



Minnesota
STATE COLLEGES
& UNIVERSITIES

Legislative Notes for the week of May 15 – 21, 2006

Final Week of Session Busy as Lawmakers Finish Business

After long hours during the remaining days of session, the Legislature finally adjourned sine die Sunday evening, May 21. Earlier in the week, the Minnesota Supreme Court ruled the state's controversial health impact fee, a 75-cents-per-pack charge on cigarettes, constitutional, which gave lawmakers more money to work with during the final week. For a “short session” (bonding year), lawmakers did cover a lot of issues, including passing two big stadium bills for the Minnesota Twins and the University of Minnesota, eminent domain, mercury-reduction, and some tax relief for married couples. Below is a summary of legislation from the 2006 session relating to Minnesota State Colleges and Universities.

Bonding

After a week of exchanging proposals between the House and Senate in bonding conference committee, it did not look like conferees would arrive at an agreement before the adjournment date of May 22. Late in the week, **Gov. Tim Pawlenty**, House of Representatives Speaker **Steve Sviggum**, Senate Majority Leader **Dean Johnson**, and co-chairs of the bonding conference committee, **Sen. Keith Langseth** and **Rep. Dan Dorman** met behind closed doors to resolve the differences in the House and Senate bonding bills. Early Sunday morning conferees signed the conference committee report and sent it to the floor. The House passed the bonding conference committee report with very little debate on a vote of 111-20, and the Senate adopted the report without debate on a vote of 60-6. The total amount for Minnesota State Colleges and Universities is \$191.4 million, or 68.3 percent of the system's request of \$280.4 million. Our \$191.4 million appropriation represents \$141 million in state financing and \$50.4 million in MnSCU financing. You may view the conference committee report in its entirety at

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=ccrhf2959.html&session=ls84>.

In addition to the projects approved for Minnesota State Colleges and Universities, the Bemidji Regional Events Center was funded at \$3 million for design. Bemidji State University's hockey program is expected to be a major tenant in this city-owned facility when it is completed. The Southwest Regional Event Center, to be built on the campus of Southwest Minnesota State University, was funded at \$11 million with a \$5 million expected private match. Funds are appropriated to MnSCU to do the design and construction; however, there is no debt service requirement for this project.

Also included in the bonding bill is language on the MnSCU Revenue Fund's debt capacity, which was increased to \$150 million as requested. Design and construction of the new College of Business for Minnesota State University, Mankato was also approved in a separate stand-alone bill.

Project Title	Request	Governor Recommended	Senate SF3475	House HF2959	Conference Committee
HEAPR	110,000,000	20,000,000	55,000,000	40,000,000	40,000,000
MSU, Mankato Trafton Center	32,900,000	32,900,000	32,900,000	32,900,000	32,900,000
SCSU Wick Science Bldg addition & renovation	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Century New Science addition & renovation	19,900,000	19,900,000	19,900,000	19,900,000	19,900,000
Fond du Lac Library addition & cultural ctr	12,390,000	0	12,390,000	12,390,000	12,390,000
MSU Moorhead MaClean Hall	9,680,000	0	9,680,000	9,680,000	9,680,000
MCTC Science & allied health renovation	18,874,000	18,874,000	18,874,000	18,874,000	18,874,000
St. Paul Transportation & applied technology lab	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
BSU Sattgast Hall	700,000	700,000	700,000	700,000	700,000
MSC-SETC LRC, student services	4,855,000	4,855,000	4,855,000	4,855,000	4,855,000
Normandale Classroom renovation & addition	5,125,000	5,125,000	5,125,000	5,125,000	5,125,000
IHCC Classroom addition & renovation design	700,000	0	700,000	700,000	700,000
SCSU Riverview Hall	4,500,000	0	4,500,000	4,500,000	4,500,000
WSU Maxwell Hall	11,186,000	11,186,000	11,186,000	11,186,000	11,186,000
Systemwide – Science	5,140,000	5,140,000	5,140,000	5,140,000	5,140,000
Systemwide – Demolition	1,660,000	0	1,660,000	1,600,000	1,660,000
Systemwide – Land	11,440,000	6,900,000	9,270,000	0	3,400,000
NHCC Business & Technology	700,000	0	700,000	700,000	350,000
Northland Nursing addition, Library & classroom	600,000	0	600,000	600,000	300,000
MSU Moorhead Lommen Hall	600,000	0	600,000	600,000	300,000
Lake Superior Health & Science Ctr design	840,000	0	840,000	840,000	420,000
Metro SU Classroom building	4,880,000	0	4,880,000	0	300,000
Alexandria TC Law Enforcement Ctr design	840,000	0	840,000	0	400,000
Metro SU & MCTC Co-located Law Enforcement	700,000	0	700,000	0	350,000

NHED Eveleth Technical Lab	4,300,000	0	4,300,000	0	300,000
SMSU Science & hotel & restaurant lab	500,000	0	500,000	0	300,000
WSU Memorial Hall	400,000	0	400,000	400,000	400,000
Total	280,410,000	142,580,000	223,240,000	187,690,000	191,430,000

Supplemental Budget

The supplemental budget conference committee report was the last major bill passed by the House and Senate Sunday evening. Below are the provisions in the bill that relate to Minnesota State Colleges and Universities.

