

2010 Legislative Session – Higher Education Summary

Capital building projects - The 2010 legislative session started on February 4.

The bonding bill sent to the Governor totaled nearly \$1 billion in general obligation bonding authority, compared to the Governor's recommendations which totaled \$725 million. The higher education items included in the conference committee report on HF 2700 totaled \$274 million. The Governor used line-item vetoes to decrease the overall total of the bill to \$680 million. The higher education projects added up to \$177.8 million after the line-item vetoes. The Governor signed the bonding bill into law on March 14.

The bonding legislation became *Laws of Minnesota, 2010*, Chapter 189. In that bill, the appropriations for projects at the University of Minnesota totaled \$89.7 million. Appropriations for projects at Minnesota State Colleges and Universities totaled \$88.1 million. In addition to the \$88.1 million in general obligation bonds, Minnesota State Colleges and Universities will be expected to provide \$18.1 million in user financing, so the total authorized for their projects was \$106.2 million.

Budget reductions

Following the November 2009 forecast, the legislative session began with the assumption that the budget shortfall for the 2010-2011 biennium was \$1.2 billion. After the February forecast, the shortfall was adjusted to \$994 million. The February forecast also predicted a shortfall for the 2012-2013 biennium of \$5.8 million.

The Governor's supplemental budget included a reduction of \$53.3 million for higher education: \$6.7 million for the biennium was a reduction for the Office of Higher Education, \$10.467 million for Minnesota State Colleges and Universities and \$36.12 million for the University of Minnesota. The federal American Recovery and Reinvestment Act included a maintenance of effort requirement for each state receiving stimulus funding for education. A condition of the maintenance of effort requirement was that the state could not appropriate less for K12 and public higher education institutions than it appropriated in Fiscal Year 2006. As a result the maximum amount the State could reduce public higher education appropriations in Fiscal Year 2011 was \$46.6 million. In HF 1671, the budget reduction bill, the reductions for Minnesota State Colleges and Universities and the University of Minnesota totaled \$46.6 million, the same as the Governor's recommendation. HF 1671 became, *Laws of Minnesota, 2010*, Chapter 215. The Governor signed the bill into law on April 1.

In the budget reduction bill, the reduction to the Office of Higher Education was a net total of \$413,000 for the 2010-2011 biennium. The reductions were:

- State Grant Program – There was no reduction in the appropriation, because increased enrollment caused a shortfall of \$42 million in the program for the biennium. The bill eliminated the 9th semester of eligibility. The House had proposed substantial reductions in the tuition maximums used in calculating State Grants for students attending for-profit

institutions, but in the end, the bill had no changes in the tuition maximums. The bill also reduced funding for the Summer Transition Grant program by \$2.8 million for the biennium, which was part of the State Grant appropriation. As a result of the changes in the bill, the Office of Higher Education estimated there would be a need for \$35 million in rationing to be done under current law for Fiscal Year 2011.

- OHE administration – The reductions were \$60,000 in 2010 and \$81,000 in 2011 and thereafter, the same as the Governor's recommendation.
- Minitex and MnLink interlibrary technology and resource sharing – The reduction was \$205,000 in 2011. The reduction was smaller than the Governor's recommendation, which would have been a reduction of \$457,000 (6%).
- State Work Study – The reduction was \$1.768 million in 2011 to pay for interstate tuition reciprocity,
- Interstate tuition reciprocity – The bill had an increase of 1.487 million in 2010 and \$264,000 in 2011.
- Achieve Scholarships – Due to the high volume of scholarships in fiscal year 2010, the bill authorized the agency to limit scholarships to students from the lowest income families and to limit the award amount to \$1,200. The Achieve Scholarship funding process was also changed to allow the office to set a priority award date of August 31st of each year in order to better manage program spending. The bill authorized the program to be funded with Federal LEAP/SLEAP money for 2011.
- Technical and Community College Emergency Grants – The reduction was \$50,000 for 2011 and language clarified that the appropriation was a one-time appropriation.

Other language in HF 1671 included:

- SELF Loan Borrowing Limits Increased– Students in 4 year programs and graduate students will be eligible to borrow up to \$10,000 per year. Overall borrowing limits are increased, and repayment terms are lengthened.
- Private Institutions Registration and Licensure – Regulatory fees increased. The fees go into special revenue funds.

