

S.F 18 Higher Education Finance and Policy

Author: Senator David J. Tomassoni

Prepared by: Joan White, Senate Counsel
Hannah Grunewald, Senate Fiscal Analyst

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Article 1 – Higher Education Appropriations

Article 1 makes appropriations to the Office of Higher Education, Minnesota State Colleges and Universities, University of Minnesota, and the Mayo Clinic for fiscal years 2022 and 2023, and includes policy provisions with nonstate fiscal implications. Detail for these appropriations can be found in the spreadsheet prepared by Hannah Grunewald of Senate Counsel, Research, and Fiscal Analysis and Ken Savary of House Fiscal Analysis Department.

Policy Provisions in Article 1:

Section 3, subdivision 3, paragraph (a)(1) prohibits tuition rates from being increased by more than 3.5 percent as compared to the previous academic year for undergraduate students at Minnesota State Colleges and Universities for the 2021-2022 and 2022-2023 school years. A university may change base tuition to adjust for the reduction of online differential charges provided the change is revenue-neutral. **Paragraph (b)** directs the Board of Trustees to request guidance from the United States Department of Education regarding whether it is permissible to allocate federal funds directly distributed to institutions from the Consolidated Appropriations Act or the American Rescue Plan to provide a tuition credit for enrolled students or refund for students who are no longer enrolled for the differential online tuition amount for online courses during the 2020-2021 academic year that were only offered online due to the coronavirus pandemic.

Section 7, Laws 2014, chapter 312, article 1, section 4, subdivision 2, amends the 2014 rider funding the collaborative partnership between the University of Minnesota and Mayo Clinic for regenerative medicine research, specifying that grants awarded with funding provided by this appropriation must be for a regenerative medicine development project, as defined in this clause.

Article 2 – Higher Education Provisions

Section 1 (136A.057) requires the Office of Higher Education (OHE) to report summary data on students who withdraw from enrollment without completing a degree or credential program at a public postsecondary institution in Minnesota. The summary data must include whether the student transferred to another school and must be aggregated by institution and degree, and disaggregated by race, ethnicity, Pell eligibility, and age. The information must be posted on the OHE website by February 15, 2022, and annually thereafter.

Section 2 (136A.101, subd. 5a) amends the state grant program by reducing the assigned family responsibility (AFR) for each category by three percentage points: dependent students reduced from 82 percent to 79 percent; independent students with dependents, from 74 percent to 71 percent; and independent students without dependents, 38 percent to 35 percent. The AFR is the amount a family is expected to contribute to the student’s cost of attendance.

Sections 3 and 8 (136A.121, subd. 2, 136A.125, subd. 2) amend the state grant program and child care grant program, respectively, entitling students who are providing care to a spouse, child, or parent with a serious health condition that substantially limits the student’s ability to complete the term to an additional semester of eligibility. **Section 8** also simplifies child care grant eligibility criteria.

Section 4 (136A.121, subd. 6) increases the allowance for living and miscellaneous expenses (LME) from 106 percent to 109 percent of the federal poverty guidelines for one person for nine months.

Section 5 (136A.121, subd. 9) amends the state grant program to exempt developmental education and below college-level courses from counting against the eight-semester cap for the state grant awards.

Section 6 (136A.123, subd. 1) amends the MN Reconnect program to clarify that the commissioner must administer the program only to the extent funds are available.

Section 7 (136A.1241) establishes the Fostering Independence Higher Education Grants Program, which provides a last dollar foster grant for postsecondary education to individuals who are currently or were formerly in foster care.

Subdivision 1 requires the Office of Higher Education to establish the program. Using Free Application for Federal Student Aid (FAFSA) data, the office shall identify and inform individuals of their eligibility for a foster grant.

Subdivision 2 defines terms.

Subdivision 3 provides the eligibility criteria for the foster grants. A person who is eligible for the federal Education and Training Voucher program is eligible for this program, or a person who is or has been in foster care, is a resident of the state, is between 13 and 27 years old, has graduated from high school, and has been accepted for admission or is currently attending an eligible institution.

Subdivision 4 specifies the cost of attendance for public and private institutions.

Subdivision 5 specifies the grant amount, which is equal to the cost of attendance after deducting the list of grants and scholarships and other aid listed in this section. The foster grant is paid directly to the institution. A private institution may opt-out by providing notice to the office by September 1 for the next academic year. A private institution that does not opt-out and accepts the student's application must pay the difference between the institution's cost of attendance and the sum of the foster grant and other aid. Foster grants may be awarded year round.

