEM	Base			Base			Agency Request			Agency Request			Governor's Recommendation			Governor's Recommendation			Gov's Rec-vs- Agency Request		
	FY 2006	FY 2007	FY 2006-7	FY 2008	FY 2009	FY 2008-9	FY 2006	FY 2007	FY 2006-7	FY 2008	FY 2009	FY 2008-9	FY 2006	FY 2007	FY 2006-7	FY 2008	FY 2009	FY 2008-9	FY 2006	FY 2007	FY 2006-7
HIGHER EDUCATION SERVICES OFFICE																					
Agency Administration Base																					
Student Financial Aid Services	617	617	1,234	617	617	1,234	617	617	1,234	617	617	1,234	617	617	1,234	617	617	1,234	0	0	0
Research & Program Services	358	358	716	358	358	716	358	358	716	358	358	716	358	358	716	358	358	716	0	0	0
Post Secondary Service Learning	100	100	200	100	100	200	100	100	200	100	100	200	100	100	200	100	100	200	0	0	0
Student and Parent Information	125	125	250	125	125	250	125	125	250	125	125	250	125	125	250	125	125	250	0	0	0
Get Ready Outreach Program	184	184	368	184	184	368	184	184	368	184	184	368	184	184	368	184	184	368	0	0	0
Intervention for College Access Program (ICAP)	255	255	510	255	255	510	255	255	510	255	255	510	255	255	510	255	255	510	0	0	0
Director & Council	173	173	346	173	173	346	173	173	346	173	173	346	173	173	346	173	173	346	0	0	0
Communication & Legislative Services	223	223	446	223	223	446	223	223	446	223	223	446	223	223	446	223	223	446	0	0	0
Financial Services	436	436	872	436	436	872	436	436	872	436	436	872	436	436	872	436	436	872	0	0	0
Human Resources & Agency Services	78	78	156	78	78	156	78	78	156	78	78	156	78	78	156	78	78	156	0	0	0
Information & Technology Services	311	311	622	311	311	622	311	311	622	311	311	622	311	311	622	311	311	622	0	0	0
Subtotal Agency Administration	2,860	2,860	5,720	2,860	2,860	5,720	2,860	2,860	5,720	0	0	0									
Financial Aid																					
State Grants Base	140,500	140,500	281,000	140,500	140,500	281,000	140,500	140,500	281,000	140,500	140,500	281,000	140,500	140,500	281,000	140,500	140,500	281,000	0	0	0
Safety Officer Survivor Program	75	75	150	75	75	150	75	75	150	75	75	150	75	75	150	75	75	150	0	0	0
Subtotal Financial Aid	140,575	140,575	281,150	140,575	140,575	281,150	140,575	140,575	281,150	0	0	0									
Change Items																					
Accountability Measurement System													100	300	400	300	300	600	100	300	400
State Grant Software Rewrite													310	0	310	0	0	0	310	0	310
University in Rochester-Implementation													200	0	200	0	0	0	200	0	200
University in Rochester-Development													3,000	0	3,000	0	0	0	3,000	0	3,000
Reinvest Pell Grant Savings in State Grant Program																			0	0	0
Subtotal Change Items													3,610	300	3,910	300	300	600	3,610	300	3,910
Other Programs																					
Child Care	4,743	4,743	9,486	4,743	4,743	9,486	4,743	4,743	9,486	4,743	4,743	9,486	4,743	4,743	9,486	4,743	4,743	9,486	0	0	0
Work Study	12,444	12,444	24,888	12,444	12,444	24,888	12,444	12,444	24,888	12,444	12,444	24,888	12,444	12,444	24,888	12,444	12,444	24,888	0	0	0
Interstate Tuition Reciprocity	3,600	3,600	7,200	3,600	3,600	7,200	3,600	3,600	7,200	3,600	3,600	7,200	3,600	3,600	7,200	1,000	1,000	2,000	(2,600)	(2,600)	(5,200)
Minnesota College Savings Program	1,120	1,120	2,240	1,120	1,120	2,240	1,120	1,120	2,240	1,120	1,120	2,240	1,120	1,120	2,240	1,120	1,120	2,240	0	0	0
Learning Network of Minnesota	4,829	4,829	9,658	4,829	4,829	9,658	4,829	4,829	9,658	4,829	4,829	9,658	4,329	4,329	8,658	4,329	4,329	8,658	(500)	(500)	(1,000)
MINITEX	4,381	4,381	8,762	4,381	4,381	8,762	4,381	4,381	8,762	4,381	4,381	8,762	4,381	4,381	8,762	4,381	4,381	8,762	0	0	0
MnLINK Gateway	400	400	800	400	400	800	400	400	800	400	400	800	400	400	800	400	400	800	0	0	0
Subtotal Other Programs	31,517	31,517	63,034	28,417	28,417	56,834	28,417	28,417	56,834	(3,100)	(3,100)	(6,200)									
General Fund Appropriation Total HESO FY 2006-2007	174,952	174,952	349,904	175,482	172,152	347,614	172,152	172,152	344,304	510	(2,800)	(2,290)									
<i>Consolidation of HEFA</i>													(2,100)		(2,100)				(2,100)		(2,100)
Net General Fund Impact	174,952	174,952	349,904	173,382	172,152	345,514	172,152	172,152	344,304	(1,590)	(2,800)	(4,390)									
Special Revenue Private Career School Fee Increase													11	15	26	15	15	30	11	15	26
MAYO FOUNDATION																					
Medical School	514	514	1,028	514	514	1,028	514	514	1,028	514	514	1,028	514	514	1,028	514	514	1,028	0	0	0
Residency Programs	877	877	1,754	877	877	1,754	877	877	1,754	877	877	1,754	877	877	1,754	877	877	1,754	0	0	0
General Fund Appropriation Total MAYO FY 2006-2007	1,391	1,391	2,782	1,391	1,391	2,782	1,391	1,391	2,782	0	0	0									

ITEM	Base			Base			Agency Request			Agency Request			Governor's Recommendation			Governor's Recommendation			Gov's Rec -vs- Agency Request		
	FY 2006	FY 2007	FY 2006-7	FY 2008	FY 2009	FY 2008-9	FY 2006	FY 2007	FY 2006-7	FY 2008	FY 2009	FY 2008-9	FY 2006	FY 2007	FY 2006-7	FY 2008	FY 2009	FY 2008-9	FY 2006	FY 2007	FY 2006-7
MN STATE COLLEGES & UNIVERSITIES																					
Unadjusted Base	547,694	547,694	1,095,388	547,694	547,694	1,095,388	547,694	547,694	1,095,388	547,694	547,694	1,095,388	547,694	547,694	1,095,388	547,694	547,694	1,095,388	0	0	0
Enrollment Adjustment-Recurring	36,000	36,000	72,000	36,000	36,000	72,000	36,000	36,000	72,000	36,000	36,000	72,000	36,000	36,000	72,000	36,000	36,000	72,000	0	0	0
Enrollment Adjustment-Nonrecurring	58,800	0	58,800	0	0	0	58,800	0	58,800	0	0	0	58,800	0	58,800	0	0	0	0	0	0
Adjusted Base Appropriation	642,494	583,694	1,226,188	583,694	583,694	1,167,388	642,494	583,694	1,226,188	583,694	583,694	1,167,388	642,494	583,694	1,226,188	583,694	583,694	1,167,388	0	0	0
Change Items																					
Enrollment Adjustment-Recurring													(36,000)	(36,000)	(72,000)	(36,000)	(36,000)	(72,000)	(36,000)	(36,000)	(72,000)
Enrollment Adjustment-Nonrecurring													(58,800)	0	(58,800)	0	0	0	(58,800)	0	(58,800)
Invest Nonrecurring Enrollment Adjustment							(58,800)	0	(58,800)	0	0	0	0	0	0	0	0	0	58,800	0	58,800
Invest Nonrecurring-Minnesota Online							13,900	0	13,900	0	0	0	0	0	0	0	0	0	(13,900)	0	(13,900)
Invest Nonrecurring-Leveraged Equipment							14,100	0	14,100	0	0	0	0	0	0	0	0	0	(14,100)	0	(14,100)
Invest Nonrecurring-Technology							20,000	0	20,000	0	0	0	0	0	0	0	0	0	(20,000)	0	(20,000)
Invest Nonrecurring-Facilities Repair & Replacement							10,800	0	10,800	0	0	0	0	0	0	0	0	0	(10,800)	0	(10,800)
Nursing							4,800	5,200	10,000	5,200	5,200	10,400	4,800	5,200	10,000	5,200	5,200	10,400	0	0	0
Teacher Education							1,500	1,500	3,000	1,500	1,500	3,000	0	0	0	0	0	0	(1,500)	(1,500)	(3,000)
Farm & Small Business Management							1,500	1,500	3,000	1,500	1,500	3,000	1,500	1,500	3,000	1,500	1,500	3,000	0	0	0
Minnesota Online							3,500	4,600	8,100	4,600	4,600	9,200	9,000	5,000	14,000	5,000	5,000	10,000	5,500	400	5,900
Competitive Salaries							4,800	9,300	13,900	9,300	9,300	18,600	2,500	2,500	5,000	2,500	2,500	5,000	(2,100)	(8,800)	(8,900)
Innovations Fund							2,500	3,000	5,500	3,000	3,000	6,000	2,500	3,000	5,500	3,000	3,000	6,000	0	0	0
Repair & Replacement-Facilities							5,000	6,000	11,000	6,000	6,000	12,000	0	0	0	0	0	0	(5,000)	(6,000)	(11,000)
Serving Underserved Populations							6,000	6,000	12,000	6,000	6,000	12,000	0	0	0	0	0	0	(6,000)	(6,000)	(12,000)
Allocation Framework							0	0	0	0	0	0	25,000	25,000	50,000	25,000	25,000	50,000	25,000	25,000	50,000
Centers of Excellence							0	0	0	0	0	0	10,000	10,000	20,000	10,000	10,000	20,000	10,000	10,000	20,000
Subtotal Change Items							29,400	37,100	66,500	37,100	37,100	74,200	(39,500)	16,200	(23,300)	16,200	16,200	32,400	(68,900)	(20,900)	(89,800)
Estimated Cost of Instruction	869,290	789,734	1,659,024	789,734	789,734	1,579,468	909,068	839,930	1,748,998	839,930	839,930	1,679,860	815,847	811,653	1,627,499	811,653	811,653	1,623,305	(93,221)	(28,278)	(121,499)
Instructional Appropriation (90.2% of Appropriation)	579,530	526,492	1,106,022	526,492	526,492	1,052,984	606,048	559,956	1,166,005	559,956	559,956	1,119,912	543,901	541,104	1,085,005	541,104	541,104	1,082,209	(62,148)	(18,852)	(81,000)
Noninstructional Appropriation (9.8% of Appropriation)	62,964	57,202	120,166	57,202	57,202	114,404	65,846	60,838	126,683	60,838	60,838	121,676	59,093	58,790	117,883	58,790	58,790	117,579	(6,752)	(2,048)	(8,800)
General Fund Appropriation Total MNSCU FY 2006-2007	642,494	583,694	1,226,188	583,694	583,694	1,167,388	671,894	620,794	1,292,688	620,794	620,794	1,241,588	602,994	599,894	1,202,888	599,894	599,894	1,199,788	(68,900)	(20,900)	(89,800)
UNIVERSITY OF MINNESOTA																					
Unadjusted Base	550,067	550,067	1,100,134	550,067	550,067	1,100,134	550,067	550,067	1,100,134	550,067	550,067	1,100,134	550,067	550,067	1,100,134	550,067	550,067	1,100,134	0	0	0
Enrollment Adjustment	58,362	15,388	73,750	15,388	15,388	30,776	58,362	15,388	73,750	15,388	15,388	30,776	58,362	15,388	73,750	15,388	15,388	30,776	0	0	0
Adjusted Base	608,429	565,455	1,173,884	565,455	565,455	1,130,910	608,429	565,455	1,173,884	565,455	565,455	1,130,910	608,429	565,455	1,173,884	565,455	565,455	1,130,910	0	0	0
Operations and Maintenance Base Appropriation	545,062	502,088	1,047,150	502,088	502,088	1,004,176	545,062	502,088	1,047,150	502,088	502,088	1,004,176	545,062	502,088	1,047,150	502,088	502,088	1,004,176	0	0	0
Specials Base Appropriation	63,367	63,367	126,734	63,367	63,367	126,734	63,367	63,367	126,734	63,367	63,367	126,734	63,367	63,367	126,734	63,367	63,367	126,734	0	0	0
Total Base Appropriation (O/M+Specials)	608,429	565,455	1,173,884	565,455	565,455	1,130,910	608,429	565,455	1,173,884	565,455	565,455	1,130,910	608,429	565,455	1,173,884	565,455	565,455	1,130,910	0	0	0
Change Items																					
Enrollment Adjustment													(58,362)	(15,388)	(73,750)	(15,388)	(15,388)	(30,776)	(58,362)	(15,388)	(73,750)
Biosciences for a Healthy Society							12,000	24,000	36,000	24,000	24,000	48,000	12,000	24,000	36,000	24,000	24,000	48,000	0	0	0
Competitive Compensation							5,000	10,000	15,000	10,000	10,000	20,000	5,000	10,000	15,000	10,000	10,000	20,000	0	0	0
Research Support							11,500	23,000	34,500	23,000	23,000	46,000	20,000	15,000	35,000	15,000	15,000	30,000	8,500	(8,000)	500
Preparing Students for 21st Century Economy							6,500	13,000	19,500	13,000	13,000	26,000	6,500	13,000	19,500	13,000	13,000	26,000	0	0	0
Biotechnology & Medical Genomics Partnership							0	0	0	0	0	0	15,000	0	15,000	0	0	0	15,000	0	15,000
21st Century Technology							7,000	14,000	21,000	14,000	14,000	28,000	0	0	0	0	0	0	(7,000)	(14,000)	(21,000)
Subtotal Change Items							42,000	84,000	126,000	84,000	84,000	168,000	138	46,612	46,750	46,612	46,612	93,224	(41,862)	(37,388)	(79,250)
Estimated Cost of Instruction	465,446	432,571	898,017	432,571	432,571	865,142	497,576	496,831	994,406	496,831	496,831	993,661	465,551	468,229	933,780	468,229	468,229	936,458	(32,024)	(28,602)	(60,626)
Instructional Appropriation (Approx 51% of Appropriation)*	310,299	288,382	598,681	288,382	288,382	576,764	331,719	331,222	662,941	331,222	331,222	662,444	310,369	312,154	622,523	312,154	312,154	624,308	(21,350)	(19,068)	(40,418)
Non-Instructional Appropriation (Approx 49% of Appropriation)*	298,130	277,073	575,203	277,073	277,073	554,146	318,710	318,233	636,943	318,233	318,233	636,466	298,198	299,913	598,111	299,913	299,913	599,826	(20,512)	(18,320)	(38,833)
Total U of M General Fund Appropriation	608,429	565,455	1,173,884	565,455	565,455	1,130,910	650,429	649,455	1,299,884	649,455	649,455	1,298,910	608,567	612,067	1,220,634	612,067	612,067	1,224,134	(41,862)	(37,388)	(79,250)

