

*INTRODUCTION***Legislative Mandates and Curiosities – 2005**

The year 2005 proved to be busy for lawmakers with the regular session, special session, and a partial government shutdown. Since the Legislature did not pass a bonding bill in the 2004 session, the bonding bill was the first major bill that passed in 2005. Of the \$274.9 million Board of Trustees request, lawmakers approved \$213.6 million in bonding for the Minnesota State Colleges and Universities.

Legislators passed three major spending bills during the regular session, including the Higher Education Omnibus Bill. This was good news for Minnesota State Colleges and Universities. The system was able to end the regular session knowing what its appropriation was, and the system did not become part of the government shutdown. The special session convened one minute after the regular session adjourned on May 23, 2005, and met through the middle of July, two weeks into a partial government shutdown.

This publication is designed to highlight and explain legislation that affects the Minnesota State Colleges and Universities system. Bills from all relevant legislative committees are included in the document. A summary of the legislation is provided, as well as the actual legislative language. Readers are, as always, cautioned against relying on summaries alone. When a detailed understanding of a new law is required, refer directly to the actual law.

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Many people deserve thanks for helping with the Minnesota State College and University agenda during the 2005 Legislative session. In particular, the students were excellent with their support and lobbying efforts at the State Capitol. As usual, faculty and staff were there when help was needed. The legislative staff in the House and Senate helped us with scheduling and information necessary to keep the agenda moving, and they deserve gratitude as well.

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Mary Jacquart

Jerry Janezich

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Bernie Omann

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September 2005

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HIGHER EDUCATION FUNDING BILL
Regular Session H.F. 1385 (Chapter 107)

SUMMARY: The Higher Education Funding Omnibus bill provides funding for the Minnesota State Colleges and Universities, the University of Minnesota, and the Minnesota Office of Higher Education, formerly Higher Education Services Office. The bill also includes other statutory and language changes that affect higher education organizations.

Section	<i>Higher Education Funding Bill</i>	Language Page
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ARTICLE 1
Appropriations

1	Higher Education Appropriations	23
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Summary by Fund		
▪ General	\$2,761,000,000	
▪ Health Care Access	\$4,314,000	
Summary by Agency		
▪ Higher Education Services Office	\$349,310,000	
▪ Minnesota State Colleges and Universities	\$1,202,888,000	
▪ University of Minnesota	\$1,210,084,000	
▪ Mayo Medical Foundation	\$2,782,000	
▪ Minnesota Department of Health	\$250,000	

2	Higher Education Services Office	23
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Subd. 1. Total Appropriation		
	2006 = \$172,129,000	
	2007 = \$177,181,000	
Subd. 2. State Grants		
	2006 = \$136,394,000	
	2007 = \$144,756,000	

- Four-year college cap set at \$9,208 the first year and \$9,438 the second year.
- Two-year college cap set at \$6,567 the first year and \$6,436 the second year.
- Higher Education Services Office must study the for-profit postsecondary education sector licensed or registered in Minnesota. They must report findings to the Legislature by November 15, 2006.
- LME set at \$5,350 per year.
- Education benefits provided to dependent children under age 23 and the spouses of public safety officers killed in the line of duty.

Subd. 3. Interstate Tuition Reciprocity
 The Higher Education Services Office reciprocity appropriation of \$1,000,000 each year is available in either year of the biennium.

Subd. 4. State Work Study Appropriations	2006 = \$12,444,000 2007 = \$12,444,000
Subd. 5. Child Care Grants Appropriations	2006 = \$4,934,000 2007 = \$4,934,000
Subd. 6. Minitex Appropriations	2006 = \$4,381,000 2007 = \$4,381,000
Subd. 7. MnLINK Gateway Appropriations	2006 = \$400,000 2007 = \$400,000
Subd. 8. Learning Network of Minnesota Appropriations	2006 = \$4,225,000 2007 = \$4,225,000
Subd. 9. Minnesota College Savings Plan Appropriations	2006 = \$1,020,000 2007 = \$1,020,000
Subd. 10. Midwestern Higher Education Compact Appropriations	2006 = \$90,000 2007 = \$90,000
Subd. 11. Other Small Programs Appropriations	2006 = \$920,000 2007 = \$920,000
<ul style="list-style-type: none"> ▪ Includes funding for postsecondary service learning, student and parent information, and get-ready outreach. ▪ Includes no more than \$50,000 each year for administrative expenses for the intervention for college attendance program. ▪ Includes \$115,000 each year for grants to increase campus-community collaboration and service learning statewide. Grant recipients must contribute \$2 in campus or community-based support for each \$1 in state funding. 	
Subd. 12. Agency Administration Appropriations	2006 = \$2,761,000 2007 = \$2,651,000
<ul style="list-style-type: none"> ▪ Includes \$400,000 for the Higher Education Services Office to develop and measure the effectiveness of higher education in the state. A report must be submitted to the legislature by January 15, 2006. Funding for this initiative in 2008 and 2009 will be \$300,000 per year. ▪ Includes \$310,000 for the Higher Education Services Office to upgrade computer program application software related to state grant awards. 	

Subd. 13. Balances Forward

Balance in the first year does not cancel but is available for the second year.

Subd. 14. Transfers

Unencumbered balances may be transferred to the state grant program, interstate tuition reciprocity program, child care appropriation, and the state work study appropriation.

Subd. 15. Reporting

- Details the type of data the Higher Education Services Office shall collect.
- Higher Education Services Office must evaluate and report quarterly to the chairs of the Higher Education committees.
- Higher Education Services Office must provide updated state grant spending projections by November 1 and February 15.
- Higher Education Services Office must meet and consult with representatives of public and private postsecondary education, the Department of Finance, Governor's Office, legislative staff, and financial aid administrators.

Subd. 16. Rochester University Appropriation

2006 = \$3,200,000
2007 = \$0

- \$200,000 one-time appropriation is for the Rochester Higher Education Development committee for planning activities.
- \$3,000,000 one-time appropriation may be used to provide additional planning and development funds if needed, provide initial funding for academic program development, and provide funding related to academic facilities.
- Appropriation is available until June 30, 2009.

Subd. 17. United Family Practice Residency Program
Appropriation

2006 = \$360,000
2007 = \$360,000

- Shall be used to support 18 resident physicians each year in family practice at United Family Medicine residency programs.
- Shall prepare doctors to practice family care medicine in underserved rural and urban areas of the state.
- Program is intended to 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.

Subd. 1. Total Appropriation	2006 = \$600,694,000 2007 = \$602,194,000
Subd. 2. General Appropriation	2006 = \$595,694,000 2007 = \$597,194,000
▪ Includes \$12,000,000 for competitive salaries for faculty or staff.	
▪ Includes funding for recurring enrollment adjustment, as well as money for online program, increase the capacity for training nurses and teachers, management education needs of farm and small business owners, and provide services and outreach to underserved students.	

Subd. 3. Centers of Excellence	2006 = \$5,000,000 2007 = \$5,000,000
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Board must develop a process to designate centers of excellence under new Minnesota Statute 136F.31.

4 Board of Regents of the University of Minnesota 27

Subd. 1. Total Appropriation	2006 = \$593,348,000 2007 = \$616,736,000
Subd. 2. Operations and Maintenance	2006 = \$527,824,000 2007 = \$551,212,000
▪ Includes \$13,000,000 for competitive compensation to attract and retain quality faculty members.	
▪ Includes funding for recurring enrollment adjustment, as well as initiatives, including Biosciences for a Healthy Society, Preparing Students for the 21 st Century, research support, 21 st Century Technology, and outreach services to underserved students.	
Subd. 3. Health Care Access Fund	2006 = \$2,157,000 2007 = \$2,157,000
Subd. 4. Special Appropriation	2006 = \$63,367,000 2007 = \$63,367,000
(a) Agriculture and Extension Service	2006 = \$50,625,000 2007 = \$50,625,000
(b) Health Sciences	2006 = \$4,929,000 2007 = \$4,929,000
(c) Institute of Technology	2006 = \$1,387,000 2007 = \$1,387,000
(d) System Specials	2006 = \$6,426,000

		2007 = \$6,426,000	
	Subd. 5. Academic Health Center	2006 = \$20,890,000 2007 = \$20,474,000	
5	Mayo Medical Foundation		28
	Subd. 1. Total Appropriation	2006 = \$1,391,000 2007 = \$1,391,000	
	Subd. 2. Medical School	2006 = \$514,000 2007 = \$514,000	
	Subd. 3. Family Practice and Graduate Residency Program	2006 = \$531,000 2007 = \$531,000	
	Subd. 4. St. Cloud Hospital – Mayo Family Practice Residency Program	2006 = \$346,000 2007 = \$346,000	
6	Commissioner of Health	2006 = \$95,000 2007 = \$155,000	29
	The Commissioner of Health will implement the nursing low-income loan repayment program.		

**ARTICLE 2
Related Provisions**

1 - 2	Enrollment Adjustment Elimination		29
	Eliminates adjusting for enrollment from the calculation of instructional services base for public postsecondary systems beginning in fiscal year 2008.		
3	Applied Doctoral Degrees		30
	Authorizes state universities to offer applied doctoral degrees in professional fields in education, business, psychology, physical therapy, audiology, and nursing.		
4	Tuition Assistance for Deaf Students		30
	A deaf resident student is entitled to a tuition waiver of any remaining tuition and fees once state and federal grants have been applied at any Minnesota public postsecondary institution.		
5 - 7	License Plates Scholarships		31
	State colleges and universities may sell license plates with their logo to create a funding source for scholarships. The language clarifies that the scholarship can be for any field of study, changes the amount of the scholarship to provide for flexibility, and makes it optional for the scholarship to be renewable.		

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| 8 – 9 | <p>Senior Citizen Tuition</p> <p>Clarifies that a senior citizen enrolled in a course must pay for any materials, personal property, or service charges for that course. If a senior citizen is enrolled in the course for credit, there is a small administrative fee, however, if the senior citizen audits the course, the fee is not charged.</p> <p>Clarifies that a senior citizen enrolled in a closed enrollment contract training or professional continuing education program is not eligible for the tuition benefit.</p> | 31 |
| 10 | <p>Higher Education Services Office Responsibilities</p> <p>Expands the Higher Education Services Office’s responsibilities to include measuring and reporting on the effectiveness of postsecondary institutions.</p> | 32 |
| 11 | <p>Higher Education Advisory Council</p> <p>Changes the purpose of the existing council, consisting of the heads of the public postsecondary systems, the presidents of private college organizations, and a governor’s appointee. The new purpose is to alert the Higher Education Services Office to matters it considers necessary. The Services Council is repealed in this bill.</p> | 32 |
| 12 - 14 | <p>Student Advisory Council</p> <p>Makes the existing student council advisory to the Higher Education Services Office, and makes technical changes in the name of an appointing association. Also authorizes the Student Advisory Council to disapprove the director’s appointment of students to advisory task forces if four members vote to disapprove. Extends the Higher Education Services Office advisory groups to 2007.</p> | 33 |
| 15 | <p>Tuition Reciprocity Reporting</p> <p>Requires Higher Education Services Office to submit an annual reciprocity report to the Legislature by the last day in January that includes data on program participation by state, resident and reciprocity tuition at each institution, and payments and obligations for each participating state.</p> | 34 |
| 16 | <p>Tuition Reciprocity Data Sharing</p> <p>Requests HESO to consider monitoring the Minnesota employment of students who participate in the reciprocity program.</p> | 34 |
| 17 | <p>Eligibility for Grants</p> <p>Makes changes in the criteria for state grant recipients to be current with child support obligations to conform to the standard</p> | 34 |

language used in human services.

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| 18 | Cost of Attendance
Defines fees charged by postsecondary institutions that are included in the calculation of state grant awards. Fees exclude payment for equipment that the student owns, optional fees and punitive fees. | 35 |
| 19 | Surplus Appropriation
Authorizes Higher Education Services Office to use any projected surpluses in the second year of the biennium to increase the living and miscellaneous allowance. Increases may be made more than once, but do not carry forward to the next biennium. Expires June 30, 2007. | 35 |
| 20 | State Grant Eligibility
Provides an additional semester of grant eligibility to a student who withdraws from enrollment in a postsecondary institution for active military service. | 35 |
| 21 | State Grant Deadline
Extends the application deadline for a state grant from 14 days after the start of the term to 30 days. | 36 |
| 22 | State Grant Data
Requires all postsecondary institutions eligible to participate in the state grant program to provide Higher Education Services Office with data on student enrollment and financial aid. Data needs and content must be determined in consultation with an advisory task force. | 36 |
| 23 | Child Care Grant Eligibility
Provides an additional semester of child care grant eligibility to a student who withdraws from enrollment in a postsecondary institution for active military service. | 36 |
| 24 | Child Care Grant Amount
Increases the maximum child care grant \$100 from \$2,200 to \$2,300. | 36 |
| 25 | State Grant Data
Requires all postsecondary institutions eligible to participate in the state grant program to provide Higher Education Services Office with data on student enrollment and financial aid. Data needs and content must be determined in consultation with an advisory task force. | 37 |

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| 26 | Eligible Student
Defines an eligible student for supplemental and additional loans administered by Higher Education Services Office as a Minnesota resident accepted or enrolled in an eligible institution in a state in the U.S. or a province, and a non-Minnesota resident who physically attends classes at an eligible Minnesota institution for at least 30 days of the academic term. Excluded are non-Minnesota residents enrolled in internet courses. | 37 |
| 27 | Income-Contingent Loans
Puts into statute a loan program that was first authorized in law in 1987 as the Graduated Repayment Income Protection Program (GRIP). GRIP provides assistance in loan repayments for graduates of certain Minnesota schools offering medical and related degrees and Minnesota residents graduating from optometry and osteopathy programs. Applications to the program ended June 30, 1995. | 37 |
| 28 | Loan Capital Fund
Authorizes the Higher Education Services Office to deposit funds from the operation of student loan programs in a loan capital fund to be used for its loan programs, including the expenses of administration, loan defaults, and revenue bonds. | 37 |
| 29 | Intervention for College Attendance Program (ICAP) Grants
Establishes a grant program and application process to provide outreach services to historically underserved groups of students in grades six through 12. Grants may be awarded to eligible organizations that include postsecondary institutions. The grants are for one-year and renewable for a second year with documentation. Eligible services include counseling, mentoring and orientation to college. Eligible students must meet one or more of the income based eligibility criteria or be a member of a group traditionally underrepresented in higher education. Higher Education Services Office is required to report on the program to the Legislature by January 15 of each odd-numbered year. | 38 |
| 30 | Student Board of Trustee Recommendations
Makes the date for students to make recommendations to the governor for student representatives on the Board of Trustees consistent with the April 15 date of the year in which vacancies occur that applies to the Board of Trustees Advisory Council recommendations to the governor. | 39 |
| 31 | Centers of Excellence
Requires the Board of Trustees to designate three to eight centers. Specifies criteria for selecting a center of excellence, including capacity to build recognition, expanding influence, improving | 39 |

employment and earnings of graduates, partnerships between two- and four year institutions, comprehensive plans and commitments from area employers. Requires an advisory committee for each center and a report to the governor and legislative committees by January 15 of each odd-numbered year.

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| 32 | Technical and Consolidated Technical Colleges
Provides an option for technical colleges to offer either a certificate or a degree in a program. | 40 |
| 33 - 46 | Minnesota College Savings Plan
Makes changes to the Minnesota College Savings Plan, a 529 savings plan named for the section of the internal revenue service code governing state savings plans. Most proposed changes are clarifying or conform to federal law. | 40 |
| 47 - 50 | Regent Candidate Advisory Committee
Changes the purpose of the committee from one that provides assistance to the legislature to elect regents to a committee that makes recommendations on regent candidates to the governor. Requires the advisory council to consider the needs of the board in making recommendations. Also requires recommendations to be submitted to the governor by January 15 of each odd-numbered year. Clarifies governor's nomination process. | 44 |
| 51 | Nursing Low-Income Loan Repayment
Establishes an account and a loan repayment program administered by the commissioner of health for licensed practical or registered nurses who practice in Minnesota at a nursing home or as a nurse educator. Qualifying loans to pay for undergraduate or graduate education are defined. | 45 |
| 52 | Postsecondary Students - Disabled Military Veteran
Provides certain protections to a disabled military veteran who is enrolled in a public or private institution of higher education and whose medical condition or treatment requirements reasonably prevent continued attendance in higher education. | 47 |
| 53 | Eligibility for Peace Officer Survivor Education Benefits
Provides an additional semester of grant eligibility to a student who withdraws from enrollment in a postsecondary institution for active military service, consistent with the changes in this bill for the state grant and child care grants. | 48 |
| 54 | Renewal
Conforming change to the extended semester of grant eligibility following withdrawal for active military service in section 46. | 48 |

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- 55 Expiration - Farmer-Lender Mediation 48**
 Extends the farmer lender mediation program to June 30, 2009, and repeals the repealer of the program effective upon enactment.
- 56 Reciprocity Negotiations 49**
 Subdivision 1. South Dakota. Requires Higher Education Services Office to examine the feasibility of reinstating interstate payments under the reciprocity agreements. The Higher Education Services Office must report to the legislature by January 15, 2006.
- Subd. 2. Wisconsin. Requires the Higher Education Services Office to begin negotiating the terms of the reciprocity agreement with Wisconsin as soon as possible. Negotiations must address the tuition disparity for Wisconsin students attending University of Minnesota campuses with a goal of reducing the disparity.
- 57 Advisory Task Force on Public Postsecondary Funding 49**
 Directs Higher Education Services Office to convene a taskforce to study the funding of public postsecondary education. Taskforce members must include the chief financial officers of the public postsecondary systems or their designees and others chosen by the Higher Education Services Office. Recommendations must be made to the legislature and governor by January 15, 2006. The task force expires June 30, 2007.
- 58 Alternative Format Instructional Material Network 49**
 Directs the Higher Education Services Office to convene a group that includes representatives from publishers and public postsecondary systems and private higher education to make available postsecondary instructional material in an electronic format or identify other solutions. Material must be made available to Minnesota students who require a reading accommodation, as well as to Minnesota postsecondary institutions. The Higher Education Services Office must report to the legislature by January 15, 2006 on progress.
- 59 Application of Eligibility 50**
 Provides a retroactive effective date of December 31, 2002, for the sections that give an additional semester of financial aid eligibility to students who withdrew from enrollment in a postsecondary institution for active military service.
- 60 Revisor's Instruction 50**
 Directs the revisor of statutes to change the name Higher Education Services Office to the Minnesota Office of Higher Education in Minnesota Statutes and rules.

61	Repealers Repeals Minnesota Statutes 2004, sections: 136A.011 - Higher Education Services Council 136A.031, Subd. 1 - Appointing authority of the Higher Education Services Council. Repeals Minnesota Rules: 4815 – Youth works and post service benefit 4830 – AP/IB scholarship program	50
 ARTICLE 3 Private Career Schools		
1	Multiple Location Defines multiple location as a site with a different address than the address on the school’s license where classes or administrative services are provided.	50
2	Application Increases the amount of the surety bond from \$50,000 to \$250,000 that an applicant for a private career school license must post with the Higher Education Services Office.	50
3	Bond Changes the amount of the surety bond required of licensed private career schools. The maximum bond is increased from \$50,000 to \$250,000.	51
4	Fees and Terms of License Adds a cross reference to a new statutory fee section in section 8 of this article.	51
5	Catalog, Brochure, or Electronic Display Clarifies that a course outline is a syllabus.	51
6	Permanent Records Clarifies that the required depository for required records must be fireproof and that any alternative methods of complying with the record requirements must be approved by the Higher Education Services Office.	52
7	License Renewal Makes changes to the license renewal process by increasing the number of days prior to expiration of a license that a school must apply for renewal from 30 days to 60 days.	53
8	Fees Establishes a fee schedule for initial and renewal licenses. Subdivision 1. Initial Licensure Fee. Establishes fees for the first year:	53

- \$1,500 for a school with one program
- \$2,000 for a school with two or more non-degree programs
- \$2,500 for a school with two or more degree programs

Subd. 2. Renewal Licensure Fee; Late Fee. Establishes renewal fees:

- \$865 for one program and \$1,150 for two or more programs for category A schools
- \$430 for one program and \$575 for two or more programs for category B or C schools

Establishes a late fee of \$100 per day for applications that miss the 60-day prior to expiration deadline.

Subd. 3. Degree Level Addition Fee. Establishes a \$2,000 fee for each additional degree program.

Subd. 4. Program Addition Fee. Establishes a \$500 fee for adding a new program that is significantly different than current programs.

Subd. 5. Visit or Consulting Fee. Establishes a fee schedule to review or evaluate programs of \$300 per day per team member for onsite review or \$300 for a paper review without a visit plus expenses.

Subd. 6. Modification Fee. Establishes a \$100 fee for modifying programs due to changes from the program as approved.

Subd. 7. Solicitor Permit Fee. Establishes an annual \$350 fee.

Subd. 8. Multiple Location Fee. Establishes a \$250 fee for two to five locations and a \$50 fee per location for six or more locations.

9	Fee Provides a cross reference to the new statutory section on fees.	54
10	Short-Term Programs Adds an exemption to the requirement for full refunds for programs that are 40 hours or less once the course has started. Refunds may be prorated based on length of attendance.	54
11	Resident Schools Adds clarifying language to the requirements for refunding charges.	54

12	Equipment and Supplies Adds clarifying language to the requirements for the condition of equipment and supplies furnished to students.	55
13	Cancellation Occurrence Clarifies that a student who has missed 21 consecutive days of classes is considered to have withdrawn from school as of the last day attended.	55
14	Closed School Requires a school to refund all tuition from the term to students or other agency or lender if the school closes during the term. A student's outstanding obligations for the term are cancelled.	55
15	Not to Advertise State Approval Specifies the language that a licensed school must use if it refers to state licensure in advertising.	55
16	Financial Aid Payments Provides the distribution by the licensed school of all funds from financial aid, including loans. Public financial aid must be distributed according to federal law. Private aid and loans over \$3,000 must be disbursed according to a payment schedule based on the length of the course. Amounts less than \$3,000 must be paid in a single disbursement.	55
17	Powers and Duties Requires Higher Education Services Office to give license holders or applicants reasonable time to correct issues that could lead to revocation, refusal or suspension of a license.	56
18	Inspection Expands the nonpublic data obtained by Higher Education Services Office to include data submitted in a license application or renewal.	56
19	Exemptions Clarifies that one of the exemptions from licensure is for classes offered exclusively to practitioners of a profession approved by a regulatory board or agency. Authorizes Higher Education Services Office to determine the physical presence of a school for the purpose of licensure exemption.	57
20	Regulation of Private and Out-of-State Postsecondary Institutions Requires Higher Education Services Office to convene a group to develop recommendations to revise the regulation of private postsecondary institutions. The director appoints the members	58

representing associations of private institutions regulated by HESO. Preliminary recommendations must be presented to the legislature by November 15, 2005, with final recommendations by January 15, 2006.

ARTICLE 4

Rochester

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|----------|--|-----------|
| 1 | <p>Rochester Higher Education Development Committee</p> <p>Creates the Rochester Higher Education Development Committee to research and make recommendations on mission-driven postsecondary educational programs or institutions in Rochester. Specifies 11 members to be appointed by the governor: a Minnesota State Colleges and Universities trustee or designee; a University of Minnesota regent or designee; six people from the Rochester area representing business, health and medical sciences, and technology; the commissioner of finance or a designee; a person with expertise in postsecondary finance and planning; and a person with expertise in postsecondary academic planning and programming.</p> <p>Provides that appointments are not subject to the Open Appointments Act and members do not receive expense reimbursement. Authorizes the Higher Education Services Office to provide administrative support.</p> <p>Requires the committee to develop a proposal for establishment and implementation of higher education programs. Requires the committee to specifically address the role of the University of Minnesota. Authorizes the committee to make recommendations on sites for the university. Requires a report to the legislature by January 15, 2006. Provides that the committee expires December 31, 2007.</p> | 58 |
| 2 | <p>Rochester Higher Education Development Account</p> <p>Establishes an account in the special revenue fund for the appropriations in Article 1 for the purposes described in Article 1 with approval of Higher Education Services Office.</p> | 59 |
| 3 | <p>Effective Date</p> <p>Article 4 is effective the day following final enactment.</p> | 59 |

HIGHER EDUCATION FUNDING BILL
Regular Session H.F. 1385 (Chapter 107)

ARTICLE 1
 APPROPRIATIONS

Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

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

SUMMARY BY FUND

	2006	2007	TOTAL
General	\$1,365,500,000	\$1,395,500,000	\$2,761,000,000
Health Care Access	2,157,000	2,157,000	4,314,000

SUMMARY BY AGENCY - ALL FUNDS

	2006	2007	TOTAL
Higher Education Services Office	172,129,000	177,181,000	349,310,000
Board of Trustees of the Minnesota State Colleges And Universities	600,694,000	602,194,000	1,202,888,000
Board of Regents of the University of Minnesota	593,348,000	616,736,000	1,210,084,000
Mayo Medical Foundation	1,391,000	1,391,000	2,782,000
Minnesota Department of Health	95,000	155,000	250,000

APPROPRIATIONS

Available for the Year
 Ending June 30
(d) 2007

Sec. 2. HIGHER EDUCATION SERVICES OFFICE

Subdivision 1. Total
 Appropriation \$172,129,000 \$177,181,000

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

Subd. 2. State Grants 136,394,000 144,756,000

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it. For the biennium, the tuition and fee maximum shall be \$9,208 the first year and \$9,438 the second year for students enrolled in four-year programs and

\$6,567 the first year and \$6,436 the second year for students enrolled in two-year programs.

The Higher Education Services Office must study the for-profit postsecondary education sector licensed or registered in Minnesota. The study must examine tuition levels and program offerings, student debt load, financial assistance, and the impact of the tuition and fee maximums set in law on this postsecondary sector and its students. The study must also analyze the relationship of the tuition and fee maximums and tuition levels. The office must report on the findings to the legislative committees responsible for higher education finance by November 15, 2006. This study may be done in conjunction with the licensing study in article 3.

This appropriation sets the living and miscellaneous expense allowance at \$5,350 each year.

This appropriation contains money to provide educational benefits to dependent children under age 23 and the spouses of public safety officers killed in the line of duty under Minnesota Statutes 2004, section 299A.45.

Subd. 3. Interstate Tuition Reciprocity	1,000,000	1,000,000
If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.		
Subd. 4. State Work Study	12,444,000	12,444,000
Subd. 5. Child Care Grants	4,934,000	4,934,000
Subd. 6. Minitex	4,381,000	4,381,000
Subd. 7. MnLINK Gateway	400,000	400,000
Subd. 8. Learning Network of Minnesota	4,225,000	4,225,000
Subd. 9. Minnesota College Savings Plan	1,020,000	1,020,000
Subd. 10. Midwest Higher Education Compact	90,000	90,000
Subd. 11. Other Small Programs	920,000	920,000

This appropriation includes funding for postsecondary service learning, student and parent information, get ready outreach, and intervention for college attendance program.

No more than \$50,000 of this appropriation each year may be used for administrative expenses for the intervention for college attendance program under new Minnesota Statutes,

section 136A.861. This appropriation is added to the agency's permanent budget base.

Of this appropriation, \$115,000 each year is for grants to increase campus-community collaboration and service learning statewide. For each \$1 in state funding, grant recipients must contribute \$2 in campus or community-based support.

Subd. 12. Agency

Administration

2,761,000

2,651,000

\$100,000 the first year and \$300,000 the second year is for the Higher Education Services Office to develop and implement a process to measure and report on the effectiveness of postsecondary institutions in the state and make a report to the legislature regarding the implementation of the process. The report must be made by January 15, 2006, to the legislative committees with jurisdiction over higher education policy and finance. The funding base for this initiative in fiscal years 2008 and 2009 is \$300,000 per year.

\$310,000 the first year is for the Higher Education Services Office to upgrade computer program application software related to state grant awards. This appropriation does not cancel but is available until expended. This is a onetime appropriation and is not added to the agency's base.

Subd. 13. Balances Forward

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

Subd. 14. Transfers

The Higher Education Services Office may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care appropriation, and the state work study appropriation. Transfers from the child care or state work study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with the prior written approval of the commissioner of finance and prior written notice to the chairs of the senate Higher Education Budget Division and house Higher Education Finance Committee.

Subd. 15. Reporting

The Higher Education Services Office shall collect data monthly from institutions disbursing state financial aid. The data collected must include, but is not limited to, expenditures by type to date and unexpended balances. The Higher Education Services Office must evaluate and report quarterly state financial aid expenditures and unexpended balances to the chairs of the Higher Education Finances Committees of the senate and house of representatives and the commissioner of finance. By November 1 and February 15, the Higher Education Services Office must provide updated state grant spending projections taking into account the most current and projected enrollment and tuition and fee information, economic conditions, and other relevant factors. Before submitting state grant spending projections, the Higher Education Services Office must meet and consult with representatives of public and private postsecondary education, the Department of Finance, Governor's Office, legislative staff, and financial aid administrators.

Subd. 16. Rochester University	3,200,000	-0-
(d) \$200,000 is for the Rochester		

Higher Education Development Committee to carry out its planning activities. This is a onetime appropriation.

(b) \$3,000,000 is for a onetime appropriation that must be deposited into the Rochester higher education development account under article 4. With the approval of the Higher Education Services Office, money in this account may be used to:

- (1) provide additional planning and development funds, if needed;
- (2) provide initial funding for academic program development; and
- (3) provide funding related to academic facilities, if needed. The appropriation under this paragraph is available until June 30, 2009.

Subd. 17. United Family Practice Residency Program	360,000	360,000
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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.

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

Subdivision 1. Total Appropriation	600,694,000	602,194,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions. The legislature estimates that instructional expenditures will be \$812,735,000 the first year and \$814,764,000 the second year. The legislature estimates that noninstructional expenditures will be \$58,868,000 the first year and \$59,015,000 the second year.

Subd. 2. General Appropriation	595,694,000	597,194,000
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This appropriation includes \$12,000,000 to pay competitive compensation to faculty or staff for initiatives that promote excellence in student learning. This appropriation also includes funding for the recurring enrollment adjustment and money to strengthen and expand the Minnesota online program, increase the capacity for training nurses and teachers, provide for the management education needs of farm and small business owners, and provide services and outreach to underserved populations.

Subd. 3. Centers of Excellence	5,000,000	5,000,000
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This appropriation is for centers of excellence under new Minnesota Statutes, section 136F.31. The board must develop a process to designate centers of excellence under new Minnesota Statutes, section 136F.31.

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

Subdivision 1. Total Appropriation	593,348,000	616,736,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance	527,824,000	551,212,000
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The legislature estimates that instructional expenditures will be \$451,372,000 the first year and \$469,229,000 the second year. The legislature estimates that noninstructional expenditures will be \$290,275,000 the first year and \$301,758,000 the second year.

This appropriation includes \$13,000,000 for competitive compensation to enable the university to attract and retain quality faculty members.

This appropriation includes funding for the recurring enrollment adjustment and the following initiatives: Biosciences for a Healthy Society to advance the university's expertise and to increase the university's competitiveness in leveraging new funding from federal and private sources; Preparing Students for the 21st Century to enhance the ability of the university to attract and retain exceptional students; research support to provide resources for the university to maintain a competitive advantage in emerging and ongoing research initiatives; 21st Century Technology to support enhancement to major university systems; and outreach services to historically underserved students.

Subd. 3. Health Care Access Fund	2,157,000	2,157,000
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This appropriation is from the health care access fund and is for primary care education initiatives.

Subd. 4. Special Appropriation	63,367,000	63,367,000
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(a) Agriculture and Extension Service	50,625,000	50,625,000
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For the Agricultural Experiment Station, Minnesota Extension Service.

(b) Health Sciences	4,929,000	4,929,000
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For the rural physicians associates program, the Veterinary Diagnostic Laboratory, health sciences research, dental care, and the Biomedical Engineering Center.

© Institute of Technology	1,387,000	1,387,000
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For the Geological Survey and the Talented Youth Mathematics Program.

(d) System Specials	6,426,000	6,426,000
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For general research, student loans matching money, industrial relations education, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.

Subd. 5. Academic Health Center		
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The appropriation to the Academic Health Center under Minnesota Statutes, section 297F.10, is anticipated to be \$20,890,000 in the first year and \$20,474,000 in the second year.

Sec. 5. MAYO MEDICAL FOUNDATION		
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Subdivision 1. Total Appropriation	1,391,000	1,391,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School	514,000	514,000
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The state of Minnesota must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations. It is intended that during the biennium the Mayo Foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

Subd. 3. Family Practice and Graduate Residency Program	531,000	531,000
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The state of Minnesota must pay a capitation of up to 27 residents each year.

Subd. 4. St. Cloud Hospital-Mayo Family Practice Residency Program	346,000	346,000
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This appropriation is to the Mayo Foundation to support 12 resident physicians each year in the St. Cloud Hospital-Mayo family practice residency program. The program must prepare doctors to practice primary care medicine in the rural areas of the state. It is intended that this program will improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

Sec. 6. COMMISSIONER OF HEALTH To the commissioner of health to implement new Minnesota Statutes, section 144.1498.	95,000	155,000
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ARTICLE 2 RELATED PROVISIONS

Section 1. Minnesota Statutes 2004, section 135A.031, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION OF INSTRUCTIONAL SERVICES BASE.]

The instructional services base for each public postsecondary system is the sum of:

- (1) the state share; and
- (2) the legislatively estimated tuition for the second year of the most recent biennium; and
- (3) ~~adjustments for inflation, enrollment changes as calculated in subdivision 4, and performance as calculated in subdivision~~ [EFFECTIVE DATE.] This section is effective June 30, 2007.

Sec. 2. Minnesota Statutes 2004, section 135A.031, subdivision 4, is amended to read:

Subd. 4. ~~[ADJUSTMENT FOR ENROLLMENTS FOR BUDGETING.]~~

~~(a) Each public postsecondary system's instructional services base shall be adjusted for estimated changes in enrollments. For each two percent change in estimated full-year equivalent enrollment, an adjustment shall be made to 65 percent of the instructional services base. The remaining 35 percent of the instructional services base is not subject to the adjustment in this subdivision.~~

~~(b)~~ For all purposes where student enrollment is used for budgeting purposes, student enrollment shall be measured in full-year equivalents and shall include only enrollments in courses that award credit or otherwise satisfy any of the requirements of an academic or vocational program.

~~© The enrollment adjustment shall be made for each year of the subsequent biennium. The base enrollment year is the 1995 fiscal year enrollment. The base enrollment shall be updated for each two percent change in estimated full-year equivalent enrollment. If the actual enrollment differs from the estimated enrollment, an adjustment shall be made in the next biennium.~~

[EFFECTIVE DATE.] This section is effective June 30, 2007.

Sec. 3. Minnesota Statutes 2004, section 135A.052, subdivision 1, is amended to read:

Subdivision 1. [STATEMENT OF MISSIONS.] The legislature recognizes each type of public postsecondary institution to have a distinctive mission within the overall provision of public higher education in the state and a responsibility to cooperate with each other. These missions are as follows:

(1) the technical colleges shall offer vocational training and education to prepare students for skilled occupations that do not require a baccalaureate degree;

(2) the community colleges shall offer lower division instruction in academic programs, occupational programs in which all credits earned will be accepted for transfer to a baccalaureate degree in the same field of study, and remedial studies, for students transferring to baccalaureate institutions and for those seeking associate degrees;

(3) consolidated community technical colleges shall offer the same types of instruction, programs, certificates, diplomas, and degrees as the technical colleges and community colleges offer;

(4) the state universities shall offer undergraduate and graduate instruction through the master's degree, including specialist certificates, in the liberal arts and sciences and professional education, and may offer applied doctoral degrees in education, business, psychology, physical therapy, audiology, and nursing; and

(5) the University of Minnesota shall offer undergraduate, graduate, and professional instruction through the doctoral degree, and shall be the primary state supported academic agency for research and extension services. It is part of the mission of each system that within the system's resources the system's governing board and chancellor or president shall endeavor to:

(a) prevent the waste or unnecessary spending of public money;

(b) use innovative fiscal and human resource practices to manage the state's resources and operate the system as efficiently as possible;

© coordinate the system's activities wherever appropriate with the activities of the other system and governmental agencies;

(d) use technology where appropriate to increase system productivity, improve customer service, increase public access to information about the system, and increase public participation in the business of the system;

(e) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A; and

(f) recommend to the legislature appropriate changes in law necessary to carry out the mission of the system.

Sec. 4. [135A.165] [DEAF STUDENTS; TUITION ASSISTANCE.]

(a) For the purpose of this section, a "deaf person" means an individual with a hearing loss of such severity that the individual must

depend primarily on visual communication, such as writing, lip reading, manual communication, and gestures.

(b) A deaf person, who is a resident student as defined in section 136A.101, subdivision 8, is entitled to tuition assistance for the tuition and fees remaining after deducting any federal or state grants or other public or private grants made to the person for the purpose of paying the tuition and fees at a Minnesota state college or university or the University of Minnesota. A deaf person must receive either a federal Pell grant or a state grant under section 136A.121 for a term to receive tuition assistance for that term.

Sec. 5. Minnesota Statutes 2004, section 135A.30, subdivision 3, is amended to read:

Subd. 3. [SELECTION OF RECIPIENTS.] The governing board of an eligible institution shall determine, in consultation with its campuses, application dates and procedures, criteria to be considered, and methods of selecting students to receive scholarships. A campus, with the approval of its governing board, may award a scholarship in any ~~of the specified fields~~ field of study ~~(1) in which the campus offers a program that is of the quality and rigor to meet the needs of the talented student, and (2) that is pertinent to the mission of the campus.~~

Sec. 6. Minnesota Statutes 2004, section 135A.30, subdivision 4, is amended to read:

Subd. 4. [AMOUNT OF SCHOLARSHIP.] The amount of the scholarship ~~must~~ may be (1) at public institutions, up to the cost of tuition and fees for full-time attendance for one academic year, or (2) at private institutions, an amount ~~equal~~ up to the lesser of the actual tuition and fees charged by the institution or the tuition and fees in comparable public institutions. Scholarships awarded under this section must not be considered in determining a student's financial need as provided in section 136A.101, subdivision 5.

Sec. 7. Minnesota Statutes 2004, section 135A.30, subdivision 5, is amended to read:

Subd. 5. [RENEWALS.] The scholarship ~~shall~~ may be renewed yearly, for up to three additional academic years, if the student:

- (1) maintains full-time enrollment with a grade point average of at least 3.0 on a four point scale;
- (2) pursues studies and continues to demonstrate outstanding ability, achievement, and potential in the field for which the award was made; and
- (3) is achieving satisfactory progress toward a degree.

Sec. 8. Minnesota Statutes 2004, section 135A.52, subdivision 1, is amended to read:

Subdivision 1. [FEES AND TUITION.] Except for an administration fee established by the governing board at a level to recover costs, to be collected only when a course is taken for credit, a senior citizen who is a legal resident of Minnesota is entitled without payment of tuition or activity fees to attend courses offered for credit, audit any courses offered for credit, or enroll in any noncredit ~~adult vocational education~~ courses in any state supported institution of higher education in Minnesota when space is available after all tuition-paying students have been accommodated. A senior citizen enrolled under this section must pay any materials, personal property, or service charges for the course. In addition, a senior citizen who is enrolled in a course for credit must pay an administrative fee in an amount established by the governing board of the institution to recover the course costs. There shall be no

administrative fee charges to a senior citizen auditing a course. For the purposes of this section and section 135A.51, the term "noncredit ~~adult vocational education~~ courses" shall not include those ~~adult vocational education~~ courses designed and offered specifically and exclusively for senior citizens.

The provisions of this section and section 135A.51 do not apply to noncredit courses designed and offered by the University of Minnesota, and the Minnesota State Colleges and Universities specifically and exclusively for senior citizens. Senior citizens enrolled under the provisions of this section and section 135A.51 shall not be included by such institutions in their computation of full-time equivalent students when requesting staff or appropriations. ~~The enrollee shall pay laboratory or material fees.~~

Sec. 9. Minnesota Statutes 2004, section 135A.52, subdivision 2, is amended to read:

Subd. 2. [TERM; INCOME OF SENIOR CITIZENS.]

(a) Except under paragraph (b), there shall be no limit to the number of terms, quarters or semesters a senior citizen may attend courses, nor income limitation imposed in determining eligibility.

(b) A senior citizen enrolled in a closed enrollment contract training or professional continuing education program is not eligible for benefits under subdivision 1.

Sec. 10. Minnesota Statutes 2004, section 136A.01, subdivision 2, is amended to read:

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

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

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

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

(4) negotiating and administering reciprocity agreements;

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

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

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

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

Sec. 11. Minnesota Statutes 2004, section 136A.031, subdivision 2, is amended to read:

Subd. 2. [HIGHER EDUCATION ADVISORY COUNCIL.] A Higher Education Advisory Council (HEAC) is established. The HEAC is composed of the president of the University of Minnesota or designee; the chancellor of the Minnesota State Colleges and Universities or designee; the commissioner of education; the president of the Private College Council; a representative from the Minnesota ~~Association of Private Postsecondary Schools~~ Career College Association; and a member appointed by the

governor. The HEAC shall ~~(1) bring to the attention of the Higher Education Services Council Office any matters that the HEAC deems necessary, and (2) review and comment upon matters before the council. The council shall refer all proposals to the HEAC before submitting recommendations to the governor and the legislature. The council shall provide time for a report from the HEAC at each meeting of the council.~~

Sec. 12. Minnesota Statutes 2004, section 136A.031, subdivision 3, is amended to read:

Subd. 3. [STUDENT ADVISORY COUNCIL.] A Student Advisory Council (SAC) to the Higher Education Services ~~Council Office~~ is established. The members of SAC shall include: the chair of the University of Minnesota student senate; the state chair of the Minnesota State University Student Association; the president of the Minnesota State College Student Association and an officer of the Minnesota State College Student Association, one in a community college course of study and one in a technical college course of study; the president of the Minnesota Association of Private College Students; and a student who is enrolled in a private vocational school, to be appointed by the Minnesota ~~Association of Private Postsecondary Schools Career College Association~~. A member may be represented by a student designee who attends an institution from the same system that the absent member represents. The SAC shall select one of its members to serve as chair.