Subdivision 6 requires the office to prepare and provide information about the program to be disseminated to social services agencies, the Department of Human Services, and institutions. The office shall also update the list of eligible private institutions that have opted-out of the program.

Subdivision 7 requires the office to assist foster grant applicants with completing the foster grant application and accessing and applying for federal and state financial aid resources.

Subdivision 8 requires an annual report on the number of foster grant recipients and their retention and graduation rates.

This section is effective the day following final enactment and applies to foster grants awarded beginning in the 2022-2023 academic year.

Section 9 (136A.125, subd. 4) simplifies the child care grant formula and increases the maximum child care award from \$3,000 to \$6,500 for each eligible child per academic year. Makes applicants with an expected family contribution (EFC) at or below the qualifying EFC for the Pell grant eligible for the maximum award and prorates the award up to 200 percent of the EFC Pell threshold.

Sections 10 and 11 (136A.126, subs. 1 and 4) expand the eligibility for the Minnesota Indian scholarship program to include enrolled members or citizens of federally recognized American Indian tribes or Canadian First Nations tribes and allows full-year scholarship awards.

Section 12 (136A.1274) establishes the Underrepresented Student Teacher Grants program for student teachers who belong to a racial or ethnic group underrepresented in the state's teacher workforce. This new program is spun off from the existing student teacher candidate grant program at Minnesota Statutes, section 136A.1275, which is narrowed in the following section.

Subdivision 1 establishes the program within OHE.

Subdivision 2 sets eligibility criteria for the grant. Recipients must be enrolled in an approved teacher preparation program, demonstrate financial need, be making satisfactory academic progress, and belong to a racial or ethnic group underrepresented in the state's teacher workforce.

Subdivision 3 requires OHE to establish an application process and notify grant recipients by established deadlines. Requires OHE to determine grant amounts (up to \$7,500) based on available funding and number of applicants, which is consistent with the existing student teacher grant program. Specifies how to prioritize awards if funds are insufficient.

Subdivision 4 requires annual legislative reports on the program.

Section 13 (136A.1275) renames Teacher Candidate Grants to the Student Teacher Grants in Shortage Areas program and removes the underrepresented racial or ethnic group criteria as it becomes its own program in the previous section.

Subdivision 1 defines the terms “license shortage area,” “racial or ethnic group underrepresented in the teacher workforce,” and “rural school district.”

Subdivision 2 changes the eligibility criteria for the program. An eligible individual includes a student teacher who intends to teach in a license-shortage area or a rural school district. Existing criteria that is unchanged requires the student teacher be enrolled in a teacher preparation program, demonstrate financial need, and be making satisfactory progress in school.

Subdivision 3 requires the commissioner to notify the grant recipients of their award by a certain date, and adds language specifying how to prioritize awards if funds are insufficient.

Subdivision 4 adds a new annual reporting requirement.

Section 14 (136A.1704) modifies the SELF Refi program by raising the maximum amount of outstanding loans refinanced under this section from \$100,000,000 to \$300,000,000 and increasing the maximum individual loan from \$70,000 to \$200,000.

Section 15 (136A.1791) amends the Teacher Shortage Loan Forgiveness program, renamed to the Teacher Shortage Loan Repayment program.

Subdivision 1 limits repayment for graduate students to those whose further education will result in decreasing the gap in a new shortage area; current law does not impose this limitation. Defines the terms “license shortage area,” “racial or ethnic group underrepresented in the teacher workforce,” and “rural school district,” consistent with the definitions in the student teacher grant program.

Subdivisions 2 and 3 strike obsolete language based on the modifications to the program.

Subdivision 3a makes eligible a teacher who belongs to a racial or ethnic group underrepresented in the Minnesota teacher workforce, teaches in a rural school district, or teaches in a license shortage area.

Subdivisions 4 to 9 contain conforming amendments.

Sections 16-24 modify the Dual Training Competency Grants. This program reimburses employers through grants to reimburse for instruction and training that the employer provides to students to achieve a competency standard for an occupation identified by DOLI.

Section 16 (136A.246, subd. 1) is a conforming change.

Section 17 (136A.246, subd. 1a) defines the terms “competency standard,” “eligible training,” “eligible training provider,” “industry-recognized degrees, certificates, or credentials.”