ITEM	Base			Base			Agency Request			Agency Request			Governor's Recommendation			Governor's Recommendation			Gov's Rec -vs- Agency Request		
	FY 2006	FY 2007	FY 2006-7	FY 2008	FY 2009	FY 2008-9	FY 2006	FY 2007	FY 2006-7	FY 2008	FY 2009	FY 2008-9	FY 2006	FY 2007	FY 2006-7	FY 2008	FY 2009	FY 2008-9	FY 2006	FY 2007	FY 2006-7
Information Only																					
Specials																					
Agriculture Base	50,625	50,625	101,250	50,625	50,625	101,250	50,625	50,625	101,250	50,625	50,625	101,250	50,625	50,625	101,250	50,625	50,625	101,250	0	0	0
Health Sciences (United Family Practice)	4,929	4,929	9,858	4,929	4,929	9,858	4,929	4,929	9,858	4,929	4,929	9,858	4,929	4,929	9,858	4,929	4,929	9,858	0	0	0
Institute of Technology	1,387	1,387	2,774	1,387	1,387	2,774	1,387	1,387	2,774	1,387	1,387	2,774	1,387	1,387	2,774	1,387	1,387	2,774	0	0	0
System Special	6,426	6,426	12,852	6,426	6,426	12,852	6,426	6,426	12,852	6,426	6,426	12,852	6,426	6,426	12,852	6,426	6,426	12,852	0	0	0
Total specials	63,367	63,367	126,734	63,367	63,367	126,734	63,367	63,367	126,734	0	0	0									
Other Appropriations																					
Health Care Access Fund (Medical Education)	2,157	2,157	4,314	2,157	2,157	4,314							2,157	2,157	4,314	2,157	2,157	4,314	2,157	2,157	4,314
Cigarette Tax (Academic Health Center)													21,594	21,379	42,973				21,594	21,379	42,973
General Fund and Other Appropriation Total U of M FY 2006-2007	610,586	567,612	1,178,198	567,612	567,612	1,135,224	650,429	649,455	1,299,884	649,455	649,455	1,298,910	632,318	635,603	1,267,921	614,224	614,224	1,228,448	(18,111)	(13,852)	(31,963)
General Fund Appropriations Total, All Higher Education Systems	1,427,266	1,325,492	2,752,758	1,325,492	1,325,492	2,650,984	1,498,666	1,446,592	2,945,258	1,446,592	1,446,592	2,893,184	1,388,414	1,385,504	2,773,918	1,385,504	1,385,504	2,771,008	(110,252)	(61,088)	(171,340)
All Funds Impact, All Higher Education Systems (Includes HCAF, Cig Tax & HEFA Fees and Reallocation)	1,429,423	1,327,649	2,757,072	1,327,649	1,327,649	2,655,298	1,498,666	1,446,592	2,945,258	1,446,592	1,446,592	2,893,184	1,410,076	1,409,055	2,819,131	1,387,676	1,387,676	2,775,352	(88,590)	(37,537)	(126,127)
*These amounts are estimated, awaiting determination of final percentages																					

Senators Kierlin, Larson, Robling and Ruud introduced--

S.F. No. 1174: Referred to the Committee on Finance.

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A bill for an act

relating to higher education; appropriating money for educational and related purposes to the Higher Education Services Office, Board of Trustees of the Minnesota State Colleges and Universities, Board of Regents of the University of Minnesota, and the Mayo Medical Foundation, with certain conditions; modifying various grant and financial aid eligibility provisions; requiring eligible institutions to provide certain data; providing definitions; directing the Board of Trustees to designate centers of excellence; amending the Minnesota college savings plan; authorizing transfer of certain bonding authority; amending provisions related to private career schools; establishing fees; providing for merger with the Higher Education Facilities Authority; making technical, clarifying, and conforming changes; amending Minnesota Statutes 2004, sections 13.46, subdivision 2; 136A.01, subdivision 2; 136A.031, subdivisions 2, 3, 4; 136A.121, subdivisions 2, 6, 9, by adding a subdivision; 136A.125, subdivisions 2, 4; 136A.1701, by adding subdivisions; 136G.03, subdivisions 3, 21a, 22, 32; 136G.05, subdivision 8; 136G.09, subdivisions 11, 12; 136G.11, subdivisions 1, 3, 13, by adding a subdivision; 136G.13, subdivisions 1, 5; 136G.14; 141.21, by adding a subdivision; 141.25, subdivisions 3, 5, 7, 8, 9, 12; 141.251; 141.26, subdivision 5; 141.271, subdivisions 4, 7, 10, by adding subdivisions; 141.28, subdivision 1, by adding a subdivision; 141.29, subdivision 3; 141.30; 141.35; 299A.45, subdivisions 1, 4; proposing coding for new law in Minnesota Statutes, chapters 136A; 136F; 141; repealing Minnesota Statutes 2004, sections 136A.011; 136A.031, subdivision 1; 136A.25; 136A.26; Minnesota Rules, parts 4815.0100; 4815.0110; 4815.0120; 4815.0130; 4815.0140; 4815.0150; 4815.0160; 4830.8100; 4830.8110; 4830.8120; 4830.8130; 4830.8140; 4830.8150.

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

ARTICLE 1

APPROPRIATIONS

Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

1 The sums in the columns marked "APPROPRIATIONS" are appropriated
 2 from the general fund, or other named fund, to the agencies and
 3 for the purposes specified in this article. The listing of an
 4 amount under the figure "2006" or "2007" in this article
 5 indicates that the amount is appropriated to be available for
 6 the fiscal year ending June 30, 2006, or June 30, 2007,
 7 respectively. "The first year" is fiscal year 2006. "The
 8 second year" is fiscal year 2007. "The biennium" is fiscal
 9 years 2006 and 2007.

SUMMARY BY FUND

	2006	2007	TOTAL
12 General	\$1,385,214,000	\$1,385,504,000	\$2,770,718,000
13 Health Care			
14 Access	2,157,000	2,157,000	4,314,000

SUMMARY BY AGENCY - ALL FUNDS

	2006	2007	TOTAL
17 Higher Education			
18 Services Office	172,262,000	172,152,000	344,414,000
19 Board of Trustees			
20 of the Minnesota State			
21 Colleges and			
22 Universities	602,994,000	599,894,000	1,202,888,000
23 Board of Regents			
24 of the University			
25 of Minnesota	610,724,000	614,224,000	1,224,948,000
26 Mayo Medical			
27 Foundation	1,391,000	1,391,000	2,782,000

APPROPRIATIONS

28 Available for the Year
 29 Ending June 30
 30 2006 2007
 31

32 Sec. 2. HIGHER EDUCATION
 33 SERVICES OFFICE

34 Subdivision 1. Total			
35 Appropriation	\$ 172,262,000	\$ 172,152,000	

36 The amounts that may be spent from this
 37 appropriation for each purpose are
 38 specified in the following subdivisions.

39 Subd. 2. State Grants	140,575,000	140,575,000
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40 If the appropriation in this
 41 subdivision for either year is
 42 insufficient, the appropriation for the
 43 other year is available for it. For
 44 the biennium, the private institution
 45 maximum shall be \$8,983 in the first
 46 year and \$8,983 in the second year for
 47 four-year institutions and \$6,913 in

1 the first year and \$6,913 in the second
2 year for two-year institutions.

3 This appropriation sets the living and
4 miscellaneous expense allowance at
5 \$5,280 in each year.

6 Savings in the state grant program in
7 fiscal years 2006 and 2007 resulting
8 from any changes in the federal needs
9 analysis formula must be used as
10 provided in this subdivision and under
11 article 2, section 7.

12 Subd. 3. Interstate Tuition		
13 Reciprocity	1,000,000	1,000,000

14 If the appropriation in this
15 subdivision for either year is
16 insufficient, the appropriation for the
17 other year is available to meet
18 reciprocity contract obligations.

19 Subd. 4. State Work Study	12,444,000	12,444,000
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20 Subd. 5. Child Care Grants	4,743,000	4,743,000
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21 Subd. 6. Minitex	4,381,000	4,381,000
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22 Subd. 7. MnLINK Gateway	400,000	400,000
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23 Subd. 8. Learning Network 24 of Minnesota	4,329,000	4,329,000
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25 Subd. 9. Minnesota College 26 Savings Plan	1,120,000	1,120,000
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27 Subd. 10. Other Small 28 Programs	664,000	664,000
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29 Of this appropriation, \$100,000 each
30 year is for grants to increase
31 campus-community collaboration and
32 service learning statewide. For each
33 \$1 in state funding, grant recipients
34 must contribute \$2 in campus or
35 community-based support.

36 Subd. 11. Agency 37 Administration	2,606,000	2,496,000
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38 Of this appropriation, \$100,000 in the
39 first year and \$300,000 in the second
40 year is for the Higher Education
41 Services Office to develop and
42 implement a process to measure and
43 report on the effectiveness of
44 postsecondary institutions in the
45 state. The funding base for this
46 initiative in fiscal years 2008 and
47 2009 is \$300,000 per year.