Higher education policy bill

The higher education omnibus policy bill for 2010 was SF 184. The House version of the bill included a second proposal to reduce the tuition maximums used in calculating State Grants for students attending for-profit postsecondary institutions. The Senate bill included language that would have given authority to decide whether to serve alcohol in TCF Stadium back to the University of Minnesota Regents, reversing a law adopted in the 2009 session. These two provisions were the most controversial portions of the bill going into conference committee, and neither provision ended up in the conference committee report. (A separate bill authorizing the University of Minnesota to serve alcohol in up to one-third of the general seating portions of TCF Stadium was later adopted (SF 2839).) SF 184 became *Laws of Minnesota, 2010*, Chapter 364. The Governor signed it into law on May 18.

Policy language in the bill included:

- Office of Higher Education:

- State Grant rationing language – Authorizes the Office to reserve up to 5% of projected demand (about \$8 million) for uncertainty based on enrollment or income changes of applicants. After reduced grants are made for 2011, the Office must distribute any remaining funds by increasing the living and miscellaneous expenses allowance. If the remaining funds are less than \$1.5 million the Office must transfer remaining funds to State Work-Study.
- SELF student loan tax-exempt revenue bonding authority – Authorizes the Office, the Minnesota Housing Finance Agency and the Rural Finance Authority to transfer allocated authority to each other by December 1 each year, upon approval of each agency and Minnesota Management and Budget. Increases the Office's allocation for student loan bonds from \$10 million to \$25 million per year from the unified pool in the program should the additional amount be available.
- Eligible Institutions- Makes private institutions not participating in the federal Pell Grant Program eligible to participate in state student aid programs if the institution is regulated by OHE and requires signed disclosure forms from each student recognizing it does not participate in federal aid.
- Textbooks – the Office is required to monitor the implementation of the federal Higher Education Opportunity Act as it relates to disclosure of textbook pricing and other information to students and must report on the results of monitoring to the legislature by February 1, 2011.
- **Minnesota State Colleges and Universities:**
 - Transfer of credit - Requires a plan to improve credit transfer for students transferring from one Minnesota State Colleges and Universities institution to another.
 - Senior Citizens eligible for free courses – changes the qualifying age from 62 to 66. This also extends the age limit for students to be eligible to receive the Minnesota GI Bill.
 - Surgical Technicians – Directs Minnesota State Colleges and Universities to establish a pilot project with participating health care facilities for the training, education, and employment of certified surgical technologists.
 - Study of certificates and diplomas – Directs Minnesota State Colleges and Universities, the Minnesota Chamber of Commerce and representatives of industry and unions to study program requirements for certificates and diplomas to allow students more opportunities to earn credentials that could be combined into higher level certificates or diplomas.
 - Nanotechnology research and education – Minnesota State Colleges and Universities and the University of Minnesota are to do a study and report on ways nanotechnology is used responsibly and safely.
- **University of Minnesota:**
 - Federal Health Insurance Reform –Requires Area Health Education Centers to conduct public education about potential advantages and disadvantages to citizens, employers and health care providers.

Unallotment ratification bill

On May 5, the Minnesota Supreme Court overturned the Governor's unallotments for Fiscal Years 2010 and 2011 which were done after the 2009 legislative session. As a result, the Governor and legislators were faced with finding a solution to budget shortfalls for the 2010-2011 biennium that totaled \$3 billion. Negotiations between the Governor and legislative leaders continued until the last moments of the 2010 session, and an agreement among the parties was reached too late for the bill to pass on May 16. The Governor called a special session beginning at 12:01 am on May 17, and HF 1 passed the House and Senate later that morning.

For higher education HF 1 included the same reductions that were in the Governor's unallotments:

- Office of Higher Education - a reduction of \$77,000 each year in administrative funds. This reduction was in addition to the reductions in HF 1671.
- Minnesota State Colleges and Universities – a reduction of \$50 million for the biennium, which included a reduction of \$2.1 million from the Office of the Chancellor and \$47.9 million to the campuses.
- University of Minnesota – a reduction of \$50 million for the biennium, which was taken proportionally from operations and maintenance and the University of Minnesota specials.