1. \$5 million for the University of Minnesota Rochester campus to be used for academic programs supporting the campus, including faculty, staff, program planning and development, ongoing operations of industrial liaison activities and operation of leased facilities. Included in the provision for Rochester is language that the University of Minnesota, Rochester campus should avoid unnecessary duplicative offerings of courses and programs, particularly in nursing and allied health programs with other higher education institutions already serving the Rochester area.
2. \$600,000 for higher education veterans assistance offices on campuses to provide veterans and their families with information and assistance. A steering committee, which will include Minnesota State Colleges and Universities membership, will be put in place by Veterans Affairs to determine how the program will be implemented.
3. Language that ratifies the 2005-2007 employee contracts and plans for AFSCME, Commissioner's Plan, IFO, MAPE, MMA, MSCF, MSUAASF, Managerial Plan, MnSCU Administrators and Office of Higher Education was included in the bill.
4. Provisions from the supplemental budget bill relating to K-12 education include:
 - a. Schools that increase student participation in pre-advanced and advanced placement programs can apply for a grant from the \$1 million appropriation to further raise students' academic achievement.
 - b. Appropriates \$250,000 for Chinese language programs. The commissioner of education may contract with the University of Minnesota or another Minnesota public entity to undertake the development of an articulated K-12 Chinese curriculum for Minnesota.
 - c. Appropriates \$500,000 for Minnesota fourth- and eighth-grade students to participate in TIMMS (Trends in International Mathematics and Science Study) International assessment of student achievement in mathematics and science. The funding is predicated on the Department of Education receiving at least \$150,000 in private sector funding by July 1, 2006.
5. A provision in the economic development section of the bill appropriates \$467,000 for a grant to BioBusiness Alliance of Minnesota for bioscience business

development programs that will work to grow and create bioscience jobs in Minnesota and position Minnesota as a global biobusiness leader.

K-12 Education Policy

Lawmakers passed an omnibus education policy bill over the weekend. Included in the bill is language on rigorous course of study that directs a school district, alternative learning center or charter school to waive the appropriate graduation requirement for a student who satisfactorily completes a PSEO, AP or IB course. The bill also allows the state to reimburse public or nonpublic high school students for CLEP fees when a student successfully completes college-level courses in the subject matter of the exam in high school.

Rep. Dean Urdahl's bill on school safety was also included in the omnibus education policy bill. The language establishes an advisory task force, which includes Minnesota State Colleges and Universities representation, on school and staff emergency/all hazard preparedness to recommend to the Legislature proposals for strengthening K-12 crisis management and school safety efforts, including whether to develop teacher and school administrators competencies; provide teachers and school administrators with relevant training; incorporate teacher and school administrator competencies into teacher and school administrator preparation curriculum; and identify competencies appropriate to teacher and school administrator preparation curriculum and ongoing teacher and school administrator training.

Veterans Policy

One large veterans benefit bill made its way through the committee process this session. The funding provisions were included in the supplemental budget bill. For awhile, it seemed the policy provisions were dead. A veterans' policy bill was approved, however, over the weekend and it includes provisions that relate to higher education. There is language that broadens the eligibility criteria for the pay differential program for state employees when they are ordered into active military service. Under current law, the program eligibility is limited to members of the Minnesota National Guard and other military reserves (i.e., members of the reserve components of the U.S. Armed Forces). The bill would broaden eligibility to include other reserve members of the uniformed services of the United States as well.

Also included in the bill is the requirement for any public or private employer to grant unpaid leave of absence to an employee whose immediate family member is injured or killed while serving in active military service, or whose immediate family member has been mobilized into active military service in support of a war or other national emergency. Language allows the employer to limit the amount of leave to the actual time necessary to attend a send-off or homecoming ceremony, not to exceed one-day's duration in any calendar year.