48 Of this appropriation, \$310,000 in the
49 first year is for the Higher Education
50 Services Office to upgrade computer
51 program application software related to
52 state grant awards. This appropriation
53 does not cancel but is available until
54 expended. This is a onetime
55 appropriation and is not added to the
56 agency's base.

1 Subd. 12. Balances Forward

2 A balance in the first year under this
3 section does not cancel, but is
4 available for the second year.

5 Subd. 13. Transfers

6 The Higher Education Services Office
7 may transfer unencumbered balances from
8 the appropriations in this section to
9 the state grant appropriation, the
10 interstate tuition reciprocity
11 appropriation, the child care
12 appropriation, and the state work study
13 appropriation.

14 Subd. 14. Reporting

15 The Higher Education Services Office
16 shall collect data monthly from
17 institutions disbursing state financial
18 aid. The data collected must include,
19 but is not limited to, expenditures by
20 type to date and unexpended balances.
21 The Higher Education Services Office
22 must evaluate and report quarterly
23 state financial aid expenditures and
24 unexpended balances to the chairs of
25 the Higher Education Finances
26 Committees of the senate and house of
27 representatives and the commissioner of
28 finance. By November 1 and February
29 15, the Higher Education Services
30 Office must provide updated state grant
31 spending projections taking into
32 account the most current and projected
33 enrollment and tuition and fee
34 information, economic conditions, and
35 other relevant factors. Before
36 submitting state grant spending
37 projections, the Higher Education
38 Services Office must meet and consult
39 with representatives of public and
40 private postsecondary education, the
41 Department of Finance, Governor's
42 Office, legislative staff, and
43 financial aid administrators.

44 Sec. 3. BOARD OF TRUSTEES OF THE MINNESOTA
45 STATE COLLEGES AND UNIVERSITIES

46 Subdivision 1. Total
47 Appropriation 602,994,000 599,894,000

48 The amounts that may be spent from this
49 appropriation for each purpose are
50 specified in the following subdivisions.

51 Subd. 2. General Appropriation 565,494,000 562,394,000

52 Of this appropriation, \$9,000,000 the
53 first year and \$5,000,000 the second
54 year are for the board to strengthen
55 and expand its Minnesota on-line
56 program.

57 Of this appropriation, \$4,800,000 the
58 first year and \$5,200,000 the second
59 year are for the board to increase its
60 capacity for training nurses.

1 Of this appropriation, \$2,500,000 the
2 first year and \$3,000,000 the second
3 year are to provide resources for the
4 board to establish an innovations fund.

5 Of this appropriation, \$1,500,000 each
6 year is for the board to address the
7 management education needs of farm and
8 small business owners.

9 Subd. 3. Allocation Framework 25,000,000 25,000,000

10 The appropriation in this subdivision
11 is for the board to reinvest in its
12 member colleges and universities,
13 through fully funding its allocation
14 framework.

15 Subd. 4. Centers of Excellence and
16 Competitive Salaries 12,500,000 12,500,000

17 Of this appropriation, \$10,000,000 each
18 year is for the board to support
19 designated centers of excellence, as
20 provided under article 2, section 16.

21 Of this appropriation, \$2,500,000 each
22 year is for the board to make incentive
23 payments to faculty or staff for
24 initiatives that promote excellence in
25 student learning. To the extent
26 practicable, the board must make
27 payments under this paragraph available
28 first to faculty or staff associated
29 with a designated center of excellence.

30 Sec. 4. BOARD OF REGENTS OF THE
31 UNIVERSITY OF MINNESOTA

32 Subdivision 1. Total
33 Appropriation 608,567,000 612,067,000

34 The amounts that may be spent from this
35 appropriation for each purpose are
36 specified in the following subdivisions.

37 Subd. 2. Operations and
38 Maintenance 545,200,000 548,700,000

39 Of this amount, \$15,000,000 in the
40 first year is for the collaborative
41 research partnership for biotechnology
42 and medical genomics of the university
43 and the Mayo Foundation. This is a
44 onetime appropriation that is to be
45 evenly divided between the two
46 partnering organizations. This
47 appropriation must be matched dollar
48 for dollar by nonstate funds. The
49 state funds must be made available
50 after certification to the director of
51 the Higher Education Services Office of
52 the nonstate match. An annual report
53 on the expenditure of these funds must
54 be submitted to the governor and to the
55 chairs of the senate Higher Education
56 Budget Division and the house Higher
57 Education Finance Committee by June 30
58 of each fiscal year. This
59 appropriation is available until June
60 30, 2007.

1 Of this amount, \$12,000,000 the first
2 year and \$24,000,000 the second year is
3 for academic initiatives that are part
4 of the board's biosciences for a
5 healthy society initiative.

6 Of this amount, \$5,000,000 the first
7 year and \$10,000,000 the second year is
8 to award faculty compensation increases
9 differentially.

10 Of this amount, \$20,000,000 the first
11 year and \$15,000,000 the second year is
12 for research support. The funding base
13 for this initiative in fiscal years
14 2008 and 2009 is \$15,000,000 per year.

15 Of this amount, \$6,500,000 the first
16 year and \$13,000,000 the second year is
17 for initiatives to attract and retain
18 students.

19	Subd. 3. Health Care Access Fund	2,157,000	2,157,000
20	This appropriation is from the health		
21	care access fund and is for primary		
22	care education initiatives.		
23	Subd. 4. Special		
24	Appropriation	63,367,000	63,367,000
25	(a) Agriculture and Extension Service		
26	50,625,000	50,625,000	
27	This appropriation is for the		
28	Agricultural Experiment Station,		
29	Minnesota Extension Service.		
30	(b) Health Sciences		
31	4,929,000	4,929,000	
32	This appropriation is for the rural		
33	physicians associates program, the		
34	Veterinary Diagnostic Laboratory,		
35	health sciences research, dental care,		
36	and the Biomedical Engineering Center.		
37	(c) Institute of Technology		
38	1,387,000	1,387,000	
39	This appropriation is for the		
40	Geological Survey and the Talented		
41	Youth Mathematics Program.		
42	(d) System Specials		
43	6,426,000	6,426,000	
44	This appropriation is for general		
45	research, student loans matching money,		
46	industrial relations education, Natural		
47	Resources Research Institute, Center		
48	for Urban and Regional Affairs, Bell		
49	Museum of Natural History, and the		
50	Humphrey exhibit.		
51	Subd. 5. Academic Health Center		

1 The appropriation to the Academic
2 Health Center under Minnesota Statutes,
3 section 297F.10, is anticipated to be
4 \$21,594,000 in the first year and
5 \$21,379,000 in the second year.

6 Sec. 5. MAYO MEDICAL FOUNDATION

7 Subdivision 1. Total
8 Appropriation 1,391,000 1,391,000

9 The amounts that may be spent from this
10 appropriation for each purpose are
11 specified in the following subdivisions.

12 Subd. 2. Medical School 514,000 514,000

13 The state of Minnesota must pay a
14 capitation each year for each student
15 who is a resident of Minnesota. The
16 appropriation may be transferred
17 between years of the biennium to
18 accommodate enrollment fluctuations.

19 It is intended that during the biennium
20 the Mayo Foundation use the capitation
21 money to increase the number of doctors
22 practicing in rural areas in need of
23 doctors.

24 Subd. 3. Family Practice and
25 Graduate Residency Program 531,000 531,000

26 The state of Minnesota must pay a
27 capitation of up to 27 residents each
28 year.

29 Subd. 4. St. Cloud Hospital-Mayo Family
30 Practice Residency Program

31 346,000 346,000

32 This appropriation is to the Mayo
33 Foundation to support 12 resident
34 physicians each year in the St. Cloud
35 Hospital-Mayo family practice residency
36 program. The program must prepare
37 doctors to practice primary care
38 medicine in the rural areas of the
39 state. It is intended that this
40 program will improve health care in
41 rural communities, provide affordable
42 access to appropriate medical care, and
43 manage the treatment of patients in a
44 more cost-effective manner.

45 Sec. 6. HEFA BALANCES TRANSFER

46 Up to \$390,000 of the amount
47 transferred under article 4, section 1,
48 is appropriated to the Higher Education
49 Services Office for the fiscal year
50 ending June 30, 2006. The remaining
51 balance must be transferred to the
52 general fund.

53 ARTICLE 2

54 RELATED PROVISIONS

55 Section 1. Minnesota Statutes 2004, section 13.46,

1 subdivision 2, is amended to read:

2 Subd. 2. [GENERAL.] (a) Unless the data is summary data or
3 a statute specifically provides a different classification, data
4 on individuals collected, maintained, used, or disseminated by
5 the welfare system is private data on individuals, and shall not
6 be disclosed except:

7 (1) according to section 13.05;

8 (2) according to court order;

9 (3) according to a statute specifically authorizing access
10 to the private data;

11 (4) to an agent of the welfare system, including a law
12 enforcement person, attorney, or investigator acting for it in
13 the investigation or prosecution of a criminal or civil
14 proceeding relating to the administration of a program;

15 (5) to personnel of the welfare system who require the data
16 to verify an individual's identity; determine eligibility,
17 amount of assistance, and the need to provide services to an
18 individual or family across programs; evaluate the effectiveness
19 of programs; and investigate suspected fraud;

20 (6) to administer federal funds or programs;

21 (7) between personnel of the welfare system working in the
22 same program;

23 (8) to the Department of Revenue to administer and evaluate
24 tax refund or tax credit programs and to identify individuals
25 who may benefit from these programs. The following information
26 may be disclosed under this paragraph: an individual's and
27 their dependent's names, dates of birth, Social Security
28 numbers, income, addresses, and other data as required, upon
29 request by the Department of Revenue. Disclosures by the
30 commissioner of human services for the purposes described in
31 this clause are governed by section 270B.14, subdivision 1. Tax
32 refund or tax credit programs include, but are not limited to,
33 the dependent care credit under section 290.067, the Minnesota
34 working family credit under section 290.0671, the property tax
35 refund and rental credit under section 290A.04, and the
36 Minnesota education credit under section 290.0674;

1 (9) between the Department of Human Services, the
2 Department of Education, and the Department of Employment and
3 Economic Development for the purpose of monitoring the
4 eligibility of the data subject for unemployment benefits, for
5 any employment or training program administered, supervised, or
6 certified by that agency, for the purpose of administering any
7 rehabilitation program or child care assistance program, whether
8 alone or in conjunction with the welfare system, or to monitor
9 and evaluate the Minnesota family investment program by
10 exchanging data on recipients and former recipients of food
11 support, cash assistance under chapter 256, 256D, 256J, or 256K,
12 child care assistance under chapter 119B, or medical programs
13 under chapter 256B, 256D, or 256L;

14 (10) to appropriate parties in connection with an emergency
15 if knowledge of the information is necessary to protect the
16 health or safety of the individual or other individuals or
17 persons;

18 (11) data maintained by residential programs as defined in
19 section 245A.02 may be disclosed to the protection and advocacy
20 system established in this state according to Part C of Public
21 Law 98-527 to protect the legal and human rights of persons with
22 mental retardation or other related conditions who live in
23 residential facilities for these persons if the protection and
24 advocacy system receives a complaint by or on behalf of that
25 person and the person does not have a legal guardian or the
26 state or a designee of the state is the legal guardian of the
27 person;

28 (12) to the county medical examiner or the county coroner
29 for identifying or locating relatives or friends of a deceased
30 person;

31 (13) data on a child support obligor who makes payments to
32 the public agency may be disclosed to the Higher Education
33 Services Office to the extent necessary to determine eligibility
34 under section sections 136A.121, subdivision 2, clause (5), and
35 136A.125, subdivision 2, clause (8);

36 (14) participant Social Security numbers and names

1 collected by the telephone assistance program may be disclosed
2 to the Department of Revenue to conduct an electronic data match
3 with the property tax refund database to determine eligibility
4 under section 237.70, subdivision 4a;

