

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2054

03/04/2019 Authored by Vang; Elkins; Xiong, J., and Lillie
The bill was read for the first time and referred to the Higher Education Finance and Policy Division

03/14/2019 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time

05/20/2019 Pursuant to Rule 4.20, returned to the Higher Education Finance and Policy Division

03/12/2020 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time

1.1 A bill for an act

1.2 relating to higher education; modifying certain institutional approval provisions;

1.3 amending Minnesota Statutes 2018, sections 136A.65, subdivisions 4, 7, 8;

1.4 136A.657, subdivisions 1, 2, 3; 136A.822, subdivision 8; 136A.827, subdivision

1.5 4; 136A.829, subdivision 1; 136A.833, subdivision 1; 136A.834, subdivisions 1,

1.6 2.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2018, section 136A.65, subdivision 4, is amended to read:

1.9 Subd. 4. **Criteria for approval.** (a) A school applying to be registered and to have its

1.10 degree or degrees and name approved must substantially meet the following criteria:

1.11 (1) the school has an organizational framework with administrative and teaching personnel

1.12 to provide the educational programs offered;

1.13 (2) the school has financial resources sufficient to meet the school's financial obligations,

1.14 including refunding tuition and other charges consistent with its stated policy if the institution

1.15 is dissolved, or if claims for refunds are made, to provide service to the students as promised,

1.16 and to provide educational programs leading to degrees as offered;

1.17 (3) the school operates in conformity with generally accepted accounting principles

1.18 according to the type of school;

1.19 (4) the school provides an educational program leading to the degree it offers;

1.20 (5) the school provides appropriate and accessible library, laboratory, and other physical

1.21 facilities to support the educational program offered;

2.1 (6) the school has a policy on freedom or limitation of expression and inquiry for faculty
2.2 and students which is published or available on request;

2.3 (7) the school uses only publications and advertisements which are truthful and do not
2.4 give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school,
2.5 its personnel, programs, services, or occupational opportunities for its graduates for promotion
2.6 and student recruitment;

2.7 (8) the school's compensated recruiting agents who are operating in Minnesota identify
2.8 themselves as agents of the school when talking to or corresponding with students and
2.9 prospective students;

2.10 (9) the school provides information to students and prospective students concerning:

2.11 (i) comprehensive and accurate policies relating to student admission, evaluation,
2.12 suspension, and dismissal;

2.13 (ii) clear and accurate policies relating to granting credit for prior education, training,
2.14 and experience and for courses offered by the school;

2.15 (iii) current schedules of fees, charges for tuition, required supplies, student activities,
2.16 housing, and all other standard charges;

2.17 (iv) policies regarding refunds and adjustments for withdrawal or modification of
2.18 enrollment status; and

2.19 (v) procedures and standards used for selection of recipients and the terms of payment
2.20 and repayment for any financial aid program; ~~and~~

2.21 (10) the school must not withhold a student's official transcript because the student is
2.22 in arrears or in default on any loan issued by the school to the student if the loan qualifies
2.23 as an institutional loan under United States Code, title 11, section 523(a)(8)(b); and

2.24 (11) the school must not require mandatory predispute arbitration clauses with students.

2.25 (b) An application for degree approval must also include:

2.26 (i) title of degree and formal recognition awarded;

2.27 (ii) location where such degree will be offered;

2.28 (iii) proposed implementation date of the degree;

2.29 (iv) admissions requirements for the degree;

2.30 (v) length of the degree;

- 3.1 (vi) projected enrollment for a period of five years;
- 3.2 (vii) the curriculum required for the degree, including course syllabi or outlines;
- 3.3 (viii) statement of academic and administrative mechanisms planned for monitoring the
3.4 quality of the proposed degree;
- 3.5 (ix) statement of satisfaction of professional licensure criteria, if applicable;
- 3.6 (x) documentation of the availability of clinical, internship, externship, or practicum
3.7 sites, if applicable; and
- 3.8 (xi) statement of how the degree fulfills the institution's mission and goals, complements
3.9 existing degrees, and contributes to the school's viability.

3.10 Sec. 2. Minnesota Statutes 2018, section 136A.65, subdivision 7, is amended to read:

3.11 Subd. 7. **Conditional approval.** (a) The office may grant a school a one-year conditional
3.12 approval for a degree or use of a term in its name if doing so would be in the best interests
3.13 of currently enrolled students or prospective students. Conditional approval of a degree or
3.14 use of a term under this paragraph must not exceed a period of three years.