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

The SAC shall:

- (1) bring to the attention of the Higher Education Services ~~Council Office~~ any matter that the SAC believes needs the attention of the ~~council office~~ office;
- (2) make recommendations to the Higher Education Services ~~Council Office~~ as it finds appropriate; and
- (3) ~~appoint~~ approve student members to appointments by the Higher Education Services ~~Council Office~~ for each advisory groups group as provided in subdivision 4; ~~and~~
- ~~(4) provide any reasonable assistance to the council.~~

Sec. 13. Minnesota Statutes 2004, section 136A.031, subdivision 4, is amended to read:

Subd. 4. [STUDENT REPRESENTATION.] ~~If requested by the SAC, The director must place at least one student from an affected educational system on any task force created under subdivision 1. The student member or members shall be appointed by the SAC by the office. The director must submit to the SAC the name of any student appointed to an advisory group or task force. The student appointment is not approved if four SAC members vote to disapprove of the appointment. If an appointment is disapproved, the director must submit another student appointment to the SAC in a timely manner.~~

Sec. 14. Minnesota Statutes 2004, section 136A.031, subdivision 5, is amended to read:

Subd. 5. [EXPIRATION.] Notwithstanding section 15.059, subdivision 5, the advisory groups established in this section expire on June 30, ~~2005~~ 2007.

Sec. 15. Minnesota Statutes 2004, section 136A.08, is amended by adding a subdivision to read:

Subd. 7. [REPORTING.] The Higher Education Services Office must annually, before the last day in January, submit a report to the committees in the house of representatives and the senate with responsibility for higher education finance on:

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

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

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

Sec. 16. Minnesota Statutes 2004, section 136A.08, is amended by adding a subdivision to read:

Subd. 8. [DATA SHARING.]

(a) The Higher Education Services Office must consider developing data collection procedures and agreements to monitor the extent to which students who attend Minnesota postsecondary institutions under reciprocity agreements are employed in Minnesota after graduation. These procedures must include matching Social Security numbers of reciprocity students for purposes of tracking the migration and employment of students who receive associate, baccalaureate, or graduate degrees through a tuition reciprocity program. State agencies must share wage and earnings data under section 268.19 for the purpose of evaluating the tuition reciprocity program.

(b) The reciprocity application must request the use of student Social Security numbers for the purposes of this subdivision. Reciprocity students must be informed that Social Security numbers will be used only for monitoring described in paragraph (a), by sharing information with Minnesota agencies and departments responsible for the administration of covered wage data and revenue collections. Social Security numbers must not be used for any other purpose or reported to any other government entity.

© The office must include summary data on the migration and earnings of reciprocity graduates in the reciprocity report to the legislature. This report must include summary statistics on number of graduates by institution, degree granted and year of graduation, total number of reciprocity students employed in the state, and total earnings of graduates.

Sec. 17. Minnesota Statutes 2004, section 136A.121, subdivision 2, is amended to read:

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

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

(2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over, and has met all requirements for admission as a student to an eligible college or technical college of choice as defined in sections 136A.095 to 136A.131;

(3) has met the financial need criteria established in Minnesota Rules;

(4) is not in default, as defined by the office, of any federal or state student educational loan; and

(5) is not more than 30 days in arrears ~~for any in court-ordered child support payments owed to a~~ that is collected or enforced by the public agency authority responsible for child support enforcement or, if

the applicant is more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement, but is complying with a written payment agreement under section 518.553 or order for arrearages. An agreement must provide for a repayment of arrearages at no less than 20 percent per month of the amount of the monthly child support obligation or no less than \$30 per month if there is no current monthly child support obligation. Compliance means that payments are made by the payment date.

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

Sec. 18. Minnesota Statutes 2004, section 136A.121, subdivision 6, is amended to read:

Subd. 6. [COST OF ATTENDANCE.]

(a) The recognized cost of attendance consists of allowances specified in law for living and miscellaneous expenses, and an allowance for tuition and fees equal to the lesser of the average tuition and fees charged by the institution, or the tuition and fee maximums established in law.

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

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

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

Sec. 19. Minnesota Statutes 2004, section 136A.121, is amended by adding a subdivision to read:

Subd. 7a. [SURPLUS APPROPRIATION.] If the amount appropriated is determined by the office to be more than sufficient to fund projected grant demand in the second year of the biennium, the office may increase the living and miscellaneous expense allowance in the second year of the biennium by up to an amount that retains sufficient appropriations to fund the projected grant demand. The adjustment may be made one or more times. In making the determination that there is more than sufficient funds, the office shall balance the need for sufficient resources to meet the projected demand for grants with the goal of fully allocating the appropriation for state grants. An increase in the living and miscellaneous expense allowance under this subdivision does not carry forward into a subsequent biennium. This subdivision expires June 30, 2007.

Sec. 20. Minnesota Statutes 2004, section 136A.121, subdivision 9, is amended to read:

Subd. 9. [AWARDS.] An undergraduate student who meets the office's requirements is eligible to apply for and receive a grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or previously has been enrolled full time or the equivalent for eight semesters or the equivalent, excluding courses taken from a Minnesota school or postsecondary institution which is not participating in the state grant program and from which a student transferred no credit. A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility.

A student enrolled in a two-year program at a four-year institution is only eligible for the tuition and fee maximums established by law for two-year institutions.

Sec. 21. Minnesota Statutes 2004, section 136A.121, subdivision 13, is amended to read:

Subd. 13. [DEADLINE.] The deadline for the office to accept applications for state grants for a term is ~~14~~ 30 days after the start of that term.

Sec. 22. Minnesota Statutes 2004, section 136A.121, is amended by adding a subdivision to read:

Subd. 18. [DATA.]

(a) An eligible institution must provide to the office data on student enrollment and federal and state financial aid.

(b) An institution or its agent must provide to the office aggregate and distributional financial or other data as determined by the director that is directly related to the responsibilities of the office under this chapter and chapter 141. The director may only request aggregate and distributional data after establishing and consulting with a data advisory task force to determine the need, content, and detail of the information. Data provided by nonpublic institutions under this paragraph is considered nonpublic data under chapter 13.

Sec. 23. Minnesota Statutes 2004, section 136A.125, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE STUDENTS.]

(a) An applicant is eligible for a child care grant if the applicant:

- (1) is a resident of the state of Minnesota;
- (2) has a child 12 years of age or younger, or 14 years of age or younger who is handicapped as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;
- (3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;
- (4) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters or the equivalent;
- (5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;
- (6) is enrolled at least half time in an eligible institution; and
- (7) is in good academic standing and making satisfactory academic progress.

(b) A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility.

Sec. 24. Minnesota Statutes 2004, section 136A.125, subdivision 4, is amended to read:

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

- (1) the income of the applicant and the applicant's spouse;
 - (2) the number in the applicant's family, as defined by the office;
- and
- (3) the number of eligible children in the applicant's family. The maximum award to the applicant shall be ~~\$2,200~~ \$2,300 for each eligible child per academic year, except that the campus financial aid officer may apply to the office for approval to increase grants by up to ten percent to compensate for higher market charges for infant care in a community.

The office shall develop policies to determine community market costs and review institutional requests for compensatory grant increases to ensure need and equal treatment. The office shall prepare a chart to show the amount of a grant that will be awarded per child based on the factors in this subdivision. The chart shall include a range of income and family size.

Sec. 25. Minnesota Statutes 2004, section 136A.1701, is amended by adding a subdivision to read:

Subd. 11. [DATA.]

(a) An eligible institution must provide to the office data on student enrollment and federal and state financial aid.

(b) An institution or its agent must provide to the office aggregate and distributional financial or other data as determined by the director that is directly related to the responsibilities of the office under this chapter and chapter 141. The director may only request aggregate and distributional data after establishing and consulting with a data advisory task force to determine the need, content, and detail of the information. Data provided by nonpublic institutions under this paragraph is considered nonpublic data under chapter 13.

Sec. 26. Minnesota Statutes 2004, section 136A.1701, is amended by adding a subdivision to read:

Subd. 12. [ELIGIBLE STUDENT.] "Eligible student" means a student who is 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 students if they are enrolled or accepted for enrollment in a minimum of one course of at least 30 days in length during the academic year that requires physical attendance at an eligible institution located in Minnesota. Non-Minnesota resident students enrolled exclusively during the academic year in correspondence courses or courses offered over the Internet are not eligible students. Non-Minnesota resident students not physically attending classes in Minnesota due to enrollment in a study abroad program for 12 months or less are eligible students. Non-Minnesota residents enrolled in study abroad programs exceeding 12 months are not eligible students. For purposes of this section, an "eligible student" must also meet the eligibility requirements of section 136A.15, subdivision 8.

Sec. 27. [136A.1703] [INCOME-CONTINGENT LOANS.]

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

Sec. 28. [136A.1785] [LOAN CAPITAL FUND.]

The office may deposit and hold assets derived from the operation of its student loan programs authorized by this chapter in a fund known as the loan capital fund. Assets in the loan capital fund are available to the office solely for carrying out the purposes and terms of sections 136A.15 to 136A.1703, including, but not limited to, making student loans authorized by this chapter, paying administrative expenses associated with the operation of its student loan programs, repurchasing defaulted student loans, and paying expenses in connection with the issuance of revenue bonds authorized under this chapter. Assets in the loan capital fund may be invested as provided in sections 11A.24 and 136A.16, subdivision 8.

All interest and earnings from the investment of the loan capital fund inure to the benefit of the fund and are deposited into the fund.

Sec. 29. [136A.861] [INTERVENTION FOR COLLEGE ATTENDANCE PROGRAM GRANTS.]

Subdivision 1. [GRANTS.] The director of the Higher Education Services Office shall award grants to foster postsecondary attendance by providing outreach services to historically underserved students in grades six through 12. Grants must be awarded to programs that provide precollege services, including, but not limited to:

- (1) academic counseling;
- (2) mentoring;
- (3) fostering and improving parental involvement in planning for and facilitating a college education;
- (4) services for students with English as a second language;
- (5) academic enrichment activities;
- (6) tutoring;
- (7) career awareness and exploration;
- (8) orientation to college life;
- (9) assistance with high school course selection and information about college admission requirements; and
- (10) financial aid counseling.

Grants shall be awarded to postsecondary institutions, professional organizations, community-based organizations, or others deemed appropriate by the director.

Grants shall be awarded for one year and may be renewed for a second year with documentation to the Higher Education Services Office of successful program outcomes.

Subd. 2. [ELIGIBLE STUDENTS.] Eligible students include students in grades six through 12 who meet one or more of the following criteria:

- (1) are counted under section 1124© of the Elementary and Secondary Education Act of 1965 (Title I);
- (2) are eligible for free or reduced-price lunch under the National School Lunch Act;
- (3) receive assistance under the Temporary Assistance for Needy Families Law (Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996); or
- (4) are a member of a group traditionally underrepresented in higher education.

Subd. 3. [APPLICATION PROCESS.] The director of the Higher Education Services Office shall develop a grant application process. The director shall attempt to support projects in a manner that ensures that eligible students throughout the state have access to precollege services. The grant application must include, at a minimum, the following information:

- (1) a description of the characteristics of the students to be served reflective of the need for services listed in subdivision 1;
- (2) a description of the services to be provided and a timeline for implementation of the activities;
- (3) a description of how the services provided will foster postsecondary attendance;
- (4) a description of how the services will be evaluated to determine whether the program goals were met; and
- (5) other information as identified by the director.

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

Subd. 4. [MATCH REQUIRED.] Applicants are required to match the grant amount dollar-for-dollar. The match may be in cash or an in-kind contribution.

Subd. 5. [REVIEW COMMITTEE.] The director must establish and convene a grant selection committee to review applications and award grants. The members of the committee may include representatives of postsecondary institutions, school districts, organizations providing precollege outreach services, and others deemed appropriate by the director.

Subd. 6. [PROGRAM EVALUATION.] Each grant recipient must annually submit a report to the Higher Education Services Office delineating its program and student outcome goals, and activities implemented to achieve the stated outcomes. The goals must be clearly stated and measurable. Grant recipients are required to collect, analyze, and report on participation and outcome data that enable the office to verify that the program goals were met. The office shall maintain:

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

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

Subd. 7. [REPORT.] By January 15 of each odd-numbered year, the office shall submit a report to the committees in the legislature with jurisdiction over higher education finance regarding the grant recipients and their activities. The report shall include information about the students served, the organizations providing services, program activities, program goals and outcomes, and program revenue sources and funding levels.

Sec. 30. Minnesota Statutes 2004, section 136F.04, subdivision 4, is amended to read:

Subd. 4. [RECOMMENDATIONS.] Each student association shall recommend at least two and not more than four candidates for its student member. By ~~January 2~~ April 15 of the year in which its members' term expires, each student association shall submit its recommendations to the governor. The governor is not bound by these recommendations.

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

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

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

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

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

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

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

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

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

(7) identified commitments from employers that include measurable financial and programmatic commitment to the center of excellence on the

part of employers who will benefit from the development of the center. A center for teacher education must demonstrate support from local school districts;

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

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

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

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

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

Sec. 32. Minnesota Statutes 2004, section 136F.32, subdivision 2, is amended to read:

Subd. 2. [TECHNICAL AND CONSOLIDATED TECHNICAL COLLEGES.]

(a) A technical college or consolidated technical community college shall offer students the option of pursuing diplomas ~~and~~ or certificates in each technical education program, unless the board determines that a degree is the only acceptable credential for career entry in a specific field. All vocational and technical credits earned for a diploma or certificate shall be applicable toward any available degree in the same program.

(b) Certificates and diplomas are credentials that demonstrate competence in a vocational or technical area and, therefore, may include a general education component only as part of an articulation agreement or to meet occupational requirements as established by the trade or profession, or by the program advisory committee. Students shall be provided with applied training in general studies as necessary for competence in the program area. Students who have earned a certificate or diploma may earn a degree in the same field if they complete the general education and other degree requirements.

Sec. 33. Minnesota Statutes 2004, section 136G.03, subdivision 3, is amended to read:

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

Sec. 34. Minnesota Statutes 2004, section 136G.03, subdivision 21a, is amended to read:

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

Sec. 35. Minnesota Statutes 2004, section 136G.03, subdivision 22, is amended to read:

Subd. 22. [NONQUALIFIED DISTRIBUTION.] "Nonqualified distribution" means a distribution made from an account other than

(1) a qualified distribution; or

(2) a distribution due to the death or disability of, or scholarship to, or attendance at a United States military academy by, a beneficiary.

Sec. 36. Minnesota Statutes 2004, section 136G.03, subdivision 32, is amended to read:

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

Sec. 37. Minnesota Statutes 2004, section 136G.05, subdivision 8, is amended to read:

Subd. 8. [ADMINISTRATION.] The director shall administer the program, including accepting and processing applications, maintaining account records, making payments, making matching grants under section 136G.11, and undertaking any other necessary tasks to administer the program. The office may contract with one or more third parties to carry out some or all of these administrative duties, including ~~promotion~~ providing incentives and marketing ~~of~~ the program. The office and the board may jointly contract with third-party providers, if the office and board determine that it is desirable to contract with the same entity or entities for administration and investment management.

Sec. 38. Minnesota Statutes 2004, section 136G.09, subdivision 11, is amended to read:

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

Sec. 39. Minnesota Statutes 2004, section 136G.09, subdivision 12, is amended to read:

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

Sec. 40. Minnesota Statutes 2004, section 136G.11, subdivision 1, is amended to read:

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

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

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

(3) the beneficiary's family meets Minnesota college savings plan residency requirements; and

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

Sec. 41. Minnesota Statutes 2004, section 136G.11, subdivision 2, is amended to read:

Subd. 2. [FAMILY INCOME.]

(a) For purposes of this section, "family income" means:

(1) if the beneficiary is under age 25, the combined adjusted gross income of the beneficiary's parents or legal guardians as reported on the federal tax return or returns for the calendar year in which contributions were made. If the beneficiary's parents or legal guardians are divorced, the income of the parent claiming the beneficiary as a dependent on the federal individual income tax return and the income of that parent's spouse, if any, is used to determine family income; or

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

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

Sec. 42. Minnesota Statutes 2004, section 136G.11, subdivision 3, is amended to read:

Subd. 3. [RESIDENCY REQUIREMENT.]

(a) If the beneficiary is under age 25, the beneficiary's parents or legal guardians must be Minnesota residents to qualify for a matching grant. If the beneficiary is age 25 or older, the beneficiary must be a Minnesota resident to qualify for a matching grant.

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

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

Sec. 43. Minnesota Statutes 2004, section 136G.11, subdivision 13, is amended to read:

Subd. 13. [FORFEITURE OF MATCHING GRANTS.]

(a) Matching grants are forfeited if:

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

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

(3) the beneficiary dies or becomes disabled;

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

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

(b) Matching grants must be proportionally forfeited if:

- (1) the account owner transfers a portion of an account to another account or to another qualified tuition program;
- (2) the beneficiary receives a scholarship covering a portion of qualified higher education expenses; or
- (3) the account owner makes a partial nonqualified withdrawal. © If the account owner makes a misrepresentation in participation agreement or an application for a matching grant that results in a matching grant, the matching grant associated with the misrepresentation is forfeited. The office and the board must instruct the plan administrator as to the amount to be forfeited from the matching grant account. The office and the board must withdraw the matching grant or the proportion of the matching grant that is related to the misrepresentation.

Sec. 44. Minnesota Statutes 2004, section 136G.13, subdivision 1, is amended to read:

Subdivision 1. [QUALIFIED DISTRIBUTION METHODS.]

(a) Qualified distributions may be made:

- (1) directly to participating eligible educational institutions on behalf of the beneficiary; ~~or~~
- (2) in the form of a check payable to both the beneficiary and the eligible educational institution; or
- (3) directly to the account owner or beneficiary if the account owner or beneficiary has already paid qualified higher education expenses.

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

Sec. 45. Minnesota Statutes 2004, section 136G.13, subdivision 5, is amended to read:

Subd. 5. [DISTRIBUTIONS DUE TO DEATH OR DISABILITY OF, OR SCHOLARSHIP TO, OR ATTENDANCE AT A UNITED STATES MILITARY ACADEMY BY, A BENEFICIARY.]

An account owner may request a distribution due to the death or disability of, or scholarship to, or attendance at a United States military academy by, a beneficiary from an account by submitting a completed request to the plan. Prior to distribution, the account owner shall certify the reason for the distribution and provide written confirmation from a third party that the beneficiary has died, become disabled, or received a scholarship for attendance at an eligible educational institution, or is attending a United States military academy. The plan must not consider a request to make a distribution until a third-party written confirmation is received by the plan. For purposes of this subdivision, a third-party written confirmation consists of the following:

- (1) for death of the beneficiary, a certified copy of the beneficiary's death record;
- (2) for disability of the beneficiary, a certification by a physician who is a doctor of medicine or osteopathy stating that the doctor is legally authorized to practice in a state of the United States and that the beneficiary is unable to attend any eligible educational institution because of an injury or illness that is expected to continue indefinitely or result in death. Certification must be on a form approved by the plan; ~~or~~
- (3) for a scholarship award to the beneficiary, a letter from the grantor of the scholarship or from the eligible educational institution receiving or administering the scholarship, that identifies the beneficiary by name and Social Security number or taxpayer identification number as the recipient of the scholarship and states the amount of the

scholarship, the period of time or number of credits or units to which it applies, the date of the scholarship, and, if applicable, the eligible educational institution to which the scholarship is to be applied; or

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

Sec. 46. Minnesota Statutes 2004, section 136G.14, is amended to read: 136G.14 [MINOR TRUST ACCOUNTS.]

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

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

© The beneficiary of an account under this section may not be changed. If the beneficiary dies, assets in a plan account become the property of the beneficiary's estate. Funds in an account must not be transferred or rolled over to another account owner or to an account for another beneficiary. A nonqualified distribution from an account, or a distribution due to the disability or scholarship award to the beneficiary, or made on account of the beneficiary's attendance at a United States military academy, must be used for the benefit of the beneficiary.

Sec. 47. Minnesota Statutes 2004, section 137.0245, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] A Regent Candidate Advisory Council is established to assist ~~the legislature~~ in determining criteria for, and identifying and recruiting qualified candidates for membership on the Board of Regents and making recommendations to the governor.

Sec. 48. Minnesota Statutes 2004, section 137.0245, subdivision 3, is amended to read:

Subd. 3. [DUTIES.]

(a) The advisory council shall:

(1) develop, in consultation with current and former regents and the administration of the University of Minnesota, a statement of the selection criteria to be applied and a description of the responsibilities and duties of a regent, and shall distribute this to potential candidates; and

(2) for each position on the board, identify and recruit qualified candidates for the Board of Regents, based on the background and experience of the candidates, ~~and~~ their potential for discharging the responsibilities of a member of the Board of Regents, and the needs of the board. The selection criteria must not include a limitation on the number of terms an individual may serve on the Board of Regents.

(b) The selection criteria developed under paragraph (a), clause (1), must include a criterion that regents represent diversity in geography; gender; race; occupation, including business and labor; and experience.

© The selection criterion must include an identification of the membership needs of the board for individual skills relevant to the governance of the University of Minnesota and the needs for certain

individual characteristics. Individual characteristics relate to qualities such as gender, race, and geographic location of residence.

Sec. 49. Minnesota Statutes 2004, section 137.0245, subdivision 4, is amended to read:

Subd. 4. [RECOMMENDATIONS.]

(a) The advisory council shall recommend at least two and not more than four candidates. By ~~March 15~~ January 15 of each odd-numbered year, the advisory council shall submit its recommendations to the ~~president of the senate and the speaker of the house of representatives.~~ The legislature shall not be bound by these recommendations ~~governor.~~

(b) The advisory council must submit a report to the governor on the needs criterion identified under subdivision 3, paragraph (c), at the same time it submits its recommendations.

Sec. 50. [137.0246] [REGENT NOMINATION AND ELECTION.]

Subdivision 1. [GOVERNOR NOMINATION.] By February 15 following the receipt of recommendations from the advisory council, the governor must submit to the joint committee established under subdivision 2 a slate of regent nominations that complies with sections 137.023 and 137.024. The slate must name one nominee for each vacancy. In selecting nominees, the governor must consider the needs of the Board of Regents and the balance of the board membership with respect to gender, racial, and ethnic composition. The governor must inform the joint committee how each candidate and the slate meets the needs identified in the report under section 137.0245, subdivision 4, paragraph (b).

Subd. 2. [JOINT COMMITTEE.]

(a) The joint legislative committee consists of 20 legislator members. Ten members shall be appointed by the speaker of the house. Ten members shall be appointed by the Subcommittee on Committees of the Committee on Rules and Administration from the senate. An equal number of members from the majority and minority party shall be appointed from each house. The members appointed from the minority party must be appointed from among those recommended by the minority leader. The chairs of the education policy committees and of the higher education budget divisions and the ranking minority member of those committees and divisions must be appointed. A majority of the members from each house is a quorum of the joint committee.

(b) By February 28 of each odd-numbered year, or at a date agreed to by concurrent resolution, the joint legislative committee shall meet to consider the governor's nominees for regent of the University of Minnesota for possible presentation to a joint convention of the legislature.

© The joint committee may only recommend to the joint convention nominees recommended by the governor. If the joint committee does not recommend a governor's nominee, the governor must submit a different nominee for the same vacancy.

Sec. 51. [144.1498] [NURSING LOW-INCOME LOAN REPAYMENT.]

Subdivision 1. [DEFINITION.] For purposes of this section, "qualifying educational loans" means government, commercial, and foundation loans for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a licensed practical nurse or registered nurse.

Subd. 2. [CREATION OF ACCOUNT; LOAN REPAYMENT PROGRAM.] A low-income nursing education account is created in the general fund. The commissioner of health shall use money from the account to establish a loan repayment program for licensed practical or registered nurses who agree to practice in a Minnesota nursing home or work in a position in Minnesota as a nurse educator. Appropriations made to the account do not cancel and are available until expended.

Subd. 3. [ELIGIBILITY.]

(a) To be eligible to apply to participate in the loan repayment program, an individual must:

(1) be a resident of Minnesota;

(2) currently be attending a program leading to a degree in practical or registered nursing or a graduate nursing degree in a public or private postsecondary education institution located in Minnesota; and

(3) submit an application to the commissioner of health.

(b) An applicant selected to participate must sign a contract to agree to serve a minimum three-year, full-time service obligation in a position or place of employment described in subdivision 2. The service must begin no later than March 31 following completion of required training. If fewer applications are submitted by nursing students than there are participant slots available, the commissioner may consider applications submitted by nursing program graduates who are licensed or registered nurses or nurses who are nurse educators. Nurses selected for loan repayment assistance must comply with this section.

Subd. 4. [LOAN REPAYMENT.] The commissioner of health may accept applicants each year for participation in the loan repayment program, within the limits of available funding. Applicants are responsible for securing their own loans. The commissioner shall select participants in a priority based upon lowest family income, followed in order of ascending family income. Family income may be determined in the same manner as for state grants under section 136A.121 or in another manner the commissioner determines fairly represents family income. The commissioner shall give preference to applicants closest to completing their training. For each year that a participant meets the service obligation required under subdivision 3, up to a maximum of four years, the commissioner shall make annual disbursements directly to the participant equivalent to 15 percent of the average educational debt for indebted nursing school graduates in the year closest to the applicant's selection for which information is available or the balance of the qualifying educational loans, whichever is less. Before receiving loan repayment disbursements and as requested, the participant must complete and return to the commissioner an affidavit of practice provided by the commissioner verifying that the participant is practicing as required under subdivision 3. The participant must provide the commissioner with verification that the full amount of loan repayment disbursement received by the participant has been applied toward the designated loans. After each disbursement, verification must be received by the commissioner and approved before the next loan repayment disbursement is made. Participants remain eligible for loan repayment as long as they practice as required under subdivision 3.

Subd. 5. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the service commitment under subdivision 3, the commissioner of health shall collect from the participant 100 percent of any payments made for qualified educational loans and interest at a rate established according to section 270.75. The commissioner shall deposit the money collected in the low-income nursing education account established under subdivision 2.

Subd. 6. [SUSPENSION OR WAIVER OF OBLIGATION.] Payment or service obligations cancel in the event of a participant's death. The commissioner of health may waive or suspend payment or service obligations in cases of total and permanent disability or long-term temporary disability lasting for more than two years. The commissioner shall evaluate all other requests for suspension or waivers on a case-by-case basis and may grant a waiver of all or part of the money owed as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the required service commitment.

Sec. 52. Minnesota Statutes 2004, section 192.502, subdivision 1, is amended to read:

Subdivision 1. [POSTSECONDARY STUDENTS.]

(a) ~~A member of the Minnesota National Guard or any other military reserve component who is a~~ As used in this subdivision, the terms "qualified person" and "qualified student" have the same meaning and include:

(1) any student at a postsecondary ~~education~~ educational institution and who is called or ordered to state into active military service in the Minnesota National Guard, as defined in section 190.05, subdivision 5, or who is called or ordered to federal active military service; and

(2) a veteran, as defined in section 197.447, who has a service-connected disability as certified by the United States Department of Veterans Affairs, who is a student at a postsecondary educational institution, and whose service connected medical condition or medical treatment requirements reasonably prevent the person's attendance at or progress in part or all of the person's higher educational training or studies at any given time. The terms "medical condition" and "medical treatment requirements" must be broadly construed and without regard for whether or not they relate directly to the person's service-connected disability.

(b) A qualified person or qualified student has the following rights:

(1) with regard to courses in which the person is enrolled, the person may:

(i) withdraw from one or more courses for which tuition and fees have been paid that are attributable to the courses. The tuition and fees must be credited to the person's account at the postsecondary institution. Any refunds are subject to the requirements of the state or federal financial aid programs of origination. In such a case, the student must not receive credit for the courses and must not receive a failing grade, an incomplete, or other negative annotation on the student's record, and the student's grade point average must not be altered or affected in any manner because of action under this item;

(ii) be given a grade of incomplete and be allowed to complete the course upon release from active ~~duty~~ service, upon completion of medical treatment, or upon sufficient medical recovery under the postsecondary institution's standard practice for completion of incompletes; or

(iii) continue and complete the course for full credit. Class sessions the student misses due to performance of ~~state or federal~~ active military service or due to the person's medical treatment or medical condition must be counted as excused absences and must not be used in any way to adversely impact the student's grade or standing in the class. Any student who selects this option is not, however, automatically excused from completing assignments due during the period the student is performing ~~state or federal~~ active military service or receiving medical treatment or recovering from a medical condition. A letter grade or a grade of pass must ~~only~~ be awarded only if, in the opinion of the faculty member teaching the course, the student has completed sufficient work and has demonstrated sufficient progress toward meeting course requirements to justify the grade;

(2) to receive a refund of amounts paid for room, board, and fees attributable to the time period during which the student was serving in ~~state or federal~~ active military service or receiving medical treatment or dealing with the person's medical condition and did not use the facilities or services for which the amounts were paid. Any refund of room, board, and fees is subject to the requirements of the state or federal financial aid programs of origination; and

(3) if the student chooses to withdraw, the student has the right to be readmitted and reenrolled as a student at the postsecondary education institution, without penalty or redetermination of admission eligibility, within ~~one year~~ two years following release from the state or federal active military service or following completion of medical treatment or sufficient recovery from the person's medical condition.

~~(b)~~ (c) The protections in this section may be invoked as follows:

(1) the qualified person or qualified student, or an appropriate officer from the military organization in which the person will be serving, or an appropriate medical authority or the person's authorized caregiver or family member, must give advance verbal or written notice that the person is being ~~called or~~ ordered to qualifying active military service or will be undertaking medical treatment or a period of recovery for a medical condition;

(2) advance notice is not required if the giving of notice is precluded by military or medical necessity or, under all the relevant circumstances, the giving of notice is impossible or unreasonable; and

(3) upon written request from the postsecondary institution, the person must provide written verification of the order to active service or of the existence of the medical condition or medical treatment.

⊕ (d) This section provides minimum protections for qualified students. Nothing in this section prevents postsecondary institutions from providing additional options or protections to students who are ~~called or~~ ordered to ~~state or federal~~ active military service or are undertaking medical treatment or a period of recovery from a medical condition.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 53. Minnesota Statutes 2004, section 299A.45, subdivision 1, is amended to read:

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

Sec. 54. Minnesota Statutes 2004, section 299A.45, subdivision 4, is amended to read:

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

Sec. 55. [583.215] [EXPIRATION.]

(a) Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, 2009.

(b) Laws 1986, chapter 398, article 1, section 18, as amended, is repealed.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 56. [RECIPROCITY NEGOTIATIONS.]

Subdivision 1. [SOUTH DAKOTA.] The Higher Education Services Office must examine reinstating interstate payments in the Minnesota-South Dakota reciprocity program while maintaining the tuition reciprocity agreement. The office must examine the advantages and disadvantages of computing interstate payments under the reciprocity agreement and the impact of interstate payments on participating students, institutions, and the general funds of the two states. The office must report on the impacts of reinstating reciprocity payments to the committees of the legislature with responsibility for higher education by January 15, 2006.

Subd. 2. [WISCONSIN.] The Higher Education Services Office must, as soon as possible, commence negotiations with the state of Wisconsin on the tuition reciprocity agreement. The negotiations must include the issue of the disparity between the tuition paid by Wisconsin residents and Minnesota residents at campuses of the University of Minnesota with a goal of reducing or eliminating the disparity.

This section does not mandate the inclusion of any particular term in a tuition reciprocity agreement.

Sec. 57. [ADVISORY TASK FORCE ON PUBLIC POSTSECONDARY FUNDING.]

The Higher Education Services Office shall convene an advisory task force to study the current postsecondary funding policy under Minnesota Statutes, sections 135A.01 to 135A.034.

The task force must include the chief financial officers of the University of Minnesota and the Minnesota State Colleges and Universities, and the commissioner of finance, or their designees. The task force may include other members as selected by the Higher Education Services Office. The task force must study and make specific recommendations on alternatives to the methods currently used by the postsecondary systems to implement the provisions of Minnesota Statutes, section 135A.031, subdivision 4. The task force must submit its recommendations to the legislature and the governor by January 15, 2006. The task force expires on June 30, 2007.

Sec. 58. [ALTERNATIVE FORMAT INSTRUCTIONAL MATERIAL NETWORK.]

The Higher Education Services Office must convene a group with representatives from publishers of postsecondary instructional materials, the Association of American Publishers (AAP), the Minnesota State Colleges and Universities, the University of Minnesota, all sectors of private postsecondary education, and Minnesota State Services for the Blind to develop a network to make available postsecondary instructional material in an electronic format or to identify other solutions, such as a national system, to address the specialized format needs of postsecondary students with disabilities. The material available through the network must be made available to Minnesota postsecondary institutions and to postsecondary students with disabilities that require a reading accommodation. The group must establish standards for the instructional material that is available through the network.

Instructional material must be in a format that is compatible with assistive technology used by students who require a reading accommodation. Instructional material includes, but is not limited to, commercially printed materials published or produced primarily for use by students in postsecondary educational courses. Instructional materials also include materials produced by postsecondary institutions, as defined by the group, for use in conjunction with a course of study. The Higher Education Services Office must report to the committees in the house of representatives and senate with responsibility for higher education

finance by January 15, 2006, on progress in developing the network and with recommendations on methods to meet the needs of students for instructional materials in alternative formats.

Sec. 59. [APPLICATION OF ELIGIBILITY.]

The additional semester or the equivalent of grant eligibility under sections 20, 23, 53, and 54 applies to any student who withdrew from enrollment in a postsecondary institution after December 31, 2002, because the student was ordered to active military service as defined in Minnesota Statutes, section 190.05, subdivision 5b or 5c.

Sec. 60. [REVISOR'S INSTRUCTION.]

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

Sec. 61. [REPEALER.]

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

(b) 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; and 4830.8150, are repealed.

ARTICLE 3

PRIVATE CAREER SCHOOLS

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

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

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

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

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

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

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

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

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

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

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

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

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

(10) gross income earned in the preceding year from student tuition, fees, and other required institutional charges, unless the school

files with the office a surety bond equal to at least ~~\$50,000~~ \$250,000 as described in subdivision 5.

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

Subd. 5. [BOND.]

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

(b) The amount of the surety bond shall be ten percent of the preceding year's gross income from student tuition, fees, and other required institutional charges, but in no event less than \$10,000 nor greater than ~~\$50,000~~ \$250,000, except that a school may deposit a greater amount at its own discretion. A school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision, unless the school maintains a surety bond equal to at least ~~\$50,000~~ \$250,000. A school that operates at two or more locations may combine gross income from student tuition, fees, and other required institutional charges for all locations for the purpose of determining the annual surety bond requirement. The gross tuition and fees used to determine the amount of the surety bond required for a school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the school by the students recruited from Minnesota.

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

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

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

Sec. 4. Minnesota Statutes 2004, section 141.25, subdivision 8, is amended to read:

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

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

Sec. 5. Minnesota Statutes 2004, section 141.25, subdivision 9, is amended to read:

Subd. 9. [CATALOG, BROCHURE, OR ELECTRONIC DISPLAY.]

Before a license is issued to a school, the school shall furnish to the office a catalog, brochure, or electronic display including:

- (1) identifying data, such as volume number and date of publication;
- (2) name and address of the school and its governing body and officials;
- (3) a calendar of the school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;
- (4) the school policy and regulations on enrollment including dates and specific entrance requirements for each program;
- (5) the school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;
- (6) the school policy and regulations about standards of progress for the student including the grading system of the school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the school, and conditions of reentrance for those dismissed for unsatisfactory progress;
- (7) the school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;
- (8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;
- (9) the school policy and regulations, including an explanation of section 141.271, about refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;
- (10) a description of the available facilities and equipment;
- (11) a course outline syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;
- (12) the school policy and regulations about granting credit for previous education and preparation;
- (13) a procedure for investigating and resolving student complaints; and
- (14) the name and address of the Minnesota Higher Education Services Office.

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

Sec. 6. Minnesota Statutes 2004, section 141.25, subdivision 12, is amended to read:

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

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

- (1) at least one copy of the records must be held in a secure, fireproof depository;
- (2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;

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

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

Sec. 7. Minnesota Statutes 2004, section 141.251, is amended to read: 141.251 [LICENSE RENEWAL.]

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

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

Sec. 8. [141.255] [FEES.]

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

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

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

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

Subd. 2. [RENEWAL LICENSURE FEE; LATE FEE.]

(a) The office processing fee for a renewal licensure application is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 9. Minnesota Statutes 2004, section 141.26, subdivision 5, is amended to read:

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

Sec. 10. Minnesota Statutes 2004, section 141.271, is amended by adding a subdivision to read:

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

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

Subd. 4. [RESIDENT SCHOOLS.] When a student has been accepted by a school offering a resident program and gives written notice of cancellation, or the school has actual notice of a student's nonattendance after the start of the period of instruction for which the student has been charged, but before completion of 75 percent of the period of instruction, the amount charged for tuition, fees, and all other charges shall be prorated based on number of days in the term as a portion of the total charges for tuition, fees, and all other charges. An additional 25

percent of the total cost of the period of instruction may be added, but shall not exceed \$100. After completion of 75 percent of the period of instruction for which the student has been charged, no refunds are required.

Sec. 12. Minnesota Statutes 2004, section 141.271, subdivision 7, is amended to read:

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

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

Sec. 13. Minnesota Statutes 2004, section 141.271, subdivision 10, is amended to read:

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

Sec. 14. Minnesota Statutes 2004, section 141.271, is amended by adding a subdivision to read:

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

Sec. 15. Minnesota Statutes 2004, section 141.28, subdivision 1, is amended to read:

Subdivision 1. [NOT TO ADVERTISE STATE APPROVAL.] Schools, agents of schools, and solicitors may not advertise or represent in writing or orally that such school is approved or accredited by the state of Minnesota, except that any school, agent, or solicitor may advertise that the school and solicitor have been duly licensed by the state. Using the following language:

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

Sec. 16. Minnesota Statutes 2004, section 141.28, is amended by adding a subdivision to read:

Subd. 6. [FINANCIAL AID PAYMENTS.]

(a) All schools must collect, assess, and distribute funds received from loans or other financial aid as provided in this subdivision.

(b) Student loans or other financial aid funds received from federal, state, or local governments or administered in accordance with federal student financial assistance programs under title IV of the Higher Education Act of 1965, as amended, United States Code, title 20, chapter

28, must be collected and applied as provided by applicable federal, state, or local law or regulation.

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

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

(1) in two equal disbursements, if the term length is more than four months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class with the remainder to be disbursed halfway through the term; or

(2) in three equal disbursements, if the term length is more than six months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class, one-third of the way through the term, and two-thirds of the way through the term.

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

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

Sec. 17. Minnesota Statutes 2004, section 141.29, subdivision 3, is amended to read:

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

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

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

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

Sec. 18. Minnesota Statutes 2004, section 141.30, is amended to read: 141.30 [INSPECTION.]

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

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

Sec. 19. Minnesota Statutes 2004, section 141.35, is amended to read: 141.35 [EXEMPTIONS.] Sections 141.21 to 141.35 shall not apply to the following:

- (1) public postsecondary institutions;
- (2) private postsecondary institutions registered under sections 136A.61 to 136A.71 that are nonprofit, or that are for profit and registered under sections 136A.61 to 136A.71 as of December 31, 1998, or are approved to offer exclusively baccalaureate or postbaccalaureate programs;
- (3) schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;
- (4) private schools complying with the requirements of section 120A.22, subdivision 4;
- (5) courses taught to students in a valid apprenticeship program taught by or required by a trade union;
- (6) schools exclusively engaged in training physically or mentally handicapped persons for the state of Minnesota;
- (7) schools licensed by boards authorized under Minnesota law to issue licenses;
- (8) schools and educational programs, or training programs, contracted for by persons, firms, corporations, government agencies, or associations, for the training of their own employees, for which no fee is charged the employee;
- (9) schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office;
- (10) driver training schools and instructors as defined in section 171.33, subdivisions 1 and 2;
- (11) classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;
- (12) programs in the fine arts provided by organizations exempt from taxation under section 290.05 and registered with the attorney general under chapter 309. For the purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the office may seek the advice and recommendation of the Minnesota Board of the Arts;
- (13) classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, that have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession, and that are offered ~~primarily~~ exclusively to an individual practicing the profession;
- (14) classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;
- (15) classes, courses, or programs providing 16 or fewer clock hours of instruction that are not part of the curriculum for an occupation or entry level employment;
- (16) classes, courses, or programs providing instruction in personal development, modeling, or acting;

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

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

Sec. 20. [REGULATION OF PRIVATE AND OUT-OF-STATE POSTSECONDARY INSTITUTIONS.]

The Higher Education Services Office must convene a working group to develop recommendations to revise the regulation under Minnesota Statutes, sections 136A.61 to 136A.71, and chapter 141, of private and out-of-state postsecondary institutions that offer instruction in Minnesota or to Minnesota residents who are not required to leave the state. Members of the working group are appointed by the director of the Higher Education Services Office and must include one or more representatives of the Minnesota Private College Council, the Minnesota Career College Association, and other interested institutions that are registered or licensed under state law.

In developing recommendations, the working group must consider the office's mission to protect both consumers of postsecondary education and the state's interests. The recommendations must address the provision of degrees, certificates, diplomas, and training offered by for-profit and nonprofit institutions in Minnesota and outside of Minnesota, in classrooms or online, and regulatory issues under federal law.

The recommendations may include other relevant issues as determined by the working group.

The office must provide preliminary recommendations to the committees of the legislature with jurisdiction over higher education policy and higher education finance by November 15, 2005, and must provide final recommendations by January 15, 2006.

ARTICLE 4
ROCHESTER

Section 1. [ROCHESTER HIGHER EDUCATION DEVELOPMENT COMMITTEE.]