Sections 18, 19, 22, and 23 (136A.246, subs. 2, 3, 6, and 7) are conforming changes in which most of the stricken language is moved to a more appropriate section of law or to the definitions section and updates terms.

Section 20 (136A.246, subd. 4) amends the information that must be in the employer's application by striking information related to trainees who are recent high school graduates.

Section 21 (136A.246, subd. 5) strikes language giving priority to employers who have trainees who are recent high school graduates and adds that the employer's ability to recruit and train employees who are high school graduates be considered in determining grant awards.

Section 24 (136A.246, subd. 8) requires certain employees to apply for Pell and state grants.

Sections 25 to 29 amend the sections of law governing private postsecondary institutions and out-of-state institutions.

Section 25 (136A.63, subd. 2) expands the definition of "change of ownership" to include a school that enters receivership. When there is a change of ownership, a school must submit a renewal application and pay registration fees associated with new institution status.

Section 26 (136A.645) provides that a school shall be deemed to have ceased operations if the school fails to complete a renewal application after a change in ownership under the previous section. If a school is deemed to have ceased operations and fails to take corrective action, the office must revoke the school's registration.

Section 27 (136A.653, subd. 5) amends the statute in response to federal changes related to regional accreditors of postsecondary institutions. The federal Department of Education repealed regional accreditor rules, which ended the distinction between national and regional accreditors. This section strikes the reference to the now obsolete regional accreditation and specifies that the institution must be accredited by the Higher Learning Commission or its successor.

Section 28 (136A.675) codifies specific and detailed procedures regarding the analysis OHE performs to determine if an institution is at risk of precipitous failure and closure.

Subdivision 1 permits OHE to develop financial and nonfinancial indicators to determine if institutions are unable to meet certain legal requirements and are at risk of closure within 18 months.

Subdivision 2 requires institutions to notify OHE when specified events occur. These events increase an institution's risk of closure and may be related to: debt, revenue, and cash flow; accreditation and licensure; securities issued by the institution; criminal and civil investigations of the institution.

Subdivision 3 sets forth procedures for how OHE will evaluate an institution's risk of failure and determine what actions to take in response.

Subdivision 4 classifies data supplied by an institution under this section as "financial records," which are not publicly available, except for the data listed under this subdivision, which is public.

Sections 29 and 30 (136A.68, 136A.822, subd. 12) amend the statutes related to private and out-of-state institutions and private career schools, respectively, by requiring the schools to maintain records related to a student’s professional licensure for ten years.

Sections 30 to 34 modify statutes related to private career schools.

Section 31 (136A.8225) deems a private career school to have ceased operations for failing to complete a renewal application when there is a change of ownership.

Section 32 (136A.823, subd. 3) defines the term “change of ownership” and imposes requirements on private career schools when there is a change of ownership.

Section 33 (136A.827, subd. 4) addresses private career school refund procedures when a student does not complete the program of instruction. If a student has completed 75 percent or more of the program, the student is not entitled to a refund. If the student completed less than 75 percent, this section provides a formula to determine the amount of the refund.

Section 34 (136A.827, subd. 8) clarifies that a notice of cancellation is effective the date the student notifies the school of the student’s intention to withdraw, which does not need to be in writing.

Section 35 (136A.91) codifies the concurrent enrollment program that was previously in a rider.

Sections 36 to 40 amend the Minnesota State Colleges and Universities chapter of law.

Section 36 (136F.20, subd. 4) requires the Board of Trustees to implement a mental health awareness program at each college and university by fall of 2022. This section lists the components for which the program must include. This section also requires the board to make grants to colleges and universities to establish a peer support pilot program.

Section 37 (136F.202) subdivision 1 requires the Board of Trustees to create and maintain a web page that clearly identifies basic needs resources available at colleges and universities and pursue the creation of a centralized basic needs online resource web page.

Subdivision 2 requires the board to develop and implement a financial aid resource trigger utilizing information provided on the FAFSA to identify students who are likely eligible for assistance or programs, such as the Supplemental Nutrition Assistance Program (SNAP).

Section 38 (136F.245) expands the schools that may apply for the Hunger-Free Campus designation to Minnesota State universities, the University of Minnesota, tribal colleges, and private colleges and universities.

Subdivision 1 expands existing requirements. Campuses must notify students in work study of their potential SNAP eligibility and reapply for the Hunger-Free Campus designation at least every four years.