5 (15) the current address of a Minnesota family investment
6 program participant may be disclosed to law enforcement officers
7 who provide the name of the participant and notify the agency
8 that:

9 (i) the participant:

10 (A) is a fugitive felon fleeing to avoid prosecution, or
11 custody or confinement after conviction, for a crime or attempt
12 to commit a crime that is a felony under the laws of the
13 jurisdiction from which the individual is fleeing; or

14 (B) is violating a condition of probation or parole imposed
15 under state or federal law;

16 (ii) the location or apprehension of the felon is within
17 the law enforcement officer's official duties; and

18 (iii) the request is made in writing and in the proper
19 exercise of those duties;

20 (16) the current address of a recipient of general
21 assistance or general assistance medical care may be disclosed
22 to probation officers and corrections agents who are supervising
23 the recipient and to law enforcement officers who are
24 investigating the recipient in connection with a felony level
25 offense;

26 (17) information obtained from food support applicant or
27 recipient households may be disclosed to local, state, or
28 federal law enforcement officials, upon their written request,
29 for the purpose of investigating an alleged violation of the
30 Food Stamp Act, according to Code of Federal Regulations, title
31 7, section 272.1(c);

32 (18) the address, Social Security number, and, if
33 available, photograph of any member of a household receiving
34 food support shall be made available, on request, to a local,
35 state, or federal law enforcement officer if the officer
36 furnishes the agency with the name of the member and notifies

1 the agency that:

2 (i) the member:

3 (A) is fleeing to avoid prosecution, or custody or
4 confinement after conviction, for a crime or attempt to commit a
5 crime that is a felony in the jurisdiction the member is
6 fleeing;

7 (B) is violating a condition of probation or parole imposed
8 under state or federal law; or

9 (C) has information that is necessary for the officer to
10 conduct an official duty related to conduct described in subitem
11 (A) or (B);

12 (ii) locating or apprehending the member is within the
13 officer's official duties; and

14 (iii) the request is made in writing and in the proper
15 exercise of the officer's official duty;

16 (19) the current address of a recipient of Minnesota family
17 investment program, general assistance, general assistance
18 medical care, or food support may be disclosed to law
19 enforcement officers who, in writing, provide the name of the
20 recipient and notify the agency that the recipient is a person
21 required to register under section 243.166, but is not residing
22 at the address at which the recipient is registered under
23 section 243.166;

24 (20) certain information regarding child support obligors
25 who are in arrears may be made public according to section
26 518.575;

27 (21) data on child support payments made by a child support
28 obligor and data on the distribution of those payments excluding
29 identifying information on obligees may be disclosed to all
30 obligees to whom the obligor owes support, and data on the
31 enforcement actions undertaken by the public authority, the
32 status of those actions, and data on the income of the obligor
33 or obligee may be disclosed to the other party;

34 (22) data in the work reporting system may be disclosed
35 under section 256.998, subdivision 7;

36 (23) to the Department of Education for the purpose of

1 matching Department of Education student data with public
2 assistance data to determine students eligible for free and
3 reduced price meals, meal supplements, and free milk according
4 to United States Code, title 42, sections 1758, 1761, 1766,
5 1766a, 1772, and 1773; to allocate federal and state funds that
6 are distributed based on income of the student's family; and to
7 verify receipt of energy assistance for the telephone assistance
8 plan;

9 (24) the current address and telephone number of program
10 recipients and emergency contacts may be released to the
11 commissioner of health or a local board of health as defined in
12 section 145A.02, subdivision 2, when the commissioner or local
13 board of health has reason to believe that a program recipient
14 is a disease case, carrier, suspect case, or at risk of illness,
15 and the data are necessary to locate the person;

16 (25) to other state agencies, statewide systems, and
17 political subdivisions of this state, including the attorney
18 general, and agencies of other states, interstate information
19 networks, federal agencies, and other entities as required by
20 federal regulation or law for the administration of the child
21 support enforcement program;

22 (26) to personnel of public assistance programs as defined
23 in section 256.741, for access to the child support system
24 database for the purpose of administration, including monitoring
25 and evaluation of those public assistance programs;

26 (27) to monitor and evaluate the Minnesota family
27 investment program by exchanging data between the Departments of
28 Human Services and Education, on recipients and former
29 recipients of food support, cash assistance under chapter 256,
30 256D, 256J, or 256K, child care assistance under chapter 119B,
31 or medical programs under chapter 256B, 256D, or 256L;

32 (28) to evaluate child support program performance and to
33 identify and prevent fraud in the child support program by
34 exchanging data between the Department of Human Services,
35 Department of Revenue under section 270B.14, subdivision 1,
36 paragraphs (a) and (b), without regard to the limitation of use

1 in paragraph (c), Department of Health, Department of Employment
2 and Economic Development, and other state agencies as is
3 reasonably necessary to perform these functions; or

4 (29) counties operating child care assistance programs
5 under chapter 119B may disseminate data on program participants,
6 applicants, and providers to the commissioner of education.

7 (b) Information on persons who have been treated for drug
8 or alcohol abuse may only be disclosed according to the
9 requirements of Code of Federal Regulations, title 42, sections
10 2.1 to 2.67.

11 (c) Data provided to law enforcement agencies under
12 paragraph (a), clause (15), (16), (17), or (18), or paragraph
13 (b), are investigative data and are confidential or protected
14 nonpublic while the investigation is active. The data are
15 private after the investigation becomes inactive under section
16 13.82, subdivision 5, paragraph (a) or (b).

17 (d) Mental health data shall be treated as provided in
18 subdivisions 7, 8, and 9, but is not subject to the access
19 provisions of subdivision 10, paragraph (b).

20 For the purposes of this subdivision, a request will be
21 deemed to be made in writing if made through a computer
22 interface system.

23 Sec. 2. Minnesota Statutes 2004, section 136A.01,
24 subdivision 2, is amended to read:

25 Subd. 2. [RESPONSIBILITIES.] The Higher Education Services
26 Office is responsible for:

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

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

34 (3) administering the Telecommunications Council under Laws
35 1993, First Special Session chapter 2, article 5, section 2, the
36 Learning Network of Minnesota, and the Statewide Library Task

1 Force;

2 (4) negotiating and administering reciprocity agreements;

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

6 (6) collecting and maintaining ~~student-enrollment-and~~
7 financial-aid-data and reporting data on students and
8 postsecondary institutions to measure progress in student
9 learning and the effective use of public resources;

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

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

15 Sec. 3. Minnesota Statutes 2004, section 136A.031,
16 subdivision 2, is amended to read:

17 Subd. 2. [HIGHER EDUCATION ADVISORY COUNCIL.] A Higher
18 Education Advisory Council (HEAC) is established. The HEAC is
19 composed of the president of the University of Minnesota or
20 designee; the chancellor of the Minnesota State Colleges and
21 Universities or designee; the commissioner of education; the
22 president of the Private College Council; a representative from
23 the Minnesota Association of Private Postsecondary Schools; and
24 a member appointed by the governor. The HEAC shall ~~(1)~~ bring to
25 the attention of the Higher Education Services Council Office
26 any matters that the HEAC deems necessary, ~~and (2) review and~~
27 ~~comment upon matters before the council. The council shall~~
28 ~~refer all proposals to the HEAC before submitting~~
29 ~~recommendations to the governor and the legislature. The~~
30 ~~council shall provide time for a report from the HEAC at each~~
31 ~~meeting of the council.~~

32 Sec. 4. Minnesota Statutes 2004, section 136A.031,
33 subdivision 3, is amended to read:

34 Subd. 3. [STUDENT ADVISORY COUNCIL.] A Student Advisory
35 Council (SAC) to the Higher Education Services Council Office is
36 established. The members of SAC shall include: the chair of

1 the University of Minnesota student senate; the state chair of
 2 the Minnesota State University Student Association; the
 3 president of the Minnesota State College Student Association and
 4 an officer of the Minnesota State College Student Association,
 5 one in a community college course of study and one in a
 6 technical college course of study; the president of the
 7 Minnesota Association of Private College Students; and a student
 8 who is enrolled in a private vocational school, to be appointed
 9 by the Minnesota ~~Association-of-Private-Postsecondary-Schools~~
 10 Career Colleges Association. A member may be represented by a
 11 student designee who attends an institution from the same system
 12 that the absent member represents. The SAC shall select one of
 13 its members to serve as chair.

14 The Higher Education Services ~~Council~~ Office shall inform
 15 the SAC of all matters related to student issues under
 16 consideration and shall refer all proposals to the SAC before
 17 taking action or sending the proposals to the governor or
 18 legislature. The SAC shall report to the Higher Education
 19 Services ~~Council~~ Office quarterly and at other times that the
 20 SAC considers desirable. The SAC shall determine its meeting
 21 times, but it shall also meet with the council within 30 days
 22 after the director's request for a meeting.

23 The SAC shall:

24 (1) bring to the attention of the Higher Education Services
 25 ~~Council~~ Office any matter that the SAC believes needs the
 26 attention of the ~~council~~ office; and

27 (2) make recommendations to the Higher Education Services
 28 ~~Council~~ Office as it finds appropriate;

29 ~~(3)-appoint-student-members-to-the-Higher-Education~~
 30 ~~Services-Council-advisory-groups-as-provided-in-subdivision-4;~~
 31 and

32 ~~(4)-provide-any-reasonable-assistance-to-the-council.~~

33 Sec. 5. Minnesota Statutes 2004, section 136A.031,
 34 subdivision 4, is amended to read:

35 Subd. 4. [STUDENT REPRESENTATION.] If requested by the
 36 SAC, the director must place at least one student from an

1 affected educational system on any task force created under
2 subdivision 1. ~~The student member or members shall be appointed~~
3 ~~by the SAC.~~

4 Sec. 6. Minnesota Statutes 2004, section 136A.121,
5 subdivision 2, is amended to read:

6 Subd. 2. [ELIGIBILITY FOR GRANTS.] An applicant is
7 eligible to be considered for a grant, regardless of the
8 applicant's sex, creed, race, color, national origin, or
9 ancestry, under sections 136A.095 to 136A.131 if the office
10 finds that the applicant:

- 11 (1) is a resident of the state of Minnesota;
- 12 (2) is a graduate of a secondary school or its equivalent,
- 13 or is 17 years of age or over, and has met all requirements for
- 14 admission as a student to an eligible college or technical
- 15 college of choice as defined in sections 136A.095 to 136A.131;
- 16 (3) has met the financial need criteria established in
- 17 Minnesota Rules;
- 18 (4) is not in default, as defined by the office, of any
- 19 federal or state student educational loan; and

20 (5) is not more than 30 days in arrears for any in
21 court-ordered child support payments owed to a that is collected
22 or enforced by the public agency authority responsible for child
23 support enforcement or, if the applicant is more than 30 days in
24 arrears in court-ordered child support that is collected or
25 enforced by the public authority responsible for child support
26 enforcement, but is complying with a written payment
27 agreement under section 518.553 or order for arrearages. An
28 ~~agreement must provide for a repayment of arrearages at no less~~
29 ~~than 20 percent per month of the amount of the monthly child~~
30 ~~support obligation or no less than \$30 per month if there is no~~
31 ~~current monthly child support obligation. -- Compliance means that~~
32 ~~payments are made by the payment date.~~

33 ~~The director and the commissioner of human services shall~~
34 ~~develop procedures to implement clause (5).~~

35 Sec. 7. Minnesota Statutes 2004, section 136A.121,
36 subdivision 6, is amended to read:

1 Subd. 6. [COST OF ATTENDANCE.] (a) The recognized cost of
2 attendance consists of allowances specified in law for living
3 and miscellaneous expenses, and an allowance for tuition and
4 fees equal to the lesser of the average actual tuition and fees
5 charged by the institution, or the tuition and fee maximums
6 established in law.

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

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

14 For the purpose of this subdivision, "fees" include only
15 those fees that are mandatory and charged to full-time resident
16 students attending the institution.