Subdivision 1. [ESTABLISHMENT.] The Rochester Higher Education Development Committee is established to research and make recommendations to the governor and legislature on the creation of mission-driven postsecondary educational programs or institutions in the Rochester area that meet the educational needs of the region and the state and that capitalize on the unique opportunities for educational partnerships presented in the Rochester area.

Subd. 2. [MEMBERSHIP.] The committee is composed of 11 members, to be appointed by the governor, as follows:

(1) a trustee of the Minnesota State Colleges and Universities, or the trustee's designee;

(2) a regent of the University of Minnesota, or the regent's designee;

(3) six persons from the Rochester area representing business, health and medical sciences, and technology;

(4) the commissioner of finance, as a nonvoting member, or the commissioner's designee;

(5) one person who by training or experience has special expertise in postsecondary finance and planning; and

(6) one person who by training or experience has special expertise in postsecondary academic planning and programming.

Before the first meeting of the committee, the governor shall select one person from the committee who shall serve as chair.

Subd. 3. [COMPENSATION AND REMOVAL.] Appointments to the committee are not subject to Minnesota Statutes, section 15.0597. Members of the committee are not entitled to reimbursement under Minnesota Statutes, section 15.059, subdivision 6. Members may be removed and vacancies filled pursuant to Minnesota Statutes, section 15.059, subdivision 4. The director of the Higher Education Services Office may provide administrative support to the committee.

Subd. 4. [DUTIES.]

(a) The committee shall develop a proposal for establishment and implementation of expanded higher education programs or institutions in Rochester. The committee's report must include recommendations on:

- (1) the mission and focus of the programs or institutions;
- (2) the nature of undergraduate and graduate programs to be offered;
- (3) site and facility needs;
- (4) funding sources and opportunities;
- (5) operational needs;
- (6) alliances or other types of cooperative arrangements with public and private institutions;
- (7) governance structures; and
- (8) mechanisms to ensure that the expanded programs are aligned with the unique needs and opportunities of the Rochester area and that programs take advantage of opportunities presented by regional business and industry.

(b) If the committee recommends any programmatic changes that result in institutional realignments, the committee must consult with the representatives of affected employees and address the continuation of collective bargaining and contractual rights and benefits, including accumulated sick leave, vacation time, seniority, time to tenure, separation or retirement benefits, and pension plan coverage.

© The committee must consider specifically whether expansion of the University of Minnesota in Rochester is the most appropriate method of meeting the region's needs.

(d) The committee may also research and provide recommendations on sites for the facilities and programs. The committee shall recommend any changes to Minnesota law required to implement recommendations of the committee.

Subd. 5. [REPORT.] The committee must issue a report with recommendations to the governor and the legislature by January 15, 2006.

Subd. 6. [SUNSET.] The committee expires on December 31, 2007.

Sec. 2. [ROCHESTER HIGHER EDUCATION DEVELOPMENT ACCOUNT.]

A Rochester higher education development account is created in the state treasury in the special revenue fund. Money in this account is appropriated to the Higher Education Services Office for allocation to the committee established in section 1, subdivision 1, and the implementation activities outlined in article 1, section 2, subdivision 16, paragraph (b). The office shall serve as fiscal agent for the committee established in section 1.

Sec. 3. [EFFECTIVE DATE.]

This article is effective the day following final enactment."

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OMNIBUS BONDING BILL
Regular Session H.F. 3 (Chapter 20)

SUMMARY: The Omnibus Bonding bill contains language to fund construction of state financed facilities, as well as remodeling and renovation of existing buildings. The 2005 Legislature passed the bonding bill fairly early in the session after lawmakers in the 2004 session were unable to pass the bonding bill before adjourning. Governor Tim Pawlenty signed the bill April 11, 2005. Minnesota State Colleges and Universities received \$213.6 million of the Board of Trustees \$292.6 million request.

Section	<i>Omnibus Bonding Bill</i>	Language Page
ARTICLE 1		
Appropriations and Related Language		
1	Capital Improvement Appropriations. Itemized appropriations by agency.	65
2	University of Minnesota	
	Subd. 1. Appropriation	\$108,383,000
	Subd. 2. Higher Education Asset Preservation and Replacement	\$40,000,000
	Subd. 3. Duluth Campus	
	(a) Life Science Building	\$10,100,000
	(b) Recreational Sports Addition	\$8,700,000
	Subd. 4. Morris Campus	
	(a) District Heating	\$4,000,000
	(b) Football Stadium	\$1,800,000
	Subd. 5. Twin Cities Campus	
	(a) Kolthoff Hall	\$17,400,000
	(b) Education Sciences	\$14,500,000
	(c) Academic Health Center	\$11,600,000
	Subd. 6. North Central Research and Outreach Center	\$283,000
	Subd. 7. University Share. With the exception of HEAPR and the Morris football stadium, appropriations are intended to cover two-thirds of the cost of each project and the remaining costs must be paid from university sources.	
	Subd. 8. Unspent Appropriations. The Board of Regents must use any unspent money remaining in the appropriation for HEAPR and report to the Legislature on how the remaining funds have been spent.	
3	Minnesota State Colleges and Universities.	67
	Subd. 1. Appropriation	\$213,598,000
	Subd. 2. Higher Education Asset Preservation and Replacement	\$41,500,000
	Subd. 3. Anoka Ramsey Community College	\$10,483,000
	Cambridge Campus – Addition to the main campus building and renovate for a science laboratory and academic support center.	

- Subd. 4. Bemidji State University \$10,863,000
Renovations to Bridgeman Hall, and an addition at Northwest Technical College as part of phase 2 of the Emerging Technology Addition project.
- Subd. 5. Central Lakes College \$5,953,000
Staples Campus – Design and construct shop space and renovate vacated space.
Brainerd Campus – Design and construct a music classroom and a rehearsal addition and renovate vacated space.
- Subd. 6. Century Community and Technical College
(a) Technology Center \$4,888,000
(b) Science and Learning Resources Center \$1,000,000
- Subd. 7. Dakota Technical College \$7,387,000
Renovate an information technology telecommunications center of excellence. Expand the library and academic support center.
- Subd. 8. Fond du Lac Tribal and Community College \$635,000
Design an addition to the library and design phase 1 of the Lester Jack Briggs Cultural Center.
- Subd. 9. Inver Hills Community College \$6,045,000
Addition to and renovation of the College Center Building.
- Subd. 10. Lake Superior College \$11,243,000
Construct an addition for classroom, open computer labs, and other space.
- Subd. 11. Minneapolis Community & Technical College \$900,000
Design a Health Sciences Center and renovate existing outdated science labs.
- Subd. 12. Minnesota State College - Southeast Technical College \$3,802,000
Campus renovations including a student center, bookstore and classrooms.
- Subd. 13. Minnesota State Community and Technical College – Fergus Falls \$7,604,000
Design and construct an addition for fine arts, technology, and student services. Design and renovate general and interactive television classrooms.
- Subd. 14. Minnesota State Community and Technical College – Moorhead \$7,061,000
Construct addition for allied health and construction trades and renovate space for student services.
- Subd. 15. Minnesota State University, Mankato \$2,560,000
Design an addition to and renovation of Trafton Science Center.
- Subd. 16. Minnesota State University Moorhead
(a) Hagen Hall \$10,477,000
(b) MacLean Hall \$500,000
- Subd. 17. Northland Community College \$2,156,000
Construct addition for the Workforce Center; renovate space vacated by the Workforce Center to expand nursing programs, and renovate instructional and office space.

- Subd. 18. Riverland Community College \$5,540,000
Austin Campus - Design and renovate science labs, and general classrooms.
Albert Lea Campus – Design and renovate science labs
- Subd. 19. Rochester Community & Technical College \$12,759,000
Design and construct the Rockenbach gymnasium and adjacent site, selected areas of the Heintz Center, and portions of the University Center Rochester main campus buildings all for use as a health sciences center.
- Subd. 20. St. Cloud State University
(a) Centennial Hall, Phase 2 \$3,150,000
(b) Brown Hall/Math and Science Hall \$900,000
- Subd. 21. St. Cloud Technical College \$15,056,000
Design and construct a multistory addition and renovate classroom space into science space.
- Subd. 22. St. Paul College \$10,993,000
Renovate construction trades and technology labs and design and construct a new entryway to link all floors of the original building.
- Subd. 23. South Central Technical College \$5,157,000
North Mankato Campus – Renovate teaching laboratories
Faribault Campus – Asset preservation
- Subd. 24. Winona State University \$11,118,000
Design and renovate Pasteur Hall for classrooms, science laboratories, and related offices.
- Subd. 25. Systemwide Renovations
(a) Science Lab Renovations \$6,668,000
Design, renovate, furnish, and equip science laboratories at Alexandria Technical College; Anoka-Ramsey Community College; Central Lakes Colleges, Staples Campus; Century College; Minnesota West Community and Technical College, Granite Falls and Pipestone Campuses; Pine Technical College; Ridgewater Community and Technical College, Willmar and Hutchinson Campuses; South Central Technical College, Mankato Campus; Southwest Minnesota State University; St. Cloud Technical College; St. Paul College; and Vermillion Community College Campus.
- (b) Workforce Training Classrooms 3,083,000
Design, renovate, furnish, and equip classroom space into space designed to address emerging workforce training needs at Anoka-Hennepin Technical College; Century College; North Hennepin Community College; Rochester Community and Technical College; South Central Technical College, Faribault Campus; Minnesota West Community and Technical College, Granite Falls Campus; Minnesota State University Moorhead; Northwest Technical College, Bemidji, East Grand Forks and Moorhead.
- (c) Technology Updated Classrooms \$1,019,000
Design, renovate, and equip learning technology classrooms at

Minnesota State College Southeast Technical; Minnesota West Community and Technical College, Granite Falls Campus; Normandale Community College; North Hennepin Community College; Northland Community and Technical College; Pine Technical College; Riverland College, Albert Lea and Austin Campuses; South Central Technical College, Faribault Campus; Southwest Minnesota State University; St. Cloud State University; and St. Paul College.

(d) Demolition Initiative \$1,625,000

Demolish obsolete buildings on ten campuses.

(e) Program Consolidation \$1,173,000

Design, renovate, furnish, and equip spaces to allow for program consolidation from one campus to another.

(f) Land Acquisition \$300,000

Acquire real property near college and university campuses.

Subd. 26. Debt Service.

(a) The Board shall pay one-third of the debt service on projects in this section with the exception of HEAPR and projects where a non-state match is required.

(b) Provides the Commissioner of Finance and Minnesota State Colleges and Universities authority and responsibility relative to bond sales.

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Disposition of surplus property (MnSCU). Authorizes the Board of Trustees of the Minnesota State Colleges and Universities to sell land the Board has declared to be surplus and to keep the proceeds of the sale for capital projects at the institution that was responsible for the management of the land.

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- 44**

Health – MnSCU \$775,000

Transfers from the Department of Health to the Board of Trustees of the Minnesota State Colleges and Universities an appropriation made in 2003 to construct a community dental clinic at Lake Superior Community College in Duluth and a dental hygiene clinic in Moorhead.

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Effective Date. This article is effective the day following final enactment.

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OMNIBUS BONDING BILL
Regular Session H.F. 3 (Chapter 20)

ARTICLE 1
 APPROPRIATIONS AND RELATED LANGUAGE

Section 1. [CAPITAL IMPROVEMENT APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of a capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

SUMMARY

UNIVERSITY OF MINNESOTA	\$ 108,383,000
MINNESOTA STATE COLLEGES AND UNIVERSITIES	213,598,000
PERPICH CENTER FOR ARTS EDUCATION	1,083,000
EDUCATION	20,583,000
MINNESOTA STATE ACADEMIES	4,255,000
NATURAL RESOURCES	72,145,000
POLLUTION CONTROL AGENCY	10,000,000
OFFICE OF ENVIRONMENTAL ASSISTANCE	4,000,000
BOARD OF WATER AND SOIL RESOURCES	27,862,000
AGRICULTURE	3,919,000
ZOOLOGICAL GARDEN	22,640,000
ADMINISTRATION	7,279,000
CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	2,370,000
MILITARY AFFAIRS	4,000,000
VETERANS AFFAIRS	670,000
PUBLIC SAFETY	642,000
TRANSPORTATION	94,000,000
METROPOLITAN COUNCIL	30,914,000
HUMAN SERVICES	26,073,000
VETERANS HOMES BOARD	5,437,000
CORRECTIONS	98,694,000
EMPLOYMENT AND ECONOMIC DEVELOPMENT	167,199,000
HOUSING FINANCE AGENCY	12,350,000
MINNESOTA HISTORICAL SOCIETY	6,000,000
BOND SALE EXPENSES	884,000
TOTAL	\$ 944,980,000
Bond Proceeds Fund	
(General Fund Debt Service)	817,892,000
Bond Proceeds Fund	
(User Financed Debt Service)	59,088,000
Maximum Effort School Loan Fund	18,000,000
State Transportation Fund	50,000,000
APPROPRIATIONS	
\$	

Sec. 2. UNIVERSITY OF MINNESOTA

Subdivision 1. To the Board of Regents of the University of Minnesota for the purposes specified in this section	108,383,000
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Subd. 2. Higher Education Asset Preservation and Replacement (HEAPR) To be spent in accordance with Minnesota Statutes, section 135A.046.	40,000,000
Subd. 3. Duluth Campus	
(a) Life Science Building To design, renovate, furnish, and equip the Life Science Building for the pharmacy program and other academic programs on the Duluth campus. The renovation may include, but is not limited to, improvements to correct air quality problems, life safety and accessibility code deficiencies, asbestos, and fireproofing of the facility.	10,100,000
(b) Recreational Sports Addition To construct, furnish, and equip the recreational sports facility, an addition to the existing sports and health center. The facility will include fitness and conditioning space, multipurpose recreational space, and office space.	8,700,000
Subd. 4. Morris Campus	
(a) District Heating To design, construct, and equip an addition to the heating plant to provide the capability to burn biomass fuel to produce steam. This appropriation is not available until the commissioner of finance has determined that the chancellor of the University of Minnesota, Morris and the station head of the West Central Research and Outreach Center have a written operations plan that provides the West Central Research and Outreach Center adequate access to the facility for research purposes.	4,000,000
(b) Football Stadium To construct a football stadium to be shared with the Morris School District. This appropriation is not available until the commissioner of finance has determined that the necessary additional financing to complete the project has been committed from nonstate sources and that the Board of Regents and the Morris School Board have entered into an agreement governing the use and operation of the stadium by both entities.	1,800,000
Subd. 5. Twin Cities Campus	
(a) Kolthoff Hall To design, renovate, furnish, and equip Kolthoff Hall and to correct air quality problems in the facility that may include, but are not limited to,	17,400,000

repair or replacement of the mechanical, electrical, and HVAC systems.	
(b) Education Sciences To design, renovate, furnish, and equip the Education Sciences Building.	14,500,000
(c) Academic Health Center To design, renovate, furnish, and equip classrooms, laboratories, and the veterinary medicine teaching center on the St. Paul campus.	11,600,000
Subd. 6. North Central Research and Outreach Center - Grand Rapids To design, construct, furnish, and equip a building to accommodate the farm machinery repair, maintenance, and carpentry shops.	283,000
Subd. 7. University Share Except for higher education asset preservation and replacement and the Morris football stadium, the appropriations in this section are intended to cover approximately two-thirds of the cost of each project. The remaining costs must be paid from university sources.	
Subd. 8. Unspent Appropriations Upon substantial completion or abandonment of a project authorized in this section and after written notice to the commissioner of finance, the Board of Regents must use any money remaining in the appropriation for that project for HEAPR under Minnesota Statutes, section 135A.046. The Board of Regents must report by February 1 of each even-numbered year to the chairs of the house and senate committees with jurisdiction over capital investments and higher education finance, and to the chairs of the house Ways and Means Committee and the senate Finance Committee on how the remaining money has been allocated or spent.	
 Sec. 3. MINNESOTA STATE COLLEGES AND UNIVERSITIES	
Subdivision 1. To the Board of Trustees of the Minnesota State Colleges and Universities for the purposes specified in this section	213,598,000
Subd. 2. Higher Education Asset Preservation and Replacement This appropriation is for the purposes specified in Minnesota Statutes, section 135A.046.	41,500,000
Subd. 3. Anoka Ramsey Community College - Cambridge To design, construct, furnish, and equip an addition to the main campus	10,483,000

building, and to renovate the main campus building for a science laboratory and academic support center.

Subd. 4. Bemidji State University - Northwest Technical College 10,863,000
To renovate, furnish, and equip Bridgeman Hall at Bemidji State University and construct, furnish, and equip an addition at Northwest Technical College as part of phase 2 of the Emerging Technology Addition project.

Subd. 5. Central Lakes College 5,953,000
To design, construct, furnish, and equip heavy equipment shop space at the Staples West Campus and to renovate vacated space at the Staples main campus, and to design, construct, furnish, and equip a music classroom and a rehearsal addition and to renovate, furnish, and equip vacated space at the Brainerd Campus.

Subd. 6. Century Community and Technical College
(a) Technology Center 4,888,000
To renovate, furnish, and equip recently purchased space into a technology center, offices, and smart classrooms.
(b) Science Center and Learning Resources Center 1,000,000
To design a new building for science laboratories and classrooms and a new library and learning resource center.

Subd. 7. Dakota Technical College 7,387,000
To renovate, furnish, and equip an information technology and telecommunications center of excellence, as well as improve and expand the library and academic support center.
This appropriation is not available until the commissioner of finance has determined that at least \$200,000 has been committed from nonstate sources.

Subd. 8. Fond du Lac Tribal and Community College 635,000
To design an addition to the library and to design phase 1 of the Lester Jack Briggs Cultural Center to provide multicultural spaces and physical education facilities.

Subd. 9. Inver Hills Community College 6,045,000
To renovate the College Center Building and to construct, furnish, and equip a one-stop student services addition to it; enlarge and colocate central services, the bookstore, and loading dock; and remove a pedestrian safety hazard.

Subd. 10. Lake Superior College To construct an addition to house all student services, high-tech classrooms, open computer labs, space for workforce development, and faculty and administrative offices. The project also includes space for student life programs and instruction.	11,243,000
Subd. 11. Minneapolis Community and Technical College To design, through construction documents, a Health Sciences Center and renovation of existing outdated science labs.	900,000
Subd. 12. Minnesota State College - Southeast Technical College To renovate, furnish, and equip a one-stop student services center, a bookstore, technology-enhanced classrooms, a library and learning resource center, a nursing department, and construct a collegiate entry and information center.	3,802,000
Subd. 13. Minnesota State Community and Technical College - Fergus Falls To design, construct, furnish, and equip an addition for fine arts, technology, and student services, and to design, renovate, furnish, and equip general and interactive television classrooms.	7,604,000
Subd. 14. Minnesota State Community and Technical College - Moorhead To construct, furnish, and equip an addition for allied health and construction trades and renovate space for student services. The project will also expand and replace the campus boiler, upgrade campus storage and mechanical and electrical needs, correct life safety and building code violations, demolish temporary buildings, and construct 40 additional parking spaces.	7,061,000
Subd. 15. Minnesota State University - Mankato To design an addition to and renovation of Trafton Science Center.	2,560,000
Subd. 16. Minnesota State University - Moorhead (a) Hagen Hall To renovate, furnish, and equip Hagen Hall for classrooms, science laboratories, and related offices.	10,477,000
(b) MacLean Hall To design a comprehensive renovation of MacLean Hall.	500,000
Subd. 17. Northland Community College To construct, furnish, and equip an	2,156,000

addition for the Workforce Center; renovate, furnish, and equip space vacated by the Workforce Center to expand nursing programs, and renovate instructional and office space.

Subd. 18. Riverland Community College 5,540,000
To design, renovate, furnish, and equip science labs on the Austin and Albert Lea campuses and general classrooms on the Austin campus.

Subd. 19. Rochester Community and Technical College 12,759,000
To design, construct, furnish, and equip the renovation of the vacant Rockenbach gymnasium and adjacent site improvements, selected areas of the Heintz Center, and portions of the University Center Rochester main campus buildings all for use as a health sciences center for Rochester Community and Technical College.

Subd. 20. St. Cloud State University
(a) Centennial Hall, Phase 2 3,150,000
To renovate, furnish, and equip Centennial Hall to convert it from a library to classroom and office space. This appropriation is in addition to the appropriation in Laws 2003, First Special Session chapter 20, article 1, section 3, subdivision 16.

(b) Brown Hall/Math and Science Hall 900,000
To design the renovation of, and an addition to, Brown Hall and Math and Science Hall. The renovation and addition must address life safety, fire, and air quality to provide space for nursing programs and necessary laboratory and classroom space.

Subd. 21. St. Cloud Technical College 15,056,000
To design, construct, furnish, and equip a multistory addition and to renovate classroom space into science space, including two science laboratories and a faculty office and the colocation of a workforce center.

Subd. 22. St. Paul College 10,993,000
To design, renovate, furnish, and equip construction trades and technology labs and design and construct a new entryway to link all floors of the original building with the tower to include offices, conference rooms, and student study areas.

Subd. 23. South Central Technical College 5,157,000
To renovate, furnish, and equip teaching laboratories at the North Mankato campus and for asset preservation at the Faribault campus.

Subd. 24. Winona State University To design, renovate, furnish, and equip Pasteur Hall for classrooms, science laboratories, and related offices.	11,118,000
Subd. 25. Systemwide	
(a) Science Lab Renovations To design, renovate, furnish, and equip science laboratories. This appropriation may be used at the following campuses: Alexandria Technical College, Anoka-Ramsey Community College, Central Lakes College, Staples, Century College, Minnesota West Community and Technical College, Granite Falls and Pipestone, Pine Technical College, Ridgewater Community and Technical College, Willmar and Hutchinson, South Central Technical College, Mankato, Southwest State University, St. Cloud Technical College, St. Paul College, and Vermillion Community College.	6,668,000
(b) Workforce Training Classrooms To design, renovate, furnish, and equip classroom space into space designed to address emerging workforce training needs. This appropriation may be used at the following campuses: Anoka-Hennepin Technical College, Century College, North Hennepin Community College, Rochester Community and Technical College, South Central Technical College, Faribault, Minnesota West Community and Technical College, Granite Falls, Minnesota State University Moorhead, Northwest Technical College, Bemidji, East Grand Forks, and Moorhead.	3,083,000
(c) Technology Updated Classrooms To design, renovate, and equip learning technology classrooms. This appropriation may be used at the following campuses: Minnesota State College, Southeast Technical College, Minnesota West Community and Technical College, Granite Falls, Normandale Community College, North Hennepin Community College, Northland Community and Technical College, Pine Technical College, Riverland College, Albert Lea and Austin, South Central Technical College, Faribault, Southwest State University, St. Cloud State University, and St. Paul College.	1,019,000
(d) Demolition Initiative To demolish obsolete buildings on ten campuses.	1,625,000
(e) Program Consolidation To design, renovate, furnish, and equip spaces to allow for program	1,173,000

consolidation from one campus to another.

(f) Land Acquisition

300,000

To acquire real property near the state college and university campuses.

Subd. 26. Debt Service

(a) The board shall pay the debt service on one-third of the principal amount of state bonds sold to finance projects authorized by this section, except for higher education asset preservation and replacement, except that, where a nonstate match is required, the debt service is due on a principal amount equal to one-third of the total project cost, less the match committed before the bonds are sold. After each sale of general obligation bonds, the commissioner of finance shall notify the board of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

Sec. 35. Minnesota Statutes 2004, section 136F.60, is amended by adding a subdivision to read:

Subd. 5. [DISPOSITION OF SURPLUS PROPERTY.] (a) The board may declare state lands under its control that are no longer needed by the Minnesota State Colleges and Universities system to be surplus and may offer them for public sale in a manner consistent with the procedures set forth in sections 16B.282 to 16B.286 for disposition of state lands by the commissioner of administration. The parcels must not be exchanged or transferred for no or nominal consideration.

(b) Proceeds from the sale or disposition of land under this subdivision, after paying all expenses incurred in selling or disposing of the land and then paying any amounts due under section 16A.695, are

appropriated to the board for use for capital projects at the institution that was responsible for management of the land.

Sec. 44. Laws 2003, First Special Session chapter 20, article 1, section 11, is amended to read:

Sec. 11. HEALTH MINNESOTA STATE COLLEGES AND UNIVERSITIES

775,000

To the Board of Trustees of the Minnesota State Colleges and Universities to design and, construct, and equip a community dental clinic at Lake Superior Community College in Duluth and design and, renovate, and equip the ~~Northwest Technical College~~ Minnesota State Community and Technical Colleges dental hygiene clinic in Moorhead, subject to Minnesota Statutes, section 16A.695.

Sec. 51. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

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STATE GOVERNMENT FINANCE BILL
Regular Session H.F. 1481 (Chapter 156)

SUMMARY: The Omnibus State Government Finance bill provides appropriations for a wide variety of state agencies not otherwise included in separate bills. There are also numerous statutory language changes included in this bill which have an impact not only on agencies funded in the bill, but on agencies in the Executive Branch. Minnesota State Colleges and Universities are affected by some of these language changes.

Section	<i>State Government Finance Bill</i>	Language Page
ARTICLE 1		
State Government Appropriations		
16	Military Affairs Subd. 4. Enlistment Incentives. \$3.85 million is appropriated each year to fully fund the tuition reimbursement program.	77
ARTICLE 2		
State Government Operations		
13	Report on Expenditure Increases Requires the commissioner of finance to report by January 10 of each odd-numbered year, on programs for which expenditures are projected to increase more than 15 percent. Requires the report to include an analysis of the factors causing the increases.	77
45	Sale of State Land Requires sale of at least \$6.4 million of state-owned land by June 30, 2007, and proceeds are to be deposited in the general fund. Also requires the governor to reduce executive agency operating budgets if deposits in the general fund do not meet the target specified in this section.	77
ARTICLE 3		
Public Employment		
2	Postretirement Option Creates a postretirement employment option by providing certain benefits to a qualifying employee who terminates state service and returns to work on a schedule that is reduced by at least 25 percent and that is not more than half-time. The employee would not be subject to suspension of their state annuity that otherwise would apply once a specified earnings level had been reached.	78

This section applies to a state or Metropolitan Council employee who has worked at least 1,044 hours in a position covered by an MSRS or PERA pension plan for each of the five years immediately preceding termination.

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|---|--|-----------|
| 3 | Voluntary Hour Reduction Plan
A state employee who is regularly scheduled to work 1,044 or more hours a year in a position covered by a pension plan administered by MSRS may enter into an agreement with the appointing authority to work a reduced schedule of 1,044 hours or less. Contributions may be made to the retirement plan as if the employee had not reduced their hours. This section only applies through June 30, 2007. | 79 |
| 4 | Voluntary Unpaid Leave of Absence
Authorizes state appointing authorities to allow each employee to take unpaid leaves of absence for up to 1,040 hours during the next biennium. Employees taking unpaid leave under this section will continue to accrue vacation and sick leave; are eligible for paid holidays and insurance benefits; accrue seniority; and may accrue pension credit by making specified payments. The employee is responsible for making the payments, but the employer may agree to pay the employer contribution. | 80 |
| 5 | Labor Agreements and Compensation Plans
Ratifies state employee labor agreements, compensation plans and salaries including the Inter Faculty Organization (IFO), and the Minnesota Nurses Association. | 80 |
| ARTICLE 4 | | |
| Military and Veterans | | |
| 3 | Reinstatement
Clarifies that for a state or local public employee who is ordered to active military service, vacation and sick leave from the public employer accrues from the day the person's military leave commences until the day the person returns to the former public employment. | 81 |
| 4 | Tuition and Textbook Reimbursement Grant
The tuition and textbook reimbursement grant is extended two years for a current or former national guard member who has served in federal active service or federally funded state active service. The timeframe for using the benefit is extended by eight years for any national guard member who has been separated or discharged with a service-connected disability. | 82 |
| <p>This section is effective the day following final enactment and applies to persons who have served in the Minnesota National Guard since September 11, 2001, and if the person has died in the line of service, to the person's surviving spouse and dependents.</p> | | |

STATE GOVERNMENT FINANCE BILL
Regular Session H.F. 1481 (Chapter 156)

ARTICLE 1
 STATE GOVERNMENT APPROPRIATIONS

Sec. 16. MILITARY AFFAIRS
 Subd. 4. Enlistment Incentives 10,207,000 10,207,000
 \$3,850,000 each year is to provide the additional amount needed for full funding of the tuition reimbursement program in Minnesota Statutes, section 192.501, subdivision 2.
 \$1,500,000 each year is for reenlistment bonuses under Minnesota Statutes, section 192.501, subdivision 1b.
 \$338,000 the first year and \$855,000 the second year are from the account established in new Minnesota Statutes, section 190.19, for grants under that section.
 If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

ARTICLE 2
 STATE GOVERNMENT OPERATIONS

Sec. 13. Minnesota Statutes 2004, section 16A.103, is amended by adding a subdivision to read:

Subd. 4. [REPORT ON EXPENDITURE INCREASES.] By January 10 of an odd-numbered year, the commissioner of finance must report on those programs or components of programs for which expenditures for the next biennium according to the forecast issued the previous November are projected to increase more than 15 percent over the expenditures for that program in the current biennium. The report must include an analysis of the factors that are causing the increases in expenditures.

Sec. 45. [SALE OF STATE LAND.]

Subdivision 1. [STATE LAND SALES.] The commissioner of administration shall coordinate with the head of each department or agency having control of state-owned land to identify and sell at least \$6,440,000 of state-owned land. Sales should be completed according to law and as provided in this section as soon as practicable but no later than June 30, 2007. Notwithstanding Minnesota Statutes, sections 16B.281 and 16B.282, 94.09 and 94.10, or any other law to the contrary, the commissioner may offer land for public sale by only providing notice of lands or an offer of sale of lands to state departments or agencies, the University of Minnesota, cities, counties, towns, school districts, or other public entities.

Subd. 2. [ANTICIPATED SAVINGS.] Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or other law to the contrary, the amount of the proceeds from the sale of land under this section that exceeds the actual expenses of selling the land must be deposited in the general fund, except as otherwise provided by the commissioner of finance.

Notwithstanding Minnesota Statutes, section 94.11 or 16B.283, the commissioner of finance may establish the timing of payments for land purchased under this section. If the total of all money deposited into the general fund from the proceeds of the sale of land under this section is anticipated to be less than \$6,440,000, the governor must allocate the amount of the difference as reductions to general fund operating expenditures for other executive agencies for the biennium ending June 30, 2007.

Subd. 3. [SALE OF STATE LANDS REVOLVING LOAN FUND.] \$290,000 is appropriated from the general fund in fiscal year 2006 to the commissioner of administration for purposes of paying the actual expenses of selling state-owned lands to achieve the anticipated savings required in this section. From the gross proceeds of land sales under this section, the commissioner of administration must cancel the amount of the appropriation in this subdivision to the general fund by June 30, 2007.

ARTICLE 3
PUBLIC EMPLOYMENT

Sec. 2. [43A.346] [POSTRETIREMENT OPTION.]

Subdivision 1. [DEFINITION.] For purposes of this section, "state employee" means a person currently occupying a civil service position in the executive branch of state government, the Minnesota State Retirement System, or the Office of the Legislative Auditor, or a person employed by the Metropolitan Council.

Subd. 2. [ELIGIBILITY.] This section applies to a state or Metropolitan Council employee who:

(1) for at least the five years immediately preceding separation under clause (2), has been regularly scheduled to work 1,044 or more hours per year in a position covered by a pension plan administered by the Minnesota State Retirement System or the Public Employees Retirement Association;

(2) terminates state or Metropolitan Council employment;

(3) at the time of termination under clause (2), meets the age and service requirements necessary to receive an unreduced retirement annuity from the plan and satisfies requirements for the commencement of the retirement annuity or, for an employee under the unclassified employees retirement plan, meets the age and service requirements necessary to receive an unreduced retirement annuity from the plan and satisfies requirements for the commencement of the retirement annuity or elects a lump-sum payment; and

(4) agrees to accept a postretirement option position with the same or a different appointing authority, working a reduced schedule that is both (i) a reduction of at least 25 percent from the employee's number of regularly scheduled work hours; and (ii) 1,044 hours or less in state or Metropolitan Council service.

Subd. 3. [UNCLASSIFIED SERVICE.] Notwithstanding any law to the contrary, state postretirement option positions shall be in the unclassified service but shall not be covered by the Minnesota State Retirement System unclassified employees plan.

Subd. 4. [ANNUITY REDUCTION NOT APPLICABLE.]

Notwithstanding any law to the contrary, when an eligible state employee in a postretirement option position under this section commences receipt of the annuity, the provisions of section 352.115, subdivision 10, or 353.37 governing annuities of reemployed annuitants, shall not apply for the duration of employment in the position.

Subd. 5. [APPOINTING AUTHORITY DISCRETION.] The appointing authority has sole discretion to determine if and the extent to which a postretirement option position under this section is available to a state employee. Any offer of such a position must be made in writing to the

employee by the appointing authority on a form prescribed by the Department of Employee Relations and the Minnesota State Retirement System or the Public Employees Retirement Association. The appointing authority may not require a person to waive any rights under a collective bargaining agreement or unrepresented employee compensation plan as a condition of participation.

Subd. 6. [DURATION.] Postretirement option employment shall be for an initial period not to exceed one year. During that period, the appointing authority may not modify the conditions specified in the written offer without the employee's agreement, except as required by law or by the collective bargaining agreement or compensation plan applicable to the employee. At the end of the initial period, the appointing authority has sole discretion to determine if the offer of a postretirement option position will be renewed, renewed with modifications, or terminated. Postretirement option employment may be renewed for periods of up to one year, not to exceed a total duration of five years. No person shall be employed in one or a combination of postretirement option positions under this section for a total of more than five years.

Subd. 7. [COPY TO FUND.] The appointing authority shall provide the Minnesota State Retirement System or the Public Employees Retirement Association with a copy of the offer, the employee's acceptance of the terms, and any subsequent renewal agreement.

Subd. 8. [NO SERVICE CREDIT.] Notwithstanding any law to the contrary, a person may not earn service credit in the Minnesota State Retirement System or the Public Employees Retirement Association for employment covered under this section, and employer contributions and payroll deductions for the retirement fund must not be made based on earnings of a person working under this section. No change shall be made to a monthly annuity or retirement allowance based on employment under this section.

Subd. 9. [INSURANCE CONTRIBUTION.] Notwithstanding any law to the contrary, the appointing authority must make an employer insurance contribution for a person who is employed in a postretirement option position under this section and who is not receiving any other state-paid or Metropolitan Council-paid employer insurance contribution. The amount of the contribution must be equal to the percent time worked in the postretirement option position (hours scheduled to be worked annually divided by 2,088) times 1.5 times the full employer contribution for employee-only health and dental coverage. The appointing authority must contribute that amount to a health reimbursement arrangement.

Subd. 10. [SUBSEQUENT EMPLOYMENT.] If a person has been in a postretirement option position and accepts any other position in state or Metropolitan Council-paid service, in the subsequent state or Metropolitan Council-paid employment the person may not earn service credit in the Minnesota State Retirement System or Public Employees Retirement Association, no employer contributions or payroll deductions for the retirement fund shall be made, and the provisions of section 352.115, subdivision 10, or section 353.37, shall apply.

Sec. 3. [VOLUNTARY HOUR REDUCTION PLAN.]

(a) This section applies to a state employee who:

(1) on the effective date of this section is regularly scheduled to work 1,044 or more hours a year in a position covered by a pension plan administered by the Minnesota state retirement system; and

(2) enters into an agreement with the appointing authority to work a reduced schedule of 1,044 hours or less in the covered position.

(b) Notwithstanding any law to the contrary, for service under an agreement entered into under paragraph (a), contributions may be made to the applicable plan of the Minnesota state retirement system as if the

employee had not reduced hours. The employee must pay the additional employee contributions and the employer must pay the additional employer contributions necessary to bring the service credit and salary up to the level prior to the voluntary reduction in hours. Contributions must be made in a time and manner prescribed by the executive director of the Minnesota state retirement system.

(c) The amount of hours worked, the work schedule, and the duration of the voluntary hour reduction must be mutually agreed to by the employee and the appointing authority. The appointing authority may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section. The appointing authority has sole discretion to determine if and the extent to which voluntary hour reduction under this section is available to an employee.

(d) A person who works under this section is a member of the appropriate bargaining unit; is covered by the appropriate collective bargaining contract or compensation plan; and is eligible for health care coverage as provided in the collective bargaining contract or compensation plan.

(e) An agreement under this section may apply only to work through June 30, 2007.

Sec. 4. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

(a) Appointing authorities in state government may allow each employee to take unpaid leaves of absence for up to 1,040 hours between July 1, 2005, and June 30, 2007. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and, if payments are made under paragraph (b), accrue service credit and credited salary in the state retirement plans as if the employee had actually been employed during the time of leave. An employee covered by the unclassified plan may voluntarily make the employee contributions to the unclassified plan during the leave of absence. If the employee makes these contributions, the appointing authority must make the employer contribution.

If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for the unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to the applicable provisions of collective bargaining agreements and compensation plans.

(b) To receive eligible service credit and credited salary in a defined benefit plan, the member shall pay an amount equal to the applicable employee contribution rates. If an employee pays the employee contribution for the period of the leave under this section, the appointing authority must pay the employer contribution. The appointing authority may, at its discretion, pay the employee contributions. Contributions must be made in a time and manner prescribed by the executive director of the applicable pension plan.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 5. [LABOR AGREEMENTS AND COMPENSATION PLANS.]

Subdivision 1. [AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES.] The arbitration award and labor agreement between the state of Minnesota and the American Federation of State, County, and Municipal Employees, unit 8, approved by the Legislative Coordinating

Commission Subcommittee on Employee Relations on June 14, 2004, is ratified.

Subd. 2. [MINNESOTA LAW ENFORCEMENT ASSOCIATION; ARBITRATION AWARD.] The arbitration award between the state of Minnesota and the Minnesota Law Enforcement Association, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on June 14, 2004, is ratified.

Subd. 3. [HIGHER EDUCATION SERVICES OFFICE; COMPENSATION PLAN.] The compensation plan for unrepresented employees of the Higher Education Services Office, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on June 14, 2004, is ratified.

Subd. 4. [MINNESOTA LAW ENFORCEMENT ASSOCIATION; BARGAINING AGREEMENT.] The collective bargaining agreement between the state of Minnesota and the Minnesota Law Enforcement Association, submitted to the Legislative Coordinating Commission Subcommittee on Employee Relations on September 29, 2004, and implemented after 30 days on October 30, 2004, is ratified.

Subd. 5. [INTER FACULTY ORGANIZATION.] The collective bargaining agreement between the state of Minnesota and the Inter Faculty Organization, submitted to the Legislative Coordinating Commission Subcommittee on Employee Relations on September 29, 2004, and implemented after 30 days on October 29, 2004, is ratified.

Subd. 6. [MINNESOTA NURSES ASSOCIATION.] The arbitration award and the collective bargaining agreement between the state of Minnesota and the Minnesota Nurses Association, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on December 20, 2004, is ratified.

Subd. 7. [TEACHERS RETIREMENT ASSOCIATION.] The proposal to increase the salary of the executive director of the Teachers Retirement Association, as modified and approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on December 20, 2004, is ratified.

Subd. 8. [MINNESOTA STATE RETIREMENT SYSTEM.] The proposal to increase the salary of the executive director of the Minnesota State Retirement System, as modified and approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on December 20, 2004, is ratified.

Subd. 9. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION.] The proposal to increase the salary of the executive director of the Public Employees Retirement Association, as modified and approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on December 20, 2004, is ratified.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

ARTICLE 4 MILITARY AND VETERANS

Sec. 3. Minnesota Statutes 2004, section 192.261, subdivision 2, is amended to read:

Subd. 2. [REINSTATEMENT.] Except as otherwise hereinafter provided, upon the completion of such service such officer or employee shall be reinstated in the public position, which was held at the time of entry into such service, or a public position of like seniority, status, and pay if such is available at the same salary which the officer or employee would have received if the leave had not been taken, upon the following conditions:

(1) that the position has not been abolished or that the term thereof, if limited, has not expired;

(2) that the officer or employee is not physically or mentally disabled from performing the duties of such position;

(3) that the officer or employee makes written application for reinstatement to the appointing authority within 90 days after termination of such service, or 90 days after discharge from hospitalization or medical treatment which immediately follows the termination of, and results from, such service; provided such application shall be made within one year and 90 days after termination of such service notwithstanding such hospitalization or medical treatment;

(4) that the officer or employee submits an honorable discharge or other form of release by proper authority indicating that the officer's or employee's military or naval service was satisfactory. Upon such reinstatement the officer or employee shall have the same rights with respect to accrued and future seniority status, efficiency rating, vacation, sick leave, and other benefits as if that officer or employee had been actually employed during the time of such leave. The officer or employee reinstated under this section is entitled to vacation and sick leave with pay as provided in any applicable civil service rules, collective bargaining agreement, or compensation plan, and accumulates vacation and sick leave from the time the person enters active military service until the date of reinstatement without regard to any otherwise applicable limits on civil service rules limiting the number of days which may be accumulated. No officer or employee so reinstated shall be removed or discharged within one year thereafter except for cause, after notice and hearing; but this shall not operate to extend a term of service limited by law.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to any public officer or public employee serving in active military service on or after September 11, 2001.

Sec. 4. Minnesota Statutes 2004, section 192.501, subdivision 2, is amended to read:

Subd. 2. [TUITION AND TEXTBOOK REIMBURSEMENT GRANT PROGRAM.]

(a) The adjutant general shall establish a program to provide tuition and textbook reimbursement grants to eligible members of the Minnesota National Guard within the limitations of this subdivision.