3.15 (b) The office may grant new schools physically located in Minnesota and new programs
3.16 a one-year conditional approval for degrees or use of a term in its name to allow the school
3.17 the opportunity to apply for and receive accreditation as required in subdivision 1a.
3.18 Conditional approval of a school or program under this paragraph must not exceed a period
3.19 of five years. A new school or program granted conditional approval may be allowed to
3.20 continue in order to complete an accreditation process upon terms and conditions the office
3.21 determines.

3.22 (c) The office may grant a registered school a one-year conditional approval for degrees
3.23 or use of a term in its name to allow the school the opportunity to apply for and receive
3.24 accreditation as required in subdivision 1a if the school's accrediting agency is no longer
3.25 recognized by the United States Department of Education for purposes of eligibility to
3.26 participate in Title IV federal financial aid programs. The office must not grant conditional
3.27 approvals under this paragraph to a school for a period of more than five years.

3.28 (d) The office may grant a registered school a one-year conditional approval for degrees
3.29 or use of a term in its name to allow the school to change to a different accrediting agency
3.30 recognized by the United States Department of Education for purposes of eligibility to
3.31 participate in Title IV federal financial aid programs. The office must not grant conditional
3.32 approvals under this paragraph to a school for a period of more than five years.

4.1 Sec. 3. Minnesota Statutes 2018, section 136A.65, subdivision 8, is amended to read:

4.2 Subd. 8. **Disapproval of registration appeal.** (a) By giving written notice and reasons
4.3 to the school, the office may ~~refuse to renew~~;

4.4 (1) revoke, ~~or suspend,~~ or refuse to renew registration;

4.5 (2) refuse approval of a school's degree, ~~or~~; and

4.6 (3) refuse approval of use of a regulated term in its name ~~by giving written notice and~~
4.7 ~~reasons to the school.~~

4.8 (b) Reasons for revocation or suspension of registration or approval may be for one or
4.9 more of the following reasons:

4.10 (1) violating the provisions of sections 136A.61 to 136A.71;

4.11 (2) providing false, misleading, or incomplete information to the office;

4.12 (3) presenting information about the school which is false, fraudulent, misleading,
4.13 deceptive, or inaccurate in a material respect to students or prospective students; ~~or~~

4.14 (4) refusing to allow reasonable inspection or to supply reasonable information after a
4.15 written request by the office has been received;

4.16 (5) using fraudulent, coercive, or dishonest practices, or demonstrating incompetence,
4.17 untrustworthiness, or financial irresponsibility, in the conduct of business in this state or
4.18 elsewhere; or

4.19 (6) having been administratively or judicially determined to have committed fraud or
4.20 any other material violation of law involving federal, state, or local government funds.

4.21 (c) Any order refusing, revoking, or suspending a school's registration, approval of a
4.22 school's degree, or use of a regulated term in the school's name is appealable in accordance
4.23 with chapter 14. The request must be in writing and made to the office within 30 days of
4.24 the date the school is notified of the action of the office. If a school has been operating and
4.25 its registration has been revoked, suspended, or refused by the office, the order is not effective
4.26 until the final determination of the appeal, unless immediate effect is ordered by the court.

4.27 Sec. 4. Minnesota Statutes 2018, section 136A.657, subdivision 1, is amended to read:

4.28 Subdivision 1. **Exemption.** ~~Any~~ (a) A program is exempt from the provisions of sections
4.29 136A.61 to 136A.71 if it is:

5.1 (1) offered by a school or any department or branch of a school ~~(a) which that~~ is
 5.2 substantially owned, operated, or supported by a bona fide church or religious organization;
 5.3 ~~(b) whose programs are~~

5.4 (2) primarily designed for, aimed at and attended by persons who sincerely hold or seek
 5.5 to learn the particular religious faith or beliefs of that church or religious organization; and
 5.6 ~~(c) whose programs are~~

5.7 (3) primarily intended to prepare its students to become ministers of, to enter into some
 5.8 other vocation closely related to, or to conduct their lives in consonance with, the particular
 5.9 faith of that church or religious organization, ~~is exempt from the provisions of sections~~
 5.10 ~~136A.61 to 136A.834.~~

5.11 (b) A school or a department or branch of a school is exempt from the provisions of
 5.12 sections 136A.61 to 136A.71 if all of its programs are exempt under paragraph (a).