There is language in the bill relating to higher education benefits that directs Minnesota State Colleges and Universities to recognize courses and award educational credits for a veteran's military training or service, if the courses meet the standards of the American Council on Education or the equivalent. The University of Minnesota and private colleges and universities are encouraged to do likewise. MnSCU and the University of Minnesota are also directed to treat all veterans as Minnesota residents for undergraduate tuition rate purposes and directs that for graduate school tuition purposes, a veteran must be treated as a resident if the person was a

resident upon entering the military and starts the graduate program within two years of completing military services. The final provision prohibits MnSCU and the University of Minnesota from assessing late fees or other late charges for veterans who are eligible to receive, have applied for, and are waiting to receive federal educational assistance, and from preventing them from registering for a subsequent term. The institution may require payment from a veteran within 30 days of the veteran's receipt of such federal assistance.

You may view the bill at

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3664.1.html&session=ls84>.

Pension

There were two omnibus pension bills this session that passed on Sunday. The first pension bill (Omnibus Pension Bill I) was less controversial and carried the Minnesota State Colleges and Universities three pension initiatives; remove the requirement that MnSCU include at least five insurance annuity providers in their Tax Sheltered Annuity plan; change the contribution rates for IRAP covered State Arts Board employees to the same rates as all other IRAP covered employees; and eliminate an obsolete provision on mandatory faculty retirement age. Also included in this bill is an early retirement incentive in the case of layoffs or reorganization. Payments to retiring employees of up to \$17,000 can be used for limited purposes. The bill includes language on contribution rates for MSRS. Effective July 1, 2007, the employee and employer contribution rates will increase to 4.25% of the employee's salary. Effective July 1, 2008, the rate will increase to 4.5% of the employee's salary; to 4.75% effective July 1, 2009 and 5% effective July 1, 2010. You can view the bill at

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S2239.4.html&session=ls84>.

Omnibus Pension Bill II eliminates the Minneapolis Teacher Retirement Association (TRA) pension fund and transfers all members to regular TRA membership effective July 1, 2006. All employees covered by TRA will see an increase in deductions on July 1, 2006 to 5.5%.

Effective July 1, 2007 the employer contribution rate for TRA members will increase from 5.0% to 5.5%. You can view this bill at

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S1057.4.html&session=ls84>.

Plug-in Hybrid Electric Vehicle Retrofit Project

A "plug-in hybrid electric vehicle" is defined as a vehicle with both an internal combustion engine and a rechargeable electric motor. It must meet federal safety standards and be able to travel at least 20 miles powered largely by electricity. Earlier in the session, a bill introduced by **Rep. Frank Hornstein**, DFL-Minneapolis and **Sen. Scott Dibble**, DFL-Minneapolis, appropriated \$100,000 in FY2007 to Minnesota State University, Mankato for retrofitting two flexible fuel vehicles. While the appropriation did not make it through to the final bill, the bill did pass with language that encourages the automotive engineering program at Minnesota State University, Mankato to retrofit two flexible fuel vehicles to also operate as plug-in hybrid electric vehicles. The bill reads that the Department of Administration and Minnesota State University, Mankato may accept donations and work cooperatively with nonprofit agencies, higher education institutions, and public agencies to procure vehicles and obtain other necessary funds to conduct the retrofit.

University of Minnesota and Minnesota Twins Stadiums

For a short session, lawmakers passed two major stadium bills for the University of Minnesota and the Twins. A Vikings stadium in Blaine went unresolved, however it is anticipated that we will see the Vikings stadium issue resurface in the 2007 session. The Twins plan is for a \$522 million, 42,000 seat open-air stadium in downtown Minneapolis' warehouse district. Three-fourths of the costs will be financed through a 0.15 percent sales tax increase in Hennepin County for the next 30 years, resulting in an estimated \$475 million. The agreement also provides for some of the sales tax proceeds to be used for county library and youth sports programs, beginning at \$2 million a year for each.

An on-campus stadium for the University of Minnesota was also approved, and the plan calls for the state to acquire 2,840 acres of undeveloped land, deeded to the university by the U.S. military in 1947, at UMore Park in Dakota County at an annual cost of \$10.25 million for 25 years. The money would go towards retiring debt service on bonds needed to fund construction of the 50,000-seat, open-air facility. A \$25 per year student fee will also be imposed beginning with the freshman class in 2007. The 13 percent memorabilia tax that was in the Senate proposal did not make it in the final bill. Plans are for the stadium to be ready for the 2009 season.

Higher Education Policy

Higher education policy provisions were on a roller coaster ride this session and in the end did not end up going anywhere. Both the House and Senate higher education committees put together omnibus bills that included policy language such as taskforces to look at the high cost of textbooks and faculty pronunciation of English in the classroom; MnSCU housekeeping language to help clarify senior citizen tuition and banking practices; and DREAM Act language that permits undocumented students who have attended high school in Minnesota for at least three years and graduated from a Minnesota high school to qualify for resident tuition rates at state public higher education institutions. When one large supplemental budget bill was put together, the majority of policy provisions from all committees were stripped from the bill. The Senate amended the K-12 education bill on Monday of last week to incorporate the higher education policy provisions, passed the bill and sent it to the House. The House amended the bill this weekend to make it strictly K-12 education and passed the bill with the Senate concurring.