(b) Eligibility is limited to a member of the National Guard who:

(1) is serving satisfactorily as defined by the adjutant general;

(2) is attending a postsecondary educational institution, as defined by section 136A.15, subdivision 6, including a vocational or technical school operated or regulated by this state or another state or province; and

(3) provides proof of satisfactory completion of coursework, as defined by the adjutant general. ~~In addition,~~

(c) Notwithstanding paragraph (b), clause (1), for a person who:

(1) has satisfactorily completed the person's service contract in the Minnesota National Guard or the portion of it involving selective reserve status, for which any part of that service was spent serving honorably in federal active service or federally funded state active service since September 11, 2001, the person's eligibility is extended for a period of two years, plus an amount of time equal to the duration of that person's active service, subject to the credit hours limit in paragraph (g); or

(2) has served honorably in the Minnesota National Guard and has been separated or discharged from that organization due to a service-connected injury, disease, or disability, the eligibility period is extended for eight years beyond the date of separation, subject to the credit hours limit in paragraph (g).

(d) If a member of the Minnesota National Guard is killed in the line of state active service or federally funded state active service, ~~as~~

~~defined in section 190.05, subdivisions 5a and 5b, the member's surviving spouse, and any surviving dependent who has not yet reached 24 years of age, is eligible for a tuition and textbook reimbursement grant, with each eligible person independently subject to the credit hours limit in paragraph (g).~~

~~(e)~~ (e) The adjutant general may, within the limitations of ~~this paragraph~~ paragraphs (b) to (d) and other applicable laws, determine additional eligibility criteria for the grant, and must specify the criteria in department regulations and publish changes as necessary.

~~(e)~~ (f) The amount of a tuition and textbook reimbursement grant must be specified on a schedule as determined and published in department regulations by the adjutant general, but is limited to a maximum of an amount equal to the greater of:

(1) up to 100 percent of the cost of tuition for lower division programs in the College of Liberal Arts at the Twin Cities campus of the University of Minnesota in the most recent academic year; or

(2) up to 100 percent of the cost of tuition for the program in which the person is enrolled at that Minnesota public institution, or if that public institution is outside the state of Minnesota, for the cost of a comparable program at the University of Minnesota, except that in the case of a survivor as defined in paragraph ~~(b)~~ (d), the amount of the tuition and textbook reimbursement grant for coursework satisfactorily completed by the person is limited to 100 percent of the cost of tuition for postsecondary courses at a Minnesota public educational institution.

~~Paragraph (g)~~ Paragraphs (b) to (e) notwithstanding, a person is no longer eligible for a grant under this subdivision once the person has received grants under this subdivision for the equivalent of 208 quarter credits or 144 semester credits of coursework.

~~(d)~~ (h) Tuition and textbook reimbursement grants received under this subdivision may not be considered by the Minnesota Higher Education Services Office or by any other state board, commission, or entity in determining a person's eligibility for a scholarship or grant-in-aid under sections 136A.095 to 136A.1311.

~~(e)~~ (i) If a member fails to complete a term of enlistment during which a tuition and textbook reimbursement grant was paid, the adjutant general may seek to recoup a prorated amount as determined by the adjutant general. However, this authority does not apply to a person whose separation from the Minnesota National Guard is due to a medical condition or financial hardship.

(j) For purposes of this section, the terms "active service," "state active service," "federally funded state active service," and "federal active service" have the meanings given in section 190.05, subdivisions 5 to 5c, respectively, except that for purposes of paragraph (c), clause (1), these terms exclude service performed exclusively for purposes of:

(1) basic combat training, advanced individual training, annual training, and periodic inactive duty training;

(2) special training periodically made available to reserve members;

(3) service performed in accordance with section 190.08, subdivision 3; and

(4) service performed as part of the active guard/reserve program pursuant to United States Code, title 32, section 502(f), or other applicable authority.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to persons who have served in the Minnesota National Guard at anytime since September 11, 2001, and if the person has died in the line of service, to the person's surviving spouse and dependents.

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K-12 AND EARLY CHILDHOOD EDUCATION OMNIBUS BILL
Special Session H.F. 141 (Chapter 5)

SUMMARY: The K-12 and early childhood education omnibus bill affects changes concerning public elementary and secondary schools, as well as early childhood education and school readiness. Provisions in the bill have an impact on higher education. Those include PSEO, college preparation standards, college-level examinations, charter schools and other areas.

Section	<i>K-12 and Early Childhood Education Omnibus Bill</i>	Language Page
ARTICLE 2		
Excellence in Education		
5	Rigorous Course of Study; Waiver A student completing a postsecondary enrollment options (PSEO) course is not required to complete other academic standard requirements corresponding to that specific rigorous course.	89
12	Educational Planning and Assessment System (EPAS) Program Allows school districts and charter schools to participate in the ACT-sponsored educational planning and assessment system program that includes educational and career planning, assessments, instructional support and evaluation. Offers achievement tests in various subject areas, planning for high school and postsecondary education, and interest inventory, needs assessments, and student education plans. Indicates that the achievement tests are linked to the ACT assessment for college admission and allow a student's college readiness to be assessed before grades 11 and 12.	89
15	College Credit State colleges and universities must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a score of three or higher on an advanced placement or four or higher on the international baccalaureate program examination.	90
16	College-Level Examination Program (CLEP) Allows the state to reimburse public school students who successfully complete college-level courses and earn a satisfactory score in one or more specified subjects. Permits students to be reimbursed for up to six exam fees.	90

Requires Minnesota State Colleges and Universities and encourages the University of Minnesota and private postsecondary institutions to award college credit to high school students who receive a satisfactory score on a CLEP exam. Directs the

commissioner of education, in consultation with Minnesota State Colleges and Universities, to set a passing score for college credits.

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|-----------|--|-----------|
| 35 | Reading Strategies | 90 |
| | Requires teacher preparation programs to include research-based best practices in reading that enable a licensure candidate to teach reading in the candidate's content field. Also requires elementary teacher preparation programs to provide instruction in reading programs that teach students to read using foundational knowledge, practices, strategies, interventions and remediations that enable all students to make continuous progress toward becoming proficient readers. | |
| 57 | Credits | 91 |
| | Directs Minnesota State Colleges and Universities and the University of Minnesota to award postsecondary credit for successfully completed courses in a program certified by the National Alliance of Concurrent Enrollment Partnerships. | |
| 59 | Formation of School | 91 |
| | This section requires charter school sponsors to include in their Intent to Authorize a Charter School affidavit how the sponsor intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the sponsor and the charter school board of directors. Also increases the time period within which the commissioner of education must approve or disapprove a sponsor's proposed authorization from 60 days to 90 days from receipt of the proposed authorization. This section is effective starting the 2005-2006 school year. | |
| 60 | Contract | 93 |
| | This section requires the contract between a charter school sponsor and the charter school to include, among other things, a process and criteria for monitoring and evaluating the fiscal and student performance of the charter school. This section is effective starting the 2005-2006 school year. | |
| 61 | Review and Comment | 93 |
| | Before renewing the charter school contract, this section requires the charter school sponsor to submit timely information that permits the education department to review and comment on the performance of a charter school. This section is effective starting the 2005-2006 school year. | |
| 62 | Causes for Non-renewal or Termination of Charter School Contract | 94 |

This section allows the commissioner of education to approve a different sponsor if either the sponsor or the charter school board of directors wants to voluntarily terminate the contract at the end of the contract term. Requires the party intending to terminate the contract to notify the other party at least 90 days before the contract terminates. Also requires the sponsor to an existing contract to at least inform the different eligible sponsor about the fiscal and student performance of the charter school. Causes the charter school to dissolve if no different eligible sponsor is approved. This section is effective starting the 2005-2006 school year.

- 82 College Preparation Standards 94**
 Directs the Higher Education Advisory Council (HEAC) to convene a working group to develop standards describing the knowledge and skills a high school graduate must have at entry into postsecondary education in order to successfully graduate from college. Allows the standards to reflect different skills and knowledge needed to succeed in different institutions and programs. Directs HEAC to invite Minnesota State Colleges and Universities, the University of Minnesota, private colleges and other institutions to participate in the working group.
- 84 Appropriations 95**
 Subd. 13. Examination Fees; Teacher Training and Support Programs. Appropriates \$4.5 million each year for students' international baccalaureate and advanced placement examination fees as well as training and other related costs.
- Subd. 15. Collaborative Urban Educator. Appropriates \$528,000 each year; \$210,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$159,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$159,000 each year is for the Center for Excellence in Urban Teaching at Hamline University. Grant recipients must collaborate with urban and non-urban school districts.
- Subd. 18. Education Planning and Assessment Program. Appropriates \$829,000 each year for the EPAS program.
- Subd. 19. College Level Examination Program (CLEP). Appropriates \$825,000 the first year and \$1.65 million the second year for CLEP.
- 86 Effective Date 96**
 Unless specifically stated, Article 2 is effective as of July 1, 2005.

ARTICLE 6
Libraries

- 1 Department of Education; Library Appropriations** **96**
Subd. 4. Electronic Library for Minnesota. Appropriates \$900,000 each year for statewide licenses to online databases selected in cooperation with the Higher Education Services Office for school media centers, public libraries, state government agency libraries, and public or private college or university libraries. Effective July 1, 2005.

ARTICLE 10
State Agencies

- 3 Board of Teaching Report** **96**
Directs the Board of Teaching, in consultation with the Department of Education and other stakeholders, to submit proposed licensure requirements for teacher of interdisciplinary curriculum and recommendations for accommodating needs for licensed teachers in charter, alternatives, small and rural schools.

K-12 AND EARLY CHILDHOOD EDUCATION OMNIBUS BILL
Special Session H.F. 141 (Chapter 5)

Sec. 5. Minnesota Statutes 2004, section 120B.021, is amended by adding a subdivision to read:

Subd. 1a. [RIGOROUS COURSE OF STUDY; WAIVER.]

(a) Upon receiving a student's application signed by the student's parent or guardian, a school district, area learning center, or charter school must declare that a student meets or exceeds a specific academic standard required for graduation under this section if the local school board, the school board of the school district in which the area learning center is located, or the charter school board of directors determines that the student:

(1) is participating in a course of study, including an advanced placement or international baccalaureate course or program; a learning opportunity outside the curriculum of the district, area learning center, or charter school; or an approved preparatory program for employment or postsecondary education that is equally or more rigorous than the corresponding state or local academic standard required by the district, area learning center, or charter school;

(2) would be precluded from participating in the rigorous course of study, learning opportunity, or preparatory employment or postsecondary education program if the student were required to achieve the academic standard to be waived; and

(3) satisfactorily completes the requirements for the rigorous course of study, learning opportunity, or preparatory employment or postsecondary education program. Consistent with the requirements of this section, the local school board, the school board of the school district in which the area learning center is located, or the charter school board of directors also may formally determine other circumstances in which to declare that a student meets or exceeds a specific academic standard that the site requires for graduation under this section.

(b) A student who satisfactorily completes a postsecondary enrollment options course or program under section 124D.09 is not required to complete other requirements of the academic standards corresponding to that specific rigorous course of study.

Sec. 12. [120B.128] [EDUCATIONAL PLANNING AND ASSESSMENT SYSTEM (EPAS) PROGRAM.]

(a) School districts and charter schools may elect to participate in the Educational Planning and Assessment System (EPAS) program offered by ACT, Inc. to provide a longitudinal, systematic approach to student educational and career planning, assessment, instructional support, and evaluation. The EPAS achievement tests include English, reading, mathematics, science, and components on planning for high school and postsecondary education, interest inventory, needs assessments, and student education plans. These tests are linked to the ACT assessment for college admission and allow students, parents, teachers, and schools to determine the student's college readiness before grades 11 and 12.

(b) The commissioner of education shall provide ACT Explore tests for students in grade 8 and the ACT Plan test for students in grade 10 to assess individual student academic strengths and weaknesses, academic achievement and progress, higher order thinking skills, and college readiness. The state shall pay the test costs for school districts and charter schools that choose to participate in the EPAS program. The commissioner shall establish an application procedure and a process for state payment of costs.

Sec. 15. Minnesota Statutes 2004, section 120B.13, is amended by adding a subdivision to read:

Subd. 3a. [COLLEGE CREDIT.] The colleges and universities of the Minnesota State Colleges and Universities system must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a score of three or higher on an advanced placement or four or higher on the international baccalaureate program examination.

Sec. 16. [120B.131] [COLLEGE-LEVEL EXAMINATION PROGRAM (CLEP).]

Subdivision 1. [PROGRAM STRUCTURE.] The College-Level Examination Program (CLEP) offered by the College Board provides students with the opportunity to demonstrate college-level achievement and receive college credit or advanced standing through a program of examinations in undergraduate college courses. Schools must provide information about CLEP and the opportunity to receive college credit from a Minnesota postsecondary institution to students successfully completing a college-level course.

Subd. 2. [REIMBURSEMENT FOR EXAMINATION FEES.] The state may reimburse college level examination program (CLEP) fees for a Minnesota public high school student who has successfully completed one or more college-level courses in high school and earned a satisfactory score on one or more CLEP examinations in the following subjects: composition and literature, mathematics and science, social sciences and history, foreign languages, and business and humanities. The state may reimburse each successful student for up to six examination fees. The commissioner shall establish application procedures and a process and schedule for fee reimbursements. The commissioner must give priority to reimburse the CLEP examination fees of students of low-income families.

Subd. 3. [COLLEGE CREDIT.] The colleges and universities of the Minnesota State Colleges and Universities system must award, and the University of Minnesota and private postsecondary institutions are encouraged to award, college credit to high school students who receive a satisfactory score on a CLEP examination under this section. The commissioner, in consultation with the Minnesota State Colleges and Universities, shall set a passing score for college credits.

Sec. 35. Minnesota Statutes 2004, section 122A.18, subdivision 2a, is amended to read:

Subd. 2a. [READING STRATEGIES.]

(a) All colleges and universities approved by the Board of Teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs ~~reading best practices that enable classroom teacher licensure candidates to know how to teach reading, such as phonics or other~~ research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to know how to teach reading in the candidate's content areas.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in the application of comprehensive, scientifically based, and balanced reading instruction programs- that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students will achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

Sec. 57. Minnesota Statutes 2004, section 124D.09, subdivision 12, is amended to read:

Subd. 12. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or postsecondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or postsecondary credit. A pupil taking several courses may designate some for secondary credit and some for postsecondary credit. A pupil must not audit a course under this section.

A district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Seven quarter or four semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A district must also grant academic credit to a pupil enrolled in a course for postsecondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district must, as soon as possible, notify the commissioner, who shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the board's decision to the commissioner. The commissioner's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil must be counted toward the graduation requirements and subject area requirements of the district. Evidence of successful completion of each course and secondary credits granted must be included in the pupil's secondary school record. A pupil shall provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record must also include evidence of successful completion and credits granted for a course taken for postsecondary credit. In either case, the record must indicate that the credits were earned at a postsecondary institution.

If a pupil enrolls in a postsecondary institution after leaving secondary school, the postsecondary institution must award postsecondary credit for any course successfully completed for secondary credit at that institution. Other postsecondary institutions may award, after a pupil leaves secondary school, postsecondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

The Board of Trustees of the Minnesota State Colleges and Universities and the Board of Regents of the University of Minnesota must, and private nonprofit and proprietary postsecondary institutions, should award postsecondary credit for any successfully completed courses in a program certified by the National Alliance of Concurrent Enrollment Partnerships offered according to an agreement under subdivision 10.

Sec. 59. Minnesota Statutes 2004, section 124D.10, subdivision 4, is amended to read:

Subd. 4. [FORMATION OF SCHOOL.]

(a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the commissioner. A board must vote on charter school application for sponsorship no later than 90 days after receiving the application. After 90 days, the applicant may apply to the commissioner. If a board elects not to sponsor a charter school, the applicant may appeal the board's decision to the commissioner. ~~The commissioner who~~ may elect to ~~sponsor the charter school or~~ assist the applicant in finding an eligible sponsor. The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A

and the provisions under the applicable chapter shall apply to the school except as provided in this section. Notwithstanding sections 465.717 and 465.719, a school district may create a corporation for the purpose of creating a charter school.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the commissioner stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school and how the sponsor intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the sponsor and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the sponsor's proposed authorization within ~~60~~ 90 days of receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members until a timely election for members of the charter school board of directors is held according to the school's articles and bylaws. A charter school board of directors must be composed of at least five members. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election for members of the school's board of directors. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for a majority of licensed teachers on the board. Board of director meetings must comply with chapter 13D.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

(e) A sponsor may authorize the operators of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the sponsor's application as approved by the commissioner only after submitting a supplemental application to the commissioner in a form and manner prescribed by the commissioner. The supplemental application must provide evidence that:

- (1) the expansion of the charter school is supported by need and projected enrollment;
- (2) the charter school is fiscally sound;
- (3) the sponsor supports the expansion; and
- (4) the building of the additional site meets all health and safety requirements to be eligible for lease aid.

(f) The commissioner annually must provide timely financial management training to newly elected members of a charter school board of directors and ongoing training to other members of a charter school board of directors. Training must address ways to:

- (1) proactively assess opportunities for a charter school to maximize all available revenue sources;
- (2) establish and maintain complete, auditable records for the charter school;
- (3) establish proper filing techniques;
- (4) document formal actions of the charter school, including meetings of the charter school board of directors;

- (5) properly manage and retain charter school and student records;
 (6) comply with state and federal payroll record-keeping requirements; and
 (7) address other similar factors that facilitate establishing and maintaining complete records on the charter school's operations.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 60. Minnesota Statutes 2004, section 124D.10, subdivision 6, is amended to read:

Subd. 6. [CONTRACT.] The sponsor's authorization for a charter school must be in the form of a written contract signed by the sponsor and the board of directors of the charter school. The contract must be completed within 90 days of the commissioner's approval of the sponsor's proposed authorization.

The contract for a charter school must be in writing and contain at least the following:

- (1) a description of a program that carries out one or more of the purposes in subdivision 1;
- (2) specific outcomes pupils are to achieve under subdivision 10;
- (3) admission policies and procedures;
- (4) management and administration of the school;
- (5) requirements and procedures for program and financial audits;
- (6) how the school will comply with subdivisions 8, 13, 16, and 23;
- (7) assumption of liability by the charter school;
- (8) types and amounts of insurance coverage to be obtained by the charter school;
- (9) the term of the contract, which may be up to three years; ~~and~~
- (10) if the board of directors or the operators of the charter school provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability; and
- (11) the process and criteria the sponsor intends to use to monitor and evaluate the fiscal and student performance of the charter school, consistent with subdivision 15.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 61. Minnesota Statutes 2004, section 124D.10, subdivision 15, is amended to read:

Subd. 15. [REVIEW AND COMMENT.]

(a) The department must review and comment on the evaluation, by the sponsor, of the performance of a charter school before the charter school's contract is renewed for another contract term. The sponsor must submit to the commissioner timely information for the review and comment.

(b) A sponsor shall monitor and evaluate the fiscal and student performance of the school, and may for this purpose annually assess a charter school:

- (1) in its first, second, or third year of operation up to \$30 per student up to a maximum of \$10,000; and
- (2) in its fourth or a subsequent year of operation up to \$10 per student up to a maximum of \$3,500. ~~The information for the review and comment shall be reported by the sponsor to the commissioner of education in a timely manner.~~

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 62. Minnesota Statutes 2004, section 124D.10, subdivision 23, is amended to read:

Subd. 23. [CAUSES FOR NONRENEWAL OR TERMINATION OF CHARTER SCHOOL CONTRACT.]

(a) The duration of the contract with a sponsor must be for the term contained in the contract according to subdivision 6. The sponsor may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local board, the school's board of directors may appeal the sponsor's decision to the commissioner.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed under this paragraph, the school must be dissolved according to the applicable provisions of chapter 308A or 317A, except when the commissioner approves the decision of a different eligible sponsor to authorize the charter school.

(c) If at the end of a contract term, either the sponsor or the charter school board of directors wants to voluntarily terminate the contract, a change in sponsors is allowed if the commissioner approves the decision of a different eligible sponsor to authorize the charter school. The party intending to terminate the contract must notify the other party and the commissioner of its intent at least 90 days before the date on which the contract ends. The sponsor that is a party to the existing contract at least must inform the approved different eligible sponsor about the fiscal and student performance of the school. If no different eligible sponsor is approved, the school must be dissolved according to applicable law and the terms of the contract.

(d) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing sponsor, and after providing an opportunity for a public hearing, may terminate the existing sponsorial relationship if the charter school has a history of:

- (1) financial mismanagement; or
- (2) repeated violations of the law.

[EFFECTIVE DATE.] This section is effective for the 2005-2006 school year and later.

Sec. 82. [COLLEGE PREPARATION STANDARDS.]

(a) The Higher Education Advisory Council must convene a working group to develop standards describing the skills and knowledge a high school graduate must have at entry into postsecondary education in order

to successfully graduate from college. The standards must, to the extent possible, be applicable for all postsecondary education but may describe differences in the skills and knowledge necessary for success in different higher education institutions and programs. The standards need not be comprehensive but must, at a minimum, be the essential skills and knowledge that will enable a student to succeed in college. The Higher Education Services Office must provide staff for the working group.

(b) The Higher Education Advisory Council must submit the standards to the commissioner of education no later than January 15, 2006. No later than March 15, 2006, the commissioner of education must report, to the chairs of the legislative committees with jurisdiction over kindergarten through grade 12 education policy and finance and higher education policy and finance, its recommendations regarding the changes, if any, that must be made in Minnesota's academic standards in order to ensure that Minnesota high school graduates meet the college readiness standards established by the Higher Education Advisory Council.

(c) The Higher Education Advisory Council must invite the University of Minnesota, Minnesota State Colleges and Universities, representatives of private colleges, and other private postsecondary institutions, to participate in the working group and may invite other individuals or entities to participate. The Higher Education Advisory Council and its working group may collaborate with the Minnesota P-16 Education Partnership in developing the college readiness standards.

Sec. 84. [APPROPRIATIONS.]

Subd. 13. [EXAMINATION FEES; TEACHER TRAINING AND SUPPORT PROGRAMS.]

(a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

<u>\$4,500,000</u>	<u>.....</u>	<u>2006</u>
<u>\$4,500,000</u>	<u>.....</u>	<u>2007</u>

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

Any balance in the first year does not cancel but is available in the second year.

Subd. 15. [COLLABORATIVE URBAN EDUCATOR.] For the collaborative urban educator program:

<u>\$ 528,000</u>	<u>.....</u>	<u>2006</u>
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\$ 528,000 2007
\$210,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$159,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$159,000 each year is for the Center for Excellence in Urban Teaching at Hamline University. Grant recipients must collaborate with urban and nonurban school districts.

Any balance in the first year does not cancel but is available in the second year.

Subd. 18. [EDUCATION PLANNING AND ASSESSMENT PROGRAM.] For the Educational Planning and Assessment (EPAS) program under Minnesota Statutes, section 120B.128:

\$ 829,000 2006
\$ 829,000 2007

Subd. 19. [COLLEGE LEVEL EXAMINATION PROGRAM (CLEP).] For the College Level Examination program (CLEP) under Minnesota Statutes, section 120B.131:

\$ 825,000 2006
\$1,650,000 2007

Sec. 86. [EFFECTIVE DATE.]

Any section in this article without a specified effective date is retroactively effective from July 1, 2005.

ARTICLE 6
 LIBRARIES

Section 1. [DEPARTMENT OF EDUCATION; LIBRARY APPROPRIATIONS.]

Subd. 4. [ELECTRONIC LIBRARY FOR MINNESOTA.] For statewide licenses to online databases selected in cooperation with the Higher Education Services Office for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$ 900,000 2006
\$ 900,000 2007

Any balance in the first year does not cancel but is available in the second year.

[EFFECTIVE DATE.] This section is retroactively effective from July 1, 2005.

ARTICLE 10
 STATE AGENCIES

Sec. 3. [BOARD OF TEACHING REPORT.]

By January 16, 2006, the Board of Teaching, in consultation with the Department of Education and other education stakeholders, must prepare and submit to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance:

(1) proposed licensure requirements for teachers of interdisciplinary curriculum to facilitate learning in state-approved innovative schools and programs; and

(2) recommendations for accommodating the needs for appropriately licensed teachers in charter, alternative, small, and rural schools.

OMNIBUS TAX BILL**Special Session H.F. 138 (Chapter 3)**

SUMMARY: While the Tax Bill contains many items pertaining to state taxation, provisions in Articles 5 and 11 are of particular interest to Minnesota State Colleges and Universities. State colleges and universities are now able to exempt the sales tax on tickets to art events held on campus, and the city of Rochester is able to extend its current local sales tax to include an additional \$8 million to be used for higher education facilities. Also included in the bill is language that requires Minnesota State Colleges and Universities to report to the Department of Revenue on fees imposed on students.

Section	<i>Omnibus Tax Bill</i>	Language Page
ARTICLE 5		
Sales and Use Taxes		
13	Nonprofit Tickets and Admissions Expands the sales tax exemption on tickets and admissions for arts events to include tickets and admissions held by a state college or university or a private non-profit college or university at their own facilities. This is the same exemption currently given to the University of Minnesota. This section is effective for tickets and admissions to events held on or after August 1, 2005.	99
28	Rochester Local Sales Tax Use of Revenues Allows the city of Rochester to extend its current local sales tax, authorized in 1998, to include an additional \$8 million for higher education facilities in Rochester.	99
29	Rochester Local Sales Tax Bonding Authority Allows the city of Rochester and Olmsted county to bond for up to an additional \$40 million for the uses listed in Section 28.	100
30	Rochester Local Sales Termination This section states that the tax terminates at the later of December 31, 2009, or when revenues for the first \$71.5 million of expenditures are raised unless an extension is approved by the voters at a general or special election in 2005 or 2006. If the referendum is successful, the tax expires when the additional \$40 million is revenue is raised.	101
ARTICLE 11		
Miscellaneous		
7	Fee Studies Requires state agencies that impose fees on individuals or businesses to report to the Commissioner of Revenue by January 15, 2006, on	101

the amount and type of fees imposed, amount and type of fee increases since January 1, 2003, revenues derived from each fee for the last four fiscal years, and the uses of fee revenues.

OMNIBUS TAX BILL
Special Session H.F. 138 (Chapter 3)

ARTICLE 5
SALES AND USE TAXES

Sec. 13. Minnesota Statutes 2004, section 297A.70, subdivision 10, is amended to read:

Subd. 10. [NONPROFIT TICKETS OR ADMISSIONS.]

(a) Tickets or admissions to an event are exempt if all the gross receipts are recorded as such, in accordance with generally accepted accounting principles, on the books of one or more organizations whose primary mission is to provide an opportunity for citizens of the state to participate in the creation, performance, or appreciation of the arts, and provided that each organization is:

(1) an organization described in section 501(c)(3) of the Internal Revenue Code in which voluntary contributions make up at least the following percent of the organization's annual revenue in its most recently completed 12-month fiscal year, or in the current year if the organization has not completed a 12-month fiscal year:

(i) for sales made after July 31, 2001, and before July 1, 2002, for the organization's fiscal year completed in calendar year 2000, three percent;

(ii) for sales made on or after July 1, 2002, and on or before June 30, 2003, for the organization's fiscal year completed in calendar year 2001, three percent;

(iii) for sales made on or after July 1, 2003, and on or before June 30, 2004, for the organization's fiscal year completed in calendar year 2002, four percent; and

(iv) for sales made in each 12-month period, beginning on July 1, 2004, and each subsequent year, for the organization's fiscal year completed in the preceding calendar year, five percent;

(2) a municipal board that promotes cultural and arts activities;
or

(3) the University of Minnesota, a state college and university, or a private nonprofit college or university provided that the event is held at a ~~university-owned~~ facility owned by the educational institution holding the event.

The exemption only applies if the entire proceeds, after reasonable expenses, are used solely to provide opportunities for citizens of the state to participate in the creation, performance, or appreciation of the arts.

(b) Tickets or admissions to the premises of the Minnesota Zoological Garden are exempt, provided that the exemption under this paragraph does not apply to tickets or admissions to performances or events held on the premises unless the performance or event is sponsored and conducted exclusively by the Minnesota Zoological Board or employees of the Minnesota Zoological Garden.

[EFFECTIVE DATE.] This section is effective for tickets and admissions to events held on or after August 1, 2005, but does not apply to events for which sales of tickets or admissions were made prior to August 1, 2005.

Sec. 28. Laws 1998, chapter 389, article 8, section 43, subdivision 3, is amended to read:

Subd. 3. [USE OF REVENUES.] Revenues received from the taxes authorized by subdivisions 1 and 2 must be used by the city to pay for the

cost of collecting and administering the taxes and to pay for the following projects:

- (1) transportation infrastructure improvements including ~~both regional~~ highway and airport improvements;
- (2) improvements to the civic center complex;
- (3) a municipal water, sewer, and storm sewer project necessary to improve regional ground water quality; and
- (4) construction of a regional recreation and sports center and ~~associated other higher education~~ facilities available for both community and student use, ~~located at or adjacent to the Rochester center.~~

The total amount of capital expenditures or bonds for these projects that may be paid from the revenues raised from the taxes authorized in this section may not exceed ~~\$71,500,000~~ \$111,500,000. The total amount of capital expenditures or bonds for the project in clause (4) that may be paid from the revenues raised from the taxes authorized in this section may not exceed ~~\$20,000,000~~ \$28,000,000.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 29. Laws 1998, chapter 389, article 8, section 43, subdivision 4, is amended to read:

Subd. 4. [BONDING AUTHORITY.]

(a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects. An election to approve ~~the~~ up to \$71,500,000 in bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize imposition of the tax under subdivision 1. Whether to permit imposition of the tax and issuance of bonds may be posed to the voters as a single question. The question must state that the sales tax revenues are pledged to pay the bonds, but that the bonds are general obligations and will be guaranteed by the city's property taxes. An election to approve up to an additional \$40,000,000 of bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize extension of the tax under subdivision 5, paragraph (b).

The city may enter into an agreement with Olmsted County under which the city and the county agree to jointly undertake and finance certain roadway infrastructure improvements. The agreement may provide that the city will make available to the county a portion of the sales tax revenues collected pursuant to the authority granted in this section and the bonding authority provided in this subdivision. The county may, pursuant to the agreement, issue its general obligation bonds in a principal amount not exceeding the amount authorized by its agreement with the city payable primarily from the sales tax revenues from the city under the agreement. The county's bonds must be issued in accordance with the provisions of Minnesota Statutes, chapter 475, except that no election is required for the issuance of the bonds and the bonds are not included in the net debt of the county.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60.

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements may not exceed ~~\$71,500,000~~ \$111,500,000, plus an amount equal to the costs related to issuance of the bonds.

(d) The taxes may be pledged to and used for the payment of the bonds and any bonds issued to refund them, only if the bonds and any refunding bonds are general obligations of the city.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 30. Laws 1998, chapter 389, article 8, section 43, subdivision 5, is amended to read:

Subd. 5. [TERMINATION OF TAXES.]

(a) The taxes imposed under subdivisions 1 and 2 expire at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient funds have been received from the taxes to finance the projects and to first \$71,500,000 of capital expenditures and bonds for the projects authorized in subdivision 3, including the amount to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph (b). Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city shall also be used to fund the projects under subdivision 3. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved by the voters of the city at a special election in 2005 or the general election in 2006. The question put to the voters must indicate that an affirmative vote would allow up to an additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city council determines that sufficient funds have been received from the taxes to finance the projects and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city.

[EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Rochester with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 11
MISCELLANEOUS

Sec. 7. [FEE STUDIES.]

Subdivision 1. [STATE AGENCY FEES.] The commissioner of each state agency that imposes any fee on individuals or businesses in this state must report to the commissioner of revenue by January 15, 2006, on the type and amount of fees imposed, amount and type of fee increases since January 1, 2003, the revenues derived from each fee for each of the most recent four fiscal years, and the use of the revenues from the fees. The commissioner of revenue shall compile this information and provide a comprehensive report on all state agency fees to the finance and tax committees of the senate and the appropriations and tax committees of the house of representatives by February 15, 2006.

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**OMNIBUS AGRICULTURE, JOBS AND ECONOMIC OPPORTUNITY POLICY
AND FINANCE BILL**

Special Session S.F. 69 (Chapter 1)

SUMMARY: The Omnibus Agriculture, Jobs and Economic Opportunity Policy and Finance bill includes funding for a wide range of items. Of particular interest to Minnesota State Colleges and Universities is an appropriation for mental health counseling for farm families through Central Lakes College and Ridgewater College. The other provisions of interest are contained in the Jobs and Economic Development articles.

Section	<i>Omnibus Agriculture, Jobs and Economic Opportunity Policy and Finance Bill</i>	Language Page
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ARTICLE 1

Agriculture and Rural Development

2	Department of Agriculture Appropriations Subd. 5. Administration and Financial Assistance. Appropriates \$100,000 each year to Minnesota State Colleges and Universities for mental health counseling for farm families through Central Lakes College and Ridgewater College.	105
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ARTICLE 3

Jobs and Economic Development Appropriations

2	Employment and Economic Development Subd. 2. Business and Community Development.	107
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Appropriates \$150,000 each year for a grant to the Rural Policy and Development Center at Minnesota State University, Mankato for research and policy analysis of rural economic and social issues; serve as a policy resource center for rural communities; encourage collaboration across higher education institutions; provide interdisciplinary team approaches to research and problem-solving in rural communities; and administer overall center operations.

Appropriates \$150,000 each year for a grant to WomenVenture for women's business development programs.

Appropriates a one-time appropriation each year of \$15 million for the expenses of the University of Minnesota – Mayo Foundation partnership for research in biotechnology and medical genomics. Requires an annual report to the legislature by June 30 of each year until the appropriation is expended.

Subd. 3. Workforce Partnerships. Appropriates \$15,229,000 each year (\$8.347 million from the general fund and \$6.882 million from the workforce fund) for workforce partnerships. Of this amount, \$6.785 million is appropriated each year for the

Minnesota Job Skills Partnership Program; \$305,000 is appropriated each year for a grant to Twin Cities RISE to provide training to hard-to-train people; \$875,000 is appropriated each year for the Opportunities Industrialization Center (OIC) programs; and \$500,000 is appropriated each year for a one-time grant to the Minnesota OIC State Council to initiate and expand health occupation training at Minnesota OICs.

ARTICLE 4

Jobs and Economic Development Policy Provisions

- | | | |
|-----------|--|------------|
| 1 | Economic Status of Women
Requires the legislative coordinating commission to study and report to the legislature on an ongoing basis about matters relating to the economic status of women in Minnesota, including the opportunities for education and vocational training. | 111 |
| 25 | Appointment to the Jobs Skills Partnership Board
This section strikes language requiring the chair of the Workforce Development Council to serve on the Jobs Skills Partnership Board. The Chancellor of Minnesota State Colleges and Universities is also a member of this board. | 111 |
| 26 | Use of Workforce Development Funds
This section permits the Jobs Skills Partnership Board, after March 1 of any fiscal year, to use workforce development funds for the partnership program, the pathways program, the hire education loan program, the health care and human services worker program, distance-work grants, or to provide incumbent worker training services. | 111 |
| 27 | Special Incumbent Worker Training Grants
The purpose of the grants is to expand opportunities for businesses and workers to gain new skills that are in demand in Minnesota. Requires the Jobs Skills Partnership Board to establish criteria for incumbent workers. Caps each grant to an organization at \$400,000. The section also requires eligible organizations receiving funds to use them for direct training services that will measurably increase the job-related skills of participating incumbent workers. | 112 |

**OMNIBUS AGRICULTURE, JOBS AND ECONOMIC OPPORTUNITY POLICY AND
FINANCE BILL**

Special Session S.F. 69 (Chapter 1)

ARTICLE 1

AGRICULTURE AND RURAL DEVELOPMENT

Sec. 2. DEPARTMENT OF AGRICULTURE

Subd. 5. Administration and Financial Assistance

6,682,000 7,532,000

\$1,005,000 the first year and \$1,005,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2 and to administer a dairy investment tax credit program. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a work plan detailing plans for expenditures under this program to the chairs of the house and senate committees dealing with agricultural policy and budget on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs. \$50,000 the first year and \$50,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment. \$19,000 the first year and \$19,000 the second year are for a grant to the Minnesota Livestock Breeders Association. \$2,000 the first year and \$2,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 2006 or 2007. Aid payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1, shall be disbursed not later than July 15.

These payments are the amount of aid owed by the state for an annual fair held in the previous calendar year. \$65,000 the first year and \$65,000 the second year are for annual grants to the Northern Minnesota Forage-Turf Seed Advisory Committee for basic and applied research on the improved production of forage and turf seed related to new and improved varieties. The grant recipient may subcontract with a qualified third party for some or all of the basic and applied research.

\$150,000 is for a grant to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses. This is a onetime appropriation.

\$100,000 the first year and \$100,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College.

\$17,000 the first year and \$18,000 the second year are for grants to the Minnesota Horticultural Society.

ARTICLE 3
 JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS

Sec. 2. EMPLOYMENT AND ECONOMIC DEVELOPMENT
 Subd. 2. Business and Community Development

23,359,000 7,883,000

Summary by Fund

General 22,659,000 7,183,000
 Remediation 700,000 700,000

\$150,000 the first year and \$150,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.421, to the Rural Policy and Development Center at St. Peter, Minnesota. The grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions to provide interdisciplinary team approaches to research and problem-solving in rural communities, and to administer overall operations of the center.

The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. Any funds not spent the first year are available the second year.

\$155,000 the first year and \$155,000 the second year are from the general fund for a grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area.

\$150,000 the first year and \$150,000 the second year are from the general fund for a grant to WomenVenture for women's business development programs.

\$250,000 the first year and \$250,000 the second year are to establish a methamphetamine laboratory cleanup revolving loan fund pursuant to Minnesota Statutes, section 446A.083.

This is a onetime appropriation. This appropriation is available until spent. \$18,000 in the first year and \$17,000 in the second year are for onetime grants to the Riverbend Center for Entrepreneurial Facilitation in Blue Earth County. The grants must be used to continue a program to assist in the

development of entrepreneurs and small businesses. The grants must be provided on the condition that each state-appropriated dollar be matched with a nonstate dollar. Any balance in the first year does not cancel but is available in the second year. Grant recipients must report to the commissioner by February 1 in each of the two years after the year of receipt of the grant. The report must detail the number of customers served; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates. The commissioner shall report to the legislature on the program's assistance to entrepreneurs and small businesses. The report shall contain an evaluation of the results. \$15,000,000 the first year is for the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. This is a onetime appropriation. An annual report on the expenditure of this appropriation must be submitted to the governor and the chairs of the senate Higher Education Budget Division, the house of representatives Higher Education Finance Committee, the senate Environment, Agriculture, and Economic Development Budget Division, and the house of representatives Jobs and Economic Opportunity Policy and Finance Committee, by June 30 of each fiscal year until the appropriation is expended. This appropriation is available until expended. \$100,000 the first year and \$100,000 the second year are to help small businesses access federal funds through the federal Small Business Innovation Research Program and the federal Small Business Technology Transfer Program. Department services must include maintaining connections to 11 federal programs, assessment of specific funding opportunities, review of funding proposals, referral to specific consulting services, and training workshops throughout the state. The appropriation is added to the agency's base. Unless prohibited by federal law, the department must implement fees for services that help companies seek federal Phase II Small Business Innovation Research grants. The

recommended fee schedule must be reported to the chairs of the house of representatives finance committee and senate budget division with jurisdiction over economic development by February 1, 2006.

\$60,000 the first year and \$60,000 the second year are for grants to the Minnesota Inventors Congress. Of this amount, \$10,000 each year is for the Student Inventors Congress.

\$15,000 the first year from the base is for a onetime grant to La Creche Early Childhood Centers, Inc. of Minneapolis.

\$250,000 the first year is for a onetime grant to the Blandin Foundation for the "get broadband" program. This appropriation must be matched equally by nonstate funds and is available until expended. Expenditures made by the Blandin Foundation beginning December 1, 2004, may be used as match for this appropriation. The "get broadband" program must be designed to increase the use of broadband-based technologies by businesses, schools, health care organizations, government organizations, and the general public.

\$100,000 the first year is for a onetime grant to the Children's Discovery Museum for furnishing and equipping the new Children's Discovery Museum in Grand Rapids.

Subd. 3. Workforce Partnerships	15,229,000	15,229,000
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Summary by Fund

General	8,347,000	8,347,000
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Workforce Development	6,882,000	6,882,000
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\$6,785,000 the first year and \$6,785,000 the second year are from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.05. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation does not cancel.

\$305,000 the first year and \$305,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals.

\$875,000 the first year and \$875,000 the second year are from the workforce development fund for opportunities industrialization center programs.

\$500,000 the first year and \$500,000 the second year are from the workforce development fund for a onetime grant to

the Minnesota Opportunity Industrialization Centers State Council. The grant shall be used to initiate and expand health occupation training at Minnesota Opportunity Industrialization Centers. The grant shall be distributed evenly among those Minnesota Opportunity Industrialization Centers that have plans to either initiate or expand health occupations and career ladder training programs for individuals seeking employment as nurses, nursing assistants, home health aides, phlebotomists, or in the field of medical coding.

The first \$1,450,000 deposited in each year of the biennium and in each year of subsequent bienniums into the contingent account created under Minnesota Statutes, section 268.196, subdivision 3, shall be transferred upon deposit to the workforce development fund created under Minnesota Statutes, section 116L.20. Deposits in excess of the \$1,450,000 shall be transferred upon deposit to the general fund.

\$757,000 the first year and \$757,000 the second year are from the workforce development fund for a onetime grant for the youthbuild program under Minnesota Statutes, sections 268.361 to 268.3661. A Minnesota Youthbuild program funded under this section as authorized in Minnesota Statutes, sections 116L.361 to 116L.366, qualifies as an approved training program under Minnesota Rules, part 5200.0930, subpart 1.

\$1,000,000 the first year and \$1,000,000 the second year are from the workforce development fund for a onetime grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills development. This project, which may have career guidance components, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

\$5,000 the first year and \$5,000 the second year are for a onetime grant to the Northwest Regional Curfew Center under the youth intervention program in Minnesota Statutes, section 116L.30.

