

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Advancement

Date of Meeting: April 20, 2010

Agenda Item: State and Federal Legislative Update

Proposed
Policy Change

Approvals
Required by
Policy

Other
Approvals

Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda:

Review of current legislative activity

Scheduled Presenter(s):

Mary Davenport, director of government relations

Outline of Key Points/Policy Issues:

Update on legislative activity

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

INFORMATION ITEM
State and Federal Legislative Update

STATE ACTIVITY

Supplemental budget bill

Approximately one-third of the state's budget deficit of almost \$1 billion was resolved through a supplemental budget bill negotiated the last weekend in March. Included in the higher education article of the bill is \$10.467 million in reductions to the Minnesota State Colleges and Universities system in fiscal year 2011. Of the cut to the system, \$500,000 is to be reduced from the central system office, along with an additional \$500,000 internal obligation. The bill includes language that says the Board of Trustees must make a good-faith effort to make the reductions at campuses and the central office in a manner that minimizes reductions related to providing direct services to students and maximizes reductions for administrative services not providing direct services to students.

The bill also increases the revenue fund authority in statute from \$200 million to \$300 million and removes the House language that limited the revenue fund to only state university projects. As for financial aid, lawmakers had to fill the \$42 million state grant shortfall. The bill reduces state work study and also reduces from nine to eight, the number of semesters that a student can attend while maintaining eligibility for the state grant program. The bill modifies the Achieve scholarship program and reduces the technical and community college emergency grants and makes clear that this appropriation in fiscal year 2009 was a one-time appropriation. The policy language was removed from the bill; however, it remains in the House higher education policy bill.

House higher education policy bill

An update will be provided regarding a House Higher Education and Workforce Development Finance and Policy Division policy bill moving through the legislature. Included in the bill is language that increases the age from 62 to 66 for receiving reduced tuition as senior citizens. The bill includes language that establishes the system office in statute and provides for general duties of the office. The bill includes language calling for streamlining of the system office by better targeting the use of state resources and providing services at the most efficient level to avoid duplicating services provided at the colleges and universities. There is also language on appropriation reductions to the system office that states any reduction to the system office must not be passed through to any institution or campus. The provision regarding pilot projects for local deposit of reserves for system institutions also continues to be active with some changes which ease earlier requirements. The Senate higher education committee passed their version of a policy bill earlier this session, which differs greatly from the House bill. As the bills make

their way through the process, lawmakers will have to iron out the differences.

Credit transfer bills

The status of the various transfer bills progressing through the legislature will be reported.

FEDERAL

U.S. Congress approves student loan reform

The student loan reform was sent to the President after the House passed the Senate's amended bill. The Student Aid Fiscal Responsibility Act was included with the health care reform bill in the budget reconciliation process. Under the legislation, all student loans will be given out under the Direct Lending program. This change will begin July 1, 2010. The Congressional Budget Office estimates the change will save \$61 billion over the next 10 years. The savings will be used to increase the Pell Grants \$690 in mandatory funds (not subject to annual appropriations approval). This change will bring the current \$4,860 award to \$5,550. The legislation also directs the award to increase by the consumer price index for a projected maximum \$5,975 award. This maximum would be maintained for fiscal years 2019 and beyond without further Congressional action.

The legislation also includes \$2 billion for the Community College and Career Training Grant Program. This program would award funds to programs taught at institutions of higher education that do not exceed two years in length and have a strong community focus and component. The program is to be directly tied to improving the skill sets of individuals who have lost their jobs for trade-related reasons and will be administered through the U.S. Department of Labor.

The existing College Access Challenge Grant program will receive \$150 million each year (currently funded at \$66 million) for five years for a total amount of \$750 million. This program is designed to help students understand the benefits of a postsecondary education, provide the financing options for postsecondary education, and initiate outreach programs for students at risk of not enrolling or completing.

The bill also will provide \$2.5 billion for Minority Serving Institutions, including Historically Black Colleges and Universities. This funding continues previously authorized funds through the College Cost Reduction and Access Act to better target programs focused on retention and completion.

Finally, funds were provided to make changes to the current Income Based Repayment Program that first was proposed in President Obama's fiscal year 2011 budget. Currently, students who pursue that program may have their loan payment amount reduced to 15 percent of their total income and must make 25 years of continuous payments before any remaining balance is forgiven. The president proposed reducing these amounts to 10 percent and 20 years, respectively. Using funds provided in this legislation, first-time borrowers will be eligible for these benefits under the updated program beginning in 2014.

House earmark appropriation submissions

U.S. House members have announced the federal fiscal year 2011 appropriations projects submissions made to the House Committee on Appropriations. The Senate has not yet made their announcement. Projects submitted to-date are listed below:

Congressman Tim Walz (1st District)

The National Child Protection Training Center

Winona State University

\$3,000,000

Support for the center's task of providing child protection training to 10,000 child protection professionals nationwide.

International Renewable Energy Technology Institute (IRETI)

Minnesota State University, Mankato

\$3,000,000

Supports a public/private collaborative partnership with a focus on technology transfer through a combined process of educational outreach and training, applied research, and an independent third-party test center to validate renewable energy products, with an emphasis on those used for heating and cooling buildings.

Center for Transportation Research and Implementation

Minnesota State University, Mankato

\$1,500,000

Support efforts to create a transportation research, implementation, and training center that would conduct practical research and provide needed information about the most efficient way to use taxpayer dollars on transportation infrastructure.

Congressman Keith Ellison (5th District)

Power of You- Closing the Higher Education Achievement Gap

Minneapolis Community and Technical College

\$468,800

Supports outreach to underrepresented students in inner-city high schools in the Twin Cities and for intensive counseling services aimed at advancing students to higher education. This project will help to close the higher education achievement gap among low-income students and students of color.

Congressman Collin Peterson (7th District)

National Unmanned Aircraft System Maintenance Training Program

Northland Community & Technical College

\$2,000,000

Provide training to support the development and growth of UAS maintenance technicians which will add more opportunity for jobs, stimulate growth of the field, and provide highly skilled individuals to the communities and region. As the technology expands the maintenance training program offerings and job opportunities for highly skilled workers will too, this will provide a stable market for new entrants.

Congressman Jim Oberstar (8th District)

Corrosion Training Simulation Program

Pine Technical College

\$2,300,000

To continue to develop Internet-based simulations to meet existing DOD corrosion needs such that reliance on expensive training may be minimized and corrosion control and mitigation skills may be learned more quickly.

Geothermal Heating and Cooling Project

Vermilion Community College

\$948,500

Replace existing, inefficient fossil fuel burning boilers with high-efficiency ground source heat pumps to provide geothermal energy to Vermilion Community College. This project would serve as a demonstration project for the Minnesota State Colleges and Universities system of energy-efficient buildings and would allow students to have a learning lab for their geothermal classes and for the Efficient Energy Building Maintenance Program.