Subdivision 2 specifies the application process and designation approval for Minnesota State, University of Minnesota, and nonprofit degree granting institutions.

Subdivision 4 limits the initial and sustaining grants to public postsecondary institutions and tribal colleges.

Subdivision 5 sets the grant requirements, which includes a 50% match with in-kind resources or funds.

This section will be recodified under Minnesota Statutes, chapter 135A, the general higher education chapter pursuant to a revisor instruction in section 46.

Section 39 (136F.305) modifies existing definitions and adds new definitions for clarification, expands Z-Degree programs to at least four additional colleges beginning in the 2023-2024 academic year, requires Minnesota State Colleges and Universities to support a continuous process to implement, expand, and sustain Z-Degree courses, and modifies the report to require information on the types of incentives developed and offered to faculty, and the corresponding funding for those incentives.

Section 40 (136F.38, subd. 3) expands the workforce scholarship program to allow each institution to add one additional area of study based on a workforce shortage that is unique to the institution's specific region and clarifies eligibility for first- and second-year scholarships and one-year transfer scholarships.

Section 41 requires Minnesota State Colleges and Universities to expand credit for prior learning for work-based experiences and make students aware of the opportunity to receive credit for prior learning. Minnesota State Colleges and Universities shall report by February 1, 2022, to the higher education chairs and ranking minority members on the progress and continued development related to credits for prior learning.

Section 42 establishes the Direct Admissions Pilot Program, which requires the Commissioner of the Office of Higher Education to develop a pilot program in consultation with stakeholders, including Minnesota State Colleges and Universities, Minnesota Department of Education, and others, to automate the admissions process to Minnesota public colleges and universities for high school seniors based on a student's performance in high school. The pilot is required to the extent feasible and must include high schools with a significant number of students of color, low-income students, or both, and must achieve statewide representation. The pilot will evaluate the impact this process has on outcomes for students.

Section 43 requires the Board of Trustees, and requests the Board of Regents, to provide a report by January 1, 2022, on the expense patterns of public higher education institutions. The report must contain information from each institution on different categories of expenses listed in this section that the institutions currently report to the federal government. The report must also include historical information comparing the administrative costs versus the instruction costs, and whether the former is growing disproportionately in relation to the core function of the institution.

Section 44 establishes a temporary program to evaluate students' access to transcripts. This provision prohibits schools from attaching transcript release to payment of student debts.

Subdivision 1 defines the following terms for this section: "debt," "school," and "transcript." Under the subdivision's definition of "school," this section will apply to all public and private postsecondary institutions. The University of Minnesota is requested to comply.

Subdivision 2 prohibits a school from: 1) refusing to provide a transcript to a student who owes money to the school under certain conditions; or 2) charging a higher fee for a transcript because a student owes money to the school.

Subdivision 3 requires schools that use transcript issuance as a tool for debt collection to have an accessible policy on the practice, and to strive to minimize their use of the practice.

Subdivision 4 requires schools to report the data listed in this subdivision to OHE and requires OHE to compile and report the data by October 15, 2022, and October 15, 2023.

Subdivision 5 expires this section on June 30, 2024.

Section 45 requires the Commissioner of the Office of Higher Education to establish the Aspiring Minnesota Teachers of Color Scholarship Pilot Program, to support undergraduate and graduate students who are preparing to become teachers who belong to a racial or ethnic group underrepresented in the state's teacher workforce and demonstrate financial need.

Subdivision 2 provides the eligibility requirements for the scholarships and sets a lifetime limit of \$25,000.

Subdivision 3 sets the scholarship award amount at a maximum of \$10,000 and minimum of \$1,000 and sets guidelines for the commissioner to follow when awarding grants.

Subdivision 4 requires the commissioner to establish an applicant process and requires the award be paid to the institution.

Subdivision 5 provides that the recipient is expected to serve as a full-time teacher in Minnesota after completing the program for which the scholarship was awarded.

Subdivision 6 requires a legislative report on the program.

Section 46 requires the revisor of statutes to renumber the Hunger-Free Campus designation statute to move it out of the chapter addressing state colleges and universities, and into the chapter addressing postsecondary education more broadly, to reflect the expansion of the designation.

Section 47, paragraph (a) repeals an obsolete program, obsolete rulemaking authority, and the hunger free campus sunset.

Paragraph (b) repeals an obsolete program in Minnesota Rules.