\$250,000 the first year and \$250,000 the second year are from the workforce

development fund for a grant to Lifetrack Resources for its immigrant and refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching.

ARTICLE 4

JOBS AND ECONOMIC DEVELOPMENT POLICY PROVISIONS

Section 1. Minnesota Statutes 2004, section 3.303, is amended by adding a subdivision to read:

Subd. 7. [ECONOMIC STATUS OF WOMEN.] The commission shall study and report to the legislature on all matters relating to the economic status of women in Minnesota, including:

- (1) the contributions of women to the economy;
- (2) economic security of homemakers and women in the labor force;
- (3) opportunities for education and vocational training;
- (4) employment opportunities;
- (5) women's access to benefits and services provided to citizens of this state; and
- (6) laws and business practices constituting barriers to the full participation by women in the economy.

The commission shall also study the adequacy of programs and services relating to families in Minnesota. The commission shall communicate its findings and make recommendations to the legislature on an ongoing basis.

Sec. 25. Minnesota Statutes 2004, section 116L.03, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT.] The Minnesota Job Skills Partnership Board consists of: seven members appointed by the governor, ~~the chair of the governor's Workforce Development Council,~~ the commissioner of employment and economic development, the chancellor, or the chancellor's designee, of the Minnesota State Colleges and Universities, the president, or the president's designee, of the University of Minnesota, and two nonlegislator members, one appointed by the Subcommittee on Committees of the senate Committee on Rules and Administration and one appointed by the speaker of the house. If the chancellor or the president of the university makes a designation under this subdivision, the designee must have experience in technical education. Four of the appointed members must be members of the governor's Workforce Development Council, of whom two must represent organized labor and two must represent business and industry. One of the appointed members must be a representative of a nonprofit organization that provides workforce development or job training services.

Sec. 26. Minnesota Statutes 2004, section 116L.05, is amended by adding a subdivision to read:

Subd. 5. [USE OF WORKFORCE DEVELOPMENT FUNDS.] After March 1 of any fiscal year, the board may use workforce development funds for the purposes outlined in sections 116L.04, 116L.06, and 116L.10 to 116L.14, or to provide incumbent worker training services under section 116L.18 if the following conditions have been met:

- (1) the board examines relevant economic indicators, including the projected number of layoffs for the remainder of the fiscal year and the next fiscal year, evidence of declining and expanding industries, the number of initial applications for and the number of exhaustions of unemployment benefits, job vacancy data, and any additional relevant information brought to the board's attention;

(2) the board accounts for all allocations made in section 116L.17, subdivision 2;

(3) based on the past expenditures and projected revenue, the board estimates future funding needs for services under section 116L.17 for the remainder of the current fiscal year and the next fiscal year;

(4) the board determines there will be unspent funds after meeting the needs of dislocated workers in the current fiscal year and there will be sufficient revenue to meet the needs of dislocated workers in the next fiscal year; and

(5) the board reports its findings in clauses (1) to (4) to the chairs of legislative committees with jurisdiction over the workforce development fund, to the commissioners of revenue and finance, and to the public.

Sec. 27. [116L.18] [SPECIAL INCUMBENT WORKER TRAINING GRANTS.]

Subdivision 1. [PURPOSE.] The purpose of the special incumbent worker training grants is to expand opportunities for businesses and workers to gain new skills that are in demand in the Minnesota economy. The board shall establish criteria for incumbent worker grants under this section and may encourage creative training models, innovative partnerships, and expansion or replication of promising practices.

Subd. 2. [DEFINITIONS.]

(a) For the purposes of this section, the following terms have the meanings given them.

(b) "Incumbent worker" means an individual employed by a qualifying employer.

(c) "Qualifying employer" means a for-profit business or nonprofit organization in Minnesota with at least one full-time paid employee. Public sector organizations are not considered qualifying employers.

(d) "Eligible organization" has the meaning given in section 116L.17.

Subd. 3. [AMOUNT OF GRANTS.] A grant to an eligible organization may not exceed \$400,000.

Subd. 4. [MATCHING FUNDS.] The board shall require matching funds from qualifying employers in the form of funding, equipment, or faculty.

Subd. 5. [USE OF FUNDS.] Eligible organizations shall use funds granted under this section for direct training services to provide a measurable increase in the job-related skills of participating incumbent workers. Eligible organizations may also provide basic assessment, counseling, and preemployment training services requested by the qualifying employer. No funds may be used for support services as described in section 116L.17, subdivision 4, clause (2).

Subd. 6. [PERFORMANCE OUTCOME MEASURES.] The board and the commissioner of employment and economic development shall jointly develop performance outcome measures and standards for this program. The commissioner and board shall consult with eligible organizations in establishing standards. Measures at a minimum must include posttraining retention, promotion, and wage increase. The board and commissioner shall provide a report to the legislature by March 1 of each year on the previous fiscal year's program performance. Eligible organizations must provide performance data in a timely manner for the completion of this report.

OMNIBUS HEALTH AND HUMAN SERVICES BILL
Special Session H.F. 139 (Chapter 4)

SUMMARY: The Omnibus Health and Human Services bill includes language that affects Minnesota State Colleges and Universities in Articles 6, 8 and 9. Article 6 modifies the qualifications of the loan forgiveness program for nurses. Article 8 includes language on eligibility for MinnesotaCare if attending a postsecondary institution, and Article 9 appropriates funds for the health professional education loan forgiveness program.

Section	<i>Omnibus Health and Human Services Bill</i>	Language Page
ARTICLE 6		
Health Department		
14	<p>Creation of Account</p> <p>This section creates additional criteria for mid-level practitioners or nurses to qualify for the loan forgiveness program. They qualify for the program if they agree to teach for at least 20 hours per week in the nursing field in a postsecondary program. The language also includes other health care technicians agreeing to teach for at least 20 hours per week in their designated field in a postsecondary program. The commissioner, in consultation with the Healthcare Education-Industry Partnership, is to determine the health care fields where the need is the greatest, including, but not limited to, respiratory therapy, clinical laboratory technology, radiologic technology, and surgical technology. This section is effective August 1, 2005.</p>	115
16	<p>Loan Forgiveness</p> <p>This section adds teaching area, patient group, or specialty type to the list of criteria for distributing available funds for the loan forgiveness program. The funds are to be distributed proportionally among the eligible professions according to the vacancy rate for each profession. If there are any remaining funds, they are to be distributed proportionally among the other eligible professions according to the vacancy rate for each profession in the required geographic area, patient group, or facility type. This section is effective August 1, 2005.</p>	115
ARTICLE 8		
Health Care – Department of Human Services		
70	<p>Must Not Have Access to Health Coverage Through a Postsecondary Education Institution</p> <p>A student under 21 years of age enrolled at a postsecondary institution is not eligible for MinnesotaCare if he or she has access to health coverage through the postsecondary institution. This section is effective September 1, 2005, or upon federal approval, whichever is later.</p>	116

ARTICLE 9
Appropriations

- 5 Health-Related Boards** **116**
Subd. 8. Board of Nursing. Transfers \$125,000 the first year and \$200,000 the second year from the state government special revenue fund to the health professional education loan forgiveness program account for loan forgiveness for nurses.

OMNIBUS HEALTH AND HUMAN SERVICES BILL
Special Session H.F. 139 (Chapter 4)

ARTICLE 6
 HEALTH DEPARTMENT

Sec. 14. Minnesota Statutes 2004, section 144.1501, subdivision 2, is amended to read:

Subd. 2. [CREATION OF ACCOUNT.]

(a) A health professional education loan forgiveness program account is established. The commissioner of health shall use money from the account to establish a loan forgiveness program:

(1) for medical residents agreeing to practice in designated rural areas or underserved urban communities, or specializing in the area of pediatric psychiatry;

(2) for midlevel practitioners agreeing to practice in designated rural areas, and or to teach for at least 20 hours per week in the nursing field in a postsecondary program;

(3) for nurses who agree to practice in a Minnesota nursing home or intermediate care facility for persons with mental retardation or related conditions or to teach for at least 20 hours per week in the nursing field in a postsecondary program;

(4) for other health care technicians agreeing to teach for at least 20 hours per week in their designated field in a postsecondary program. The commissioner, in consultation with the Healthcare Education-Industry Partnership, shall determine the health care fields where the need is the greatest, including, but not limited to, respiratory therapy, clinical laboratory technology, radiologic technology, and surgical technology;

(5) for pharmacists who agree to practice in designated rural areas; and

(6) for dentists agreeing to deliver at least 25 percent of the dentist's yearly patient encounters to state public program enrollees or patients receiving sliding fee schedule discounts through a formal sliding fee schedule meeting the standards established by the United States Department of Health and Human Services under Code of Federal Regulations, title 42, section 51, chapter 303.

(b) Appropriations made to the account do not cancel and are available until expended, except that at the end of each biennium, any remaining balance in the account that is not committed by contract and not needed to fulfill existing commitments shall cancel to the fund.

[EFFECTIVE DATE.] This section is effective August 1, 2005.

Sec. 16. Minnesota Statutes 2004, section 144.1501, subdivision 4, is amended to read:

Subd. 4. [LOAN FORGIVENESS.] The commissioner of health may select applicants each year for participation in the loan forgiveness program, within the limits of available funding. The commissioner shall distribute available funds for loan forgiveness proportionally among the eligible professions according to the vacancy rate for each profession in the required geographic area ~~or~~, facility type, teaching area, patient group, or specialty type specified in subdivision 2. The commissioner shall allocate funds for physician loan forgiveness so that 75 percent of the funds available are used for rural physician loan forgiveness and 25 percent of the funds available are used for underserved urban communities and pediatric psychiatry loan forgiveness. If the commissioner does not receive enough qualified applicants each year to use the entire allocation of funds for ~~urban underserved communities~~ any eligible profession, the

remaining funds may be allocated ~~for rural physician loan forgiveness~~ proportionally among the other eligible professions according to the vacancy rate for each profession in the required geographic area, patient group, or facility type specified in subdivision 2. Applicants are responsible for securing their own qualified educational loans. The commissioner shall select participants based on their suitability for practice serving the required geographic area or facility type specified in subdivision 2, as indicated by experience or training. The commissioner shall give preference to applicants closest to completing their training. For each year that a participant meets the service obligation required under subdivision 3, up to a maximum of four years, the commissioner shall make annual disbursements directly to the participant equivalent to 15 percent of the average educational debt for indebted graduates in their profession in the year closest to the applicant's selection for which information is available, not to exceed the balance of the participant's qualifying educational loans. Before receiving loan repayment disbursements and as requested, the participant must complete and return to the commissioner an affidavit of practice form provided by the commissioner verifying that the participant is practicing as required under subdivisions 2 and 3. The participant must provide the commissioner with verification that the full amount of loan repayment disbursement received by the participant has been applied toward the designated loans. After each disbursement, verification must be received by the commissioner and approved before the next loan repayment disbursement is made. Participants who move their practice remain eligible for loan repayment as long as they practice as required under subdivision 2.

[EFFECTIVE DATE.] This section is effective August 1, 2005.

ARTICLE 8

HEALTH CARE - DEPARTMENT OF HUMAN SERVICES

Sec. 70. Minnesota Statutes 2004, section 256L.07, is amended by adding a subdivision to read:

Subd. 2a. [MUST NOT HAVE ACCESS TO HEALTH COVERAGE THROUGH A POSTSECONDARY EDUCATION INSTITUTION.] To be eligible, an individual under 21 years of age who is enrolled in a program of study at a postsecondary education institution, including an emancipated minor and an emancipated minor's spouse, must not have access to health coverage through the postsecondary education institution.

[EFFECTIVE DATE.] This section is effective September 1, 2005, or upon federal approval, whichever is later. Prior to implementation of HealthMatch, the commissioner shall implement the section to the fullest extent possible, including the use of manual processing. Upon implementation of HealthMatch, the commissioner shall implement this section in a manner consistent with the procedures and requirements of HealthMatch.

ARTICLE 9

APPROPRIATIONS

Sec. 5. HEALTH-RELATED BOARDS

Subd. 8. Board of Nursing	3,078,000	3,631,000
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[BASE ADJUSTMENT.] The base for the board of nursing is increased by \$141,000 in fiscal year 2008 and by \$216,000 in fiscal year 2009.

[BOARD OF NURSING APPROPRIATIONS INCREASE.]

Of this appropriation, \$120,000 the first year and \$126,000

the second year are for the increased cost of board operations, excluding salary increases and \$85,000 each year is to hire an advanced practice registered nurse.

[TRANSFERS FROM SPECIAL REVENUE FUND.]

Of this appropriation, the following transfers shall be made as directed from the state government special revenue fund:

(a) \$392,000 in fiscal year 2006, \$864,000 in fiscal year 2007, \$930,000 in fiscal year 2008, and \$930,000 in fiscal year 2009 shall be transferred to the general fund and is appropriated to the Department of Human Services to offset the state share of the medical assistance program costs of the long-term care and home and community-based care employee scholarship program and associated administrative costs. At the end of each biennium, any funds not expended for the scholarship program and associated administrative costs shall be transferred to the state government special revenue fund. Notwithstanding section 15, this paragraph expires June 30, 2009.

(b) \$125,000 the first year and \$200,000 the second year shall be transferred to the health professional education loan forgiveness program account for loan forgiveness for nurses under Minnesota Statutes, section 144.1501. This appropriation shall become part of base level funding for the commissioner for the biennium beginning July 1, 2007, but shall not be part of base level funding for the biennium beginning July 1, 2009. Notwithstanding section 15, this paragraph expires on June 30, 2009.

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**MINNESOTA CITIZENS PERSONAL PROTECTION ACT OF 2003
REENACTMENT**

Regular Session S.F. 2259 (Chapter 83)

SUMMARY: This bill reenacts the Minnesota Personal Protection Act of 2003, effective retroactively and without interruption from April 28, 2003. The 2003 law authorizes citizens to obtain a permit to carry a pistol in public. Article 2, Section 23, Subdivision 18 of the 2003 law allows postsecondary institutions to establish policies that restrict the ability of employees and students to carry firearms while on campus property. This excludes parking facilities or parking areas, however.

Section	<i>Minnesota Citizens Personal Protection Act of 2003 Reenactment</i>	Language Page
1	Reenactment of Personal Protection Act Reenacts Laws 2003, chapter 28, articles 2 and 3, the Minnesota Personal Protection Act and the lifetime prohibition on firearm possession by certain felons. This is effective retroactively and without interruption from April 28, 2003.	121

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MINNESOTA CITIZENS PERSONAL PROTECTION ACT OF 2003 REENACTMENT
Regular Session S.F. 2259 (Chapter 83)

Section 1. [REENACTMENT OF PERSONAL PROTECTION ACT.]

Laws 2003, chapter 28, articles 2 and 3, are reenacted effective retroactively and without interruption from April 28, 2003.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

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STATE CONSTRUCTION PROJECTS DESIGN BUILD BILL
Regular Session S.F. 1335 (Chapter 78)

SUMMARY: This bill authorizes the commissioner of administration, or the Minnesota State Colleges and Universities Board of Trustees with respect to the system, to use design-build, construction manager at-risk, and job order contracting for state construction projects.

Section	<i>State Construction Projects Design Build Bill</i>	Language Page
1	Construction Plans and Specifications; Design-Build, Construction Manager at Risk, or Job Order Contracting Authorizes the commissioner of administration or the Minnesota State Colleges and Universities Board of Trustees with respect to system projects, to use the following methods for state construction; design-build, construction manager at-risk, or job order contracting.	127
2	Definitions In the law governing the designer selection process, this section defines “design-build” as a process in which the design-builder agrees to both design and construct a project at a guaranteed maximum or a fixed price. This section also amends the definition of “user agency” to provide that for state projects, “user agency” means the Department of Administration or a state agency with a delegation to act on behalf of the department.	127
3	Publication of Notice; Expenditures of \$25,000 For expenditures estimated to exceed \$25,000, bids are to be solicited by public notice designated by the commissioner, as well as posted on a state Web site to the extent practical. For expenditures over \$50,000, notice must be posted on a state Web site seven days before the final submission date, and all bids over \$50,000 must be sealed.	128
4	Building and Construction Contracts; \$50,000 or Less An informal bid may be used for building, construction, and repair contracts estimated at less than \$50,000. Informal bids are to be authenticated by the bidder as specified by the commissioner.	128
6	Design-Build, Construction Manager at Risk, and Job Order Contracting Contracts Subd. 1. Definitions. This subdivision defines terms used in this section. Among the definitions, the term “commissioner” means the commissioner of administration or the Board of Trustees of the Minnesota State Colleges and Universities, whichever controls a project.	129

Subd. 2. Authority. Authorizes the Commissioner of Administration and the Minnesota State Colleges and Universities Board of Trustees to award a design-build contract, either under a qualification-based or design and price-based selection process; select a construction manager at risk, and award a guaranteed maximum price contract; and select a contractor by job order contracting. For the first two types of contracts, the commissioner and Board of Trustees are required to make specific written findings that these contracts are in the public interest.

Provides that for projects funded with state general obligation bonds, not more than five percent in fiscal years 2006 and 2007, and ten percent after that of the number of projects may use design-build contracts or construction manager at risk contracts.

Provides that soliciting requests for qualifications or proposals does not obligate the Commissioner or Board of Trustees to enter into a design-build or construction manager at risk contract. Solicitations may be canceled or responses rejected, and a competitive bidding process used.

The commissioner or Board of Trustees is to report to the legislature by January 15, 2010, the number of projects and the total cost of those projects that were delivered under contracts authorized under this section.

7 Design-Build

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This section specifies procedures and criteria governing design-build contracts.

Subd. 1. Conflict of Interest. Provides that a member of the Designer Selection Board may not participate in review, discussion, or selection of a designer in which the member has a financial interest.

Subd. 2. Design Builder Licensing Requirements. Requires design-builders to have specified relationships with persons licensed to perform the services under the contract. States that this section does not limit liability of an architect or engineer to the commissioner and third parties. States that the design portion of the contract is a service, not a product.

Subd. 3. Solicitation of Qualifications or Proposals. Requires the user agencies to submit requests for a design-builder to the commissioner of administration, who must forward the request to the Designer Selection Board.

Subd. 5. Design-Build Qualification-Based Selection Process.

Specifies requirements for a design-build qualification-based selection process. For Minnesota State Colleges and Universities projects, the Designer Selection Board will pick two design-builders, and the Board of Trustees will pick between them. The Board of Trustees will then negotiate fees and enter into a contract with the selected design-builder.

Subd. 6. Design-Build Qualifications-Based Acceptance by Commissioner. Specifies requirements for a design-build qualifications-based contract. These include requirements that the design-builder develop design documents prior to project bidding; that the design-builder competitively bid all trade contract work; that a mechanical or electrical subcontractor member of a design-builder's team competitively bid subcontracted work; and that the design-builder and the commissioner enter into a guaranteed maximum price contract.

Subd. 7. Design-Build Design and Price-Based Proposals. Specifies requirements for a design-build and price-based process. Provides that selection must be based on best value, which includes price and design, and may include other criteria.

Subd. 8. Design-Build Design and Price-Based Selection Process. Requires the Designer Selection Board (DSB) to forward the two highest-scoring proposals to the Minnesota State Colleges and Universities Board of Trustees. After a proposal is accepted, the Board of Trustees and the design-builder will enter into a fixed-price contract.

8 Construction Manager at Risk

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Subd. 1. Solicitation of Qualifications. Requires the requests for a construction manager at risk for a project be submitted to the commissioner of administration, and specifies contents of requests for proposal. Requires a request for qualifications to be prepared for each construction manager at risk contract, and specifies the content of the request for qualifications.

Subd. 2. Construction Manager at Risk Selection Process. Upon receiving a request for a construction manager at risk, requires the commissioner to create a selection committee of at least three people. Provides for the committee to establish criteria to be used to score proposals of construction manager at risk and procedures for evaluating qualifications. Requires the selection committee to interview the construction managers, and to recommend the construction manager at risk achieving the highest score on evaluation criteria.

Subd. 3. Construction Manager at Risk Contract. Requires the

commissioner to negotiate with the recommended construction manager at risk. Provides for obtaining another recommendation if negotiations with the first manager are unsuccessful. Requires a construction manager at risk to competitively bid all trade contract work from a list of qualified firms, but provides that mechanical or electrical subcontractors may be listed as part of the construction manager team instead of being bid separately.

9 Job Order Contracting

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Subd. 1. Authority. Authorizes the commissioner to use job order contracting for projects with a construction cost that does not exceed \$250,000.

Subd. 2. Job Order Contracting Request for Qualifications. Authorizes the commissioner to issue a request for qualifications that includes the criteria that will be used for the projects. The request must be publicized by the commissioner that ensures open and unrestricted access.

Subd. 3. Qualified Contractors. Requires the commissioner to review responses and establish a list of responders who have the ability to enter into the master contract for the project.

Subd. 4. Construction Services Bidding. When using job order contracting for projects up to \$50,000, at least two bids must be requested. For projects over \$50,000 but not exceeding \$100,000, three bids must be requested, and for projects over \$100,000 and less than \$250,000, at least four bids must be requested.

Subd. 5. Qualified Contractor Selection. The contractor who submits the lowest bid price must be selected.

Subd. 6. Reasonable Distribution of Bid Requests Among Qualified Contractors. A system is to be developed to ensure a reasonable opportunity for all qualified contractors to bid on construction services.

10 Effective Date

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Effective the day following final enactment.

STATE CONSTRUCTION PROJECTS DESIGN BUILD BILL
Regular Session S.F. 1335 (Chapter 78)

Section 1. Minnesota Statutes 2004, section 16B.31, subdivision 1, is amended to read:

Subdivision 1. [CONSTRUCTION PLANS AND SPECIFICATIONS; DESIGN-BUILD, CONSTRUCTION MANAGER AT RISK, OR JOB ORDER CONTRACTING.]

(a) The commissioner shall

(1) have plans and specifications prepared for the construction, alteration, or enlargement of all state buildings, structures, and other improvements except highways and bridges, and except for buildings and structures under the control of the Board of Regents of the University of Minnesota or of the Board of Trustees of the Minnesota State Colleges and Universities;

(2) approve those plans and specifications;

(3) advertise for bids and award all contracts in connection with the improvements;

(4) supervise and inspect all work relating to the improvements;

(5) approve all lawful changes in plans and specifications after the contract for an improvement is let; and

(6) approve estimates for payment. This subdivision does not apply to the construction of the Zoological Gardens.

(b) MS 2002 (Expired)

(c) MS 2002 (Expired)

(b) Notwithstanding any other law to the contrary, the commissioner may:

(1) use a design-build method of project delivery and award a design-build contract as provided in sections 16C.32 and 16C.33;

(2) use a construction manager at risk method of project delivery and award a construction manager at risk contract on the basis of the selection criteria described in section 16C.34; or

(3) use a job order contracting contractor selection as described in section 16C.35.

(c) The commissioner may require a primary designer and a construction manager at risk, by contract, to cooperate in the design, planning and scheduling, and construction process. The contract must not make the primary designer or construction manager at risk a subcontractor or joint venture partner to the other or limit the primary designer's or construction manager at risk's independent obligations to the commissioner.

(d) For projects undertaken by the Minnesota State Colleges and Universities system, the powers and duties granted in paragraphs (b) and (c) may be exercised by its board of trustees.

(e) The commissioner, the board, the Board of Regents of the University of Minnesota, and the Board of Trustees of the Minnesota State Colleges and Universities shall create a panel of representatives, including representatives of the construction industry and the architecture and engineering professions, to evaluate the use of design-build and the procedures for design-builder selection under section 16C.31, and shall report to the legislature on or before January 1, 2004, as to the success of design-build as a method of construction and the need and desirability for any changes in the selection procedure.

Sec. 2. Minnesota Statutes 2004, section 16B.33, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meanings given them:

(a) "Agency" has the meaning given in section 16B.01.

(b) "Architect" means an architect or landscape architect registered to practice under sections 326.02 to 326.15.

(c) "Board" means the state Designer Selection Board.

(d) "Design-build" means the process of entering into and managing a single contract between the commissioner and the design-builder in which the design-builder agrees to both design and construct a project as specified in the contract at a guaranteed maximum or a fixed price.

(e) "Design-builder" means a person who proposes to design and construct a project in accordance with the requirements of section 16C.33.

(f) "Designer" means an architect or engineer, or a partnership, association, or corporation comprised primarily of architects or engineers or of both architects and engineers.

~~(e)~~ (g) "Engineer" means an engineer registered to practice under sections 326.02 to 326.15.

~~(f)~~ (h) "Person" includes an individual, corporation, partnership, association, or any other legal entity.

~~(g)~~ (i) "Primary designer" means the designer who is to have primary design responsibility for a project, and does not include designers who are merely consulted by the user agency and do not have substantial design responsibility, or designers who will or may be employed or consulted by the primary designer.

~~(h)~~ (j) "Project" means an undertaking to construct, erect, or remodel a building by or for the state or an agency.

~~(i)~~ (k) "User agency" means the agency undertaking a specific project. For projects undertaken by the state of Minnesota, "user agency" means the Department of Administration or a state agency with an appropriate delegation to act on behalf of the Department of Administration.

Sec. 3. Minnesota Statutes 2004, section 16C.26, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION OF NOTICE; EXPENDITURES OVER ~~\$15,000~~ \$25,000.] If the amount of an expenditure is estimated to exceed ~~\$15,000~~ \$25,000, sealed bids must be solicited by public notice ~~inserted at least once in a newspaper or trade journal not less than seven days before the final date of submitting bids~~ in a manner designated by the commissioner. The commissioner shall designate the newspaper or trade journal for that publication and may designate different newspapers or journals according to the nature of the purchase or contract. To the extent practical, this must include posting on a state Web site. For expenditures over \$50,000, the commissioner shall also solicit sealed bids by sending providing notices by mail to all prospective bidders known to the commissioner and by posting notice on a public bulletin board in the commissioner's office a state Web site at least ~~five~~ seven days before the final date of submitting bids. All bids over \$50,000 must be sealed when they are received and must be opened in public at the hour stated in the notice. All original bids and all documents pertaining to the award of a contract must be retained and made a part of a permanent file or record and remain open to public inspection.

Sec. 4. Minnesota Statutes 2004, section 16C.26, subdivision 4, is amended to read:

Subd. 4. [BUILDING AND CONSTRUCTION CONTRACTS; ~~\$15,000~~ \$50,000 OR LESS.] All contracts, the amount of which is estimated to be ~~\$15,000 or less~~, may be made either upon competitive bids or in the open market, in the discretion of the commissioner. ~~So far as practicable, however, they must be based on at least three competitive bids which must be permanently recorded.~~ An informal bid may be used for building, construction, and repair contracts that are estimated at less than \$50,000. Informal bids

must be authenticated by the bidder in a manner specified by the commissioner.

Sec. 6. [16C.32] [DESIGN-BUILD, CONSTRUCTION MANAGER AT RISK, AND JOB ORDER CONTRACTING CONTRACTS.]

Subdivision 1. [DEFINITIONS.] As used in sections 16C.32 to 16C.35, the following terms have the meanings given them, unless the context clearly indicates otherwise:

(1) "acceptance" means a formal resolution of the commissioner authorizing the execution of a design-build, construction manager at risk, or job order contracting contract;

(2) "agency" means any state officer, employee, board, commission, authority, department, or other agency of the executive branch of state government. Unless specifically indicated otherwise, as used in sections 16C.32 to 16C.35, agency also includes the Minnesota State Colleges and Universities;

(3) "architect" means an architect or landscape architect registered to practice under sections 326.02 to 326.15;

(4) "board" means the state Designer Selection Board, unless the estimated cost of the project is less than \$2,000,000, in which case the commissioner may act as the board;

(5) "Capitol Area Architectural and Planning Board" means the board established to govern the capitol area under chapter 15B;

(6) "commissioner" means the commissioner of administration or the Board of Trustees of the Minnesota State Colleges and Universities, whichever controls a project;

(7) "construction manager at risk" means a person who is selected by the commissioner to act as a construction manager to manage the construction process, which includes, but is not limited to, responsibility for the price, schedule, and workmanship of the construction performed in accordance with the procedures of section 16C.34;

(8) "construction manager at risk contract" means a contract for construction of a project between a construction manager at risk and the commissioner, which contract shall include a guaranteed maximum price, construction schedule, and workmanship of the construction performed;

(9) "design-build contract" means a contract between the commissioner and a design-builder to furnish the architectural, engineering, and related design services as well as the labor, materials, supplies, equipment, and construction services for a project;

(10) "design and price-based proposal" means the proposal to be submitted by a design-builder in the design and price-based selection process, as described in section 16C.33, which proposal meets the requirements of section 16C.33, subdivision 7, paragraph (c), in such detail as required in the request for proposals;

(11) "design and price-based selection" means the selection of a design-builder as described in section 16C.33, subdivision 8;

(12) "design criteria package" means performance criteria prepared by a design criteria professional who shall be either an employee of the commissioner or shall be selected in compliance with section 16B.33, 16C.08, or 16C.095;

(13) "design criteria professional" means a person licensed under chapter 326, or a person who employs an individual or individuals licensed under chapter 326, required to design a project, and who is employed by or under contract to the commissioner to provide professional, architectural, or engineering services in connection with the preparation of the design criteria package;

(14) "guaranteed maximum price" means the maximum amount that a design-builder, construction manager at risk, or subcontractor will be paid pursuant to a contract to perform a defined scope of work;

(15) "guaranteed maximum price contract" means a contract under which a design-builder, construction manager, or subcontractor is paid on the basis of their actual cost to perform the work specified in the contract plus an amount for overhead and profit, the sum of which must not exceed the guaranteed maximum price set forth in the contract;

(16) "job order contracting" means a project delivery method that requests a limited number of bids from a list of qualified contractors, selected from a registry of qualified contractors who have been prescreened and who have entered into master contracts with the commissioner, as provided in section 16C.35;

(17) "past performance" or "experience" does not include the exercise or assertion of a person's legal rights;

(18) "person" includes an individual, corporation, partnership, association, or any other legal entity;

(19) "project" means an undertaking to construct, alter, or enlarge a building, structure, or other improvements, except highways and bridges, by or for the state or an agency;

(20) "qualifications-based selection" means the selection of a design-builder as provided in section 16C.33;

(21) "request for qualifications" means the document or publication soliciting qualifications for a design-build, construction manager at risk, or job order contracting contract as provided in sections 16C.33 to 16C.35;

(22) "request for proposals" means the document or publication soliciting proposals for a design-build or construction manager at risk contract as provided in sections 16C.33 and 16C.34; and

(23) "trade contract work" means the furnishing of labor, materials, or equipment by contractors or vendors that are incorporated into the completed project or are major components of the means of construction. Work performed by trade contractors involves specific portions of the project, but not the entire project.

Subd. 2. [AUTHORITY.]

(a) Subject to limitations in sections 16B.31, subdivision 1; 16B.33, subdivision 1; 16C.16; and 16C.32 to 16C.34, and notwithstanding any other law to the contrary, the commissioner may:

(1) solicit and award a design-build contract on the basis of either a qualifications based or a design and price-based selection process provided in section 16C.33 if the conditions in clause (4) are met;

(2) select a construction manager at risk as provided in section 16C.34, and award a guaranteed maximum price contract for a construction manager at risk if the conditions of clause (5) are met;

(3) select a contractor by a job order contracting delivery method as provided in section 16C.35;

(4) the commissioner may not utilize design-build contracts for more than five percent of its total projects let, by number, in each of the fiscal years 2006 and 2007, and ten percent of its total projects let, by number, in each fiscal year thereafter, that are funded in whole or in part with proceeds from the sale of state general obligation bonds; and

(5) the commissioner may not utilize construction manager at risk contracts for more than five percent of its total projects let, by number, in each of the fiscal years 2006 and 2007, and ten percent of its total projects let, by number, in each fiscal year thereafter, that are funded in whole or in part with proceeds from the sale of state general obligation bonds.

(b) Pursuant to section 16B.31, subdivision 4, if the project is within the Capitol area, the project shall comply with sections 15B.03, subdivision 3; 15B.08, subdivision 2; 15B.10; and 15B.15, subdivision 4.

(c) The commissioner shall, for each design-build or construction manager at risk contract, make a written determination, including specific

findings, indicating whether use of the design-build or construction manager at risk procurement serves the public interest.

(d) The solicitation of requests for qualifications or proposals does not obligate the commissioner to enter into a design-build or construction manager at risk contract. In accordance with the stated criteria and subcriteria for evaluating qualifications or proposals, the commissioner may accept or reject any or all responses received as a result of the request. The solicitation for qualifications or proposals may be canceled at any time in the commissioner's sole discretion if it is considered to be in the public's best interest. If the commissioner rejects all responses or cancels the solicitation for proposals, the commissioner may resolicit a request for qualifications or proposals using the same or different requirements or request selection of a primary designer pursuant to section 16B.33, 16C.08, or 16C.095 and proceed with competitive bidding pursuant to sections 16C.25 to 16C.29.

Sec. 7. [16C.33] [DESIGN-BUILD.]

Subdivision 1. [CONFLICT OF INTEREST.] A board member may not participate in the review, discussion, or selection of a primary designer, a design-builder, or a firm in which the member has a financial interest.

Subd. 2. [DESIGN BUILDER LICENSING REQUIREMENTS.]

(a) Each design-builder must be, employ, or have as a partner, member, coventurer, or subcontractor, persons or a firm with persons who are duly licensed and registered to provide the services required to complete the project and do business in this state.

(b) A design-builder may contract with the commissioner to provide professional or construction services for which the design-builder is not itself licensed, registered, or qualified to perform, so long as the design-builder provides such services through subcontracts with duly licensed, registered, or otherwise qualified persons in accordance with this section.

(c) Nothing in this section or section 16C.32 is intended to limit or eliminate the responsibility or liability owed by an architect or engineer on a design-build project to the commissioner and third parties under existing law. The design service portion of a design-build contract is considered a service and not a product.

Subd. 3. [SOLICITATION OF QUALIFICATIONS OR PROPOSALS.]

(a) Every user agency, except the Capitol Area Architectural and Planning Board, shall submit a written request for a design-builder for its project to the commissioner who shall forward the request to the board, consistent with section 16B.33, subdivision 3a. The University of Minnesota shall follow the process in subdivision 4 to select design-builders for projects that are subject to section 16B.33. The written request must include a description of the project, the total project cost, a description of any special requirements or unique features of the proposed project, and other information requested by the board which will assist the board in carrying out its duties and responsibilities set forth in this section.

(b) A request for qualifications or proposals soliciting design-builders shall be prepared for each design-build contract pursuant to subdivision 5 or 7. The request for qualifications or proposals shall contain, at a minimum, the following elements:

(1) the identity of the agency for which the project will be built and that will award the design-build contract;

(2) procedures for submitting qualifications or proposals, the criteria for evaluation of qualifications or proposals and the relative weight for each criterion and subcriterion, and the procedures for making awards according to the stated criteria and subcriteria, including a reference to the requirements of this section;

(3) the proposed terms and conditions for the contract;

(4) the desired qualifications of the design-builder and the desired or permitted areas of construction to be performed by named members of the design-build team, if applicable. The primary designer shall be a named member of the design-build team;

(5) the schedule for commencement and completion of the project;

(6) any applicable budget limits for the project;

(7) the requirements for insurance and statutorily required performance and payment bonds;

(8) the identification and location of any other information in the possession or control of the agency that the user agency determines is material, which may include surveys, soils reports, drawings or models of existing structures, environmental studies, photographs, or references to public records;

(9) for a design-build design and price-based selection process, the request shall also include the design criteria package, including the performance and technical requirements for the project, and the functional and operational elements for the delivery of the completed project. The request shall also contain a description of the drawings, specifications, or other submittals to be included with the proposal, with guidance as to the form and level of completeness of the drawings, specifications or submittals that will be acceptable, and the stipend to be paid to the design-builders selected to submit the above described information; and

(10) the criteria shall not impose unnecessary conditions beyond reasonable requirements to ensure maximum participation of qualified design-builders. The criteria shall not consider the collective bargaining status of the design-builder.

(c) Notice of requests for qualifications or proposals must be advertised in the State Register.

Subd. 5. [DESIGN-BUILD QUALIFICATION-BASED SELECTION PROCESS.] In a design-build qualification-based selection process, the following shall apply:

(a) (1) the commissioner shall establish procedures for determining the appropriate content of each request for qualifications, the weighted criteria and subcriteria to be used to evaluate the design-builders, and the procedures for evaluating qualifications in an open, competitive, and objective manner;

(2) the criteria and subcriteria shall include, but are not limited to, the proposer's experience as a constructor or primary designer, including capacity of key personnel, technical competence and capability to perform, the past performance of the proposer and its employees, its safety record and compliance with state and federal law, and availability to and familiarity with the project locale;

(3) the commissioner may include in the request for qualifications criteria a requirement that the proposer include the overhead and fee that the design-builder proposes to charge for its construction services; and

(4) the commissioner shall issue a request for qualifications that includes the information as described in subdivision 3.

(b) After obtaining and evaluating qualifications from each design-builder, in accordance with the weighted criteria and subcriteria and procedures set forth in the request for qualifications, the board shall select a short list of at least three and no more than five proposals. The board must receive at least three proposals from design-builders or the commissioner shall either:

(1) solicit new proposals;

(2) revise the request for qualifications and thereafter solicit new proposals using the revised request for qualifications; or

(3) request selection of a primary designer pursuant to section 16B.33, 16C.08, or 16C.095 and proceed with competitive bidding pursuant to sections 16C.25 to 16C.29.

(c) The board shall conduct formal interviews with the short list of proposers, but shall not disclose any proprietary or confidential information contained in one proposal to another proposer.

(d) The board shall select the design-builder that scores the highest on the evaluation criteria and subcriteria. The commissioner shall make the award to the design-builder who scores the highest score pursuant to the weighted criteria and subcriteria as determined by the board, unless the commissioner rejects all proposals or proceeds pursuant to paragraphs (f) and (g). In the case of the Minnesota State Colleges and Universities, the board shall narrow the selection to the two design-builders that score the highest on the evaluation criteria and subcriteria for recommendation to the respective commissioner, and the commissioner shall make the final selection and shall notify the board of the selection.

(e) The commissioner shall conduct fee and contract negotiations with the selected design-builder and shall enter into the contract consistent with subdivision 6.

(f) If the selected design-builder declines the appointment or is unable to reach agreement with the commissioner on the terms of the contract, the commissioner may, within 60 days after the first selection, request the board to make another selection.

(g) If the board fails to make a selection and forward its recommendation to the commissioner within 60 days of the request for a second selection, the commissioner may appoint a design-builder without the recommendation of the board.

(h) If a project for which a design-builder has been selected by the board becomes inactive, lapses, or changes as the result of a project phasing, insufficient appropriations, or other reasons, the commissioner may, if the project is reactivated, retain the same design-builder to complete the project.

Subd. 6. [DESIGN-BUILD QUALIFICATIONS-BASED ACCEPTANCE BY COMMISSIONER.] The contract between the commissioner and the design-builder selected under subdivision 5 shall require the following:

(a) The design-builder shall develop design documents of the project for review and approval by the commissioner prior to project bidding.

(b) The design-builder shall competitively bid all trade contract work for the project from a list of qualified firms, subject to availability of such qualified firms for the specific work. The list of qualified firms shall be based upon an open, competitive, and objective prequalification process in which the selection criteria includes, in addition to the proposed price, the firm's experience as a constructor or primary designer, including capacity of key personnel, technical competence, capability to perform, the past performance of the firm and its employees, including its safety record and compliance with state and federal law, availability to and familiarity with the project locale, and other considerations as defined by the design-builder and the commissioner. The design-builder and the commissioner shall jointly determine the composition of the list of qualified firms. The criteria shall not impose unnecessary conditions beyond reasonable requirements to ensure maximum participation of qualified contractors.

(c) With the approval of the commissioner, the design-builder may name either or both a mechanical and electrical subcontractor or subcontractors as a named member of the design-builder's team, and if either or both a mechanical and electrical subcontractor or subcontractors is so named, the design-builder is not required to competitively bid the mechanical or electrical trade contract work. A named mechanical or electrical subcontractor member of a design-builder's team shall competitively bid all subcontracted portions of the mechanical or electrical subcontractor's work from a list of qualified firms. Such

qualified firms shall be determined as described in paragraph (b). The commissioner and the design-builder shall agree to a list of labor, materials, and equipment that shall be competitively bid.

(d) With the commissioner's approval or request, team members of the design-builder, including the design-builder, may also submit bids for trade contract work.

(e) Either or both the mechanical or electrical subcontractor or subcontractors who are named subcontractor members of the design-builder's team shall enter into guaranteed maximum price contracts with the design-builder.

(f) The design-builder and the commissioner shall enter into a guaranteed maximum price contract.

Subd. 7. [DESIGN-BUILD DESIGN AND PRICE-BASED PROPOSALS.]

(a) In a design and price-based selection process the following shall apply:

(1) selection must be based on best value, which includes an evaluation of price and design, and may include other criteria including, but not limited to, the proposer's experience as a constructor or primary designer;

(2) the commissioner shall establish procedures for determining the appropriate content of each request for qualifications, and the weighted criteria and subcriteria to be used to evaluate the design-builders including, but not limited to, the proposer's experience as a constructor or primary designer, including capacity of key personnel, technical competence, capability to perform and the past performance of the proposer and its employees, its safety record and compliance with state and federal law, quality and past performance, and the procedures for evaluating qualifications in an open, competitive, and objective manner; and

(3) the commissioner shall issue a request for qualifications that includes the information as described in subdivision 3.

(b) After obtaining and evaluating qualifications from each design-builder, in accordance with the weighted criteria and subcriteria and procedures set forth in the request for qualifications, the board shall select a short list of three proposers. The board must receive at least three proposals from design-builders or the commissioner shall either:

(1) solicit new proposals;

(2) revise the request for qualifications and thereafter solicit new proposals using the revised request for qualifications; or

(3) request selection of a primary designer pursuant to section 16B.33, 16C.08, or 16C.095 and proceed with competitive bidding pursuant to sections 16C.25 to 16C.29.