17 Sec. 8. Minnesota Statutes 2004, section 136A.121,
18 subdivision 9, is amended to read:

19 Subd. 9. [AWARDS.] An undergraduate student who meets the
20 office's requirements is eligible to apply for and receive a
21 grant in any year of undergraduate study unless the student has
22 obtained a baccalaureate degree or previously has been enrolled
23 full time or the equivalent for eight semesters or the
24 equivalent, excluding courses taken from a Minnesota school or
25 postsecondary institution which is not participating in the
26 state grant program and from which a student transferred no
27 credit. A student who withdraws from enrollment for active
28 military service is entitled to an additional semester of grant
29 eligibility. A student enrolled in a two-year program at a
30 four-year institution is only eligible for the tuition and fee
31 maximums established by law for two-year institutions.

32 Sec. 9. Minnesota Statutes 2004, section 136A.121, is
33 amended by adding a subdivision to read:

34 Subd. 18. [DATA.] An eligible institution must provide to
35 the office student enrollment, financial aid, financial, and
36 other data as determined by the director, to enable the office

1 to carry out its responsibilities under chapter 136A.

2 Sec. 10. Minnesota Statutes 2004, section 136A.125,
3 subdivision 2, is amended to read:

4 Subd. 2. [ELIGIBLE STUDENTS.] An applicant is eligible for
5 a child care grant if the applicant:

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

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

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

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

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

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

21 (7) is in good academic standing and making satisfactory
22 academic progress; and

23 (8) is not more than 30 days in arrears in court-ordered
24 child support that is collected or enforced by the public
25 authority responsible for child support enforcement or, if the
26 applicant is more than 30 days in arrears in court-ordered child
27 support that is collected or enforced by the public authority
28 responsible for child support enforcement, but is complying with
29 a written payment agreement under section 518.553 or order for
30 arrearages.

31 Sec. 11. Minnesota Statutes 2004, section 136A.125,
32 subdivision 4, is amended to read:

33 Subd. 4. [AMOUNT AND LENGTH OF GRANTS.] The amount of a
34 child care grant must be based on:

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

36 (2) the number in the applicant's family, as defined by the

1 office; and

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

4 The maximum award to the applicant shall be \$2,200 for each
5 eligible child per academic year, except that the campus
6 financial aid officer may apply to the office for approval to
7 increase grants by up to ten percent to compensate for higher
8 market charges for infant care in a community. A student who
9 withdraws from enrollment for active military service is
10 entitled to an additional semester of grant eligibility. The
11 office shall develop policies to determine community market
12 costs and review institutional requests for compensatory grant
13 increases to ensure need and equal treatment. The office shall
14 prepare a chart to show the amount of a grant that will be
15 awarded per child based on the factors in this subdivision. The
16 chart shall include a range of income and family size.

17 Sec. 12. Minnesota Statutes 2004, section 136A.1701, is
18 amended by adding a subdivision to read:

19 Subd. 11. [DATA.] An eligible institution must provide to
20 the office student enrollment, financial aid, financial, and
21 other data as determined by the director, to enable the office
22 to carry out its responsibilities under chapter 136A.

23 Sec. 13. Minnesota Statutes 2004, section 136A.1701, is
24 amended by adding a subdivision to read:

25 Subd. 12. [ELIGIBLE STUDENT.] "Eligible student" means a
26 student who is a Minnesota resident who is enrolled or accepted
27 for enrollment at an eligible institution in Minnesota or in
28 another state or province. Non-Minnesota residents are eligible
29 students if they are enrolled or accepted for enrollment at an
30 eligible institution in Minnesota and will be physically
31 attending classes in Minnesota for at least 50 percent of the
32 academic term. Non-Minnesota resident students not physically
33 attending classes in Minnesota due to an approved study abroad
34 program for 12 months or less are eligible students.
35 Non-Minnesota residents enrolled in study abroad programs
36 exceeding 12 months are not eligible students.

1 Sec. 14. [136A.1703] [INCOME-CONTINGENT LOANS.]

2 The office shall administer an income-contingent loan
3 repayment program to assist graduates of Minnesota schools in
4 medicine, dentistry, pharmacy, chiropractic medicine, public
5 health, and veterinary medicine, and Minnesota residents
6 graduating from optometry and osteopathy programs. Applicant
7 data collected by the office for this program may be disclosed
8 to a consumer credit reporting agency under the same conditions
9 as those that apply to the supplemental loan program under
10 section 136A.162. No new applicants may be accepted after June
11 30, 1995.

12 Sec. 15. [136A.1785] [LOAN CAPITAL FUND.]

13 The office may deposit and hold assets derived from the
14 operation of its student loan programs authorized by this
15 chapter in a fund known as the loan capital fund. Assets in the
16 loan capital fund are available to the office solely for
17 carrying out the purposes and terms of sections 136A.15 to
18 136A.1702, including, but not limited to, making student loans
19 authorized by this chapter, paying administrative expenses
20 associated with the operation of its student loan programs,
21 repurchasing defaulted student loans, and paying expenses in
22 connection with the issuance of revenue bonds authorized under
23 this chapter. Assets in the loan capital fund may be invested
24 as provided in sections 11A.24 and 136A.16, subdivision 8. All
25 interest and earnings from the investment of the loan capital
26 fund inure to the benefit of the fund and are deposited into the
27 fund.

28 Sec. 16. [136F.31] [CENTERS OF EXCELLENCE.]

29 Subdivision 1. [BOARD DESIGNATION.] The board must
30 designate at least three and up to eight different program
31 centers of excellence in manufacturing technology,
32 science/engineering, health care, information technology,
33 business, and teacher education. The board must determine the
34 form and required information contained in applications from
35 member institutions. A center of excellence must include no
36 more than one state university working with up to two community

1 and technical colleges.

2 Subd. 2. [CENTER SELECTION CRITERIA.] The board must
3 select programs based on institutional proposals demonstrating:

4 (1) a comprehensive academic plan that includes a seamless
5 continuum of academic offerings in the program area including
6 associate, baccalaureate, and customized training and continuing
7 education;

8 (2) a specific development plan that includes a description
9 of how the institution will pursue continuous improvement,
10 accountability and work toward becoming nationally recognized;

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

16 (4) a commitment from the institution that demonstrates
17 support from the entire institution for the proposal, and that
18 new designated funding will not supplant current budgets for the
19 programs; and

20 (5) a separate endowment amount created for the program
21 within current institutional foundations.

22 Subd. 3. [ADVISORY COMMITTEE AND REPORTS REQUIRED.] A
23 center of excellence must create an advisory committee
24 representing local, statewide, and national leaders in the
25 field. By January 15 of each odd-numbered year, each designated
26 center must provide a report to the governor and the chairs of
27 the senate Higher Education Budget Division and the house Higher
28 Education Finance Committee that includes annual and integrated
29 data on program enrollment, student demographics, student
30 admission data, endowment growth, graduation rates, graduation
31 outcomes, employer involvement, and other outcomes as determined
32 by the board. A report under this subdivision must also include
33 the use of any funds made available by a legislative
34 appropriation for incentive payments to faculty or staff.

35 Sec. 17. Minnesota Statutes 2004, section 136G.03,
36 subdivision 3, is amended to read:

1 Subd. 3. [ACCOUNT OWNER.] "Account owner" means a person
2 who enters into a participation agreement and is entitled
3 to ~~select-or-change~~ conduct transactions on the account,
4 including selecting and changing the beneficiary of an account
5 ~~or-to-receive~~ and receiving distributions from the account for
6 ~~other-than-payment-of-qualified-higher-education-expenses.~~

7 Sec. 18. Minnesota Statutes 2004, section 136G.03,
8 subdivision 21a, is amended to read:

9 Subd. 21a. [MINOR TRUST ACCOUNT.] "Minor trust account"
10 means a Uniform Gift to Minors Act account, or a Uniform
11 Transfers to Minors Act account, ~~or-a-trust-instrument-naming-a~~
12 ~~minor-person-as-beneficiary,~~ created and operating under the
13 laws of Minnesota or another state.

14 Sec. 19. Minnesota Statutes 2004, section 136G.03,
15 subdivision 22, is amended to read:

16 Subd. 22. [NONQUALIFIED DISTRIBUTION.] "Nonqualified
17 distribution" means a distribution made from an account other
18 than (1) a qualified distribution; or (2) a distribution due to
19 the death or disability of, or scholarship to, or attendance at
20 a United States military academy by, a beneficiary.

21 Sec. 20. Minnesota Statutes 2004, section 136G.03,
22 subdivision 32, is amended to read:

23 Subd. 32. [SCHOLARSHIP.] "Scholarship" means a
24 scholarship, or educational assistance allowance, ~~or-payment~~
25 ~~under-section-529(b)(3)(C)-of-the-Internal-Revenue-Code.~~

26 Sec. 21. Minnesota Statutes 2004, section 136G.05,
27 subdivision 8, is amended to read:

28 Subd. 8. [ADMINISTRATION.] The director shall administer
29 the program, including accepting and processing applications,
30 maintaining account records, making payments, making matching
31 grants under section 136G.11, and undertaking any other
32 necessary tasks to administer the program. The office may
33 contract with one or more third parties to carry out some or all
34 of these administrative duties, including ~~promotion~~ providing
35 incentives and marketing of the program. The office and the
36 board may jointly contract with third-party providers, if the

1 office and board determine that it is desirable to contract with
2 the same entity or entities for administration and investment
3 management.

4 Sec. 22. Minnesota Statutes 2004, section 136G.09,
5 subdivision 11, is amended to read:

6 Subd. 11. [EFFECT OF PLAN CHANGES ON PARTICIPATION
7 AGREEMENT.] Amendments to sections 136G.01 to 136G.13
8 automatically amend the participation agreement. Any amendments
9 to the operating procedures and policies of the plan shall
10 automatically amend the participation agreement ~~30-days~~ after
11 adoption by the office or the board.

12 Sec. 23. Minnesota Statutes 2004, section 136G.09,
13 subdivision 12, is amended to read:

14 Subd. 12. [SPECIAL ACCOUNT TO HOLD PLAN ASSETS IN TRUST.]
15 All assets of the plan, including contributions to accounts and
16 matching grant accounts and earnings, are held in trust for the
17 exclusive benefit of account owners and beneficiaries. Assets
18 must be held in a separate account in the state treasury to be
19 known as the Minnesota college savings plan account or in
20 accounts with the third party provider selected pursuant to
21 section 136G.05, subdivision 8. Plan assets are not subject to
22 claims by creditors of the state, are not part of the general
23 fund, and are not subject to appropriation by the state.
24 Payments from the Minnesota college savings plan account shall
25 be made under sections 136G.01 to 136G.13.

26 Sec. 24. Minnesota Statutes 2004, section 136G.11,
27 subdivision 1, is amended to read:

28 Subdivision 1. [MATCHING GRANT QUALIFICATION.] By June 30
29 of each year, a state matching grant must be added to each
30 account established under the program if the following
31 conditions are met:

32 (1) the contributor applies, in writing in a form
33 prescribed by the director, for a matching grant;

34 (2) a minimum contribution of \$200 was made during the
35 preceding calendar year; and

36 (3) the beneficiary's family meets Minnesota college

1 savings plan residency requirements; and

2 (4) the family income of the beneficiary did not exceed
3 \$80,000.

4 Sec. 25. Minnesota Statutes 2004, section 136G.11,
5 subdivision 3, is amended to read:

6 Subd. 3. [RESIDENCY REQUIREMENT.] (a) If the beneficiary
7 is under age 25, the beneficiary's parents or legal guardians
8 must be Minnesota residents to qualify for a matching grant. If
9 the beneficiary is age 25 or older, the beneficiary must be a
10 Minnesota resident to qualify for a matching grant.

11 (b) To meet the residency requirements, the parent or legal
12 guardian of beneficiaries under age 25 must have filed a
13 Minnesota individual income tax return as a Minnesota resident
14 and claimed the beneficiary as a dependent on the parent or
15 legal guardian's federal tax return for the calendar year in
16 which contributions were made. If the beneficiary's parents are
17 divorced, the parent or legal guardian claiming the beneficiary
18 as a dependent on the federal individual income tax return must
19 be a Minnesota resident. For beneficiaries age 25 or older, the
20 beneficiary, and a spouse, if any, must have filed a Minnesota
21 and a federal individual income tax return as a Minnesota
22 resident for the calendar year in which contributions were made.

