

Minnesota Legislative Update

Minnesota does biennial budgeting and the budget for the fiscal years, July 2016 through June 2017 was adopted in the 2015 Session, so the 2016 Session was scheduled to focus on capital improvements (bonding), and items not resolved in the previous session such as transportation and taxes. Minnesota's 2016 Session came to a close on Monday, May 23rd.

Going into session Minnesota was running a budget surplus of about \$900 million. With that surplus Governor Mark Dayton provided recommendations for taxes, bonding and transportation. The Governor also proposed some supplemental funding and one time spending in a variety of areas including higher education. The legislature passed a tax bill and supplemental budget bill but failed to pass a bonding and transportation bill before the legislative session ended sine die.

Supplemental Bill

On June 1st, 2016 the Governor signed into law a budget bill [2016 Minnesota Session Law Ch. 189](#), which includes supplemental funding and policy items for higher education, education, disparities and other areas. Direct funding to higher education totals \$5 million. Policies and additional funds indirectly appropriated to higher education are located in other articles of the bill.

State Grant

- The State Grant program receives an additional \$2 million in one-time funding for the 2016-2017 aid year to cover a two percent decrease to the proration of the parent contribution for dependent students within the award formula. The tuition maximum is \$5,736 for students in two-year programs and \$14,186 for students in four-year programs.
- Language added during the 2015 legislative session allowing OHE to adjust the tuition and fee maximums to spend out a projected funds balance for the program during the second year of a biennium was removed. OHE maintained the authority to adjust the living and miscellaneous expense allowance (LME).

Postsecondary Child Care Grant Program

- Eligibility for this program was **extended to graduate and professional students**:
 - Graduate/professional students will only be eligible if they have completed a bachelor's degree.
 - In addition to the four-year limit on postsecondary attendance at the undergraduate level, graduate/professional students will be eligible for an additional four years of postsecondary attendance at the graduate/professional level after completion of a bachelor's degree.
 - Calculation of the maximum award will be based on a full-time enrollment level of 6 credits and half-time enrollment level of 1 credit. The maximum award will be divided by

6 credits (instead of 15 credits for undergraduate students) and then multiplied by the number of graduate/professional credits the student is taking, up to a total of 6 credits.

Public Safety Officers Survivor Grant

- Eligibility for this program was expanded but no additional funding was provided. The annual appropriation remains at \$100,000.
- The **definition of “killed in the line of duty”** was amended to conform to a similar federal definition for the purposes of awarding benefits to survivors. The amended definition expands coverage for accidental deaths while on duty from just peace officers to all public safety officers and expands coverage to officers who die from work-connected heart attacks, strokes and vascular ruptures.

Satisfactory Academic Progress Definition

- The definition of satisfactory academic progress used for state financial aid programs was amended to allow a **separate SAP policy for students with intellectual disabilities** in an approved comprehensive transition and postsecondary program under USC 34, Section 668.23. Such SAP policies must be approved by the Office of Higher Education.

Occupational Scholarship Pilot Program

- There is a technical provision in the final bill that was in both the Senate and House bills that allows the Office of Higher Education to **access funds for the Occupational Scholarship Pilot Program** adopted last session, prior to the start of fiscal year 2017.

Student Loan Counseling

- The language for the Agency’s **student loan counseling program** was amended to remove the requirement for students to be 30 to 60 days delinquent in order to receive counseling.

Teacher Shortage Loan Repayment Program

- Some technical changes were made to the statute for this program to clarify the maximum number of annual awards an individual could receive and when recipients were required to provide verification that awards had been used to make payments on qualified student loans. In addition, a **one-time appropriation of \$2 million** was made to the program and can be used until expended.

Budget Allocation Report

- Minnesota State Colleges and Universities (MnSCU) and the University of Minnesota are required to **report to the legislature on allocation of funding** among campuses.

Dual Training Grants*

- A separate account created for the **Dual Training Grants program** that passed in 2015 session allows OHE to take 5% for admin from program.

*A bill passed and was signed into law on April 25, 2016, which altered the language of the program to be focused more on employees who are recent high school graduates or recent GED recipients. With the changes in law the maximum grant award amount of \$6,000 is now awarded in addition to any other financial aid the student may receive.