(c) The commissioner shall issue a request for proposals to the selected design-builders. The submitted proposals shall consist of, at a minimum, the following elements:

(1) preliminary plans and specifications and other information in sufficient detail to describe the character, quality, and scope of the project;

(2) a design and construction critical path schedule;

(3) the price at which the design-builder will complete all design and construction requested in the proposal for the project if selected; and

(4) other materials the board determines are necessary to fix the design, schedule, and cost of the project.

(d) Proposals must be sealed and may not be opened until the expiration of the time established for making proposals as set forth in the request for proposals.

(e) Proposals must identify the primary designer and the primary construction contracting entity that are members of the design-builders team.

(f) The amount and type of design services requested by the board shall not be exceeded by those submitting proposals. Proposals exceeding the amount and type of design services requested by the board may be rejected by the board. Unless compensated in excess of the minimum stipend for their effort, design-builders must not be required to submit detailed architectural or engineering design or construction documents as part of the proposal.

(g) Except as described in paragraph (h), the commissioner shall award to each design-builder that submits a responsive design-build proposal under this subdivision, a stipend in an amount of not less than 0.3 percent of the commissioner's estimated cost of design and construction. If the request for proposals requires extensive design services beyond preliminary plans and specifications as requested as part of the proposal, the stipend shall be adjusted to an amount commensurate with the amount of design services requested for each proposal.

(h) No stipend shall be awarded to the design-builder selected to complete the project.

(i) For projects where the design-builder accepts the stipend offered by the board, the commissioner shall be deemed the owner of the design, subject to the rights of the proposer to such design for publication and use in other projects.

However, the use of the design in its totality, or near totality, by the commissioner is prohibited.

(j) The commissioner may require each design-builder to submit with its proposal a cash deposit, letter of credit in a form acceptable to the commissioner, or bid bond not to exceed five percent of the maximum cost of the design-builder's proposal. If the proposal is accepted but the design-builder fails, without good cause to execute the design-build contract, the deposit or bond is forfeited in an amount not to exceed the difference between the proposal in question and the next highest proposal.

Subd. 8. [DESIGN-BUILD DESIGN AND PRICE-BASED SELECTION PROCESS.]

(a) The board shall review submissions as described in subdivision 7; conduct formal interviews with all three proposers but not allow the disclosure of any price, proprietary, or confidential information contained in one proposal to another proposer; and select the proposal that scores the highest based on the weighted evaluation criteria and subcriteria, except for projects under the control of Minnesota State Colleges and Universities. The commissioner shall make the award to the design-builder who scores the highest score pursuant to the weighted criteria and subcriteria as determined by the board, unless the commissioner rejects all proposals or proceeds pursuant to paragraph (c) or (d). For Minnesota State Colleges and Universities projects, the board shall narrow the selection to the two highest scoring proposers for recommendation to the commissioner, and the commissioner shall review the submissions as described in subdivision 7; conduct formal interviews with both proposers recommended by the board, but not allow the disclosure of any price, proprietary, or confidential information contained in one proposal to another proposer; and select the proposal that scores the highest based on the commissioner's application of the weighted evaluation criteria and subcriteria; and shall notify the board of the selection.

(b) After a proposal is accepted, the commissioner is deemed the owner of the design, subject to the rights of the proposer to such design for publication and use in other projects.

(c) After a proposal is accepted, the commissioner and the design-builder shall enter into a fixed-price contract.

(d) If the design-builder selected for a project declines the appointment or is unable to reach agreement with the commissioner concerning the terms of the contract, the commissioner may, within 60 days after the first selection, request the board to make another selection.

(e) If the design-builder selected for a project, prior to executing a design-build contract, replaces either the primary designer or the primary construction contracting entity, the commissioner shall notify the board of the replacement and request the board to either approve the new design-builder or to select another design-builder.

(f) If the board fails to make a second selection as described in paragraph (d) or (e) and forward its recommendation to the commissioner within 60 days of the commissioner's request for a second selection, the commissioner may appoint a design-builder to the project without the recommendation of the board.

Sec. 8. [16C.34] [CONSTRUCTION MANAGER AT RISK.]

Subdivision 1. [SOLICITATION OF QUALIFICATIONS.]

(a) Every user agency, except the Capitol Area Architectural and Planning Board, shall submit a written request for proposals for a construction manager at risk for its project to the commissioner. The written request for proposals must include a description of the project, the estimated cost of completing the project, a description of any special requirements or unique features of the proposed project, and other information which will assist the commissioner in carrying out its duties and responsibilities set forth in this section.

(b) The commissioner may include in the request for qualifications criteria a requirement that the proposer include the overhead and fee that the construction manager at risk proposes to charge for its services.

(c) A request for qualifications shall be prepared for each construction manager at risk contract as provided in this section. The request for qualifications shall contain, at a minimum, the following elements:

(1) the identity of the agency for which the project will be built and that will award the construction manager at risk contract;

(2) procedures for submitting qualifications, the criteria and subcriteria for evaluation of qualifications and the relative weight for each criteria and subcriteria, and the procedures for making awards in an open, competitive, and objective manner, and according to the stated criteria and subcriteria, including a reference to the requirements of this section;

(3) the terms and conditions for the contract;

(4) the qualifications that the construction manager at risk shall be desired to have;

(5) a schedule for commencement and completion of the project;

(6) any applicable budget limits for the project;

(7) requirements for insurance, statutorily required performance and payment bonds;

(8) identification and location of any other information in the possession or control of the agency that the user agency determines is material, which may include surveys, soils reports, drawings or models of existing structures, environmental studies, photographs, or references to public records; and

(9) criteria shall not impose unnecessary conditions beyond reasonable requirements to ensure maximum participation of construction managers at risk. The criteria shall not consider the collective bargaining status of the construction manager at risk.

(d) Notice of requests for qualifications must be advertised in the State Register.

Subd. 2. [CONSTRUCTION MANAGER AT RISK SELECTION PROCESS.]

In a construction manager at risk selection process, the following shall apply:

(a) (i) Upon receipt of a written request from a user agency for a construction manager at risk for its project, the commissioner shall

create a selection committee composed of a minimum of three persons, at least one of whom has construction industry expertise;

(ii) the selection committee shall establish procedures for determining the appropriate content of each request for qualifications, the weighted criteria and subcriteria to be used to score the proposals of the construction managers at risk, and shall establish procedures for evaluating qualifications in an open, competitive, and objective manner; and (iii) the commissioner shall issue a request for qualifications that includes the information as described in subdivision 1.

(b) In accordance with the criteria and procedures set forth in the request for qualifications, the selection committee shall evaluate the construction manager at risk's experience as a constructor, including, but not limited to, capacity of key personnel, technical competence, capability to perform, the past performance of the construction manager at risk and its employees, its safety record and compliance with state and federal law, availability to and familiarity with the project locale, and other appropriate facts submitted by the construction manager at risk in response to the request for qualifications. The commissioner must receive at least three proposals from construction managers or the commissioner may either

(i) solicit new proposals;

(ii) request the selection committee to revise the request for qualifications and thereafter solicit new proposals using the revised request for qualifications;

(iii) select another allowed procurement method; or

(iv) reject all proposals.

(c) (i) The selection committee shall review the proposers' qualifications and create a short list of three to five proposals of construction managers at risk;

(ii) the commissioner shall issue a request for proposal requiring fee and expense proposals and other information as desired from the short-listed construction managers at risk; (iii) the selection committee shall conduct formal interviews with the short-listed construction managers at risk but shall not disclose any proprietary or confidential information contained in one proposal to another proposer;

(iv) the selection committee shall recommend the construction manager at risk achieving the highest score on the evaluation criteria as described in subdivision 1, paragraph (b).

(d) The board shall select the primary designer as described in section 16B.33 or in the case of the commissioner, section 16C.08 or 16C.095.

Subd. 3. [CONSTRUCTION MANAGER AT RISK CONTRACT.]

(a) The commissioner shall conduct contract negotiations with the recommended construction manager at risk.

(b) If the construction manager at risk selected for the project declines the appointment or is unable to reach agreement with the commissioner concerning the fee or terms of the contract, the commissioner shall, within 60 days after the first selection, request the selection committee to make another recommendation.

(c) If the selection committee fails to make a second recommendation and forward it to the commissioner within 60 days of the commissioner's request for a second recommendation, the commissioner may select a construction manager at risk without the recommendation of the selection committee.

(d) The primary designer selected by the board shall develop various design documents for review and approval by the commissioner.

(e) The construction manager at risk shall competitively bid all trade contract work for the project from a list of qualified firms, subject to availability of such qualified firms for the specific work. The list of qualified firms shall be based upon an open, competitive, and

objective prequalification process in which the selection criteria includes the firm's experience as a constructor, including capacity of key personnel, technical competence, capability to perform, the past performance of the firm and its employees, including its safety record and compliance with state and federal law, availability to and familiarity with the project locale, and other considerations as defined by the construction manager at risk and the commissioner. The construction manager at risk and the commissioner shall jointly determine the composition of the list of qualified firms. The criteria shall not impose unnecessary conditions beyond reasonable requirements to ensure maximum participation of qualified contractors. With the commissioner's approval or request, the construction manager at risk may also submit bids for trade contract work.

(f) The construction manager at risk and the commissioner shall enter into a guaranteed maximum price contract for the project.

Sec. 9. [16C.35] [JOB ORDER CONTRACTING.]

Subdivision 1. [AUTHORITY.] The commissioner may undertake construction utilizing job order contracting for projects that do not exceed a construction cost of \$250,000.

Subd. 2. [JOB ORDER CONTRACTING REQUEST FOR QUALIFICATIONS.]

(a) The commissioner is authorized to issue a request for qualifications that includes the criteria that will be used for the projects, provided that these criteria do not unduly restrict competition, nor impose conditions beyond reasonable requirements to ensure maximum participation of all qualified contractors, and does not relate to the collective bargaining status of the contractor.

(b) The request for qualifications must be publicized in a manner designated by the commissioner that ensures open and unrestricted access for any potential responder. To the extent practical, this must include posting on a state Web site. To the extent practical, the commissioner must give notice to representatives of targeted group businesses designated under section 16C.16.

Subd. 3. [QUALIFIED CONTRACTORS.]

(a) The commissioner shall review the responses to the request for qualifications and determine responder's ability to enter into the master contract that will be utilized for the projects. The commissioner shall establish a list of qualified contractors based on the proposers' ability to enter into a master contract as described in the request for qualifications.

(b) The commissioner shall enter into master contracts with all qualified contractors.

(c) The commissioner shall establish procedures to allow firms to submit qualifications at least annually to allow placement on the list of contractors qualified to enter into a master contract.

Subd. 4. [CONSTRUCTION SERVICES BIDDING.] The commissioner shall request bids for construction services for any project using job order contracting from qualified contractors as follows:

(1) for construction projects up to a maximum cost of \$50,000, the commissioner shall request a minimum of two bids;

(2) for construction projects with a cost greater than \$50,000 but less than or equal to \$100,000 the commissioner shall request a minimum of three bids;

(3) for construction projects with a cost greater than \$100,000 but less than or equal to \$250,000, the commissioner shall request a minimum of four bids.

Subd. 5. [QUALIFIED CONTRACTOR SELECTION.] The commissioner shall select the contractor who submits the lowest price bid for the construction services proposed.

Subd. 6. [REASONABLE DISTRIBUTION OF BID REQUESTS AMONG QUALIFIED CONTRACTORS.] The commissioner in requesting bidding for projects using job order contracting as described in this section shall develop a system to ensure a reasonable opportunity for all qualified contractors to bid on construction services on a periodic basis.

Sec. 10. [EFFECTIVE DATE.]
Sections 1 to 9 are effective the day following final enactment.

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OMNIBUS ENERGY BILL**Regular Session S.F. 1368 (Chapter 97)**

SUMMARY: The Omnibus Energy Bill makes changes in the state's energy policy. Article 13 of the bill includes language pertaining to Minnesota State Colleges and Universities. Section 5 encourages the system to develop and implement hydrogen and fuel cell curricula and training programs.

Section	<i>Energy Bill</i>	Language Page
	ARTICLE 13	
	Hydrogen	
5	Fuel Cell Curriculum Development Pilot Encourages the Board of Trustees of the Minnesota State Colleges and Universities to work with the Upper Midwest Hydrogen Initiative and other interested parties to develop and implement hydrogen and fuel cell curricula and training programs that can be incorporated into existing relevant courses and disciplines.	143

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OMNIBUS ENERGY BILL**Regular Session S.F. 1368 (Chapter 97)**

ARTICLE 13

Hydrogen

Sec. 5. [FUEL CELL CURRICULUM DEVELOPMENT PILOT.]

The Board of Trustees of the Minnesota State Colleges and Universities is encouraged to work with the Upper Midwest Hydrogen Initiative and other interested parties to develop and implement hydrogen and fuel cell curricula and training programs that can be incorporated into existing relevant courses and disciplines affected by these technologies. These disciplines include, but are not limited to, chemical, electrical, and mechanical engineering, including lab technicians; fuel cell production, installation, and maintenance; fuel cell and internal combustion vehicles, including hybrids, running on hydrogen or biofuels; and the construction, installation, and maintenance of facilities that will produce, use, or serve hydrogen. The curricula should also be useful to secondary educational institutions and should include, but not be limited to, the production, purification, distribution, and use of hydrogen in portable, stationary, and mobile applications and in fuel cells, turbines, and reciprocating engines.

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MILITARY PAY DIFFERENTIAL BILL
Regular Session H.F. 2126 (Chapter 35)

SUMMARY: This bill clarifies current law that provides a pay differential to state employees who as members of the National Guard or other reserves are ordered to active military service and incur an earnings decrease as a result.

Section	<i>Military Pay Differential Bill</i>	Language Page
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1	Payment of Salary Differential for Reserve Forces Who Reported for Active Service	147
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This section clarifies that the state employee's total monthly gross salary, excluding any overtime pay, is the figure that must be used as the measure of the person's earnings as a state employee. It is averaged over the last three full months of the person's state employment before military mobilization.

An eligible member may apply for the pay differential benefits authorized under this section prior to, during, or following the person's active military service on or after May 29, 2003.

Minnesota State Colleges and Universities must make information readily available (e.g., on the Web site) to inform its citizen-soldier employees of the various employment-related decisions that must be made regarding state benefit continuation and any optional deductions.

The employee is responsible for notifying the agency of his or her military orders and must provide the name and contact information for his or her designated power-of-attorney.

This section is effective the day following final enactment and applies to employees serving in active military service on or after May 29, 2003, the date of enactment for the current pay differential program for state employees.

2	Leave of Absence Without Pay	148
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This section clarifies that the pay differential law is not precluded by the language of section 192.261 stipulating that long term military leave is an unpaid leave.

This section is effective the day following final enactment and applies to state employees serving in active military service on or after May 29, 2003.

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MILITARY PAY DIFFERENTIAL BILL
Regular Session H.F. 2126 (Chapter 35)

Section 1. Minnesota Statutes 2004, section 43A.183, is amended to read: 43A.183 [PAYMENT OF SALARY DIFFERENTIAL FOR RESERVE FORCES WHO REPORTED FOR ACTIVE SERVICE.]

(a) Each agency head shall pay to each eligible member of the National Guard or other reserve component of the United States armed forces ~~of the United States~~ an amount equal to the ~~difference between the member's basic active duty military salary and the salary the member would be paid as an active state employee, including any adjustments the member would have received if not on leave of absence~~ person's salary differential for each month or portion of month that the person is ordered to serve in active military service. The person's salary differential is calculated as the difference between:

(1) the person's monthly total gross earnings as an active state employee, excluding any overtime pay received but including all other earnings, averaged over the last three full months of the person's active state employment prior to reporting to active military service, and including any additional salary or earnings adjustments that the person would have received at any time during the person's military leave had the person been serving as an active state employee during that time; and

(2) the person's monthly base pay in active military service. This payment may be made only to a person ~~whose basic active duty military salary is less than the salary the person would be paid as an active state employee for whom the amount in clause (1) is greater than the amount in clause (2).~~ Payments must be made at the intervals at which the member received pay as a state employee, except that any back pay due under this section may be paid as a lump sum. Payment under this section must not extend beyond four years from the date the employee reported for active service, plus any additional time the employee may be legally required to serve. An eligible member of the National Guard or other reserve component of the United States armed forces may apply for the pay differential benefits authorized under this section prior to, during, or following the person's active military service on or after May 29, 2003.

(b) An eligible member of the reserve components of the United States armed forces ~~of the United States~~ is a reservist or National Guard member who was an employee of the state of Minnesota at the time the member ~~reported~~ took military leave under section 192.261 to report for active military service.

(c) For ~~the~~ purposes of this section, an employee of the state is an employee of the executive, judicial, or legislative branch of state government or an employee of the Minnesota State Retirement System, the Public Employee Retirement Association, or the Teachers Retirement Association.

(d) For purposes of this section, the term "active service" has the meaning given in section 190.05, subdivision 5, but excludes service performed exclusively for purposes of:

(1) basic combat training, advanced individual training, annual training, and periodic inactive duty training;

(2) special training periodically made available to reserve members; ~~and~~

(3) service performed in accordance with section 190.08, subdivision 3; and

(4) service performed as part of the active guard/reserve program pursuant to United States Code, title 32, section 502(f), or other applicable authority.

(e) The agency head must continue the employee's enrollment in health and dental coverage, and the employer contribution toward that

coverage, until the employee is covered by health and dental coverage provided by the armed forces reports for active military service. If the employee had elected dependent coverage for health or dental coverage as of the time that the employee reported for active service, the agency head must offer the employee the option to continue the dependent coverage at the employee's own expense. The agency head must permit the employee to continue participating in any pretax account in which the employee participated when the employee reported for active service, to the extent of employee pay available for that purpose. An employee who has opted to continue a permitted benefit may cancel that continuation at any time during the person's military leave by written notification from the employee, or from the employee's designated attorney-in-fact under a power of attorney, to the agency head or the commissioner of employee relations.

(f) The agency head must periodically inform in writing all agency personnel who are or may be members of the reserve component of the United States armed forces of the benefits provided under this section and of the procedures relevant to securing those benefits, including but not limited to any procedures regarding the continuation and discontinuation of any optional deductions. It will suffice to meet this requirement if the agency head posts the information on the agency Web site in a highly recognizable manner that can be easily found and understood by the employees to whom it might apply.

Upon being ordered to active duty, the employee must notify the agency head of that order in a timely manner and must provide to the agency head the name of and contact information for the employee's designated attorney-in-fact under a power of attorney. Prior to the commencement of the employee's military leave, the agency head must ensure the agency's receipt of that information and immediately convey that information to the commissioners of finance and employee relations, including any subsequent change in that designation by the employee. When communicating with the employee during the person's military leave, the agency head and the commissioners of finance and employee relations must immediately provide a copy of the communication to the employee's designated attorney-in-fact. Those officials must also honor requests for information or other appropriate directives from that designee on behalf of the employee during the employee's military leave.

(g) The commissioners of employee relations and finance shall adopt procedures required to implement this section. The procedures are exempt from chapter 14.

~~(g)~~ (h) This section does not apply to a judge, legislator, or constitutional officer of the executive branch.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to state employees serving in active military service on or after May 29, 2003.

Sec. 2. Minnesota Statutes 2004, section 192.261, subdivision 1, is amended to read:

Subdivision 1. [LEAVE OF ABSENCE WITHOUT PAY.] Subject to the conditions hereinafter prescribed, any officer or employee of the state or of any political subdivision, municipal corporation, or other public agency of the state who engages in active service in time of war or other emergency declared by proper authority in any of the military or naval forces of the state or of the United States for which leave is not otherwise allowed by law shall be entitled to leave of absence from the officer's or employee's public office or employment without pay during such service, with right of reinstatement as hereinafter provided. Such leave of absence without pay, whether heretofore or hereafter, shall not extend beyond four years plus such additional time in each case as such an officer or employee may be required to serve pursuant to law. This shall not be construed to preclude the allowance of leave with pay for such

service to any person entitled thereto under section 43A.183, 192.26, or 471.975. Nothing in this section contained shall affect any of the provisions or application of section 352.27 nor of section 192.26 to 192.264, or any laws amendatory thereof, insofar as such sections pertain to the state employees retirement association or its members.

[EFFECTIVE DATE.] This section is effective the day following final enactment and applies to state employees serving in active military service on or after May 29, 2003.

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SPECIAL EDUCATION TEACHER LICENSE VARIANCE BILL
Regular Session H.F. 1176 (Chapter 154)

SUMMARY: The Minnesota Board of Teaching is authorized under statute and rule to issue personnel variances. A school administrator may ask the board to issue a personnel variance that permits a teacher to teach subject areas for which the teacher is not currently licensed. The term “low incidence” refers to disability areas that occur rarely or in very low numbers. This bill gives certain special education variances wider application.

Section	<i>Special Education Teacher License Variance Bill</i>	Language Page
1	Variances This section declares that a special education license variance issued by the Board of Teaching for a primary employer’s low-incidence region is valid in all low-incidence regions.	153

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SPECIAL EDUCATION TEACHER LICENSE VARIANCE BILL
Regular Session H.F. 1176 (Chapter 154)

Section 1. Minnesota Statutes 2004, section 122A.09, subdivision 10, is amended to read:

Subd. 10. [VARIANCES.]

(a) Notwithstanding subdivision 9 and section 14.05, subdivision 4, the Board of Teaching may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or management.

(b) To enable a school district to meet the needs of students enrolled in an alternative education program and to enable licensed teachers instructing those students to satisfy content area licensure requirements, the Board of Teaching annually may permit a licensed teacher teaching in an alternative education program to instruct students in a content area for which the teacher is not licensed, consistent with paragraph (a).

(c) A special education license variance issued by the Board of Teaching for a primary employer's low-incidence region shall be valid in all low-incidence regions.

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MINNESOTA COMPUTERS FOR SCHOOLS BILL
Regular Session H.F. 1922 (Chapter 65)

SUMMARY: This bill authorizes the transfer of state surplus computers to be refurbished and distributed to any school, including colleges and universities, in Minnesota.

Section	<i>Minnesota Computers for Schools Bill</i>	Language Page
1	Computers for Schools This section authorizes the Commissioner of Administration to transfer state surplus computers to Minnesota Computers for Schools for refurbishing and distribution to any school, school system, college, or university in Minnesota.	157

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MINNESOTA COMPUTERS FOR SCHOOLS BILL
Regular Session H.F. 1922 (Chapter 65)

Section 1. Minnesota Statutes 2004, section 16C.23, is amended by adding a subdivision to read:

Subd. 6a. [COMPUTERS FOR SCHOOLS.] The commissioner may transfer state surplus computers to Minnesota Computers for Schools for refurbishing and distribution to any school, school system, college, or university in Minnesota.

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**FIREFIGHTING TRAINING AND EDUCATION BOARD REENACTMENT BILL
Regular Session H.F. 1109 (Chapter 110)**

SUMMARY: When the legislature created the Firefighting Training and Education Board in 2000, it established a December 31, 2003, sunset for the act. Despite the sunset, the board continued to meet. This bill ratifies all board actions taken after December 31, 2003, but before the revival and reenactment of the statutes.

Section	<i>Firefighting Training and Education Board Reenactment Bill</i>	Language Page
1	Revival and Reenactment This section revives and reenacts statutes 299N.01 and 299N.02 that establish and describe the responsibilities and duties of the Board of Firefighting Training and Education.	161
2	Effective Date Section 1 is effective the day following final enactment.	161

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FIREFIGHTING TRAINING AND EDUCATION BOARD REENACTMENT BILL
Regular Session H.F. 1109 (Chapter 110)

Section 1. [REVIVAL AND REENACTMENT.]

Minnesota Statutes, sections 299N.01 and 299N.02, are revived and reenacted retroactively from December 31, 2003. All board action taken after December 31, 2003, and before the enactment of this section is ratified by the enactment of this section.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

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MODIFYING GRIEVANCE APPEAL PROCEDURES BILL
Regular Session H.F. 1748 (Chapter 114)

SUMMARY: This bill modifies the current grievance appeal procedures for permanent classified state employees not covered by a collective bargaining agreement.

Section	<i>Modifying Grievance Appeal Procedures Bill</i>	Language Page
1	Procedures Current law allows permanent classified state employees who are not covered by a collective bargaining agreement to appeal a discharge, suspension without pay, or demotion to the Office of Administrative Hearings (OAH). This section transfers the appeal to the Bureau of Mediation Services (BMS) instead of OAH. This section also provides for selection of an arbitrator, and provides for reinstatement rights when provided for in an arbitrator's award.	165
3	Repealer This section repeals section 43A.33, subdivision 4. This statute currently specifies procedures for an employee's appeal to the Office of Administrative Hearings.	165

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MODIFYING GRIEVANCE APPEAL PROCEDURES BILL
Regular Session H.F. 1748 (Chapter 114)

Section 1. Minnesota Statutes 2004, section 43A.33, subdivision 3, is amended to read:

Subd. 3. [PROCEDURES.] Procedures for discipline and discharge of employees covered by collective bargaining agreements shall be governed by the agreements. Procedures for employees not covered by a collective bargaining agreement shall be governed by this subdivision and by the commissioner's and managerial plans.

(a) For discharge, suspension without pay or demotion, no later than the effective date of such action, a permanent classified employee not covered by a collective bargaining agreement shall be given written notice by the appointing authority. The content of that notice as well as the employee's right to reply to the appointing authority shall be as prescribed in the grievance procedure contained in the applicable plan established pursuant to section 43A.18. The notice shall also include a statement that the employee may elect to appeal the action to the ~~Office of Administrative Hearings~~ Bureau of Mediation Services within 30 calendar days following the effective date of the disciplinary action. A copy of the notice and the employee's reply, if any, shall be filed by the appointing authority with the commissioner no later than ten calendar days following the effective date of the disciplinary action. The commissioner shall have final authority to decide whether the appointing authority shall settle the dispute prior to the hearing provided under subdivision 4.

(b) For discharge, suspension, or demotion of an employee serving an initial probationary period, and for noncertification in any subsequent probationary period, grievance procedures shall be as provided in the plan established pursuant to section 43A.18.

~~(c) Any permanent employee who is covered by a collective bargaining agreement may elect to appeal to the chief administrative law judge within 30 days following the effective date of the discharge, suspension, or demotion if the collective bargaining agreement provides that option. In no event may an employee use both the procedure under this section and the grievance procedure available pursuant to sections 179A.01 to 179A.25. Within ten days of receipt of the employee's written notice of appeal, the commissioner of the Bureau of Mediation Services shall provide both parties with a list of potential arbitrators according to the rules of the Bureau of Mediation Services to hear the appeal. The process of selecting the arbitrator from the list shall be determined by the plan.~~

The hearing shall be conducted pursuant to the rules of the Bureau of Mediation Services. If the arbitrator finds, based on the hearing record, that the action appealed was not taken by the appointing authority for just cause, the employee shall be reinstated to the position, or an equal position in another division within the same agency, without loss of pay. If the arbitrator finds that there exists sufficient grounds for institution of the appointing authority's action but the hearing record establishes extenuating circumstances, the arbitrator may reinstate the employee, with full, partial, or no pay, or may modify the appointing authority's action. The appointing authority shall bear the costs of the arbitrator for hearings provided for in this section.

Sec. 3. [REPEALER.]

Minnesota Statutes 2004, section 43A.33, subdivision 4, is repealed.

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STATE EMPLOYMENT PROVISIONS BILL
Regular Session H.F. 973 (Chapter 144)

SUMMARY: This bill makes a numbers of changes in laws relating to the work of the Department of Employee Relations. Certain provisions that may affect Minnesota State Colleges and Universities are noted below.

Section	<i>State Employment Provisions Bill</i>	Language Page
1	Limited Consideration of Applicants Current law allows the Department of Employee Relations to limit consideration of applicants for state jobs in various ways. One of these potential limits involves former employees who separated from a job class “in good standing” within the past four years and have indicated availability for reinstatement. This section strikes the phrase “in good standing” with respect to these former employees.	169
2	Temporary Appointments This section provides that an appointing authority may search the employment database for qualified applicants when making temporary appointments. The section strikes language relating to eligible lists, because after the 2004 law changes, these lists no longer exist.	169
3	Dissemination of Information This section authorizes the Department of Employee Relations to electronically transmit to active employees information needed to administer the state employee group insurance plan, including information necessary for open enrollment. Also requires the Department to provide notification that the information will be electronically transmitted.	169

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STATE EMPLOYMENT PROVISIONS BILL
Regular Session H.F. 973 (Chapter 144)

Section 1. Minnesota Statutes 2004, section 43A.10, subdivision 6a, is amended to read:

Subd. 6a. [LIMITED CONSIDERATION OF APPLICANTS.] The commissioner may limit consideration to only those applicants who have indicated availability for the geographic location, employment condition, travel status, and job grouping of the vacant position and who have indicated possession of the minimum qualifications for the vacant position. In addition, the commissioner may limit consideration to only those applicants who are:

(1) employees on a layoff list for the job class of the position. The appointing authority shall consider those names as provided in collective bargaining agreements and plans established under section 43A.18;

(2) current employees of the civil service, the Minnesota State Retirement System, the Public Employees Retirement Association, and the Teacher's Retirement Association, or employees of one or more agencies or organizational units under them;

(3) former permanent and probationary employees of the job class who separated from the class ~~in good standing~~ within the past four years and have indicated availability for reinstatement to the class; or

(4) current permanent and probationary employees who have indicated availability for transfer or demotion to the job class.

Sec. 2. Minnesota Statutes 2004, section 43A.15, subdivision 3, is amended to read:

Subd. 3. [TEMPORARY APPOINTMENTS.] The commissioner may authorize an appointing authority to make a temporary appointment of up to six months. The commissioner may, in the best interest of the state, grant an extension of a temporary appointment or approve a temporary appointment to fill a vacancy created by an approved leave of absence to a maximum period of one year. When practicable, the appointing authority may search the employment database for qualified applicants or, when necessary, the commissioner may certify any qualified eligible from an eligible list for the temporary appointment, but may authorize the appointment of any person deemed qualified by the appointing authority.

No person shall be employed on a temporary basis in any one agency for more than 12 months in any 24-month period.

Sec. 3. Minnesota Statutes 2004, section 43A.31, is amended by adding a subdivision to read:

Subd. 6. [DISSEMINATION OF INFORMATION.] The commissioner may electronically transmit to active employees all information necessary to administer sections 43A.22 to 43A.30, including, but not limited to, information necessary for open enrollment elections. The commissioner must provide notification that the information will be electronically transmitted.

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OMNIBUS HEALTH LICENSING BILL
Regular Session S.F. 1204 (Chapter 147)

SUMMARY: This bill makes changes to licensing and regulation provisions of health occupations that Minnesota State Colleges and Universities provide training for, including social work, physical therapy, dental assistants, dental hygiene, and licensed professional counselors.

Section	<i>Omnibus Health Licensing Bill</i>	Language Page
ARTICLE 1		
Board of Social Work		
16	License Requirements This section provides that an individual, including a social work instructor, must be licensed by the board of social work to practice, unless exempt pursuant to 148D.065. The language also provides requirements and minimum qualifications for licensure as a licensed social worker. One of the qualifications includes receiving a baccalaureate degree in social work from a program accredited by the Council on Social Work Education, the Canadian Association of Schools of Social Work, or a similar accreditation body designated by the board.	177
17	Temporary Licenses This section provides that students and other persons not currently licensed in another jurisdiction may be granted a temporary license by the board if the individual has applied for licensure; applied for a temporary license; authorized a criminal background check; passed the licensure examination; graduated with a degree in social work from an accredited institution; and not engaged in conduct that would violate the standards of practice. This section also allows the board of social work to grant a temporary license to an individual from outside the United States who is teaching social work in Minnesota. This section also allows an individual with a temporary license who has completed degree requirements to practice social work, except the individual may not practice clinical social work.	178
18	Exemptions This section provides that internships and other social work experience required for graduation do not constitute the practice of social work.	181
25	Licensed Social Workers; Supervised Practice This section provides that the licensee must receive at least 75	181

hours of supervision after receiving a license during the first 4,000 hours of post-baccalaureate practice. This section also provides that one-half the supervision be one-on-one in-person supervision and the remaining supervision can be one-on-one, in-person, in-person group, or electronic supervised.

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| 30 | Documentation of Supervision
This section provides that a social worker must submit a supervision plan within 90 days or else a late fee must be paid. | 182 |
| 31 | Clock Hours Required
This section directs that a licensee must provide evidence of completion of 30 hours of continuing education during the license renewal period. No more than ten hours of continuing education credit can be independent study, and one credit of academic course work equals 15 hours of continuing education. | 184 |
| 32 | Approval of Clock Hours
This section provides four ways by which clock hours may be approved. They include the following: offered by a continuing education provider approved by the board; offered by a continuing education provider approved by the Association of Social Work Boards or a similar examination body designated by the board; earned through a continuing education program approved by the National Association of Social Workers; or earned through a continuing education program approved by the board. | 184 |
| 34 | Continuing Education Providers Approved by the Board
This section provides that a continuing education provider must submit an application to the board of social work containing all the information designated in this section and pay the required fees to be approved as a continuing education provider. | 185 |
| 35 | Continuing Education Providers Approved by the Association of Social Work Boards
This section states that in order to receive credit for a program offered by a provider approved by the Association, that provider must be listed on the Association's Web site as an approved provider. | 186 |
| 36 | Continuing Education Programs Approved by the National Association of Social Workers (NASW)
This section states that to receive credit for a program approved by NASW, the program must be listed on the NASW Web site as a currently approved program. | 186 |
| 37 | Continuing Education Programs Approved by the Board
This section provides that to be approved by the board of social | 186 |

work, programs must contain specific content and be taught by specific methods.

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| 38 | Continuing Education Requirements of Licensees
This section states that the licensee must maintain specific information regarding continuing education clock hours earned for a period of one year. It also provides that the board of social work may audit documentation at time of license renewal and reactivation to ensure compliance with requirements. | 186 |
| 39 | Revocation of Continuing Education Approvals
This section allows the board of social work to revoke approval of a provider, a program offered by a provider, or an individual program. | 187 |

ARTICLE 2 Board of Physical Therapy

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|-----------|--|------------|
| 1 | Physical Therapist Assistant
This section provides the definition and qualifications for a physical therapist assistant. | 187 |
| 4 | Student Physical Therapist Assistant
This section provides the definition of a student physical therapist assistant. | 187 |
| 5 | Supportive Personnel
This section provides the definition of supportive personnel to mean a physical therapist assistant and a physical therapy aide. | 187 |
| 6 | Supervision of Assistants, Aides and Students
This section states that a physical therapist may delegate duties to a physical therapist assistant and assign tasks to a physical therapy aid. This section also provides that physical therapists who supervise student physical therapist assistants are responsible for the functions performed by the students. | 188 |
| 10 | Licenses, Denial, Suspension, or Revocation
This section states that inappropriate supervision of a student physical therapist, physical therapist assistant, student physical therapist assistant, or a physical therapy aide may result in the board suspending or revoking the license of a physical therapist. | 188 |

ARTICLE 4
Board of Dental Practice

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| 1 | <p>Faculty Dentist</p> <p>This section defines a faculty dentist as one who practices as a faculty member at a school of dentistry or a dental hygiene or dental assisting school pursuant to section 150a.06, subdivision 1a.</p> | 189 |
| 2 | <p>Faculty Dentists</p> <p>This section states that at the discretion of the board, a limited faculty license must be renewed annually and a full faculty license must be renewed biennially.</p> | 189 |
| 3 | <p>Fees</p> <p>Subd. 1. Fee Refunds. States that no fee may be refunded for any reason.</p> <p>Subd. 2. Application Fees. Lists the application fees including dental hygienists, registered dental assistants, and dental assistants with limited registration.</p> <p>Subd. 3. Initial License or Registration Fees. Provides that in addition to an application fee, a prorated initial license or registration fee must be submitted. Lists the calculations for the monthly prorated fees including dental hygienists, registered dental assistants, and dental assistants with limited registration.</p> <p>Subd. 5. Biennial License or Registration Fees. Provides fees for licenses or registrants, dental hygienists, registered dental assistants, and dental assistants with limited registration, who submit biennial license or registration fees.</p> <p>Subd. 6. Annual License Late Fee. Assesses a late fee of 50 percent of the annual renewal fee.</p> <p>Subd. 7. Biennial License or Registration Late Fee. Assesses a late fee of 25 percent of the biennial renewal fee.</p> <p>Subd. 8. Duplicate License or Registration Fee. Provides the fees for a duplicate license or registration.</p> <p>Subd. 9. Licensure and Registration by Credentials. Provides that dental hygienists, and registered dental assistants applying for licensure or registration by credentials, shall submit specified fees.</p> <p>Subd. 10. Reinstatement Fee. Provides that after suspension or revocation of a license or registration, it may not be reinstated until a fee has been submitted to the board.</p> | 190 |

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- 4 Limited Authorization for Dental Hygienists 191**
This section authorizes a dental hygienist to administer injections of local anesthetic agents. The dentist does not need to first examine the patient or be present.

ARTICLE 5

**Board of Behavioral Therapy and Health
(Licensed Professional Counselors and Alcohol
and Drug Counselors)**

- 3 Post-degree Completion of Degree Requirements for Licensure 193**
This section allows individuals applying for licensure to complete certain requirements post-degree in order to obtain licensure if certain other requirements are met.
- 4 Continuing Education 193**
This section extends the timetable for a licensee to provide evidence to the board of completion of 12 additional postgraduate semester credit hours in counseling from two years to four years.
- 5 Experienced Counselor Transition 193**
This section exempts certain applicants for licensure from meeting certain specified requirements if the applicant can document five years of full-time post-degree work experience within the practice of professional counseling. This section expires July 1, 2007.

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OMNIBUS HEALTH LICENSING BILL
Regular Session S.F. 1204 (Chapter 147)

ARTICLE 1
BOARD OF SOCIAL WORK

Sec. 16. [148D.055] [LICENSE REQUIREMENTS.]

Subdivision 1. [LICENSE REQUIRED.]

(a) In order to practice social work, an individual must have a social work license under this section or section 148D.060, except when the individual is exempt from licensure pursuant to section 148D.065.

(b) Individuals who teach professional social work knowledge, skills, and values to students and who have a social work degree from a program accredited by the Council on Social Work Education, the Canadian Association of Schools of Social Work, or a similar accreditation body designated by the board must have a social work license under this section or section 148D.060, except when the individual is exempt from licensure pursuant to section 148D.065.

Subd. 2. [QUALIFICATIONS FOR LICENSURE BY EXAMINATION AS A LICENSED SOCIAL WORKER.]

(a) Except as provided in paragraph

(i), to be licensed as a licensed social worker, an applicant for licensure by examination must provide evidence satisfactory to the board that the applicant:

(1) has received a baccalaureate degree in social work from a program accredited by the Council on Social Work Education, the Canadian Association of Schools of Social Work, or a similar accreditation body designated by the board;

(2) has passed the bachelors or equivalent examination administered by the Association of Social Work Boards or a similar examination body designated by the board. Unless an applicant applies for licensure by endorsement pursuant to subdivision 7, an examination is not valid if it was taken and passed eight or more years prior to submitting a completed, signed application form provided by the board. The examination may be taken prior to completing degree requirements;

(3) has submitted a completed, signed application form provided by the board, including the applicable application fee specified in section 148D.180. For applications submitted electronically, a "signed application" means providing an attestation as specified by the board;

(4) has submitted the criminal background check fee and a form provided by the board authorizing a criminal background check pursuant to subdivision 8;

(5) has paid the applicable license fee specified in section 148D.180; and

(6) has not engaged in conduct that was or would be in violation of the standards of practice specified in sections 148D.195 to 148D.240. If the applicant has engaged in conduct that was or would be in violation of the standards of practice, the board may take action pursuant to sections 148D.255 to 148D.270.

(b) An application that is not completed and signed, or that is not accompanied by the correct fee, must be returned to the applicant, along with any fee submitted, and is void.

(c) A licensee granted a license by the board pursuant to paragraph (a) must meet the supervised practice requirements specified in sections 148D.100 to 148D.125. If a licensee does not meet the supervised practice requirements, the board may take action pursuant to sections 148D.255 to 148D.270.

(d) By submitting an application for licensure, an applicant authorizes the board to investigate any information provided or requested in the application. The board may request that the applicant provide additional information, verification, or documentation.

(e) Within one year of the time the board receives an application for licensure, the applicant must meet all the requirements specified in paragraph (a) and must provide all of the information requested by the board pursuant to paragraph (d). If within one year the applicant does not meet all the requirements, or does not provide all of the information requested, the applicant is considered ineligible and the application for licensure must be closed.

(f) Except as provided in paragraph (g), an applicant may not take more than three times the bachelors or equivalent examination administered by the Association of Social Work Boards, or a similar examination body designated by the board. An applicant must receive a passing score on the bachelors or equivalent examination administered by the Association of Social Work Boards or a similar examination body designated by the board in no more than 18 months after the date the applicant first failed the examination.

(g) Notwithstanding paragraph (f), the board may allow an applicant to take, for a fourth or subsequent time, the bachelors or equivalent examination administered by the Association of Social Work Boards or a similar examination body designated by the board if the applicant:

(1) meets all requirements specified in paragraphs (a) to (e) other than passing the bachelors or equivalent examination administered by the Association of Social Work Boards or a similar examination body designated by the board;

(2) provides to the board a description of the efforts the applicant has made to improve the applicant's score and demonstrates to the board's satisfaction that the efforts are likely to improve the score; and

(3) provides to the board letters of recommendation from two licensed social workers attesting to the applicant's ability to practice social work competently and ethically in accordance with professional social work knowledge, skills, and values.

(h) An individual must not practice social work until the individual passes the examination and receives a social work license under this section or section 148D.060. If the board has reason to believe that an applicant may be practicing social work without a license, and the applicant has failed the bachelors or equivalent examination administered by the Association of Social Work Boards or a similar examination body designated by the board, the board may notify the applicant's employer that the applicant is not licensed as a social worker.