23 (c) A parent of beneficiaries under age 25 and
24 beneficiaries age 25 or older who did not reside in Minnesota in
25 the calendar year in which contributions were made are not
26 eligible for a matching grant.

27 Sec. 26. Minnesota Statutes 2004, section 136G.11, is
28 amended by adding a subdivision to read:

29 Subd. 3a. [FAMILY INCOME.] (a) For purposes of this
30 section, "family income" means:

31 (1) if the beneficiary is under age 25, the combined
32 adjusted gross income of the beneficiary's parents or legal
33 guardians as reported on the federal tax return or returns for
34 the calendar year in which contributions were made. If the
35 beneficiary's parents or legal guardians are divorced, the
36 income of the parent claiming the beneficiary as a dependent on

1 the federal individual income tax return and the income of that
2 parent's spouse, if any, is used to determine family income; or

3 (2) if the beneficiary is age 25 or older, the combined
4 adjusted gross income of the beneficiary and spouse, if any.

5 (b) For a parent or legal guardian of beneficiaries under
6 age 25 and for beneficiaries age 25 or older who resided in
7 Minnesota and filed a federal individual income tax return, the
8 matching grant must be based on family income from the calendar
9 year in which contributions were made.

10 Sec. 27. Minnesota Statutes 2004, section 136G.11,
11 subdivision 13, is amended to read:

12 Subd. 13. [FORFEITURE OF MATCHING GRANTS.] (a) Matching
13 grants are forfeited if:

14 (1) the account owner transfers the total account balance
15 of an account to another account or to another qualified tuition
16 program;

17 (2) the beneficiary receives a full tuition scholarship or
18 ~~admission-to~~ is attending a United States service academy;

19 (3) the beneficiary dies or becomes disabled;

20 (4) the account owner changes the beneficiary of the
21 account; or

22 (5) the account owner closes the account with a
23 nonqualified withdrawal.

24 (b) Matching grants must be proportionally forfeited if:

25 (1) the account owner transfers a portion of an account to
26 another account or to another qualified tuition program;

27 (2) the beneficiary receives a scholarship covering a
28 portion of qualified higher education expenses; or

29 (3) the account owner makes a partial nonqualified
30 withdrawal.

31 (c) If the account owner makes a misrepresentation in a
32 participation agreement or an application for a matching grant
33 that results in a matching grant, the matching grant associated
34 with the misrepresentation is forfeited. The office and the
35 board must instruct the plan administrator as to the amount to
36 be forfeited from the matching grant account. The office and

1 the board must withdraw the matching grant or the proportion of
2 the matching grant that is related to the misrepresentation.

3 Sec. 28. Minnesota Statutes 2004, section 136G.13,
4 subdivision 1, is amended to read:

5 Subdivision 1. [QUALIFIED DISTRIBUTION METHODS.] (a)
6 Qualified distributions may be made:

7 (1) directly to participating eligible educational
8 institutions on behalf of the beneficiary; or

9 (2) in the form of a check payable to both the beneficiary
10 and the eligible educational institution; or

11 (3) directly to the account owner or beneficiary if the
12 account owner or beneficiary has already paid qualified higher
13 education expenses.

14 (b) Qualified distributions must be withdrawn
15 proportionally from contributions and earnings in an account
16 owner's account on the date of distribution as provided in
17 section 529 of the Internal Revenue Code.

18 Sec. 29. Minnesota Statutes 2004, section 136G.13,
19 subdivision 5, is amended to read:

20 Subd. 5. [DISTRIBUTIONS DUE TO DEATH OR DISABILITY OF, OR
21 SCHOLARSHIP TO, OR ATTENDANCE AT A UNITED STATES MILITARY
22 ACADEMY BY, A BENEFICIARY.] An account owner may request a
23 distribution due to the death or disability of, or scholarship
24 to, or attendance at a United States military academy by, a
25 beneficiary from an account by submitting a completed request to
26 the plan. Prior to distribution, the account owner shall
27 certify the reason for the distribution and provide written
28 confirmation from a third party that the beneficiary has died,
29 become disabled, or received a scholarship for attendance at an
30 eligible educational institution, or is attending a United
31 States military academy. The plan must not consider a request
32 to make a distribution until a third-party written confirmation
33 is received by the plan. For purposes of this subdivision, a
34 third-party written confirmation consists of the following:
35 (1) for death of the beneficiary, a certified copy of the
36 beneficiary's death record;

1 (2) for disability of the beneficiary, a certification by a
2 physician who is a doctor of medicine or osteopathy stating that
3 the doctor is legally authorized to practice in a state of the
4 United States and that the beneficiary is unable to attend any
5 eligible educational institution because of an injury or illness
6 that is expected to continue indefinitely or result in death.
7 Certification must be on a form approved by the plan; or

8 (3) for a scholarship award to the beneficiary, a letter
9 from the grantor of the scholarship or from the eligible
10 educational institution receiving or administering the
11 scholarship, that identifies the beneficiary by name and Social
12 Security number or taxpayer identification number as the
13 recipient of the scholarship and states the amount of the
14 scholarship, the period of time or number of credits or units to
15 which it applies, the date of the scholarship, and, if
16 applicable, the eligible educational institution to which the
17 scholarship is to be applied; or

18 (4) for attendance by the beneficiary at a United States
19 military academy, a letter from the military academy indicating
20 the beneficiary's enrollment and attendance.

21 Sec. 30. Minnesota Statutes 2004, section 136G.14, is
22 amended to read:

23 136G.14 [MINOR TRUST ACCOUNTS.]

24 (a) This section applies to a plan account in which funds
25 of a minor trust account are invested.

26 (b) The account owner may not be changed to any person
27 other than a successor custodian or the beneficiary unless a
28 court order directing the change of ownership is provided to the
29 plan administrator. The custodian must sign all forms and
30 requests submitted to the plan administrator in the custodian's
31 representative capacity. The custodian must notify the plan
32 administrator in writing when the beneficiary becomes legally
33 entitled to be the account owner. An account owner under this
34 section may not select a contingent account owner.

35 (c) The beneficiary of an account under this section may
36 not be changed. If the beneficiary dies, assets in a plan

1 account become the property of the beneficiary's estate. Funds
2 in an account must not be transferred or rolled over to another
3 account owner or to an account for another beneficiary. A
4 nonqualified distribution from an account, or a distribution due
5 to the disability or scholarship award to the beneficiary, or
6 made on account of the beneficiary's attendance at a United
7 States military academy, must be used for the benefit of the
8 beneficiary.

9 Sec. 31. Minnesota Statutes 2004, section 299A.45,
10 subdivision 1, is amended to read:

11 Subdivision 1. [ELIGIBILITY.] Following certification
12 under section 299A.44 and compliance with this section and rules
13 of the commissioner of public safety and the higher education
14 services office, dependent children less than 23 years of age
15 and the surviving spouse of a public safety officer killed in
16 the line of duty on or after January 1, 1973, are eligible to
17 receive educational benefits under this section. To qualify for
18 an award, they must be enrolled in undergraduate degree or
19 certificate programs after June 30, 1990, at an eligible
20 Minnesota institution as provided in section 136A.101,
21 subdivision 4. A student who withdraws from enrollment for
22 active military service is entitled to an additional semester of
23 grant eligibility. Persons who have received a baccalaureate
24 degree or have been enrolled full time or the equivalent of ten
25 semesters or the equivalent, whichever occurs first, are no
26 longer eligible.

27 Sec. 32. Minnesota Statutes 2004, section 299A.45,
28 subdivision 4, is amended to read:

29 Subd. 4. [RENEWAL.] Each award must be given for one
30 academic year and is renewable for a maximum of eight semesters
31 or the equivalent. A student who withdraws from enrollment for
32 active military service is entitled to an additional semester of
33 grant eligibility. An award must not be given to a dependent
34 child who is 23 years of age or older on the first day of the
35 academic year.

36 Sec. 33. [TRANSFER OF MHFA BONDING AUTHORITY TO HESO.]

1 Notwithstanding Minnesota Statutes, section 474A.03,
2 subdivision 2a, paragraph (b), the Minnesota Housing Finance
3 Agency may enter into an agreement with the Higher Education
4 Services Office under which the Higher Education Services Office
5 issues qualified student loan bonds, up to \$50,000,000 of which
6 are issued pursuant to bonding authority allocated to the
7 Minnesota Housing Finance Agency in 2005 under Minnesota
8 Statutes, section 474A.03, subdivision 2a, paragraph (a). This
9 amount is in addition to the bonding authority otherwise
10 allocated to the Higher Education Services Office under
11 Minnesota Statutes, chapter 474A. Notwithstanding Minnesota
12 Statutes, section 474A.04, subdivision 1a, 474A.061, or
13 474A.091, subdivision 2, bonding authority carried forward by
14 the Minnesota Housing Financing Agency from its allocation for
15 2005 under Minnesota Statutes, section 474A.03, subdivision 2a,
16 paragraph (b), are exempt from the requirement that the bonding
17 authority be permanently issued by December 31 of the next
18 succeeding calendar year.

19 Sec. 34. [APPLICATION OF ELIGIBILITY.]

20 The additional semester of grant eligibility under sections
21 8, 11, 31, and 32 applies to any student who withdrew from
22 enrollment in a postsecondary institution after December 31,
23 2002, because the student was ordered to active military service
24 as defined in Minnesota Statutes, section 190.05, subdivision 5b
25 or 5c.

26 Sec. 35. [ADVISORY TASK FORCE ON PUBLIC POSTSECONDARY
27 FUNDING.]

28 The Higher Education Services Office shall convene an
29 advisory task force to study the current postsecondary funding
30 policy under Minnesota Statutes, sections 135A.01 to 135A.034.
31 The task force must include the chief financial officers of the
32 University of Minnesota and the Minnesota State Colleges and
33 Universities and the commissioner of finance, or their
34 designees. The task force may include other members as selected
35 by the Higher Education Services Office. The task force must
36 study and make specific recommendations on alternatives to the

1 methods currently used by the postsecondary systems to implement
 2 the provisions of Minnesota Statutes, section 135A.031,
 3 subdivision 4. The task force must submit its recommendations
 4 to the legislature and the governor by January 15, 2006. The
 5 task force expires on June 30, 2007.

6 Sec. 36. [REVISOR INSTRUCTION.]

7 The revisor of statutes shall change the terms "HESO" and
 8 "Higher Education Services Office" to "Minnesota Office of
 9 Higher Education" wherever in Minnesota Statutes and Minnesota
 10 Rules the terms appear.

11 Sec. 37. [REPEALER.]

12 (a) Minnesota Statutes 2004, sections 136A.011 and
 13 136A.031, subdivision 1, are repealed.

14 (b) Minnesota Rules, parts 4815.0100; 4815.0110; 4815.0120;
 15 4815.0130; 4815.0140; 4815.0150; 4815.0160; 4830.8100;
 16 4830.8110; 4830.8120; 4830.8130; 4830.8140; and 4830.8150, are
 17 repealed.

18 ARTICLE 3

19 PRIVATE CAREER SCHOOLS

20 Section 1. Minnesota Statutes 2004, section 141.21, is
 21 amended by adding a subdivision to read:

22 Subd. 6a. [MULTIPLE LOCATION.] "Multiple location" means
 23 any site where classes or administrative services are provided
 24 and which has a street address that is different than the street
 25 address found on the school's private career school license.

