

S.F. No. 975 – Higher Education Finance and Policy (Third Engrossment)

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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.

Article 2 – Higher Education Provisions

Section 1 (135A.137) allows private postsecondary institutions to apply for and receive the Hunger-Free Campus designation, provided the institution meets the requirements in this section.

Section 2 (135A.144) prohibits an institution from refusing to provide a transcript for a current or former student if the transcript request is made by a prospective employer or graduate school for the student.

Section 3 (136A.101, subd. 5a) amends the state grant program by reducing the assigned family responsibility as follows: the AFR for dependent students from 82 percent to 72 percent, the AFR for independent students with dependents from 74 percent to 64 percent, and the AFR for independent students without dependents from 38 percent to 31 percent. The AFR is the amount a family is expected to contribute to the student's cost of attendance.

Sections 4 and 9 (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 9** also simplifies child care grant eligibility criteria.

Section 5 (136A.121, subd. 6) increases the allowance for living and miscellaneous expenses (LME) from 106 percent to 107 percent of the federal poverty guidelines for one person for nine months. The LME is used to determine the student's cost of attendance, which is the sum of the LME and the average amount charged for tuition and fees, capped at the highest tuition charged at a public college or university.

Section 6 (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 7 (136A.1241) establishes the Fostering Independence Higher Education Grants Program, which provides to individuals who are currently or were formerly in foster care with a foster grant to attend a postsecondary institution.

Subdivision 1 requires the Office of Higher Education to establish the program. Using 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 the program, or an individual who is or has been in foster care and is a resident of the state between 13 and 27 years old, who 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.

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 \$6,000 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, subds. 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.1275) amends the Teacher Candidate Grants program, renamed the Student Teacher Grants program, which provides stipends to low-income students during the period of time that they are student teaching.

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

Subdivision 2 provides the new eligibility criteria for the program, which includes a student teacher who intends to teach in a license shortage area or a rural school district. Existing criteria includes a student teacher who belongs to a racial or ethnic group underrepresented in the workforce, and requires the student teacher to 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, due by February 1, which must contain information on the number of individuals who received grants, the race or ethnicity of the teachers participating in the program, the licensure areas and school districts in which the teachers taught, the amount paid to student teachers, and other summary data identified by the commissioner as outcome indicators.

Section 13 (136A.1467) requires the commissioner to establish a competitive grant process to distribute initial grants up to \$5,000 and sustaining grants up to \$2,000 for campuses that meet and maintain the hunger-free designation under **Sections 34 and 41**.

Section 14 (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. Modifies the definition of the term “school district” to include a nonpublic school, so private school teachers are eligible for the program. Defines the terms “license shortage area,” “racial or ethnic group underrepresented in the teacher workforce,” and “rural school district,” consistent with the changes made 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 15-23 modify the Dual Training Competency Grants, in which employers apply for a grant to receive reimbursement for instruction and training that the employer provides to students to achieve a competency standard for an occupation identified by DOLI.

Section 15 (136A.246, subd. 1) is a conforming change.

Section 16 (136A.246, subd. 1a) defines the terms “competency standard,” “eligible training,” “eligible training provider,” “industry-recognized degrees, certificates, or credentials.”

Sections 17, 18, 21, and 22 (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 19 (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 20 (136A.246, subd. 5) strikes language giving priority to employers who have trainees who are recent high school graduates, resulting in the employer being evaluated based on all the criteria in statute.

Section 23 (136A.246, subd. 8) requires certain employees to apply for Pell and state grants.

Sections 24-26 amend the sections of law governing private postsecondary institutions and out-of-state institutions.

Section 24 (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 25 (136A.645) amends the statute related to a school closure. New language 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 26 (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.

Sections 27 and 28 (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 27 to 32 modify statutes related to private career schools.

Section 29 (136A.8225) mirrors the amendment made in **Section 24** to private and out-of-state institution provisions, deeming a private career school to have ceased operations for failing to complete a renewal application when there is a change of ownership.

Section 30 (136A.823, subd. 3) defines the term “change of ownership” and imposes requirements on private career schools when there is a change of ownership, similar to the requirement in **Section 24** related to private and out-of-state institutions.

Section 31 (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 32 (136A.827, subd. 8) clarifies that a notice of cancellation is the date the student notifies the school of the student’s intention to withdraw, which does not need to be in writing.

Sections 33 to 41 amend the Minnesota State Colleges and Universities chapter of law.

Section 33 (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 34 (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 35 (136F.245, subd. 1) expands the Hunger-Free Campus designation to Minnesota State *universities*. Adds the requirement that the campus shall notify students in work study of potential SNAP eligibility.

Section 36 (136F.245, subd. 2) requires each campus to reapply for the Hunger-Free Campus designation at least every three years.

Section 37 (136F.245, subd. 2a) requires Hunger-Free grant recipients to use grant funds to meet or maintain the requirements under this section.

Section 38 (136F.305, subd. 2) requires the expansion of Z-Degree programs to at least eight additional colleges beginning in the 2022-2023 academic year. A Z-Degree is a zero textbook cost degree.

Section 39 (136F.305, subd. 3) is a conforming change related to Z-Degree.

Section 40 (136F.305, subd. 4) requires the Z-Degree report due in 2022 to include information on the types of incentives developed and offered to faculty, and the corresponding funding for those incentives.

Section 41 (136F.38, subd. 3) expands the workforce scholarship program, which was established in 2017 to incentivize students to attend two-year colleges and secure a job in a high-demand occupation following graduation. This section adds “construction” to the list of high-demand fields and expands the 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. Clarifies eligibility for first- and second-year scholarships and one-year transfer scholarships.

Section 42 (137.375) establishes the Hunger-Free Campus designation program at the University of Minnesota, similar to the program established for the Minnesota State Colleges and Universities system.

Section 43 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 44 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 45 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 46 paragraph (a) repeals an obsolete program, obsolete rulemaking authority, and a sunset date for the Minnesota State Hunger-Free Campus designation.

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