5.13 Sec. 5. Minnesota Statutes 2018, section 136A.657, subdivision 2, is amended to read:

5.14 Subd. 2. **Limitation.** (a) This exemption shall not extend to any program or school or
 5.15 to any department or branch of a school ~~which that~~ through advertisements or solicitations
 5.16 represents to any students or prospective students that the school, its aims, goals, missions
 5.17 or purposes or its programs are different from those described in subdivision 1.

5.18 (b) This exemption shall not extend to any school which that represents to any student
 5.19 or prospective student that the major purpose of its programs is to:

5.20 (1) prepare the student for a vocation not closely related to that particular religious faith;
 5.21 or ~~to~~

5.22 (2) provide the student with a general educational program recognized by other schools
 5.23 or the broader educational, business or social community as being substantially equivalent
 5.24 to the educational programs offered by schools or departments or branches of schools ~~which~~
 5.25 that are not exempt from sections 136A.61 to 136A.71, and rules adopted pursuant thereto.

5.26 Sec. 6. Minnesota Statutes 2018, section 136A.657, subdivision 3, is amended to read:

5.27 Subd. 3. **Scope.** Nothing in sections 136A.61 to ~~136A.834~~ 136A.71, or the rules adopted
 5.28 pursuant thereto, shall be interpreted as permitting the office to determine the truth or falsity
 5.29 of any particular set of religious beliefs.

5.30 Sec. 7. Minnesota Statutes 2018, section 136A.822, subdivision 8, is amended to read:

5.31 Subd. 8. **Minimum standards.** A license shall be issued if the office first determines:

6.1 (1) that the applicant has a sound financial condition with sufficient resources available
6.2 to:

6.3 (i) meet the private career school's financial obligations;

6.4 (ii) refund all tuition and other charges, within a reasonable period of time, in the event
6.5 of dissolution of the private career school or in the event of any justifiable claims for refund
6.6 against the private career school by the student body;

6.7 (iii) provide adequate service to its students and prospective students; and

6.8 (iv) maintain and support the private career school;

6.9 (2) that the applicant has satisfactory facilities with sufficient tools and equipment and
6.10 the necessary number of work stations to prepare adequately the students currently enrolled,
6.11 and those proposed to be enrolled;

6.12 (3) that the applicant employs a sufficient number of qualified teaching personnel to
6.13 provide the educational programs contemplated;

6.14 (4) that the private career school has an organizational framework with administrative
6.15 and instructional personnel to provide the programs and services it intends to offer;

6.16 (5) that the quality and content of each occupational course or program of study provides
6.17 education and adequate preparation to enrolled students for entry level positions in the
6.18 occupation for which prepared;

6.19 (6) that the premises and conditions where the students work and study and the student
6.20 living quarters which are owned, maintained, recommended, or approved by the applicant
6.21 are sanitary, healthful, and safe, as evidenced by certificate of occupancy issued by the
6.22 municipality or county where the private career school is physically situated, a fire inspection
6.23 by the local or state fire marshal, or another verification deemed acceptable by the office;

6.24 (7) that the contract or enrollment agreement used by the private career school complies
6.25 with the provisions in section 136A.826;

6.26 (8) that contracts and agreements do not contain a wage assignment provision or a
6.27 confession of judgment clause; ~~and~~

6.28 (9) that there has been no adjudication of fraud or misrepresentation in any criminal,
6.29 civil, or administrative proceeding in any jurisdiction against the private career school or
6.30 its owner, officers, agents, or sponsoring organization; and

6.31 (10) that the school must not require mandatory predispute arbitration clauses with
6.32 students.

7.1 Sec. 8. Minnesota Statutes 2018, section 136A.827, subdivision 4, is amended to read:

7.2 Subd. 4. **Proration.** When a student has been accepted by a private career school and
7.3 gives ~~written~~ notice of cancellation after the program of instruction has begun, but before
7.4 completion of 75 percent of the program, the amount charged for tuition, fees and all other
7.5 charges shall be prorated based on the number of days in the term as a portion of the total
7.6 charges for tuition, fees and all other charges. An additional 25 percent of the total cost of
7.7 the program may be added but shall not exceed \$100. After completion of 75 percent of the
7.8 program, no refunds are required.