26 Sec. 2. Minnesota Statutes 2004, section 141.25,
 27 subdivision 3, is amended to read:

28 Subd. 3. [APPLICATION.] Application for a license shall be
 29 on forms prepared and furnished by the office, and shall include
 30 the following and other information as the office may require:

31 (1) the title or name of the school, ownership and
 32 controlling officers, members, managing employees, and director;

33 (2) the specific programs which will be offered and the
 34 specific purposes of the instruction;

35 (3) the place or places where the instruction will be
 36 given;

1 (4) a listing of the equipment available for instruction in
2 each program;

3 (5) the maximum enrollment to be accommodated with
4 equipment available in each specified program;

5 (6) the qualifications of instructors and supervisors in
6 each specified program;

7 (7) a current balance sheet, income statement, and adequate
8 supporting documentation, prepared and certified by an
9 independent public accountant or CPA;

10 (8) copies of all media advertising and promotional
11 literature and brochures or electronic display currently used or
12 reasonably expected to be used by the school;

13 (9) copies of all Minnesota enrollment agreement forms and
14 contract forms and all enrollment agreement forms and contract
15 forms used in Minnesota; and

16 (10) gross income earned in the preceding year from student
17 tuition, fees, and other required institutional charges, unless
18 the school files with the office a surety bond equal to at least
19 ~~\$507,000~~ \$250,000 as described in subdivision 5.

20 Sec. 3. Minnesota Statutes 2004, section 141.25,
21 subdivision 5, is amended to read:

22 Subd. 5. [BOND.] (a) No license shall be issued to any
23 school which maintains, conducts, solicits for, or advertises
24 within the state of Minnesota any program, unless the applicant
25 files with the office a continuous corporate surety bond written
26 by a company authorized to do business in Minnesota conditioned
27 upon the faithful performance of all contracts and agreements
28 with students made by the applicant.

29 (b) The amount of the surety bond shall be ten percent of
30 the preceding year's gross income from student tuition, fees,
31 and other required institutional charges, but in no event less
32 than ~~\$107,000~~ \$25,000 nor greater than ~~\$507,000~~ \$250,000, except
33 that a school may deposit a greater amount at its own
34 discretion. A school in each annual application for licensure
35 must compute the amount of the surety bond and verify that the
36 amount of the surety bond complies with this subdivision, unless

1 the school maintains a surety bond equal to at
2 least ~~\$50,000~~ \$250,000. A school that operates at two or more
3 locations may combine gross income from student tuition, fees,
4 and other required institutional charges for all locations for
5 the purpose of determining the annual surety bond requirement.
6 The gross tuition and fees used to determine the amount of the
7 surety bond required for a school having a license for the sole
8 purpose of recruiting students in Minnesota shall be only that
9 paid to the school by the students recruited from Minnesota.

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

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

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

29 Sec. 4. Minnesota Statutes 2004, section 141.25,
30 subdivision 7, is amended to read:

31 Subd. 7. [MINIMUM STANDARDS.] A license shall be issued if
32 the office first determines:

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

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

36 (ii) refund all tuition and other charges, within a

1 reasonable period of time, in the event of dissolution of the
2 school or in the event of any justifiable claims for refund
3 against the school by the student body;

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

6 (iv) maintain and support the school;

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

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

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

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

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

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

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

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

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

35 Sec. 5. Minnesota Statutes 2004, section 141.25,
36 subdivision 8, is amended to read:

1 Subd. 8. [FEES AND TERMS OF LICENSE.] An application for
2 an initial license under sections 141.21 to 141.35 shall be
3 accompanied by a nonrefundable application fee established by
4 ~~the office~~ as provided in section 141.255 that is sufficient to
5 recover, but not exceed, ~~its~~ the administrative costs of the
6 office.

7 All licenses shall expire one year from the date issued by
8 the office, except as provided in section 141.251.

9 Sec. 6. Minnesota Statutes 2004, section 141.25,
10 subdivision 9, is amended to read:

11 Subd. 9. [CATALOG, BROCHURE, OR ELECTRONIC DISPLAY.]
12 Before a license is issued to a school, the school shall furnish
13 to the office a catalog, brochure, or electronic display
14 including:

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

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

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

22 (4) the school policy and regulations on enrollment
23 including dates and specific entrance requirements for each
24 program;

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

28 (6) the school policy and regulations about standards of
29 progress for the student including the grading system of the
30 school, the minimum grades considered satisfactory, conditions
31 for interruption for unsatisfactory grades or progress, a
32 description of any probationary period allowed by the school,
33 and conditions of reentrance for those dismissed for
34 unsatisfactory progress;

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

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

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

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

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

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

16 (13) a procedure for investigating and resolving student
17 complaints; and

18 (14) the name and address of the Minnesota Higher Education
19 Services Office.

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

22 Sec. 7. Minnesota Statutes 2004, section 141.25,
23 subdivision 12, is amended to read:

24 Subd. 12. [PERMANENT RECORDS.] A school licensed under
25 this chapter and located in Minnesota shall maintain a permanent
26 record for each student for 50 years from the last date of the
27 student's attendance. A school licensed under this chapter and
28 offering distance instruction to a student located in Minnesota
29 shall maintain a permanent record for each Minnesota student for
30 50 years from the last date of the student's attendance.

31 Records include school transcripts, documents, and files
32 containing student data about academic credits earned, courses
33 completed, grades awarded, degrees awarded, and periods of
34 attendance. To preserve permanent records, a school shall
35 submit a plan that meets the following requirements:

36 (1) at least one copy of the records must be held in a

1 secure, fireproof depository;

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

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

7 (4) a continuous surety bond must be filed with the office
8 in an amount not to exceed \$20,000 if the school has no binding
9 agreement for preserving student records or a trust must be
10 arranged if the school ceases to exist.

11 Sec. 8. Minnesota Statutes 2004, section 141.251, is
12 amended to read:

13 141.251 [LICENSE RENEWAL.]

14 Subdivision 1. [APPLICATION.] Application for renewal of a
15 license must be made at least ~~30~~ 60 days before expiration of
16 the current license on a form provided by the office. A renewal
17 application shall be accompanied by a nonrefundable fee
18 ~~established-by-the-office~~ as provided in section 141.255 that is
19 sufficient to recover, but does not exceed, ~~its~~ the
20 administrative costs of the office.

21 Subd. 2. [CONDITIONS.] The office shall adopt rules
22 establishing the conditions for renewal of a license. The
23 conditions shall permit two levels of renewal based on the
24 record of the school. A school that has demonstrated the
25 quality of its program and operation through longevity and
26 performance in the state may renew its license based on a
27 relaxed standard of scrutiny. A school that has been in
28 operation in Minnesota for a limited period of time or that has
29 not performed adequately on performance indicators shall renew
30 its license based on a strict standard of scrutiny. The office
31 shall specify minimum longevity standards and performance
32 indicators that must be met before a school may be permitted to
33 operate under the relaxed standard of scrutiny. The performance
34 indicators used in this determination shall include, but not be
35 limited to: degree granting status, regional or national
36 accreditation, loan default rates, placement rate of graduates,

1 student withdrawal rates, audit results, student complaints, and
2 school status with the United States Department of Education.
3 Schools that meet the requirements established in rule shall be
4 required to submit a full relicensure report once every four
5 years, and in the interim years will be exempt from the
6 requirements of section 141.25, subdivision 3, clauses (4), (5),
7 and (8), and Minnesota Rules, parts 4880.1700, subpart 6; and
8 4880.2100, subpart 4.

9 Sec. 9. [141.255] [FEES.]

10 Subdivision 1. [INITIAL LICENSURE FEE.] The office
11 processing fee for an initial licensure application is:

12 (1) \$1,500 for a school that will offer no more than one
13 program during its first year of operation;

14 (2) \$2,000 for a school that will offer two or more
15 nondegree level programs during its first year of operation; and

16 (3) \$2,500 for a school that will offer two or more degree
17 level programs during its first year of operation.

18 Subd. 2. [RENEWAL LICENSURE FEE; LATE FEE.] (a) The office
19 processing fee for a renewal licensure application is:

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

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

26 (b) If a license renewal application is not received by the
27 office by the close of business at least 60 days before the
28 expiration of the current license, a late fee of \$250 per day
29 shall be assessed.

30 Subd. 3. [DEGREE LEVEL ADDITION FEE.] The office
31 processing fee for adding a degree level to an existing program
32 is \$2,000 per program.

33 Subd. 4. [PROGRAM ADDITION FEE.] The office processing fee
34 for adding a program that represents a significant departure in
35 the objectives, content, or method of delivery of programs that
36 are currently offered by the school is \$500 per program.

1 Subd. 5. [VISIT OR CONSULTING FEE.] If the office
2 determines that a fact-finding visit or outside consultant is
3 necessary to review or evaluate any new or revised program, the
4 office shall be reimbursed for the expenses incurred related to
5 the review as follows:

6 (1) \$300 for the team base fee or for a paper review
7 conducted by a consultant if the office determines that a
8 fact-finding visit is not required;

9 (2) \$300 for each day or part thereof on site per team
10 member; and

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

13 Subd. 6. [MODIFICATION FEE.] The fee for modification of
14 any existing program is \$100 and is due if there is:

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

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

20 (3) an addition or alteration of courses that represent a
21 25 percent change or more in the objectives, content, or methods
22 of delivery.

23 Subd. 7. [SOLICITOR PERMIT FEE.] The solicitor permit fee
24 is \$350 and must be paid annually.

25 Subd. 8. [MULTIPLE LOCATION FEE.] Schools wishing to
26 operate at multiple locations must pay:

27 (1) \$250 per location, for two to five locations; and

28 (2) \$50 per location, for six or more locations.

29 Subd. 9. [STUDENT TRANSCRIPT FEE.] The fee for a student
30 transcript requested from a closed school whose records are held
31 by the office is \$10, with a maximum of five transcripts per
32 request.

33 Subd. 10. [PUBLIC OFFICE DOCUMENTS; COPIES.] The office
34 shall establish rates for copies of any public office document.

35 Sec. 10. Minnesota Statutes 2004, section 141.26,
36 subdivision 5, is amended to read:

1 Subd. 5. [FEE.] The initial and renewal application for
2 each permit shall be accompanied by a nonrefundable fee as
3 ~~established by the office~~ under section 141.255.

4 Sec. 11. Minnesota Statutes 2004, section 141.271, is
5 amended by adding a subdivision to read:

6 Subd. 1b. [SHORT-TERM PROGRAMS.] Licensed schools
7 conducting programs not exceeding 40 hours in length shall not
8 be required to make a full refund once the programs have
9 commenced and shall be allowed to prorate any refund based on
10 the actual length of the program as stated in the school catalog
11 or advertisements and the number of hours attended by the
12 student.

13 Sec. 12. Minnesota Statutes 2004, section 141.271,
14 subdivision 4, is amended to read:

15 Subd. 4. [RESIDENT SCHOOLS.] When a student has been
16 accepted by a school offering a resident program and gives
17 written notice of cancellation, or the school has actual notice
18 of a student's nonattendance after the start of the period of
19 instruction for which the student has been charged, but before
20 completion of 75 percent of the period of instruction, the
21 amount charged for tuition, fees, and all other charges shall be
22 prorated based on number of days in the term as a portion of the
23 total charges for tuition, fees, and all other charges. An
24 additional 25 percent of the total cost of the period of
25 instruction may be added, but shall not exceed \$100. After
26 completion of 75 percent of the period of instruction for which
27 the student has been charged, no refunds are required.

28 Sec. 13. Minnesota Statutes 2004, section 141.271,
29 subdivision 7, is amended to read:

30 Subd. 7. [EQUIPMENT AND SUPPLIES.] The fair market retail
31 price, if separately stated in the catalog and contract or
32 enrollment agreement, of equipment or supplies furnished to the
33 student, which the student fails to return in condition suitable
34 for resale, and which may reasonably be resold, within ten
35 business days following cancellation may be retained by the
36 school and may be deducted from the total cost for tuition, fees

1 and all other charges when computing refunds.

2 An overstatement of the fair market retail price of any
3 equipment or supplies furnished the student shall be considered
4 inconsistent with this provision.

5 Sec. 14. Minnesota Statutes 2004, section 141.271,
6 subdivision 10, is amended to read:

7 Subd. 10. [CANCELLATION OCCURRENCE.] Written notice of
8 cancellation shall take place on the date the letter of
9 cancellation is postmarked or, in the cases where the notice is
10 hand carried, it shall occur on the date the notice is delivered
11 to the school. If a student has not attended classes for a
12 period of 21 consecutive days, the student is considered to have
13 withdrawn from school for all purposes as of the student's last
14 documented date of attendance.