(i) An applicant who was born in a foreign country, who has taken and failed to pass the examination specified in paragraph (a), clause (2), at least once since January 1, 2000, and for whom English is a second language, is eligible for licensure as a social worker if the applicant:

(1) provides evidence to the board of compliance with the requirements in paragraph (a), clauses (1) and (3) to (6), and in paragraphs (b) to (e) and (h); and (2) provides to the board letters of recommendation and experience ratings from two licensed social workers and one professor from the applicant's social work program who can attest to the applicant's competence.

This paragraph expires August 1, 2007.

Sec. 17. [148D.060] [TEMPORARY LICENSES.]

Subdivision 1. [STUDENTS AND OTHER PERSONS NOT CURRENTLY LICENSED IN ANOTHER JURISDICTION.] The board may issue a temporary license to practice social work to an applicant who is not licensed or credentialed to practice social work in any jurisdiction but has:

- (1) applied for a license under section 148D.055;
(2) applied for a temporary license on a form provided by the board;
(3) submitted a form provided by the board authorizing the board to complete a criminal background check;
(4) passed the applicable licensure examination provided for in section 148D.055;
(5) attested on a form provided by the board that the applicant has completed the requirements for a baccalaureate or graduate degree in social work from a program accredited by the Council on Social Work Education, the Canadian Association of Schools of Social Work, or a similar accreditation body designated by the board; and
(6) not engaged in conduct that was or would be in violation of the standards of practice specified in sections 148D.195 to 148D.240. If the applicant has engaged in conduct that was or would be in violation of the standards of practice, the board may take action pursuant to sections 148D.255 to 148D.270.

Subd. 2. [EMERGENCY SITUATIONS AND PERSONS CURRENTLY LICENSED IN ANOTHER JURISDICTION.] The board may issue a temporary license to practice social work to an applicant who is licensed or credentialed to practice social work in another jurisdiction, may or may not have applied for a license under section 148D.055, and has:

- (1) applied for a temporary license on a form provided by the board;
(2) submitted a form provided by the board authorizing the board to complete a criminal background check;
(3) submitted evidence satisfactory to the board that the applicant is currently licensed or credentialed to practice social work in another jurisdiction;
(4) attested on a form provided by the board that the applicant has completed the requirements for a baccalaureate or graduate degree in social work from a program accredited by the Council on Social Work Education, the Canadian Association of Schools of Social Work, or a similar accreditation body designated by the board; and
(5) not engaged in conduct that was or would be in violation of the standards of practice specified in sections 148D.195 to 148D.240. If the applicant has engaged in conduct that was or would be in violation of the standards of practice, the board may take action pursuant to sections 148D.255 to 148D.270.

Subd. 3. [TEACHERS.] The board may issue a temporary license to practice social work to an applicant whose permanent residence is outside the United States, who is teaching social work at an academic institution in Minnesota for a period not to exceed 12 months, who may or may not have applied for a license under section 148D.055, and who has:

- (1) applied for a temporary license on a form provided by the board;
(2) submitted a form provided by the board authorizing the board to complete a criminal background check;
(3) attested on a form provided by the board that the applicant has completed the requirements for a baccalaureate or graduate degree in social work; and
(4) has not engaged in conduct that was or would be in violation of the standards of practice specified in sections 148D.195 to 148D.240. If the applicant has engaged in conduct that was or would be in violation of the standards of practice, the board may take action pursuant to sections 148D.255 to 148D.270.

Subd. 4. [TEMPORARY LICENSE APPLICATION FEE.] An applicant for a temporary license must pay the application fee described in section 148D.180 plus the required fee for the cost of the criminal background check. Only one fee for the cost of the criminal background check must be

submitted when the applicant is applying for both a temporary license and a license under section 148D.055.

Subd. 5. [TEMPORARY LICENSE TERM.]

(a) A temporary license is valid until expiration, or until the board issues or denies the license pursuant to section 148D.055, or until the board revokes the temporary license, whichever comes first. A temporary license is nonrenewable.

(b) A temporary license issued pursuant to subdivision 1 or 2 expires after six months.

(c) A temporary license issued pursuant to subdivision 3 expires after 12 months.

Subd. 6. [LICENSEE WITH A TEMPORARY LICENSE WHO HAS COMPLETED REQUIREMENTS FOR A BACCALAUREATE DEGREE.] A licensee with a temporary license who has provided evidence to the board that the licensee has completed the requirements for a baccalaureate degree in social work from a program accredited by the Council on Social Work Education, the Canadian Association of Schools of Social Work, or a similar accreditation body designated by the board may temporarily engage in social work practice except that a licensee with a temporary license may not engage in clinical social work practice.

Subd. 7. [LICENSEE WITH A TEMPORARY LICENSE WHO HAS COMPLETED REQUIREMENTS FOR A GRADUATE DEGREE.] A licensee with a temporary license who has provided evidence to the board that the licensee has completed the requirements for a graduate degree in social work from a program accredited by the Council on Social Work Education, the Canadian Association of Schools of Social Work, or a similar accreditation body designated by the board may temporarily engage in social work practice, including clinical practice.

Subd. 8. [SUPERVISION REQUIREMENTS.]

(a) Except as provided in paragraph (b), an applicant who is not currently licensed or credentialed to practice social work in another jurisdiction and who obtains a temporary license may practice social work only under the supervision of an individual licensed as a social worker who is eligible to provide supervision under sections 148D.100 to 148D.125. Before the applicant is approved for licensure, the applicant's supervisor must attest to the board's satisfaction that the applicant has practiced social work under supervision. This supervision applies toward the supervision required after licensure.

(b) If an applicant is currently licensed or credentialed to practice social work in another jurisdiction, and receives a temporary license pursuant to subdivision 3, the requirements specified in paragraph (a) do not apply. However, if an applicant with a temporary license chooses to practice social work under supervision, the supervision applies to the requirements specified in sections 148D.100 to 148D.125.

Subd. 9. [PROHIBITION ON PRACTICE.] An applicant for a temporary license must not practice social work in Minnesota, except as provided in section 148D.065, until the applicant has been granted a temporary license.

Subd. 10. [REPRESENTATION OF PROFESSIONAL STATUS.] In making representations of professional status to the public, a licensee with a temporary license must state that the licensee has a temporary license.

Subd. 11. [STANDARDS OF PRACTICE.] A licensee with a temporary license must conduct all professional activities as a social worker in accordance with the requirements of sections 148D.195 to 148D.240.

Subd. 12. [INELIGIBILITY.] An applicant who is currently practicing social work in Minnesota in a setting that is not exempt under section 148D.065 at the time of application is ineligible for a temporary license.

Subd. 13. [REVOCAION OF TEMPORARY LICENSE.] The board may immediately revoke the temporary license of any licensee who violates any

requirements of this section. The revocation must be made for cause, without notice or opportunity to be heard. A licensee whose temporary license is revoked must immediately return the temporary license to the board.

Sec. 18. [148D.065] [EXEMPTIONS.]

Subdivision 1. [OTHER PROFESSIONALS.] Nothing in this chapter may be construed to prevent members of other professions or occupations from performing functions for which they are qualified or licensed. This exception includes but is not limited to: licensed physicians, registered nurses, licensed practical nurses, licensed psychologists, psychological practitioners, probation officers, members of the clergy and Christian Science practitioners, attorneys, marriage and family therapists, alcohol and drug counselors, professional counselors, school counselors, and registered occupational therapists or certified occupational therapist assistants. These persons must not, however, hold themselves out to the public by any title or description stating or implying that they are engaged in the practice of social work, or that they are licensed to engage in the practice of social work. Persons engaged in the practice of social work are not exempt from the board's jurisdiction solely by the use of one of the titles in this subdivision.

Subd. 2. [STUDENTS.] An internship, externship, or any other social work experience that is required for the completion of an accredited program of social work does not constitute the practice of social work under this chapter.

Sec. 25. [148D.100] [LICENSED SOCIAL WORKERS; SUPERVISED PRACTICE.]

Subdivision 1. [SUPERVISION REQUIRED AFTER LICENSURE.] After receiving a license from the board as a licensed social worker, the licensed social worker must obtain at least 75 hours of supervision in accordance with the requirements of this section.

Subd. 2. [PRACTICE REQUIREMENTS.] The supervision required by subdivision 1 must be obtained during the first 4,000 hours of postbaccalaureate social work practice authorized by law. At least three hours of supervision must be obtained during every 160 hours of practice.

Subd. 3. [TYPES OF SUPERVISION.]

(a) Thirty-seven and one-half hours of the supervision required by subdivision 1 must consist of one-on-one in-person supervision.

(b) Thirty-seven and one-half hours must consist of one or more of the following types of supervision, subject to the limitation in clause (3):

(1) one-on-one in-person supervision;

(2) in-person group supervision; or

(3) electronic supervision such as by telephone or video conferencing, provided that electronic supervision must not exceed 25 hours.

(c) To qualify as in-person group supervision, the group must not exceed seven members including the supervisor.

Subd. 4. [SUPERVISOR REQUIREMENTS.] The supervision required by subdivision 1 must be provided by a supervisor who:

(1) is a licensed social worker who has completed the supervised practice requirements;

(2) is a licensed graduate social worker, licensed independent social worker, or licensed independent clinical social worker; or

(3) meets the requirements specified in section 148D.120, subdivision 2.

Subd. 5. [SUPERVISEE REQUIREMENTS.] The supervisee must:

(1) to the satisfaction of the supervisor, practice competently and ethically in accordance with professional social work knowledge, skills, and values;

(2) receive supervision in the following content areas:

(i) development of professional values and responsibilities; (ii) practice skills;

(iii) authorized scope of practice;

(iv) ensuring continuing competence; and

(v) ethical standards of practice;

(3) submit a supervision plan in accordance with section 148D.125, subdivision 1; and

(4) if the board audits the supervisee's supervised practice, submit verification of supervised practice in accordance with section 148D.125, subdivision 3.

Subd. 6. [AFTER COMPLETION OF SUPERVISION REQUIREMENTS.] A licensed social worker who fulfills the supervision requirements specified in subdivisions 1 to 5 is not required to be supervised after completion of the supervision requirements.

Subd. 7. [ATTESTATION.] The social worker and the social worker's supervisor must attest that the supervisee has met or has made progress on meeting the applicable supervision requirements in accordance with section 148D.125, subdivision 2.

Sec. 30. [148D.125] [DOCUMENTATION OF SUPERVISION.]

Subdivision 1. [SUPERVISION PLAN.]

(a) A social worker must submit, on a form provided by the board, a supervision plan for meeting the supervision requirements specified in sections 148D.100 to 148D.120.

(b) The supervision plan must be submitted no later than 90 days after the licensee begins a social work practice position after becoming licensed.

(c) For failure to submit the supervision plan within 90 days after beginning a social work practice position, a licensee must pay the supervision plan late fee specified in section 148D.180 when the licensee applies for license renewal.

(d) A license renewal application submitted pursuant to paragraph (a) must not be approved unless the board has received a supervision plan.

(e) The supervision plan must include the following:

(1) the name of the supervisee, the name of the agency in which the supervisee is being supervised, and the supervisee's position title;

(2) the name and qualifications of the person providing the supervision;

(3) the number of hours of one-on-one in-person supervision and the number and type of additional hours of supervision to be completed by the supervisee;

(4) the supervisee's position description;

(5) a brief description of the supervision the supervisee will receive in the following content areas:

(i) clinical practice, if applicable;

(ii) development of professional social work knowledge, skills, and values;

(iii) practice methods;

(iv) authorized scope of practice;

(v) ensuring continuing competence; and

(vi) ethical standards of practice; and

(6) if applicable, a detailed description of the supervisee's clinical social work practice, addressing:

(i) the client population, the range of presenting issues, and the diagnoses;

(ii) the clinical modalities that were utilized; and

(iii) the process utilized for determining clinical diagnoses, including the diagnostic instruments used and the role of the supervisee in the diagnostic process.

(f) The board must receive a revised supervision plan within 90 days of any of the following changes:

(1) the supervisee has a new supervisor;

(2) the supervisee begins a new social work position;

(3) the scope or content of the supervisee's social work practice changes substantially;

(4) the number of practice or supervision hours changes substantially; or

(5) the type of supervision changes as supervision is described in section 148D.100, subdivision 3, or 148D.105, subdivision 3, or as required in section 148D.115, subdivision 4.

(g) For failure to submit a revised supervised plan as required in paragraph (f), a supervisee must pay the supervision plan late fee specified in section 148D.180, when the supervisee applies for license renewal.

(h) The board must approve the supervisor and the supervision plan. Subd. 2. [ATTESTATION.]

(a) When a supervisee submits renewal application materials to the board, the supervisee and supervisor must submit an attestation providing the following information on a form provided by the board:

(1) the name of the supervisee, the name of the agency in which the supervisee is being supervised, and the supervisee's position title;

(2) the name and qualifications of the supervisor;

(3) the number of hours and dates of each type of supervision completed;

(4) the supervisee's position description;

(5) a declaration that the supervisee has not engaged in conduct in violation of the standards of practice specified in sections 148D.195 to 148D.240;

(6) a declaration that the supervisee has practiced competently and ethically in accordance with professional social work knowledge, skills, and values; and

(7) a list of the content areas in which the supervisee has received supervision, including the following:

(i) clinical practice, if applicable;

(ii) development of professional social work knowledge, skills, and values;

(iii) practice methods;

(iv) authorized scope of practice;

(v) ensuring continuing competence; and

(vi) ethical standards of practice.

(b) The information provided on the attestation form must demonstrate to the board's satisfaction that the supervisee has met or has made progress on meeting the applicable supervised practice requirements.

Subd. 3. [VERIFICATION OF SUPERVISED PRACTICE.]

(a) In addition to receiving the attestation required pursuant to subdivision 2, the board must receive verification of supervised practice if:

(1) the board audits the supervision of a supervisee pursuant to section 148D.070, subdivision 3; or

(2) an applicant applies for a license as a licensed independent social worker or as a licensed independent clinical social worker.

(b) When verification of supervised practice is required pursuant to paragraph (a), the board must receive from the supervisor the following information on a form provided by the board:

(1) the name of the supervisee, the name of the agency in which the supervisee is being supervised, and the supervisee's position title;

- (2) the name and qualifications of the supervisor;
- (3) the number of hours and dates of each type of supervision completed;
- (4) the supervisee's position description;
- (5) a declaration that the supervisee has not engaged in conduct in violation of the standards of practice specified in sections 148D.195 to 148D.240;
- (6) a declaration that the supervisee has practiced ethically and competently in accordance with professional social work knowledge, skills, and values;
- (7) a list of the content areas in which the supervisee has received supervision, including the following:
 - (i) clinical practice, if applicable;
 - (ii) development of professional social work knowledge, skills, and values;
 - (iii) practice methods;
 - (iv) authorized scope of practice;
 - (v) ensuring continuing competence; and
 - (vi) ethical standards of practice; and
- (8) if applicable, a detailed description of the supervisee's clinical social work practice, addressing:
 - (i) the client population, the range of presenting issues, and the diagnoses;
 - (ii) the clinical modalities that were utilized; and
 - (iii) the process utilized for determining clinical diagnoses, including the diagnostic instruments used and the role of the supervisee in the diagnostic process.
- (c) The information provided on the verification form must demonstrate to the board's satisfaction that the supervisee has met the applicable supervised practice requirements.

Subd. 4. [ALTERNATIVE VERIFICATION OF SUPERVISED PRACTICE.] Notwithstanding the requirements of subdivision 3, the board may accept alternative verification of supervised practice if a supervisee demonstrates to the satisfaction of the board that the supervisee is unable to locate a former supervisor to provide the required information.

Sec. 31. [148D.130] [CLOCK HOURS REQUIRED.]

Subdivision 1. [TOTAL CLOCK HOURS REQUIRED.] At the time of license renewal, a licensee must provide evidence satisfactory to the board that the licensee has, during the renewal term, completed at least 30 clock hours of continuing education.

Subd. 2. [ETHICS REQUIREMENT.] At least two of the clock hours required under subdivision 1 must be in social work ethics.

Subd. 3. [INDEPENDENT STUDY.] Independent study must not consist of more than ten clock hours of continuing education per renewal term. Independent study must be for publication, public presentation, or professional development. Independent study includes, but is not limited to, electronic study.

Subd. 4. [COURSEWORK.] One credit of coursework in a semester-based academic institution is the equivalent of 15 clock hours.

Subd. 5. [PRORATED RENEWAL TERM.] If the licensee's renewal term is prorated to be less or more than 24 months, the required number of continuing education clock hours is prorated proportionately.

Sec. 32. [148D.135] [APPROVAL OF CLOCK HOURS.]

Subdivision 1. [WAYS OF APPROVING CLOCK HOURS.] The clock hours required under section 148D.130 must be approved in one or more of the following ways:

- (1) the hours must be offered by a continuing education provider approved by the board;

(2) the hours must be offered by a continuing education provider approved by the Association of Social Work Boards or a similar examination body designated by the board;

(3) the hours must be earned through a continuing education program approved by the National Association of Social Workers; or

(4) the hours must be earned through a continuing education program approved by the board.

Sec. 34. [148D.145] [CONTINUING EDUCATION PROVIDERS APPROVED BY THE BOARD.]

Subdivision 1. [BOARD APPROVAL.]

(a) The board must approve a continuing education provider who: (1) submits a completed application to the board which provides the information required by subdivision 2 and which meets the criteria specified in subdivision 3; and

(2) pays the provider fee specified in section 148D.180.

(b) An approval is valid for programs offered no later than one year from the date the application is approved by the board.

Subd. 2. [INFORMATION REQUIRED.] The information that must be provided to the board includes, but is not limited to, the following:

(1) the name of the continuing education provider;

(2) the address, telephone number, and e-mail address of a contact person for the provider;

(3) a signed statement that indicates the provider understands and agrees to abide by the criteria specified in subdivision 3; and

(4) a signed statement that indicates the provider agrees to furnish a certificate of attendance to each participant in a program offered by the provider.

Subd. 3. [CRITERIA FOR PROGRAMS OFFERED BY CONTINUING EDUCATION PROVIDERS.]

(a) A continuing education provider must employ the following criteria in determining whether to offer a continuing education program:

(1) whether the material to be presented will promote the standards of practice described in sections 148D.195 to 148D.240;

(2) whether the material to be presented will contribute to the practice of social work as defined in section 148D.010;

(3) whether the material to be presented is intended for the benefit of practicing social workers; and

(4) whether the persons presenting the program are qualified in the subject matter being presented.

(b) The material presented must not be primarily procedural or primarily oriented towards business practices or self-development.

Subd. 4. [AUDITS.]

(a) The board may audit programs offered by a continuing education provider approved by the board to determine compliance with the requirements of this section.

(b) A continuing education provider audited by the board must provide the documentation specified in subdivision 5.

Subd. 5. [INFORMATION REQUIRED TO BE MAINTAINED BY CONTINUING EDUCATION PROVIDERS.] For three years following the end of each program offered by a continuing education provider, the provider must maintain the following information:

(1) the title of the program;

(2) a description of the content and objectives of the program;

(3) the date of the program;

(4) the number of clock hours credited for participation in the program;

(5) the program location;

(6) the names and qualifications of the primary presenters;

(7) a description of the primary audience the program was designed for; and

(8) a list of the participants in the program.

Sec. 35. [148D.150] [CONTINUING EDUCATION PROVIDERS APPROVED BY THE ASSOCIATION OF SOCIAL WORK BOARDS.]

In order to receive credit for a program offered by a continuing education provider approved by the Association of Social Work Boards or a similar examination body designated by the board, the provider must be listed on the Association of Social Work Boards Web site as a provider currently approved by the Association of Social Work Boards or a similar examination body designated by the board.

Sec. 36. [148D.155] [CONTINUING EDUCATION PROGRAMS APPROVED BY THE NATIONAL ASSOCIATION OF SOCIAL WORKERS.]

In order to receive credit for a program approved by the National Association of Social Workers, the program must be listed on the National Association of Social Workers Web site as a program currently approved by the National Association of Social Workers.

Sec. 37. [148D.160] [CONTINUING EDUCATION PROGRAMS APPROVED BY THE BOARD.]

Subdivision 1. [REQUIRED PROGRAM CONTENT.] In order to be approved by the board, a continuing education program must:

(1) promote the standards of practice described in sections 148D.195 to 148D.240;

(2) contribute to the practice of social work as defined in section 148D.010; and

(3) not be primarily procedural or be primarily oriented towards business practices or self-development.

Subd. 2. [TYPES OF CONTINUING EDUCATION PROGRAMS.] In order to be approved by the board, a continuing education program must be one of the following: academic coursework offered by an institution of higher learning; educational workshops, seminars, or conferences offered by an organization or individual; staff training offered by a public or private employer; or independent study.

Sec. 38. [148D.165] [CONTINUING EDUCATION REQUIREMENTS OF LICENSEES.]

Subdivision 1. [INFORMATION REQUIRED TO BE MAINTAINED BY LICENSEES.] For one year following the expiration date of a license, the licensee must maintain documentation of clock hours earned during the previous renewal term. The documentation must include the following:

(1) for educational workshops or seminars offered by an organization or at a conference, a copy of the certificate of attendance issued by the presenter or sponsor giving the following information:

(i) the name of the sponsor or presenter of the program;

(ii) the title of the workshop or seminar;

(iii) the dates the licensee participated in the program; and (iv) the number of clock hours completed;

(2) for academic coursework offered by an institution of higher learning, a copy of a transcript giving the following information:

(i) the name of the institution offering the course;

(ii) the title of the course;

(iii) the dates the licensee participated in the course; and

(iv) the number of credits completed;

(3) for staff training offered by public or private employers, a copy of the certificate of attendance issued by the employer giving the following information:

(i) the name of the employer;

(ii) the title of the staff training;
(iii) the dates the licensee participated in the program; and
(iv) the number of clock hours completed; and
(4) for independent study, including electronic study, a written
summary of the study conducted, including the following information:
(i) the topics studied;
(ii) a description of the applicability of the study to the
licensee's authorized scope of practice;
(iii) the titles and authors of books and articles consulted or the
name of the organization offering the study;
(iv) the dates the licensee conducted the study; and
(v) the number of clock hours the licensee conducted the study.

Subd. 2. [AUDITS.] The board may audit license renewal and
reactivation applications to determine compliance with the requirements of
sections 148D.130 to 148D.170. A licensee audited by the board must
provide the documentation specified in subdivision 1 regardless of whether
the provider or program has been approved by the board, the Association of
Social Work Boards, or a similar examination body designated by the board,
or the National Association of Social Workers.

Sec. 39. [148D.170] [REVOCATION OF CONTINUING EDUCATION
 APPROVALS.]

The board may revoke approval of a provider or of a program offered
by a provider, or of an individual program approved by the board, if the
board determines subsequent to the approval that the provider or program
failed to meet the requirements of sections 148D.130 to 148D.170.

ARTICLE 2 BOARD OF PHYSICAL THERAPY

Section 1. Minnesota Statutes 2004, section 148.65, is amended by
 adding a subdivision to read:

Subd. 3. [PHYSICAL THERAPIST ASSISTANT.] "Physical therapist
assistant" means a graduate of a physical therapist assistant educational
program accredited by the Commission on Accreditation in Physical Therapy
Education (CAPTE) or a recognized comparable national accrediting agency
approved by the board. The physical therapist assistant, under the
direction and supervision of the physical therapist, performs physical
therapy interventions and assists with coordination, communication, and
documentation; and patient-client-related instruction. The physical
therapist is not required to be on-site except as required under Minnesota
Rules, part 5601.1500, but must be easily available by telecommunications.

Sec. 4. Minnesota Statutes 2004, section 148.65, is amended by
 adding a subdivision to read:

Subd. 6. [STUDENT PHYSICAL THERAPIST ASSISTANT.] "Student physical
therapist assistant" means a person in a physical therapist assistant
educational program accredited by the Commission on Accreditation in
Physical Therapy Education (CAPTE) or a recognized comparable national
accrediting agency approved by the board. The student physical therapist
assistant, under the direct supervision of the physical therapist, or the
direct supervision of the physical therapist and physical therapist
assistant, performs physical therapy interventions and assists with
coordination, communication, documentation, and patient-client-related
instruction. "Direct supervision" means the physical therapist is
physically present and immediately available to provide instruction to the
student physical therapist assistant.

Sec. 5. Minnesota Statutes 2004, section 148.65, is amended by
 adding a subdivision to read:

Subd. 7. [SUPPORTIVE PERSONNEL.] "Supportive personnel" means a physical therapist assistant and a physical therapy aide.

Sec. 6. Minnesota Statutes 2004, section 148.706, is amended to read: 148.706 [SUPERVISION OF ASSISTANTS ~~AND, AIDES, AND STUDENTS.~~]

Every physical therapist who uses the services of ~~an a physical therapist assistant or physical therapy aide~~ for the purpose of assisting in the practice of physical therapy is responsible for functions performed by the assistant or aide while engaged in such assistance. The physical therapist shall ~~permit the assistant or aide to perform only those functions which the therapist is authorized by rule to delegate to a physical therapist assistant or assign to a physical therapy aide and shall provide supervision as specified~~ delegate duties to the physical therapist assistant and assign tasks to the physical therapy aide in accordance with Minnesota Rules, part 5601.1400. Physical therapists who instruct student physical therapists and student physical therapist assistants are responsible for the functions performed by the students and shall supervise the students as provided under section 148.65, subdivisions 5 and 6.

Sec. 10. Minnesota Statutes 2004, section 148.75, is amended to read: 148.75 [LICENSES; DENIAL, SUSPENSION, REVOCATION.]

(a) The state Board of Physical Therapy may refuse to grant a license to any physical therapist, or may suspend or revoke the license of any physical therapist for any of the following grounds:

- (1) using drugs or intoxicating liquors to an extent which affects professional competence;
- (2) conviction of a felony;
- (3) conviction for violating any state or federal narcotic law;
- (4) obtaining a license or attempting to obtain a license by fraud or deception;
- (5) conduct unbecoming a person licensed as a physical therapist or conduct detrimental to the best interests of the public;
- (6) gross negligence in the practice of physical therapy as a physical therapist;
- (7) treating human ailments by physical therapy after an initial 30-day period of patient admittance to treatment has lapsed, except by the order or referral of a person licensed in this state in the practice of medicine as defined in section 147.081, the practice of chiropractic as defined in section 148.01, the practice of podiatry as defined in section 153.01, or the practice of dentistry as defined in section 150A.05 and whose license is in good standing; or when a previous diagnosis exists indicating an ongoing condition warranting physical therapy treatment, subject to periodic review defined by board of physical therapy rule;
- (8) treating human ailments, without referral, by physical therapy treatment without first having practiced one year under a physician's orders as verified by the board's records;
- (9) failing to consult with the patient's health care provider who prescribed the physical therapy treatment if the treatment is altered by the physical therapist from the original written order. The provision does not include written orders to "evaluate and treat";
- (10) treating human ailments other than by physical therapy unless duly licensed or registered to do so under the laws of this state;
- (11) inappropriate delegation to a physical therapist assistant or inappropriate task assignment to an aide or inadequate supervision of either level of supportive personnel a student physical therapist, physical therapist assistant, student physical therapist assistant, or a physical therapy aide;

(12) practicing as a physical therapist performing medical diagnosis, the practice of medicine as defined in section 147.081, or the practice of chiropractic as defined in section 148.01;

(13) failing to comply with a reasonable request to obtain appropriate clearance for mental or physical conditions that would interfere with the ability to practice physical therapy, and that may be potentially harmful to patients;

(14) dividing fees with, or paying or promising to pay a commission or part of the fee to, any person who contacts the physical therapist for consultation or sends patients to the physical therapist for treatment;

(15) engaging in an incentive payment arrangement, other than that prohibited by clause (14), that tends to promote physical therapy overuse, that allows the referring person or person who controls the availability of physical therapy services to a client to profit unreasonably as a result of patient treatment;

(16) practicing physical therapy and failing to refer to a licensed health care professional a patient whose medical condition at the time of evaluation has been determined by the physical therapist to be beyond the scope of practice of a physical therapist; ~~and~~

(17) failing to report to the board other licensed physical therapists who violate this section; and

(18) practice of physical therapy under lapsed or nonrenewed credentials.

(b) A license to practice as a physical therapist is suspended if (1) a guardian of the physical therapist is appointed by order of a court pursuant to sections 524.5-101 to 524.5-502, for reasons other than the minority of the physical therapist; or (2) the physical therapist is committed by order of a court pursuant to chapter 253B. The license remains suspended until the physical therapist is restored to capacity by a court and, upon petition by the physical therapist, the suspension is terminated by the Board of Physical Therapy after a hearing.

ARTICLE 4 BOARD OF DENTAL PRACTICE

Section 1. Minnesota Statutes 2004, section 150A.01, subdivision 6a, is amended to read:

Subd. 6a. [FACULTY DENTIST.] "Faculty dentist" means a person who is licensed to practice dentistry as a faculty member of a school of dentistry, pursuant to section 150A.06, subdivision 1a.

Sec. 2. Minnesota Statutes 2004, section 150A.06, subdivision 1a, is amended to read:

Subd. 1a. [FACULTY DENTISTS.]

(a) Faculty members of a school of dentistry must be licensed in order to practice dentistry as defined in section 150A.05. The board may issue to members of the faculty of a school of dentistry a license designated as either a "limited faculty license" or a "full faculty license" entitling the holder to practice dentistry within the terms described in paragraph (b) or (c). The dean of a school of dentistry and program directors of a Minnesota dental hygiene or dental assisting school accredited by the Commission on Dental Accreditation of the American Dental Association shall certify to the board those members of the school's faculty who practice dentistry but are not licensed to practice dentistry in Minnesota. A faculty member who practices dentistry as defined in section 150A.05, before beginning duties in a school of dentistry or a dental hygiene or dental assisting school, shall apply to the board for a limited or full faculty license. ~~The license expires the next July 1 and may, at the discretion of the board, be renewed on a yearly basis.~~ Pursuant to Minnesota Rules, chapter 3100, and at the

discretion of the board, a limited faculty license must be renewed annually and a full faculty license must be renewed biennially. The faculty applicant shall pay a nonrefundable fee set by the board for issuing and renewing the faculty license. The faculty license is valid during the time the holder remains a member of the faculty of a school of dentistry or a dental hygiene or dental assisting school and subjects the holder to this chapter.

(b) The board may issue to dentist members of the faculty of a Minnesota school of dentistry, dental hygiene, or dental assisting accredited by the Commission on Dental Accreditation of the American Dental Association, a license designated as a limited faculty license entitling the holder to practice dentistry within the school and its affiliated teaching facilities, but only for the purposes of teaching or conducting research. The practice of dentistry at a school facility for purposes other than teaching or research is not allowed unless the dentist was a faculty member on August 1, 1993.

(c) The board may issue to dentist members of the faculty of a Minnesota school of dentistry, dental hygiene, or dental assisting accredited by the Commission on Dental Accreditation of the American Dental Association a license designated as a full faculty license entitling the holder to practice dentistry within the school and its affiliated teaching facilities and elsewhere if the holder of the license is employed 50 percent time or more by the school in the practice of teaching or research, and upon successful review by the board of the applicant's qualifications as described in subdivisions 1, 1c, and 4 and board rule. The board, at its discretion, may waive specific licensing prerequisites.

Sec. 3. [150A.091] [FEES.]

Subdivision 1. [FEE REFUNDS.] No fee may be refunded for any reason.

Subd. 2. [APPLICATION FEES.] Each applicant for licensure or registration shall submit with a license or registration application a nonrefundable fee in the following amounts in order to administratively process an application:

- (1) dentist, \$140;
- (2) limited faculty dentist, \$140;
- (3) resident dentist, \$55;
- (4) dental hygienist, \$55;
- (5) registered dental assistant, \$35; and
- (6) dental assistant with a limited registration, \$15.

Subd. 3. [INITIAL LICENSE OR REGISTRATION FEES.] Along with the application fee, each of the following licensees or registrants shall submit a separate prorated initial license or registration fee. The prorated initial fee shall be established by the board based on the number of months of the licensee's or registrant's initial term as described in Minnesota Rules, part 3100.1700, subpart 1a, not to exceed the following monthly fee amounts:

- (1) dentist, \$14 times the number of months of the initial term;
- (2) dental hygienist, \$5 times the number of months of the initial term;
- (3) registered dental assistant, \$3 times the number of months of initial term; and
- (4) dental assistant with a limited registration, \$1 times the number of months of the initial term.

Subd. 4. [ANNUAL LICENSE FEES.] Each limited faculty or resident dentist shall submit with an annual license renewal application a fee established by the board not to exceed the following amounts:

- (1) limited faculty dentist, \$168; and
- (2) resident dentist, \$59.

Subd. 5. [BIENNIAL LICENSE OR REGISTRATION FEES.] Each of the following licensees or registrants shall submit with a biennial license or registration renewal application a fee as established by the board, not to exceed the following amounts:

- (1) dentist, \$336;
- (2) dental hygienist, \$118;
- (3) registered dental assistant, \$80; and
- (4) dental assistant with a limited registration, \$24.

Subd. 6. [ANNUAL LICENSE LATE FEE.] Applications for renewal of any license received after the time specified in Minnesota Rules, part 3100.1750, must be assessed a late fee equal to 50 percent of the annual renewal fee.

Subd. 7. [BIENNIAL LICENSE OR REGISTRATION LATE FEE.] Applications for renewal of any license or registration received after the time specified in Minnesota Rules, part 3100.1700, must be assessed a late fee equal to 25 percent of the biennial renewal fee.

Subd. 8. [DUPLICATE LICENSE OR REGISTRATION FEE.] Each licensee or registrant shall submit, with a request for issuance of a duplicate of the original license or registration, or of an annual or biennial renewal of it, a fee in the following amounts:

- (1) original dentist or dental hygiene license, \$35; and
- (2) initial and renewal registration certificates and license renewal certificates, \$10.

Subd. 9. [LICENSURE AND REGISTRATION BY CREDENTIALS.] Each applicant for licensure as a dentist or dental hygienist or for registration as a registered dental assistant by credentials pursuant to section 150A.06, subdivisions 4 and 8, and Minnesota Rules, part 3100.1400, shall submit with the license or registration application a fee in the following amounts:

- (1) dentist, \$725;
- (2) dental hygienist, \$175; and
- (3) registered dental assistant, \$35.

Subd. 10. [REINSTATEMENT FEE.] No dentist, dental hygienist, or registered dental assistant whose license or registration has been suspended or revoked may have the license or registration reinstated or a new license or registration issued until a fee has been submitted to the board in the following amounts:

- (1) dentist, \$140;
- (2) dental hygienist, \$55; and
- (3) registered dental assistant, \$35.

Sec. 4. Minnesota Statutes 2004, section 150A.10, subdivision 1a, is amended to read:

Subd. 1a. [LIMITED AUTHORIZATION FOR DENTAL HYGIENISTS.]

(a) Notwithstanding subdivision 1, a dental hygienist licensed under this chapter may be employed or retained by a health care facility, program, or nonprofit organization to perform dental hygiene services described under paragraph (b) without the patient first being examined by a licensed dentist if the dental
120.19 hygienist:

(1) has been engaged in the active practice of clinical dental hygiene for not less than 2,400 hours in the past 18 months or a career total of 3,000 hours, including a minimum of 200 hours of clinical practice in two of the past three years;

(2) has entered into a collaborative agreement with a licensed dentist that designates authorization for the services provided by the dental hygienist;

(3) has documented participation in courses in infection control and medical emergencies within each continuing education cycle; and

(4) maintains current certification in advanced or basic cardiac life support as recognized by the American Heart Association, the American Red Cross, or another agency that is equivalent to the American Heart Association or the American Red Cross.

(b) The dental hygiene services authorized to be performed by a dental hygienist under this subdivision are limited to:

- (1) oral health promotion and disease prevention education;
- (2) removal of deposits and stains from the surfaces of the teeth;
- (3) application of topical preventive or prophylactic agents, including fluoride varnishes and pit and fissure sealants;
- (4) polishing and smoothing restorations;
- (5) removal of marginal overhangs;
- (6) performance of preliminary charting;
- (7) taking of radiographs; and
- (8) performance of scaling and root planing.

The dental hygienist ~~shall not perform~~ may administer injections of local anesthetic agents or the administration of nitrous oxide unless under the indirect supervision of inhalation analgesia as specifically delegated in the collaborative agreement with a licensed dentist. The dentist need not first examine the patient or be present. If the patient is considered medically compromised, the collaborative dentist shall review the patient record, including the medical history, prior to the provision of these services.

Collaborating dental hygienists may work with unregistered and registered dental assistants who may only perform duties for which registration is not required. The performance of dental hygiene services in a health care facility, program, or nonprofit organization as authorized under this subdivision is limited to patients, students, and residents of the facility, program, or organization.

(c) A collaborating dentist must be licensed under this chapter and may enter into a collaborative agreement with no more than four dental hygienists unless otherwise authorized by the board. The board shall develop parameters and a process for obtaining authorization to collaborate with more than four dental hygienists. The collaborative agreement must include:

(1) consideration for medically compromised patients and medical conditions for which a dental evaluation and treatment plan must occur prior to the provision of dental hygiene services;

(2) age- and procedure-specific standard collaborative practice protocols, including recommended intervals for the performance of dental hygiene services and a period of time in which an examination by a dentist should occur;

(3) copies of consent to treatment form provided to the patient by the dental hygienist;

(4) specific protocols for the placement of pit and fissure sealants and requirements for follow-up care to assure the efficacy of the sealants after application; and

(5) a procedure for creating and maintaining dental records for the patients that are treated by the dental hygienist. This procedure must specify where these records are to be located.

The collaborative agreement must be signed and maintained by the dentist, the dental hygienist, and the facility, program, or organization; must be reviewed annually by the collaborating dentist and dental hygienist; and must be made available to the board upon request.

(d) Before performing any services authorized under this subdivision, a dental hygienist must provide the patient with a consent to treatment form which must include a statement advising the patient that the dental hygiene services provided are not a substitute for a dental examination by a licensed dentist. If the dental hygienist makes any referrals to the patient for further dental procedures, the dental

hygienist must fill out a referral form and provide a copy of the form to the collaborating dentist.

(e) For the purposes of this subdivision, a "health care facility, program, or nonprofit organization" is limited to a hospital; nursing home; home health agency; group home serving the elderly, disabled, or juveniles; state-operated facility licensed by the commissioner of human services or the commissioner of corrections; and federal, state, or local public health facility, community clinic, tribal clinic, school authority, Head Start program, or nonprofit organization that serves individuals who are uninsured or who are Minnesota health care public program recipients.

(f) For purposes of this subdivision, a "collaborative agreement" means a written agreement with a licensed dentist who authorizes and accepts responsibility for the services performed by the dental hygienist. The services authorized under this subdivision and the collaborative agreement may be performed without the presence of a licensed dentist and may be performed at a location other than the usual place of practice of the dentist or dental hygienist and without a dentist's diagnosis and treatment plan, unless specified in the collaborative agreement.

ARTICLE 5

BOARD OF BEHAVIORAL THERAPY AND HEALTH (LICENSED PROFESSIONAL COUNSELORS AND ALCOHOL AND DRUG COUNSELORS)

Sec. 3. [148B.531] [POSTDEGREE COMPLETION OF DEGREE REQUIREMENTS FOR LICENSURE.]

An individual whose degree upon which licensure is to be based included less than 48 semester hours or 72 quarter hours, who did not complete 700 hours of supervised professional practice as part of the degree program, or who did not complete course work in all of the content areas required by section 148B.53, subdivision 1, paragraph (b), may complete these requirements postdegree in order to obtain licensure, if:

(1) all course work and field experiences are completed through an institution of higher education that is accredited by a regional accrediting organization recognized by the Council for Higher Education Accreditation (CHEA) or through a counseling program recognized by the Council for Accreditation of Counseling and Related Education Programs (CACREP);

(2) all course work and field experiences are taken and passed for credit; and

(3) no more than 20 semester credits or 30 quarter credits are completed postdegree for purposes of licensure unless the credits are earned as part of an organized sequence of study.

Sec. 4. Minnesota Statutes 2004, section 148B.54, subdivision 2, is amended to read:

Subd. 2. [CONTINUING EDUCATION.] At the completion of the first ~~two~~ four years of licensure, a licensee must provide evidence satisfactory to the board of completion of 12 additional postgraduate semester credit hours or its equivalent in counseling as determined by the board, except that no licensee shall be required to show evidence of greater than 60 semester hours or its equivalent. Thereafter, at the time of renewal, each licensee shall provide evidence satisfactory to the board that the licensee has completed during each two-year period at least the equivalent of 40 clock hours of professional postdegree continuing education in programs approved by the board and continues to be qualified to practice under sections 148B.50 to 148B.593.

Sec. 5. [148B.555] [EXPERIENCED COUNSELOR TRANSITION.]

(a) An applicant for licensure who, prior to December 31, 2003, completed a master's or doctoral degree program in counseling or a related field, as determined by the board, and whose degree was from a counseling program recognized by the Council for Accreditation of Counseling and Related Education Programs (CACREP) or from an institution of higher education that is accredited by a regional accrediting organization recognized by the Council for Higher Education Accreditation (CHEA), need not comply with the requirements of section 148B.53, subdivision 1, paragraph (a), clause (3), or (b), so long as the applicant can document five years of full-time postdegree work experience within the practice of professional counseling as defined under section 148B.50, subdivisions 4 and 5.

(b) This section expires July 1, 2007.

OMNIBUS DATA PRACTICES BILL
Regular Session H.F. 225 (Chapter 163)

SUMMARY: This bill makes changes to the Minnesota Government Data Practices Act. Throughout the bill, the phrase “state agency, political subdivision or statewide system” has been replaced with the phrase “government entity.” Also, any references to “agency” have been changed to “entity.” Included below are those changes that affect Minnesota State Colleges and Universities.