Items related to Teacher Licensure and Training

- The bill includes an appropriation of \$385,000 for the **Southwest Minnesota State University special education teacher education program** to support Minnesota resident special education paraprofessionals working toward licensure in an online program.
- The K-12 education article establishes the **Northwest Regional Partnership Concurrent Enrollment Program**, a voluntary association of the Lakes Country Service Cooperative, the Northwest Service Cooperative and Minnesota State University Moorhead that works together to provide coordinated higher learning opportunities for teachers. Lakes Country Service Cooperative, in consultation with the Northwest Service Cooperative, may develop a continuing education program to allow eligible teachers to attain the requisite graduate credits necessary to be qualified to teach secondary school courses for postsecondary credit.
- Currently, there exists a **grant program to assist American Indian individuals to become teachers** and to provide additional education for American Indian teachers. The Department of Education may award a joint grant to the University of Minnesota, Duluth and their partnering school district; Bemidji State University and Independent School District No. 38, Red Lake; Minnesota State University Moorhead and one of the school districts located within the White Earth Reservation; and Augsburg College and their partnering school districts. Language, along with an additional appropriation of \$270,000, was added in the bill to include other postsecondary institutions and school districts if additional funds are available.
- The bill creates a 12-member **legislative study group on teacher licensure** to review the 2016 report prepared by the Office of the Legislative Auditor on the Minnesota teacher licensure program and submit a written report by February 1, 2017, to the Legislature recommending how to restructure Minnesota's teacher licensure system by consolidating all teacher licensure activities into a single state entity to ensure transparency and consistency. The study group is to consult with interested and affected stakeholders, including Minnesota State Colleges and Universities.
- **Teacher licensure.** Allows the Board of Teaching to grant a one-year waiver, renewable two times, to allow individuals who hold a bachelor's degree from an accredited postsecondary institution, demonstrate occupational competency based on at least three years of full-time work experience in business or industry and enroll and make satisfactory progress in an alternative preparation program leading to certification as a career and technical education instructor to teach career and technical education courses offered by a school district or charter school.
- The Board of Teaching is also required to strongly encourage teacher preparation programs and institutions throughout Minnesota to develop **alternative pathways for certifying and licensing high school career and technical education instructors** and teachers, allowing candidates to meet certification and licensure standards that demonstrate their content knowledge, classroom experience and pedagogical practices and their qualifications based on a combination

of occupational testing, professional certification or licensure and long-standing work experience.

- MnSCU to provide an **alternative preparation program** allowing individuals to be certified as a career and technical education instructor able to teach career and technical education courses offered by a school district or charter school. MnSCU may locate the first program in the seven county metropolitan area. MnSCU, in consultation with the Board of Teaching, must develop the standards, pedagogy and curriculum for an alternative preparation program to prepare qualified individuals to attain certification as a career and technical education instructor through 2018-2019 school years, and to attain either certification or licensure as a career and technical education instructor to teach career and technical education courses offered by a school district or charter school in the 2019-2020 school year and later.
- The bill creates a **Career and Technical Educator Licensing Advisory Task Force** with one person representing colleges and universities offering a board-approved teacher preparation program. The task force must review the current status of career and technical educator licenses and provide recommendations on changes, if any are deemed necessary, to the licensure requirements and methods to increase access for school districts to licensed career and technical educators. The task force must report its findings and recommendations to the Legislature.
- The Commissioner of Education, Governor's Workforce Development Council and the P-20 education partnership must establish a list of qualifying **career and technical certificates** and post the names of those certificates on the Department of Education's Web site. The certificates must be in fields where occupational opportunities exist.