We will continue to track all the higher education policy provisions that did not go anywhere this session as we gear up for the 2007 session. Many of these issues are sure to surface again.

What's Ahead

As is customary the last day of session, House and Senate members who will not be seeking reelection in the fall, gave their farewell speeches on the floor. These 25 legislators are either moving into different phases of their lives or seeking higher office. The eight senators are **Sen. Michele Bachmann**, R-Stillwater; **Sen. John Hottinger**, DFL-St. Peter; **Sen. Bob Kierlin**, R-Winona; **Sen. Sheila Kiscaden**, DFL-Rochester; **Sen. Becky Lourey**, DFL-Kerrick; **Sen. Sharon Marko**, DFL-Cottage Grove; **Sen. Jane Ranum**, DFL-Minneapolis; and **Sen. Wes Skoglund**, DFL-Minneapolis. The 17 House members are **Rep. Ron Abrams**, R-Minnetonka; **Rep. Fran Bradley**, R-Rochester; **Rep. Jerry Dempsey**, R-Red Wing; **Rep. Keith Ellison**,

DFL-Minneapolis; **Rep. Matt Entenza**, DFL-St. Paul; **Rep. Barb Goodwin**, DFL-Columbia Heights; **Rep. Jeff Johnson**, R-Plymouth; **Rep. Ruth Johnson**, DFL-St. Peter; **Rep. Jim Knoblach**, R-St. Cloud; **Rep. Dan Larson**, DFL-Bloomington; **Rep. Doug Meslow**, R-White Bear Lake; **Rep. Scott Newman**, R-Hutchinson; **Rep. Char Samuelson**, R-New Brighton; **Rep. Katie Seiben**, DFL-Newport; **Rep. Barb Sykora**, R-Excelsior; **Rep. Ray Vandever**, R-Forest Lake; and **Rep. Andy Westerberg**, R-Blaine.

All 201 legislators are up for reelection on Tuesday, November 7, 2006. The Government Relations division will provide higher education information as it relates to the election on our Web site starting late summer. We will also publish and distribute the 2006 Mandates and Curiosities in July, which is a thorough compilation of all higher education related laws that passed during the session.

The 2007 Legislative Session is scheduled to convene on January 3, 2007.

Please do not hesitate to contact any of us in Government Relations if you have any questions.

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Federal Update

Federal Labor, HHS and Education Budget Ready for Conference Committee

The House of Representatives passed a budget resolution that adds \$3 billion to the \$141.9 billion total amount allotted for the FY2007 Labor, Health and Human Services and Education programs. As part of the \$2.7 trillion, the House budget provides \$873 billion for discretionary spending programs (including Perkins), which is about \$9 billion less than the Senate version. The differences will have to be worked out by conference committee. No meeting time has been set.

Efforts Being Made to Increase PELL

House members are being asked to sign a "Dear Colleague" letter in support of greater PELL program funding. While support for the PELL grant remains strong, the maximum Pell Grant has been frozen at \$4,050 for four consecutive years and has been losing ground to inflation. As you all know, Pell Grants are essential to providing access to higher education for low-income students and provide funds to students to pay for tuition, books and equipment, and living expenses.

Reminder to Consider Variable Rate Loan Consolidation

On July 1, interest rates on variable-rate federal student loans will rise by nearly two percentage points, one of the largest single-year increases in the 40-year history of the federal student loan program. For most recent borrowers who consolidate their student loans before July 1, the relevant fixed interest rate is 5.38 percent. If borrowers are considering consolidation, and complete their applications while still in college or within six months after graduation, but before June 30, borrowers are entitled to an additional reduction under the Direct Loan Consolidation Program, which could bring their interest rate down to 4.75 percent. They could also reduce that rate by an additional .025 percentage point if they enroll in the automatic payment program.

Information Available on the Student and Exchange Visitor Information System

Information in response to frequently asked questions and information for F-1 transfers in the Student and Exchange Visitor Information System (SEVIS) is available on-line at www.ice.gov/sevis/. Questions addressed include: transfer of newly arrived initial students, summer school issues, limits on transfer of students in terminated SEVIS status and the impact of transfers on employment and practical training authorization.

Additional Commission Reports Issued

Three new commission reports from The Secretary of Education's Commission on the Future of Higher Education were issued this week related to accreditation, affordability and improving college readiness. The reports can be viewed at <http://www.ed.gov/about/bdscomm/list/hiedfuture/reports.html>