Section	<i>Omnibus Data Practices Bill</i>	Language Page
8	Request for Access to Data This section establishes a maximum set amount of no more than 25 cents per page that government entities may charge for 100 or fewer copies of public data on black and white, letter or legal-sized paper. This is instead of actual cost.	197
21	State Agencies; Disclosure of Breach in Security This section requires all state agencies, including Minnesota State Colleges and Universities, holding private or confidential data to notify affected individuals of a breach of security of their data. This applies to electronic records as well as paper records. Notice is to be made without unreasonable delay.	198
35	Data Dissemination This section authorizes government entities to share security information, which is otherwise not classified as not public, when it would aid public health, promote public safety, or assist law enforcement.	199
41	Classification of Evaluative Data; Data Sharing This section states that data that is created or maintained by a government entity as part of the selection or evaluation of an RFP or RFB is now classified as protected non-public data until completion of the selection process or completion of the evaluation process at which time the data will become public.	199
85	Use of Social Security Numbers Effective July 1, 2007, this section will limit the use of social security numbers under certain conditions for state colleges and universities. It prohibits the intentional communication of or making public individual’s social security numbers.	199

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OMNIBUS DATA PRACTICES BILL
Regular Session H.F. 225 (Chapter 163)

Sec. 8. Minnesota Statutes 2004, section 13.03, subdivision 3, is amended to read:

Subd. 3. [REQUEST FOR ACCESS TO DATA.]

(a) Upon request to a responsible authority or designee, a person shall be permitted to inspect and copy public government data at reasonable times and places, and, upon request, shall be informed of the data's meaning. If a person requests access for the purpose of inspection, the responsible authority may not assess a charge or require the requesting person to pay a fee to inspect data.

(b) For purposes of this section, "inspection" includes, but is not limited to, the visual inspection of paper and similar types of government data. Inspection does not include printing copies by the government entity, unless printing a copy is the only method to provide for inspection of the data. In the case of data stored in electronic form and made available in electronic form on a remote access basis to the public by the government entity, inspection includes remote access to the data by the public and the ability to print copies of or download the data on the public's own computer equipment. Nothing in this section prohibits a government entity from charging a reasonable fee for remote access to data under a specific statutory grant of authority. A government entity may charge a fee for remote access to data where either the data or the access is enhanced at the request of the person seeking access.

(c) The responsible authority or designee shall provide copies of public data upon request. If a person requests copies or electronic transmittal of the data to the person, the responsible authority may require the requesting person to pay the actual costs of searching for and retrieving government data, including the cost of employee time, and for making, certifying, compiling, and electronically transmitting the copies of the data or the data, but may not charge for separating public from not public data. However, if 100 or fewer pages of black and white, letter or legal size paper copies are requested, actual costs shall not be used, and instead, the responsible authority may charge no more than 25 cents for each page copied. If the responsible authority or designee is not able to provide copies at the time a request is made, copies shall be supplied as soon as reasonably possible.

(d) When a request under this subdivision involves any person's receipt of copies of public government data that has commercial value and is a substantial and discrete portion of or an entire formula, pattern, compilation, program, device, method, technique, process, database, or system developed with a significant expenditure of public funds by the ~~agency~~ government entity, the responsible authority may charge a reasonable fee for the information in addition to the costs of making, certifying, and compiling the copies. Any fee charged must be clearly demonstrated by the ~~agency~~ government entity to relate to the actual development costs of the information. The responsible authority, upon the request of any person, shall provide sufficient documentation to explain and justify the fee being charged.

(e) The responsible authority of a ~~state agency, statewide system, or political subdivision~~ government entity that maintains public government data in a computer storage medium shall provide to any person making a request under this section a copy of any public data contained in that medium, in electronic form, if the government entity can reasonably make the copy or have a copy made. This does not require a government entity to provide the data in an electronic format or program that is different from the format or program in which the data are maintained by

the government entity. The entity may require the requesting person to pay the actual cost of providing the copy.

(f) If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall inform the requesting person of the determination either orally at the time of the request, or in writing as soon after that time as possible, and shall cite the specific statutory section, temporary classification, or specific provision of federal law on which the determination is based. Upon the request of any person denied access to data, the responsible authority or designee shall certify in writing that the request has been denied and cite the specific statutory section, temporary classification, or specific provision of federal law upon which the denial was based.

Sec. 21. [13.055] [STATE AGENCIES; DISCLOSURE OF BREACH IN SECURITY.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given to them.

(a) "Breach of the security of the data" means unauthorized acquisition of data maintained by a state agency that compromises the security and classification of the data. Good faith acquisition of government data by an employee, contractor, or agent of a state agency for the purposes of the state agency is not a breach of the security of the data, if the government data is not provided to an unauthorized person.

(b) "Contact information" means either name and mailing address or name and e-mail address for each individual who is the subject of data maintained by the state agency.

(c) "Unauthorized acquisition" means that a person has obtained government data without the informed consent of the individuals who are the subjects of the data or statutory authority and with the intent to use the data for non-governmental purposes.

(d) "Unauthorized person" means any person who accesses government data without permission or without a work assignment that reasonably requires the person to have access to the data.

Subd. 2. [NOTICE TO INDIVIDUALS.] A state agency that collects, creates, receives, maintains or disseminates private or confidential data on individuals must disclose any breach of the security of the data following discovery or notification of the breach. Notification must be made to any individual who is the subject of the data and whose private or confidential data was, or is reasonably believed to have been, acquired by an unauthorized person. The disclosure must be made in the most expedient time possible and without unreasonable delay, consistent with (1) the legitimate needs of a law enforcement agency as provided in subdivision 3; or (2) any measures necessary to determine the scope of the breach and restore the reasonable security of the data.

Subd. 3. [DELAYED NOTICE.] The notification required by this section may be delayed if a law enforcement agency determines that the notification will impede an active criminal investigation. The notification required by this section must be made after the law enforcement agency determines that it will not compromise the investigation.

Subd. 4. [METHOD OF NOTICE.] Notice under this section may be provided by one of the following methods:

(a) written notice by first class mail to each affected individual;

(b) electronic notice to each affected individual, if the notice provided is consistent with the provisions regarding electronic records and signatures as set forth in United States Code, title 15, section 7001; or

(c) substitute notice, if the state agency demonstrates that the cost of providing the written notice required by paragraph (a) would

exceed \$250,000, or that the affected class of individuals to be notified exceeds 500,000, or the state agency does not have sufficient contact information. Substitute notice consists of all of the following:

(i) e-mail notice if the state agency has an e-mail address for the affected individuals;

(ii) conspicuous posting of the notice on the Web site page of the state agency, if the state agency maintains a Web site; and

(iii) notification to major media outlets that reach the general public.

Subd. 5. [COORDINATION WITH CONSUMER REPORTING AGENCIES.] If the state agency discovers circumstances requiring notification under this section of more than 1,000 individuals at one time, the state agency must also notify, without unreasonable delay, all consumer reporting agencies that compile and maintain files on consumers on a nationwide basis, as defined in United States Code, title 15, section 1681a, of the timing, distribution, and content of the notices.

Sec. 35. Minnesota Statutes 2004, section 13.37, subdivision 3, is amended to read:

Subd. 3. [DATA DISSEMINATION.]

(a) Crime prevention block maps and names, home addresses, and telephone numbers of volunteers who participate in community crime prevention programs may be disseminated to volunteers participating in crime prevention programs. The location of a National Night Out event is public data.

(b) The responsible authority of a government entity in consultation with the appropriate chief law enforcement officer, emergency manager, or public health official, may make security information accessible to any person, entity, or the public if the government entity determines that the access will aid public health, promote public safety, or assist law enforcement.

Sec. 41. Minnesota Statutes 2004, section 13.591, is amended by adding a subdivision to read:

Subd. 4. [CLASSIFICATION OF EVALUATIVE DATA; DATA SHARING.]

(a) Data created or maintained by a government entity as part of the selection or evaluation process referred to in this section are protected nonpublic data until completion of the selection process or completion of the evaluation process at which time the data are public with the exception of trade secret data as defined and classified in section 13.37.

(b) If a state agency asks employees of other state agencies to assist with the selection of the responses to a request for bid or the evaluation of responses to a request for proposal, the state agency may share not public data in the responses with those employees. The employees participating in the selection or evaluation may not further disseminate the not public data they review.

Sec. 85. [325E.59] [USE OF SOCIAL SECURITY NUMBERS.]

Subdivision 1. [GENERALLY.] A person or entity, not including a government entity, may not do any of the following:

(1) publicly post or publicly display in any manner an individual's Social Security number. "Publicly post" or "publicly display" means to intentionally communicate or otherwise make available to the general public;

(2) print an individual's Social Security number on any card required for the individual to access products or services provided by the person or entity;

(3) require an individual to transmit the individual's Social Security number over the Internet, unless the connection is secure or the Social Security number is encrypted;

(4) require an individual to use the individual's Social Security number to access an Internet Web site, unless a password or unique personal identification number or other authentication device is also required to access the Internet Web site; or

(5) print a number that the person or entity knows to be an individual's Social Security number on any materials that are mailed to the individual, unless state or federal law requires the Social Security number to be on the document to be mailed.

If, in connection with a transaction involving or otherwise relating to an individual, a person or entity receives a number from a third party, that person or entity is under no duty to inquire or otherwise determine whether the number is or includes that individual's Social Security number and may print that number on materials mailed to the individual, unless the person or entity receiving the number has actual knowledge that the number is or includes the individual's Social Security number.

Notwithstanding clauses (1) to (5), Social Security numbers may be included in applications and forms sent by mail, including documents sent as part of an application or enrollment process, or to establish, amend, or terminate an account, contract, or policy, or to confirm the accuracy of the Social Security number. Nothing in this paragraph authorizes inclusion of a Social Security number on the outside of a mailing.

Except as provided in subdivision 2, this section applies only to the use of Social Security numbers on or after July 1, 2007.

Subd. 2. [CONTINUATION OF PRIOR USE.] A person or entity, not including a government entity, that has used, prior to July 1, 2007, an individual's Social Security number in a manner inconsistent with subdivision 1, may continue using that individual's Social Security number in that manner on or after July 1, 2007, if all the following conditions are met:

(1) the use of the Social Security number is continuous. If the use is stopped for any reason, subdivision 1 applies;

(2) the individual is provided an annual disclosure, commencing in 2007, that informs the individual that the individual has the right to stop the use of the individual's Social Security number in a manner prohibited by subdivision 1;

(3) a written request by an individual to stop the use of the individual's Social Security number in a manner prohibited by subdivision 1 must be implemented within 30 days of the receipt of the request. A fee may not be charged for implementing the request; and

(4) a person or entity, not including a government entity, shall not deny services to an individual because the individual makes a written request pursuant to this subdivision.

Subd. 3. [COORDINATION WITH OTHER LAW.] This section does not prevent the collection, use, or release of a Social Security number as required by state or federal law or the use of a Social Security number for internal verification or administrative purposes.

Subd. 4. [PUBLIC RECORDS.] This section does not apply to documents that are recorded or required to be open to the public under chapter 13 or by other law.

Subd. 5. [DEFINITIONS.] For purposes of this section, "government entity" has the meaning given in section 13.02, subdivision 7a, but does not include the Minnesota state colleges and universities or the University of Minnesota.

[EFFECTIVE DATE.] This section is effective July 1, 2007.

DISCLOSURE OF PERSONAL DATA BILL
Regular Session H.F. 2121 (Chapter 167)

SUMMARY: This bill requires businesses and persons who conduct business in Minnesota to notify Minnesota residents if there has been a security breach that puts their personal data at risk. Personal data includes Social Security numbers, which are maintained by Minnesota State Colleges and Universities statewide record system. The Omnibus Data Practices Bill, Chapter 163, Section 21 (found on page 195 of this publication) also requires state agencies, including Minnesota State Colleges and Universities, to notify affected individuals of a breach of security of their data.

Section	<i>Disclosure of Personal Data Bill</i>	Language Page
1	<p>Data Warehouses; Notice Required for Certain Disclosures This section states that businesses conducting business in the State of Minnesota and maintain data that includes personal information are to notify individuals if there is any breach of the security of that data.</p> <p>Each government entity, which includes Minnesota State Colleges and Universities, is required to conduct a comprehensive security assessment of any personal information maintained.</p>	203
2	<p>Effective Date Section 1 is effective January 1, 2006.</p>	204

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DISCLOSURE OF PERSONAL DATA BILL
Regular Session H.F. 2121 (Chapter 167)

Section 1. [325E.61] [DATA WAREHOUSES; NOTICE REQUIRED FOR CERTAIN DISCLOSURES.]

Subdivision 1. [DISCLOSURE OF PERSONAL INFORMATION; NOTICE REQUIRED.]

(a) Any person or business that conducts business in this state, and that owns or licenses data that includes personal information, shall disclose any breach of the security of the system following discovery or notification of the breach in the security of the data to any resident of this state whose unencrypted personal information was, or is reasonably believed to have been, acquired by an unauthorized person. The disclosure must be made in the most expedient time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement, as provided in paragraph (c), or with any measures necessary to determine the scope of the breach, identify the individuals affected, and restore the reasonable integrity of the data system.

(b) Any person or business that maintains data that includes personal information that the person or business does not own shall notify the owner or licensee of the information of any breach of the security of the data immediately following discovery, if the personal information was, or is reasonably believed to have been, acquired by an unauthorized person.

(c) The notification required by this section may be delayed to a date certain if a law enforcement agency affirmatively determines that the notification will impede a criminal investigation.

(d) For purposes of this section, "breach of the security of the system" means unauthorized acquisition of computerized data that compromises the security, confidentiality, or integrity of personal information maintained by the person or business. Good faith acquisition of personal information by an employee or agent of the person or business for the purposes of the person or business is not a breach of the security system, provided that the personal information is not used or subject to further unauthorized disclosure.

(e) For purposes of this section, "personal information" means an individual's first name or first initial and last name in combination with any one or more of the following data elements, when either the name or the data elements is not encrypted:

(1) Social Security number;

(2) driver's license number or Minnesota identification card number; or

(3) account number or credit or debit card number, in combination with any required security code, access code, or password that would permit access to an individual's financial account.

(f) For purposes of this section, "personal information" does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

(g) For purposes of this section, "notice" may be provided by one of the following methods:

(1) written notice to the most recent available address the person or business has in its records;

(2) electronic notice, if the notice provided is consistent with the provisions regarding electronic records and signatures in United States Code, title 15, section 7001; or

(3) substitute notice, if the person or business demonstrates that the cost of providing notice would exceed \$250,000, or that the affected class of subject persons to be notified exceeds 500,000, or the person or

business does not have sufficient contact information. Substitute notice must consist of all of the following:

(i) e-mail notice when the person or business has an e-mail address for the subject persons;

(ii) conspicuous posting of the notice on the Web site page of the person or business, if the person or business maintains one; and

(iii) notification to major statewide media.

(h) Notwithstanding paragraph (g), a person or business that maintains its own notification procedures as part of an information security policy for the treatment of personal information and is otherwise consistent with the timing requirements of this section, shall be deemed to be in compliance with the notification requirements of this section if the person or business notifies subject persons in accordance with its policies in the event of a breach of security of the system.

Subd. 2. [COORDINATION WITH CONSUMER REPORTING AGENCIES.]

If a person discovers circumstances requiring notification under this section of more than 500 persons at one time, the person shall also notify, within 48 hours, all consumer reporting agencies that compile and maintain files on consumers on a nationwide basis, as defined by United States Code, title 15, section 1681a, of the timing, distribution, and content of the notices.

Subd. 3. [WAIVER PROHIBITED.] Any waiver of the provisions of this section is contrary to public policy and is void and unenforceable.

Subd. 4. [EXEMPTION.] This section does not apply to any "financial institution" as defined by United States Code, title 15, section 6809(3), and to entities subject to the federal privacy and security regulations adopted under the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191.

Subd. 5. [SECURITY ASSESSMENTS.] Each government entity shall conduct a comprehensive security assessment of any personal information maintained by the government entity.

Subd. 6. [REMEDIES AND ENFORCEMENT.] The attorney general shall enforce this section under section 8.31.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective January 1, 2006.

OMNIBUS PENSION BILL
Special Session H.F. 44 (Chapter 8)

SUMMARY: This bill contains various provisions related to pension of an administrative nature, as well as provisions with some policy substance. Minnesota State Colleges and Universities administers all or part of several pension programs, and employees currently participate in no less than seven plans, including deferred compensation and tax sheltered annuity programs. Of the 12 articles in the bill, those provisions that affect Minnesota State Colleges and Universities are listed below.

Section	<i>Omnibus Pension Bill</i>	Language Page
ARTICLE 4		
Membership Inclusions and Exclusions		
7	Coverage; Election This section extends the period from 90 days to one year for the election of new Minnesota State Colleges and Universities faculty between the System's defined contribution retirement plan (IRAP) and the state defined benefit retirement plan (TRA).	209
8	Default Coverage This section adds conforming cross-reference to Section 7.	209
9	Effective Date Sections 7 and 8 are effective the day following final enactment.	210
ARTICLE 5		
Retirement Contributions		
1	Employee Contribution This section applies to the 600 Minnesota State Colleges and Universities PERA employees. The member contribution rate for these employees increases from 5.10 percent of covered pay to 6 percent of covered pay in three installments from 2006 to 2008.	210
2	Employer Contribution This section applies to the 600 Minnesota State Colleges and Universities PERA employees. The employer contribution rate for these employees is also increased from 5.10 percent of covered salary regular contribution to 6 percent of covered salary regular contribution.	210
3	Additional Employer Contribution For the 600 PERA employees at Minnesota State Colleges and Universities, the employer additional contribution rate is also increased from 0.43 percent to 1 percent of covered salary additional in three installments from 2006 to 2008.	211

4	Change in Employee and Employer Contributions in Certain Instances This section authorizes the PERA Executive Director to modify 2010 and after contribution rates based on the recent two years actuarial work.	211
ARTICLE 7		
First Class City Teacher Retirement Fund Associations		
1	Updated Articles of Incorporation and Bylaws; Filing Each first class city teacher retirement association is required to update bylaws and articles of incorporation publication on July 1, 2006, and six months after each change. The Minnesota State Colleges and Universities Chancellor is part of the list of entities that is to be provided two free copies of the updated materials.	212
2	Effective Date Section 1 is effective July 1, 2005.	213
ARTICLE 8		
Minnesota State Colleges and Universities Individual Retirement Account Plan Changes		
1	Investment Options This section eliminates the requirement that the State Board of Investment (SBI) offer all of its funds in the System Defined Contribution Retirement plan. Under statutory language, Minnesota State Colleges and Universities was required to offer all seven of the SBI fund offerings.	213
2	Effective Date This section is effective the day following final enactment.	214
ARTICLE 10		
Various Corrections and Clarifications		
52	Service Credit This section applies to the Teachers Retirement Association (TRA) and removes an obsolete date reference and revises language usage and style in a service credit.	214
53	Exemption; Exceptions This section applies to TRA and adds a cross-reference to the new general law provision to replace the current legal process exemption.	214
54	Payment to Public Bodies This section applies to TRA and clarifies the language and style of the payment to public bodies.	215
55	Changes in Designated Beneficiaries	215

This section applies to TRA and divides designated beneficiary change provision into paragraphs.

- 56 Retirees Not Eligible for Federal Benefits 215**
This section applies to TRA and re-designates an itemized list by number rather than by letter in special basic member annuity calculation.
- 57 Effective Date; Application 215**
This section applies to TRA and eliminates an obsolete effective date, corrects a reference to the federal Secretary of Health and Human Services, and clarifies the language style and usage of a provision relating to newly created state universities.
- 58 Teachers 215**
This section applies to TRA and eliminates an obsolete effective date and clarifies the language style and usage of a mandatory membership.
- 59 Teachers Retirement Fund 216**
This section applies to TRA and recreates a teacher retirement fund, which was established in 1931, but was inexplicably repealed in 1974. The fund provision parallels the fund provisions for MSRS-General and PERA-General.
- 60 Computation of Money Purchase Annuity 216**
This section applies to TRA and clarifies the language, style and usage of the money purchase annuity computation and re-designates the paragraphs and clauses in accord with current alphabetic and numeric designation conventions.
- 64 Exemption from Process 217**
This section exempts public pension plan benefits from assignment, state estate taxes, or legal process other than marriage dissolution-related benefit divisions. It also permits automatic deposits of benefits to single or joint accounts. This section applies 20 Minnesota public pension plans.

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OMNIBUS PENSION BILL
Special Session H.F. 44 (Chapter 8)

ARTICLE 4
MEMBERSHIP INCLUSIONS
AND EXCLUSIONS

Sec. 7. Minnesota Statutes 2004, section 354B.21, subdivision 2, is amended to read:

Subd. 2. [COVERAGE; ELECTION.]

~~(a) An eligible person is entitled to elect coverage by the plan. If the eligible person does not make a timely election of coverage by the plan, the person has the coverage specified in subdivision 3.~~

~~(b)~~ For eligible persons who were employed by the former state university system or the former community college system before May 1, 1995, the person has the retirement coverage that the person had for employment immediately before May 1, 1995.

~~(c)~~ (b) For all other eligible persons, the election of coverage must be made within 90 days of May 10, 1995, or 90 days of receiving notice from the employer of the options available under this section, whichever occurs later unless otherwise specified in this section, the eligible person is authorized to elect prospective Teachers Retirement Association plan coverage rather than coverage by the plan established by this chapter. The election of prospective Teachers Retirement Association plan coverage shall be made within one year of commencing eligible Minnesota State Colleges and Universities system employment. If an election is not made within the specified election period due to a termination of Minnesota State Colleges and Universities system employment, an election may be made within 90 days of returning to eligible Minnesota State Colleges and Universities system employment. All elections are irrevocable. Prior to making an election the eligible person shall be covered by the plan indicated as default coverage under subdivision 3.

c) A purchase of service credit in the Teachers Retirement Association plan for any period or periods of Minnesota State Colleges and Universities system employment occurring prior to the election under paragraph (b) is prohibited.

Sec. 8. Minnesota Statutes 2004, section 354B.21, subdivision 3, is amended to read:

Subd. 3. [DEFAULT COVERAGE.]

(a) Prior to making an election under subdivision 2, or if an eligible person fails to elect coverage by the plan under subdivision 2 or if the person fails to make a timely election, the following retirement coverage applies:

(1) for employees of the board who are employed in faculty positions in the technical colleges, in the state universities or in the community colleges, the retirement coverage is by the plan established by this chapter;

(2) for employees of the board who are employed in faculty positions in the technical colleges, the retirement coverage is by the plan established by this chapter unless on June 30, 1997, the employee was a member of the Teachers Retirement Association established under chapter 354 and then the retirement coverage is by the Teachers Retirement Association, or, unless the employee was a member of a first class city teacher retirement fund established under chapter 354A on June 30, 1995, and then the retirement coverage is by the Duluth Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995, or

the Minneapolis Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995, or the St. Paul Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995; and

(3) for employees of the board who are employed in eligible unclassified administrative positions, the retirement coverage is by the plan established by this chapter.

(b) If an employee fails to correctly certify prior membership in the Teachers Retirement Association to the Minnesota State colleges and Universities system, the system shall not pay interest on employee contributions, employer contributions, and additional employer contributions to the Teachers Retirement Association under section 354.52, subdivision 4.

Sec. 9. [EFFECTIVE DATE.]

(a) Sections 1, 3, 5, and 6 are effective July 1, 2005.

(b) Sections 2 and 4 are effective retroactively from January 1, 2005.

(c) Sections 7 and 8 are effective the day following final enactment.

ARTICLE 5
RETIREMENT CONTRIBUTIONS

Section 1. Minnesota Statutes 2004, section 353.27, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTION.]

(a) The employee contribution is the following applicable percentage of the total salary amount for a "basic member" and for a "coordinated member":

	Basic Program	Coordinated Program
Before January 1, 2002	8.75	4.75
Effective January 1, 2002		
<u>Effective before January 1, 2006</u>	<u>9.10</u>	<u>5.10</u>
<u>Effective January 1, 2006</u>	<u>9.10</u>	<u>5.50</u>
<u>Effective January 1, 2007</u>	<u>9.10</u>	<u>5.75</u>
<u>Effective January 1, 2008</u>	<u>9.10</u>	<u>6.00 plus any contribution rate adjustment under subdivision 3b</u>

(b) These contributions must be made by deduction from salary as defined in section 353.01, subdivision 10, in the manner provided in subdivision 4. ~~where~~ If any portion of a member's salary is paid from other than public funds, ~~such~~ the member's employee contribution must be based on the total salary received by the member from all sources.

Sec. 2. Minnesota Statutes 2004, section 353.27, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTION.]

(a) The employer contribution is the following applicable percentage of the total salary amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
Before January 1, 2002	8.75	4.75
Effective January 1, 2002		
<u>Effective before January 1, 2006</u>	<u>9.10</u>	<u>5.10</u>
<u>Effective January 1, 2006</u>	<u>9.10</u>	<u>5.50</u>
<u>Effective January 1, 2007</u>	<u>9.10</u>	<u>5.75</u>

Effective January 1, 2008

9.10

6.00 plus any contribution rate adjustment under subdivision 3b

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 3. Minnesota Statutes 2004, section 353.27, subdivision 3a, is amended to read:

Subd. 3a. [ADDITIONAL EMPLOYER CONTRIBUTION.]

(a) An additional employer contribution must be made equal to ~~(1) 2.68 percent of the following applicable percentage of the total salary of each amount for "basic member members", and (2) .43 percent of the total salary of each for "coordinated member members":~~

	<u>Basic Program</u>	<u>Coordinated Program</u>
<u>Effective before January 1, 2006</u>	<u>2.68</u>	<u>.43</u>
<u>Effective January 1, 2006</u>	<u>2.68</u>	<u>.50</u>
<u>Effective January 1, 2009</u>	<u>2.68</u>	<u>.75</u>
<u>Effective January 1, 2010</u>	<u>2.68</u>	<u>1.00</u>

These contributions must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

(b) The coordinated program contribution rates set forth in paragraph (a) effective for January 1, 2009, or January 1, 2010, must not be implemented if, following receipt of the July 1, 2008, or July 1, 2009, annual actuarial valuation reports under section 356.215, respectively, the actuarially required contributions are equal to or less than the total rates under this section in effect as of January 1, 2008.

(c) This subdivision is repealed once the actuarial value of the assets of the plan equal or exceed the actuarial accrued liability of the plan as determined by the actuary retained by the Legislative Commission on Pensions and Retirement under section 356.215. The repeal is effective on the first day of the first full pay period occurring after March 31 of the calendar year following the issuance of the actuarial valuation upon which the repeal is based.

Sec. 4. Minnesota Statutes 2004, section 353.27, is amended by adding a subdivision to read:

Subd. 3b. [CHANGE IN EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.]

(a) For purposes of this section, a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement. For purposes of this section, a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and

prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

(b) Employee and employer contributions under subdivisions 2 and 3 must be adjusted:

(1) if, after July 1, 2010, the regular actuarial valuations of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicate that there is a contribution sufficiency under paragraph (a) equal to or greater than 0.5 percent of covered payroll for two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) to a level such that the sufficiency equals no more than 0.25 percent of covered payroll based on the most recent actuarial valuation; or

(2) if, after July 1, 2010, the regular actuarial valuations of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for two consecutive years, the coordinated program employee and employer contribution rates must be increased as determined under paragraph (c) to a level such that no deficiency exists based on the most recent actuarial valuation.

(c) The contribution rate increase or decrease must be determined by the executive director of the Public Employees Retirement Association, must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement on or before the next February 1, and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination by the executive director that a contribution deficiency or sufficiency has existed for two consecutive fiscal years based on the most recent actuarial valuations under section 356.215. If the actuarially required contribution exceeds or is less than the total support provided by the combined employee and employer contribution rates by more than 0.5 percent of covered payroll, the coordinated program employee and employer contribution rates must be adjusted incrementally over one or more years to a level such that there remains a contribution sufficiency of no more than 0.25 percent of covered payroll.

(d) No incremental adjustment may exceed 0.25 percent for either the coordinated program employee and employer contribution rates per year in which any adjustment is implemented. A contribution rate adjustment under this subdivision must not be made until at least two years have passed since fully implementing a previous adjustment under this subdivision.

ARTICLE 7

FIRST CLASS CITY TEACHER RETIREMENT FUND ASSOCIATIONS

Section 1. Minnesota Statutes 2004, section 354A.021, is amended by adding a subdivision to read:

Subd. 9. [UPDATED ARTICLES OF INCORPORATION AND BYLAWS; FILING.]

(a) On or before July 1, 2006, and within six months of the date of the approval of any amendment to the articles of incorporation or bylaws, the chief administrative officer of each first class city teacher retirement fund association shall prepare and publish an updated compilation of the articles of incorporation and the bylaws of the association.

(b) The chief administrative officer of the first class city teacher retirement fund association must certify the accuracy and the completeness of the compilation.

(c) The compilation of the articles of incorporation and bylaws of a first class city teacher retirement fund association must contain an index.

(d) The compilation must be made available to association members and other interested parties. The association may charge a fee for a copy that reflects the price of printing or otherwise producing the copy. Two copies of the compilation must be filed, without charge, by each retirement fund association with the Legislation Commission on Pensions and Retirement, the Legislative Reference Library, the state auditor, the commissioner of education, the chancellor of the Minnesota State Colleges and Universities system, and the superintendent of the applicable school district.

(e) A first class city teacher retirement fund association may contract with the revisor of statutes for the preparation of the compilation.

(f) If a first class city teacher retirement fund association makes an updated copy of its articles of incorporation and bylaws available on its Web site, the retirement fund association is not obligated to file a hard copy of the documents under paragraph (d) for the applicable filing period.

Sec. 2. [EFFECTIVE DATE.]
Section 1 is effective July 1, 2005.

ARTICLE 8

MINNESOTA STATE COLLEGES AND UNIVERSITIES INDIVIDUAL RETIREMENT ACCOUNT PLAN CHANGES

Section 1. Minnesota Statutes 2004, section 354B.25, subdivision 2, is amended to read:

Subd. 2. [INVESTMENT OPTIONS.]

(a) The plan administrator shall arrange for the purchase of investment products.

(b) The investment products must be purchased with contributions under section 354B.23 or with money or assets otherwise provided by law by authority of the board.

(c) Various investment accounts offered through the Minnesota supplemental investment fund established under section 11A.17 and administered by the State Board of Investment ~~is one of the~~ may be included as investment products for the individual retirement account plan. Direct access must also be provided to lower expense and no-load mutual funds, as those terms are defined by the federal Securities and Exchange Commission, including stock funds, bond funds, and balanced funds. Other investment products or combination of investment products which may be included are:

(1) savings accounts at federally insured financial institutions;

(2) life insurance contracts, fixed and variable annuity contracts from companies that are subject to regulation by the commerce commissioner;

(3) investment options from open-ended investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;

(4) investment options from a firm that is a registered investment advisor under the federal Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21; and

(5) investment options of a bank as defined in United States Code, title 15, section 80b-2, subsection (a), paragraph 2, or a bank holding company as defined in the Bank Holding Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph (1).

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 10
VARIOUS CORRECTIONS
AND CLARIFICATIONS

Sec. 52. Minnesota Statutes 2004, section 354.091, is amended to read: 354.091 [SERVICE CREDIT.]

(a) In computing service credit, no teacher ~~shall~~ may receive credit for more than one year of teaching service for any fiscal year. ~~Commencing July 1, 1961~~ Additionally, in crediting allowable service:

(1) if a teacher teaches less than five hours in a day, service credit must be given for the fractional part of the day as the term of service performed bears to five hours;

(2) if a teacher teaches five or more hours in a day, service credit must be given for only one day;

(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be given for a full year of teaching service; and

(4) if a teacher teaches for only a fractional part of the year, service credit must be given for such fractional part of the year in the same relationship as the period of service performed bears to 170 days.

(b) A teacher ~~shall~~ must receive a full year of service credit based on the number of days in the employer's full school year if ~~it~~ that school year is less than 170 days. Teaching service performed before July 1, 1961, must be computed under the law in effect at the time it was performed.

(c) A teacher must not lose or gain retirement service credit as a result of the employer converting to a flexible or alternate work schedule. If the employer converts to a flexible or alternate work schedule, the forms for reporting teaching service and the procedures for determining service credit must be determined by the executive director with the approval of the board of trustees.

(d) For all services rendered on or after July 1, 2003, service credit for all members employed by the Minnesota State Colleges and Universities system must be determined:

(1) for full-time employees, by the definition of full-time employment contained in the collective bargaining agreement for those units listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary plan for those positions designated in section 179A.10, subdivision 1;

(2) for part-time employees, by the appropriate proration of full-time equivalency based on the provisions contained in the collective bargaining agreement for those units listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary plan for those positions designated in section 179A.10, subdivision 1, and the applicable procedures of the Minnesota State Colleges and Universities system; and

(3) in no case may a member receive more than one year of service credit for any fiscal year.

Sec. 53. Minnesota Statutes 2004, section 354.10, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTION; EXCEPTIONS.]

(a) The provisions of section 356.401 apply to the teachers retirement plan.

(b) The right of a teacher to take advantage of the benefits provided by this chapter, is a personal right only and is not assignable. All money to the credit of a teacher's account in the fund or any money

payable to the teacher from the fund belongs to the state of Minnesota until actually paid to the teacher or a beneficiary under this chapter.

(c) The association may acknowledge a properly completed power of attorney form. ~~An assignment or attempted assignment of a teacher's interest in the fund, or of the beneficiary's interest in the fund, by a teacher or a beneficiary is void and exempt from garnishment or levy under attachment or execution, except as provided in subdivision 2 or 3, or section 518.58, 518.581, or 518.6111.~~

Sec. 54. Minnesota Statutes 2004, section 354.10, subdivision 3, is amended to read:

Subd. 3. [PAYMENT TO PUBLIC BODIES.] If, in the judgment of the executive director, conditions so warrant, payment of an annuity, a retirement benefit, or a refund may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe.

Sec. 55. Minnesota Statutes 2004, section 354.10, subdivision 4, is amended to read:

Subd. 4. [CHANGES IN DESIGNATED BENEFICIARIES.]

~~Any~~ (a) A beneficiary designated by a retiree or member under section 354.05, subdivision 22, may be changed or revoked by the retiree or member on a form provided by the executive director.

(b) A change or revocation made under this subdivision is valid only if the properly completed form is received by the association on or before the date of death of the retiree or the member.

(c) If a designated beneficiary dies before the retiree or member designating the beneficiary, and a new beneficiary is not designated, the retiree's or member's estate is the beneficiary.

Sec. 56. Minnesota Statutes 2004, section 354.33, subdivision 5, is amended to read:

Subd. 5. [RETIREEES NOT ELIGIBLE FOR FEDERAL BENEFITS.]

Notwithstanding the provisions of section 354.55, subdivision 3, when any person retires after July 1, 1973, who ~~(a)~~ (1) has ten or more years of allowable service, and ~~(b)~~ (2) does not have any retroactive Social Security coverage by reason of the person's position in the retirement system, and ~~(c)~~ (3) does not qualify for federal old age and survivor primary benefits at the time of retirement, the annuity ~~shall~~ must be computed under section 354.44, subdivision 2, of the law in effect on June 30, 1969, except that accumulations after June 30, 1957, ~~shall~~ must be calculated using the same mortality table and interest assumption as are used to transfer the required reserves to the Minnesota postretirement investment fund.

Sec. 57. Minnesota Statutes 2004, section 354.39, is amended to read: 354.39 [EFFECTIVE DATE; APPLICATION.]

~~After July 1, 1971, any~~ A member of the Teachers Retirement Association who is employed in a new state university ~~and or any~~ other new ~~institutions~~ institution of higher learning not included in any agreement or modification made between the state and the federal Secretary of Health, ~~Education and Welfare~~ Human Services, making the provisions of the federal Old Age ~~and~~, Survivors ~~and Disability~~ Insurance Act applicable to such members, ~~shall~~ must be covered under the provisions of this chapter applicable to coordinated members.

Sec. 58. Minnesota Statutes 2004, section 354.41, subdivision 2, is amended to read:

Subd. 2. [TEACHERS.] Every teacher ~~after June 30, 1957, in the service or entering~~ the service of the state or one of its governmental

~~subdivision subdivisions~~ as a teacher, except persons ~~specifically~~ ~~specifically~~ excluded, ~~shall~~ must become a member of the association by the acceptance of such employment.

Sec. 59. Minnesota Statutes 2004, section 354.42, is amended by adding a subdivision to read:

Subd. 1a. [TEACHERS RETIREMENT FUND.]

(a) Within the Teachers Retirement Association and the state treasury is created a special retirement fund, which must include all the assets of the Teachers Retirement Association and all revenue of the association. The fund is the continuation of the fund established under Laws 1931, chapter 406, section 2, notwithstanding the repeal of Minnesota Statutes 1973, section 354.42, subdivision 1, by Laws 1974, chapter 289, section 59.

(b) The teachers retirement fund must be credited with all employee and employer contributions, all investment revenue and gains, and all other income authorized by law.

(c) From the teachers retirement fund is appropriated the payments of annuities and benefits authorized by this chapter, the transfers to the Minnesota postretirement investment fund, and the reasonable and necessary expenses of administering the fund and the association.

Sec. 60. Minnesota Statutes 2004, section 354.44, subdivision 2, is amended to read:

Subd. 2. [COMPUTATION OF MONEY PURCHASE ANNUITY.]

(a) The amount of retirement annuity is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest thereon. The annuity ~~shall~~ must be determined by the member's age, sex, double the amount of accumulated deductions, double the amount of interest earned on the accumulated deductions, and the appropriate mortality tables and interest rates. To determine the amount of the annuity for a basic member, the accumulated deductions ~~prior to~~ before July 1, 1957, and the accumulated deductions ~~subsequent to~~ after July 1, 1957, ~~shall~~ must be considered separately.

~~(1)~~ (b) For service rendered ~~prior to~~ before July 1, 1957, the accumulated deductions for ~~any~~ a member ~~shall~~ must be carried forward at a fixed amount which is shown credited to the member's account as of that date. That fixed amount ~~shall~~ must also include any payments in lieu of salary deductions which ~~are to be made in the future and are~~ were actually so made ~~pursuant to~~ under an agreement executed between the member and the board as authorized by section 354.50 or any other authorized payments made by the member to the fund. The annuity granted with respect to the period ~~shall~~ must be determined as follows:

~~(a)~~ (1) the fixed amount of the accumulated deductions for the period including the interest credited on the amount as earned up to July 1, 1957; and

~~(b)~~ (2) annuity purchase rates based on the applicable mortality table established by the board and the interest rate assumption in effect ~~prior to~~ before July 1, 1957, in the case of basic members and an annuity purchase rate based on an appropriate annuity table of mortality established by the board as provided in section 354.07, subdivision 1, and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8, in the case of coordinated members.

~~(2)~~ (c) For service rendered ~~subsequent to~~ after July 1, 1957, the accumulated deductions for ~~any~~ a member ~~shall~~ must consist of the amounts actually credited to the member's account by reason of salary deductions. The annuity granted with respect to the period ~~shall~~ must be determined by the following:

~~(a)~~ (1) accumulated deductions for the period;

~~(b)~~ (2) interest credited on these accumulated deductions from July 1, 1957, to the date of retirement;

~~(e)~~ (3) interest credited on accumulated deductions including prior credited interest provided in paragraph ~~(1)~~ (b) from July 1, 1957, to the date of retirement;

~~(d)~~ (4) after the amount available for an annuity granted with respect to the person is determined in accordance with the provisions of this subdivision, an additional amount equal to 20 percent of the sum of clause ~~(2)(a)~~ (1) plus interest credited to ~~members~~ a member's account from July 1, 1957, to date of retirement is to be added. This added amount is not to be doubled as provided for other amounts determined in this subdivision; and

~~(e)~~ (5) the annuity purchase rate based on an appropriate annuity table of mortality established by the board as provided in section 354.07, subdivision 1, and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

Sec. 64. [356.401] [EXEMPTION FROM PROCESS.]

Subdivision 1. [EXEMPTION; EXCEPTIONS.] None of the money, annuities, or other benefits provided for in the governing law of a covered retirement plan is assignable either in law or in equity or subject to state estate tax, or to execution, levy, attachment, garnishment, or other legal process, except as provided in subdivision 2 or section 518.58, 518.581, or 518.6111.

Subd. 2. [AUTOMATIC DEPOSITS.]

(a) The chief administrative officer of a covered retirement plan may remit, through an automatic deposit system, annuity, benefit, or refund payments only to a financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization that is trustee for a person who is eligible to receive the annuity, benefit, or refund.

(b) Upon the request of a retiree, disabilitant, survivor, or former member, the chief administrative officer of a covered retirement plan may remit the annuity, benefit, or refund check to the applicable financial institution for deposit in the person's individual account or the person's joint account. An overpayment to a joint account after the death of the annuitant or benefit recipient must be repaid to the fund of the applicable covered retirement plan by the joint tenant if the overpayment is not repaid to that fund by the financial institution associated with the National Automated Clearinghouse Association or its successor. The governing board of the covered retirement plan may prescribe the conditions under which these payments may be made.

Subd. 3. [COVERED RETIREMENT PLANS.] The provisions of this section apply to the following retirement plans:

(1) the legislators retirement plan, established by chapter 3A;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

(5) the elective state officers retirement plan, established by chapter 352C;

(6) the unclassified state employees retirement program, established by chapter 352D;

(7) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

(8) the public employees police and fire plan of the Public Employees Retirement Association, established by chapter 353;

(9) the public employees defined contribution plan, established by chapter 353D;

(10) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

(11) the Teachers Retirement Association, established by chapter 354;

(12) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

(13) the Minneapolis Teachers Retirement Fund Association, established by chapter 354A;

(14) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

(15) the individual retirement account plan, established by chapter 354B;

(16) the higher education supplemental retirement plan, established by chapter 354C;

(17) the Minneapolis employees retirement fund, established by chapter 422A;

(18) the Minneapolis Police Relief Association, established by chapter 423B;

(19) the Minneapolis Firefighters Relief Association, established by chapter 423C; and

(20) the judges retirement fund, established by sections 490.121 to 490.132.