New Minnesota Office of Higher Education (OHE) Programs or Duties

- OHE received a **one-time appropriation of \$500,000 for Equity in Education and Job Connection Grant Program**. The money will be used to award grants to Minnesota state colleges and universities and private organization programs (not private colleges) in order to improve postsecondary attendance, completion, retention and obtaining well-paying jobs for students historically underrepresented in higher education.
- Pass through of \$500,000 in FY17 and \$810,000 in FY18-19 to St. Paul Foundation to develop a web-based job and intern seeking tool, **Student & Employer Connection Info System**.
- OHE must provide grants for 4 physicians enrolled in an **addiction fellowship program** at Hennepin County Medical Center. Appropriation of \$210,000 in both fiscal years 2017 and 2018.
- OHE must establish a **grant program for student teaching stipends** for low-income students enrolled in a Board of Teaching-approved teacher preparation program who are interested in teaching in a high needs subject area or region after graduating and receiving their teaching license. There is a **one-time appropriation of \$2.8 million** for this program which flows to OHE through the MN Department of Education and is available through June 30, 2019.

- OHE will be responsible for collecting dual credit (PSEO, College in the Schools, AP/IB, etc.) acceptance policies from public and private colleges in Minnesota and posting the information on our web site for students and families.
- OHE is required to develop materials **promoting the federal Public Service Loan Forgiveness program** and post the materials on its web site. Beginning January 1, 2017, all employers, including postsecondary institutions, in Minnesota will be required to provide this information to employees on an annual basis and to new employees within two weeks of the first day of employment.
- OHE is required to provide information to public and private teacher education programs concerning **public and private student loan programs** that provide for full or partial repayment or forgiveness. Teacher education programs must provide the information furnished by OHE to their teacher education students.

Minnesota State Colleges and Universities (MnSCU)

- The bill appropriates \$570,000 in continuous funding to MnSCU for **operating support and protecting affordability**.
- \$200,000 is appropriated in the bill to MnSCU for **Open Textbook programs and libraries**.
- A transfer of \$20,000 every year to **Cook County Higher Education Board** to provide academic support serves to remote regions in northeastern MN.
- The bill mandates that a state college or university cannot require an individual to take a remedial, noncredit course in a subject area if the individual has received a **college ready ACT or SAT** score in that subject area, or a career and college ready **Minnesota Comprehensive Assessment (MCA) benchmark** in that subject area, consistent with benchmarks established by the commissioner of education.
 - Each state college and university to **post notice of the exemption from remedial course taking** on its Web site explaining student course placement requirements.
 - Department of Education must establish empirically derived benchmarks on adaptive assessments in grades 3 through 8. Language was added in this bill that requires the commissioner, in consultation with the chancellor of MnSCU, to **establish empirically derived benchmarks on the high school tests** that reveal a trajectory toward career and college readiness.
 - Further language requires the chancellor to either approve or reject the empirically derived benchmarks for the high school MCA's no later than December 31, 2016. The chancellor's approval or rejection must be made in writing to the commissioner and, if the benchmarks are rejected, must describe the reasons for rejection and suggest appropriate revisions. If the chancellor rejects the benchmarks, the commissioner must establish revised benchmarks. The revised benchmarks must incorporate the chancellor's suggested revisions.
- Requires MnSCU to develop a plan for offering **academic program for students with intellectual and developmental disabilities**. The plan developed must assume the program will be offered at up to four college or university campuses chosen based on their ability to offer a robust program

using existing facilities and resources as well as a goal to provide the program in diverse geographic regions of the state.

University of Minnesota

- The bill provides the University with \$800,000 each year for **health training restoration**. This funding is to support faculty physicians who teach at eight residency program sites; the Mobile Dental Clinic; and expansion of geriatric education and family programs
- A onetime appropriation of \$100,000 in fiscal year 2017 is appropriated for creation of a Rochester campus **Collegiate Recovery Program**, a support program for students in recovery from alcohol or chemical dependency.
- University of Minnesota; **Monitoring of psychiatric drug trials; ombudsman** for mental health and developmental disabilities
- Includes \$2.6 million for the University's **Mining Innovation** Minnesota initiative
- **Veterinary Diagnostic Laboratory equipment** - \$283,000
- **Veterinary Diagnostic Laboratory software tool** - \$600,000 in FY17; \$1.2 million in FY18-19
- **Forever Green Agriculture Initiative** - \$1 million
- **Cultivated wild rice research** - \$450,000 ongoing
- **Potato breeding research** - \$350,000 ongoing
- **Extension of the Farmer Lender Mediation program**