15 Sec. 15. Minnesota Statutes 2004, section 141.271, is
16 amended by adding a subdivision to read:

17 Subd. 14. [CLOSED SCHOOL.] In the event a school closes
18 for any reason during a term and interrupts and terminates
19 classes during that term, all tuition for the term shall be
20 refunded to the students or the appropriate state or federal
21 agency or private lender that had provided any funding for the
22 term and any outstanding obligation of the student for the term
23 is canceled.

24 Sec. 16. Minnesota Statutes 2004, section 141.28,
25 subdivision 1, is amended to read:

26 Subdivision 1. [NOT TO ADVERTISE STATE APPROVAL.] Schools,
27 agents of schools, and solicitors may not advertise or represent
28 in writing or orally that such school is approved or accredited
29 by the state of Minnesota, except that any school, agent, or
30 solicitor may advertise that the school and solicitor have been
31 duly licensed by the state. using the following language:
32 "(Name of school) is licensed as a private career school with
33 the Minnesota Higher Education Services Office. Licensure is
34 not an endorsement of the institution. Credits earned at the
35 institution may not transfer to all other institutions. The
36 educational programs may not meet the needs of every student or

1 employer."

2 Sec. 17. Minnesota Statutes 2004, section 141.28, is
3 amended by adding a subdivision to read:

4 Subd. 6. [FINANCIAL AID PAYMENTS.] (a) All schools must
5 collect, assess, and distribute funds received from loans or
6 other financial aid as provided in this subdivision.

7 (b) Student loans or other financial aid funds received
8 from federal, state, or local governments or administered in
9 accordance with federal student financial assistance programs
10 under title IV of the Higher Education Act of 1965, as amended,
11 United States Code, title 20, chapter 28, must be collected and
12 applied as provided by applicable federal, state, or local law
13 or regulation.

14 (c) Student loans or other financial aid assistance
15 received from a bank, finance or credit card company, or other
16 private lender must be collected or disbursed as provided in
17 paragraphs (d) and (e).

18 (d) Loans or other financial aid payments for amounts
19 greater than \$3,000 must be disbursed:

20 (1) in two equal disbursements, if the course or term
21 length is less than six months. The loan or payment amounts may
22 be disbursed no earlier than the first day the student attends
23 class with the remainder to be disbursed halfway through the
24 class or term;

25 (2) in three equal disbursements, if the course or term
26 length is more than six months, but less than 12 months. The
27 loan or payment amounts may be disbursed no earlier than the
28 first day the student attends class, one-third of the way
29 through the class or term, and two-thirds of the way through the
30 class or term; or

31 (3) in four equal disbursements, if the course or term
32 length is greater than 12 months. The loan or payment amounts
33 may be disbursed no earlier than the first day a student attends
34 class, one-quarter of the way through the class or term, halfway
35 through the class or term, and three-fourths of the way through
36 the class or term.

1 (e) Loans or other financial aid payments for amounts less
2 than \$3,000 may be disbursed as a single disbursement on the
3 first day a student attends class, regardless of course length.

4 (f) No school may enter into a contract or agreement with,
5 or receive any money from, a bank, finance or credit card
6 company, or other private lender, unless the private lender
7 follows the requirements for disbursements provided in
8 paragraphs (d) and (e).

9 Sec. 18. Minnesota Statutes 2004, section 141.29,
10 subdivision 3, is amended to read:

11 Subd. 3. [POWERS AND DUTIES.] The office shall have (in
12 addition to the powers and duties now vested therein by law) the
13 following powers and duties:

14 (a) To negotiate and enter into interstate reciprocity
15 agreements with similar agencies in other states, if in the
16 judgment of the office such agreements are or will be helpful in
17 effectuating the purposes of Laws 1973, Chapter 714;

18 (b) To grant conditional school license for periods of less
19 than one year if in the judgment of the office correctable
20 deficiencies exist at the time of application and when refusal
21 to issue school license would adversely affect currently
22 enrolled students;

23 (c) The office may upon its own motion, and shall upon the
24 verified complaint in writing of any person setting forth fact
25 which, if proved, would constitute grounds for refusal or
26 revocation under Laws 1973, Chapter 714, investigate the actions
27 of any applicant or any person or persons holding or claiming to
28 hold a license or permit. However, before proceeding to a
29 hearing on the question of whether a license or permit shall be
30 refused, revoked or suspended for any cause enumerated in
31 subdivision 1, the office may shall grant a reasonable time to
32 the holder of or applicant for a license or permit to correct
33 the situation. If within such time the situation is corrected
34 and the school is in compliance with the provisions of this
35 chapter, no further action leading to refusal, revocation, or
36 suspension shall be taken.

1 Sec. 19. Minnesota Statutes 2004, section 141.30, is
2 amended to read:

3 141.30 [INSPECTION.]

4 (a) The office or a delegate may inspect the instructional
5 books and records, classrooms, dormitories, tools, equipment and
6 classes of any school or applicant for license at any reasonable
7 time. The office may require the submission of a certified
8 public audit, or if there is no such audit available the office
9 or a delegate may inspect the financial books and records of the
10 school. In no event shall such financial information be used by
11 the office to regulate or set the tuition or fees charged by the
12 school.

13 (b) Data obtained from an inspection of the financial
14 records of a school or submitted to the office as part of a
15 license application or renewal are nonpublic data as defined in
16 section 13.02, subdivision 9. Data obtained from inspections
17 may be disclosed to other members of the office, to law
18 enforcement officials, or in connection with a legal or
19 administrative proceeding commenced to enforce a requirement of
20 law.

21 Sec. 20. Minnesota Statutes 2004, section 141.35, is
22 amended to read:

23 141.35 [EXEMPTIONS.]

24 Sections 141.21 to 141.35 shall not apply to the following:

25 (1) public postsecondary institutions;

26 (2) private postsecondary institutions registered under
27 sections 136A.61 to 136A.71 that are nonprofit, or that are for
28 profit and registered under sections 136A.61 to 136A.71 as of
29 December 31, 1998, or are approved to offer exclusively
30 baccalaureate or postbaccalaureate programs;

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

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

36 (5) courses taught to students in a valid apprenticeship

1 program taught by or required by a trade union;

2 (6) schools exclusively engaged in training physically or
3 mentally handicapped persons for the state of Minnesota;

4 (7) schools licensed by boards authorized under Minnesota
5 law to issue licenses;

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

10 (9) schools engaged exclusively in the teaching of purely
11 avocational, recreational, or remedial subjects as determined by
12 the office;

13 (10) driver training schools and instructors as defined in
14 section 171.33, subdivisions 1 and 2;

15 (11) classes, courses, or programs conducted by a bona fide
16 trade, professional, or fraternal organization, solely for that
17 organization's membership;

18 (12) programs in the fine arts provided by organizations
19 exempt from taxation under section 290.05 and registered with
20 the attorney general under chapter 309. For the purposes of
21 this clause, "fine arts" means activities resulting in artistic
22 creation or artistic performance of works of the imagination
23 which are engaged in for the primary purpose of creative
24 expression rather than commercial sale or employment. In making
25 this determination the office may seek the advice and
26 recommendation of the Minnesota Board of the Arts;

27 (13) classes, courses, or programs intended to fulfill the
28 continuing education requirements for licensure or certification
29 in a profession, that have been approved by a legislatively or
30 judicially established board or agency responsible for
31 regulating the practice of the profession, and that are offered
32 primarily exclusively to an individual practicing the
33 profession;

34 (14) classes, courses, or programs intended to prepare
35 students to sit for undergraduate, graduate, postgraduate, or
36 occupational licensing and occupational entrance examinations;

1 (15) classes, courses, or programs providing 16 or fewer
2 clock hours of instruction that are not part of the curriculum
3 for an occupation or entry level employment;

4 (16) classes, courses, or programs providing instruction in
5 personal development, modeling, or acting;

6 (17) training or instructional programs, in which one
7 instructor teaches an individual student, that are not part of
8 the curriculum for an occupation or are not intended to prepare
9 a person for entry level employment; and

10 (18) schools with no physical presence in Minnesota, as
11 determined by the office, engaged exclusively in offering
12 distance instruction that are located in and regulated by other
13 states or jurisdictions.

14 ARTICLE 4

15 FACILITIES AUTHORITY MERGER

16 Section 1. [FACILITIES AUTHORITY; MERGER.]

17 The authority, duties, and unexpended balance of any funds
18 collected pursuant to Minnesota Statutes, section 136A.29,
19 subdivision 12, of the Minnesota Higher Education Facilities
20 Authority are transferred to the Higher Education Services
21 Office. Minnesota Statutes, section 15.039, applies to the
22 transfer of responsibilities under this section.

23 Sec. 2. [REVISOR INSTRUCTION.]

24 The revisor of statutes shall prepare a bill for
25 introduction in the 2006 regular legislative session making any
26 technical changes to Minnesota Statutes and Minnesota Rules made
27 necessary by section 1.

28 Sec. 3. [REPEALER.]

29 Minnesota Statutes 2004, sections 136A.25 and 136A.26, are
30 repealed.

31 Sec. 4. [EFFECTIVE DATE.]

32 Sections 1 to 3 are effective July 1, 2005.

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APPENDIX
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136A.011 HIGHER EDUCATION SERVICES COUNCIL.

Subdivision 1. **Membership.** The Higher Education Services Council consists of eight citizens and one student appointed by the governor. In making appointments, the governor shall consider the geographic, gender, and ethnic diversity in the state. No more than five members of the council may belong to the same political party. The student member must be a full-time student enrolled in a Minnesota postsecondary institution at the time of appointment. The Student Advisory Council shall recommend two to four candidates for the student position. The governor is not bound by these recommendations. A nonstudent member of the council may not be an employee of or receive compensation from a public or private postsecondary institution while serving on the council. A student member may receive compensation as a student body officer or may be a recipient of financial aid, including work study, but may not otherwise be employed or compensated by a postsecondary institution while serving on the council.

The term of each citizen member is six years, and that of the student member is two years. As nearly as possible, one-third of the terms of the members must expire every two years. The compensation, removal of voting members, and filling of vacancies among voting members on the council is governed by section 15.0575, subdivisions 3, 4, and 5.

Subd. 2. **Duties.** The council shall:

(1) provide advice and review regarding the performance of the Higher Education Services Office in its duties and in any policies, procedures, or rules the office prescribes to perform its duties; and

(2) communicate with and make recommendations to the governor and the legislature.

136A.031 ADVISORY GROUPS.

Subdivision 1. **Appointment.** The Higher Education Services Council may appoint advisory task forces as necessary to assist in the administration of the Higher Education Services Office responsibilities. The task forces' expiration and the terms, compensation, and removal of members are as provided in section 15.059.

136A.25 CREATION.

A state agency known as the Minnesota Higher Education Facilities Authority is hereby created.

136A.26 MEMBERSHIPS; OFFICERS; COMPENSATION; REMOVAL.

Subdivision 1. **Membership.** The Minnesota Higher Education Facilities Authority shall consist of eight members appointed by the governor with the advice and consent of the senate, and a representative of the Higher Education Services Office.

All members to be appointed by the governor shall be residents of the state. At least two members must reside outside the metropolitan area as defined in section 473.121, subdivision 2. At least one of the members shall be a person having a favorable reputation for skill, knowledge, and experience in the field of state and municipal finance; and at least one shall be a person having a favorable reputation for skill, knowledge, and experience in the building construction field; and at least one of the members shall be a trustee, director, officer, or employee of an institution of higher education.

Subd. 1a. **Private College Council member.** The

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president of the Minnesota Private College Council, or the president's designee, shall serve without compensation as an advisory, nonvoting member of the authority.

Subd. 2. **Term; compensation; removal.** The membership terms, compensation, removal of members, and filling of vacancies for authority members other than the representative of the Higher Education Services Office, and the president of the Private College Council, shall be as provided in section 15.0575.