7.9 Sec. 9. Minnesota Statutes 2018, section 136A.829, subdivision 1, is amended to read:

7.10 Subdivision 1. **Grounds.** The office may, after notice and upon providing an opportunity
7.11 for a hearing, under chapter 14 if requested by the parties adversely affected, refuse to issue,
7.12 refuse to renew, revoke, or suspend a license or solicitor's permit for any of the following
7.13 grounds:

7.14 (1) violation of any provisions of sections 136A.821 to 136A.833 or any rule adopted
7.15 by the office;

7.16 (2) furnishing to the office false, misleading, or incomplete information;

7.17 (3) presenting to prospective students information relating to the private career school
7.18 that is false, fraudulent, deceptive, substantially inaccurate, or misleading;

7.19 (4) refusal to allow reasonable inspection or supply reasonable information after written
7.20 request by the office;

7.21 (5) using fraudulent, coercive, or dishonest practices, or demonstrating incompetence,
7.22 untrustworthiness, or financial irresponsibility, in the conduct of business in this state or
7.23 elsewhere;

7.24 (6) having been administratively or judicially determined to have committed fraud or
7.25 any other material violation of law involving federal, state, or local government funds; or

7.26 ~~(5)~~ (7) the existence of any circumstance that would be grounds for the refusal of an
7.27 initial or renewal license under section 136A.822.

7.28 Sec. 10. Minnesota Statutes 2018, section 136A.833, subdivision 1, is amended to read:

7.29 Subdivision 1. **Application for exemptions.** A school that seeks an exemption from the
7.30 provisions of sections 136A.822 to 136A.834 for the school and all of its programs or some
7.31 of its programs must apply to the office to establish that the school meets the requirements

8.1 of an exemption. An exemption expires two years from the date of approval or when a
8.2 school adds a new program or makes a modification equal to or greater than 25 percent to
8.3 an existing educational program. If a school is reapplying for an exemption, the application
8.4 must be submitted to the office 90 days before the current exemption expires.

8.5 Sec. 11. Minnesota Statutes 2018, section 136A.834, subdivision 1, is amended to read:

8.6 Subdivision 1. **Exemption.** ~~Any~~ (a) A program is exempt from the provisions of sections
8.7 136A.821 to 136A.832 if it is:

8.8 (1) offered by a private career school or any department or branch of a private career
8.9 school:

8.10 ~~(1) which~~ that is substantially owned, operated, or supported by a bona fide church or
8.11 religious organization;

8.12 ~~(2) whose programs are~~ primarily designed for, aimed at, and attended by persons who
8.13 sincerely hold or seek to learn the particular religious faith or beliefs of that church or
8.14 religious organization; and

8.15 ~~(3) whose programs are~~ primarily intended to prepare its students to become ministers
8.16 of, to enter into some other vocation closely related to, or to conduct their lives in consonance
8.17 with the particular faith of that church or religious organization;

8.18 ~~is exempt from the provisions of sections 136A.821 to 136A.832.~~

8.19 (b) Any private career school or any department or branch of a private career school is
8.20 exempt from the provisions of sections 136A.821 to 136A.832 if all of its programs are
8.21 exempt under paragraph (a).

8.22 Sec. 12. Minnesota Statutes 2018, section 136A.834, subdivision 2, is amended to read:

8.23 Subd. 2. **Limitations.** (a) An exemption shall not extend to any private career school,
8.24 department or branch of a private career school, or program of a private career school ~~which~~
8.25 that through advertisements or solicitations represents to any students or prospective students
8.26 that the school, its aims, goals, missions, purposes, or programs are different from those
8.27 described in subdivision 1.

8.28 (b) An exemption shall not extend to any private career school ~~which~~ or program that
8.29 represents to any student or prospective student that the major purpose of its programs is
8.30 to:

- 9.1 (1) prepare the student for a vocation not closely related to that particular religious faith;
- 9.2 or
- 9.3 (2) provide the student with a general educational program recognized by other private
- 9.4 career schools or the broader educational, business, or social community as being
- 9.5 substantially equivalent to the educational programs offered by private career schools or
- 9.6 departments or branches of private career schools which are not religious in nature and are
- 9.7 not exempt from sections 136A.82 to 136A.834 and from rules adopted under sections
- 9.8 136A.82 to 136A.834.