Other Items in the bill

- \$150,000 is appropriated in the bill for grants to the International Institute of Minnesota to establish a **college readiness academy**. A college readiness academy is a partnership between Adult Basic Education (ABE) programs, with support from MnSCU, to prepare ABE students to successfully enter college and complete credit-bearing courses needed for career-related credentials. The academy must include academic skill building or college success, integrated sector-specific academic training when applicable, and intensive navigation and educational support for the program participants.
- In the Economic Development article of the supplemental budget bill, there is a one-time appropriation of **\$500,000** in fiscal year 2017 to the **Northeast Higher Education District to purchase equipment for training programs** due to increased demand for job training under the state dislocated worker program.
- The Commissioner of Education, Governor's Workforce Development Council and the P-20 education partnership must establish a list of qualifying **career and technical certificates** and post the names of those certificates on the Department of Education's Web site. The certificates must be in fields where occupational opportunities exist.
- \$1.2 million in fiscal year 2017 for performance grants to Twin Cities R!SE to provide training to hard-to-train individuals. Of the amount appropriated, **\$407,000** is for a grant to Twin Cities R!SE, in collaboration with Metro Transit and **Hennepin Technical College, for the Metro Transit technician training program**

Tax Bill

This bill was pocket vetoed on June 7, 2016. The Governor took no action on the bill do in part to a \$101M error. He urged legislators to agree to fix the problem. The bill had included these items related to higher education:

Greater Minnesota Internship Tax Credit

- The Omnibus Tax bill, which was also passed and signed into law by Governor Dayton, modified the statute for the Greater Minnesota Internship Tax Credit program. The amended statute expands eligibility to participate to students who are completing requirements of their academic program. It also eliminates the requirement for employers to state that they would not have hired the student intern if the tax credit were not available. More information about these changes will be sent directly to participating institutions.

529 College Savings Plan Credit and Subtraction

- Credit of up to \$500 is allowed to a resident individual against the tax imposed, applying the following rates to the amount contributed to an account in a plan qualifying under section 529:
 - 50% for individual filers and married couples filing jointly w/AGI no more \$80,000
 - 25% for married filing jointly w/ AGI above \$80,000 but no more than \$100,000
 - 10% for married filing jointly w/AGI over \$100,000 but no more than \$120,000
 - 5% for married filing jointly w/AGI over \$120,000 but no more than \$160,000

Student Loan Credit

- The credit equals a percentage of eligible loan payments in excess of ten percent of adjusted gross income, up to \$1,000, as follows:
 - (1) for eligible individuals, 50 percent;
 - (2) for eligible individuals in a public service job, 65 percent; and
 - (3) for eligible individuals in an education profession, 75 percent.
 - (b) The credit must not exceed the eligible individual's earned income for the taxable year.
 - (c) In the case of a married couple filing a joint return, each spouse is eligible for

Credit for attaining master's degree in teacher's licensure field

- The credit equals \$2,500.

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- (b) For a nonresident or a part-year resident, the credit under this subdivision must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).
- (c) A qualified teacher may claim the credit in this section only one time for each
- Master's degree program completed in a core content area.
- Eligible individual: K12 teacher who holds a teaching license when they begin and finish the master's degree program, that began after June 30, 2016 and completes the degree program during the taxable year in one of the following core content areas: reading, English or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, or geography.

The Governor received bills on Tuesday May 24th, 2016 and had 14 days to take action. The governor also has the power to call a special session. In a press conference held on June 1, 2016 and in a [letter addressed to legislative leadership](#), the Governor provided a list of requirements the legislature must agree to in order for him to call a special session. The list includes \$66.7 million in bonding for the University of Minnesota's requested Health Sciences Education Facility, as well as \$10.5 million in FY17 and \$21 million in FY18-19 in supplemental budget funding for the University's Health Training Restoration initiative. Also listed for MnSCU is an additional \$21 million operating budget, an additional \$28 million in Higher Education Asset Preservation and Replacement (HEAPR) for a total of \$63 million in HEAPR funds, and an additional critical classroom project.