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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3392

- 02/17/2020 Authored by Bernardy
The bill was read for the first time and referred to the Higher Education Finance and Policy Division
- 05/07/2020 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
Pursuant to Joint Rule 2.03, re-referred to the Committee on Rules and Legislative Administration
Adoption of Report: Re-referred to the Committee on Ways and Means
Joint Rule 2.03 has been waived for any subsequent committee action on this bill
- 05/12/2020 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; providing for policy changes for the Office of Higher

1.3 Education, including financial aid, institutional approval, and the Minnesota college

1.4 savings plan; establishing and increasing fees; requiring a report; amending

1.5 Minnesota Statutes 2018, sections 124D.09, subdivision 10a; 135A.15, subdivision

1.6 1a; 136A.01, subdivision 1; 136A.031, subdivision 3; 136A.103; 136A.121, by

1.7 adding a subdivision; 136A.125, subdivision 3; 136A.1275, subdivision 1;

1.8 136A.1701, subdivision 4; 136A.1791, subdivisions 1, 3; 136A.1795, subdivision

1.9 4; 136A.65, subdivisions 4, 7, 8; 136A.653, subdivision 1; 136A.657, subdivisions

1.10 1, 2, 3; 136A.658; 136A.69, subdivisions 1, 4; 136A.824, subdivision 4; 136A.827,

1.11 subdivision 4; 136A.829, subdivision 1; 136A.833, subdivision 1; 136A.834,

1.12 subdivisions 1, 2; 136G.01; 136G.03, subdivisions 8, 10, 11, 20, 31, by adding a

1.13 subdivision; 136G.05, subdivisions 2, 5, 7; 136G.09, subdivisions 6, 8; 136G.11,

1.14 subdivisions 11, 13; 136G.13; 136G.14; Minnesota Statutes 2019 Supplement,

1.15 sections 136A.64, subdivision 1; 136A.646; proposing coding for new law in

1.16 Minnesota Statutes, chapter 136A; repealing Minnesota Statutes 2018, sections

1.17 136G.03, subdivisions 4, 22; 136G.05, subdivision 6.

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

1.19 ARTICLE 1

1.20 OFFICE OF HIGHER EDUCATION

1.21 Section 1. Minnesota Statutes 2018, section 124D.09, subdivision 10a, is amended to read:

1.22 Subd. 10a. Statewide concurrent enrollment participant survey evaluation. (a)

1.23 ~~Postsecondary institutions offering courses taught by the secondary teacher according to~~

1.24 ~~subdivision 10, and are members in the National Alliance of Concurrent Enrollment~~

1.25 ~~Partnerships (NACEP), must report all required NACEP evaluative survey results by~~

1.26 ~~September 1 of each year to the commissioners of the Office of Higher Education and the~~

1.27 ~~Department of Education. The commissioners must report by December 1 of each year to~~

2.1 ~~the committees of the legislature having jurisdiction over early education through grade 12~~
2.2 ~~education.~~

2.3 ~~(b) Postsecondary institutions that have not adopted and implemented the NACEP~~
2.4 ~~program standards and required evidence for accreditation, are required to conduct an annual~~
2.5 ~~survey of concurrent enrolled students who successfully completed the course who are one~~
2.6 ~~year out of high school, beginning with the high school graduating class of 2016. By~~
2.7 ~~September 1 of each year, the postsecondary institutions must report the evaluative survey~~
2.8 ~~results to the commissioners of the Office of Higher Education and the Department of~~
2.9 ~~Education. The commissioner must report by December 1 of each year to the committees~~
2.10 ~~of the legislature having jurisdiction over early education through grade 12 education. The~~
2.11 ~~survey must include, at a minimum, the following student information:~~

2.12 ~~(1) the participant's future education plans, including the highest degree or certification~~
2.13 ~~planned;~~

2.14 ~~(2) whether the participant is enrolled or plans to enroll in a Minnesota postsecondary~~
2.15 ~~institution, either public or private;~~

2.16 ~~(3) the number of credits accepted or denied by postsecondary institutions;~~

2.17 ~~(4) the college or university attended;~~

2.18 ~~(5) the participant's satisfaction level with the concurrent enrollment program;~~

2.19 ~~(6) the participant's demographics, such as gender, parent education level, qualification~~
2.20 ~~for free or reduced-price lunch in high school, Pell grant qualification, and ethnicity; and~~

2.21 ~~(7) a place for participants to provide comments~~ The Office of Higher Education and
2.22 the Department of Education shall collaborate in order to provide annual statewide evaluative
2.23 information on concurrent enrollment programs to the legislature. The commissioners of
2.24 the Office of Higher Education and the Department of Education, in consultation with
2.25 stakeholders, including students and parents, must determine what student demographics
2.26 and outcomes data are appropriate to include in the evaluation, and will use systems available
2.27 to the office and department to minimize the reporting burden on postsecondary institutions.
2.28 The commissioners must report by December 1, 2021, and each year thereafter, to the
2.29 committees of the legislature with jurisdiction over early education through grade 12 and
2.30 Minnesota State Colleges and Universities.

3.1 Sec. 2. Minnesota Statutes 2018, section 135A.15, subdivision 1a, is amended to read:

3.2 Subd. 1a. **Sexual assault definition.** (a) For the purposes of this section, the following
3.3 terms have the meanings given.

3.4 (b) "Incident" means one report of sexual assault to a postsecondary institution, regardless
3.5 of the number of complainants included in the report, the number of respondents included
3.6 in the report, and whether or not the identity of any party is known by the reporting
3.7 postsecondary institution. Incident encompasses all nonconsensual events included within
3.8 one report if multiple events have been identified.

3.9 (c) "Sexual assault" means rape, sex offenses - fondling, sex offenses - incest, or sex
3.10 offenses - statutory rape as defined in Code of Federal Regulations, title 34, part 668, subpart
3.11 D, appendix A, as amended.

3.12 Sec. 3. Minnesota Statutes 2018, section 136A.01, subdivision 1, is amended to read:

3.13 Subdivision 1. **Creation.** The Office of Higher Education, which may also be known
3.14 as the Minnesota Office of Higher Education, is created with a commissioner appointed by
3.15 the governor with the advice and consent of the senate and serving at the pleasure of the
3.16 governor.

3.17 Sec. 4. Minnesota Statutes 2018, section 136A.031, subdivision 3, is amended to read:

3.18 Subd. 3. **Student Advisory Council.** (a) A Student Advisory Council (SAC) to the
3.19 office is established. The members of SAC shall include: the chair of the University of
3.20 Minnesota student senate; the state chair of the Minnesota State University Student
3.21 Association; the president of the Minnesota State College Student Association and an officer
3.22 of the Minnesota State College Student Association, one in a community college course of
3.23 study and one in a technical college course of study; a student who is enrolled in a private
3.24 nonprofit postsecondary institution, to be elected by students enrolled in Minnesota Private
3.25 College Council institutions; ~~and~~ a student who is enrolled in a private ~~for-profit~~
3.26 ~~postsecondary institution~~ career school, to be elected by students enrolled in Minnesota
3.27 ~~Career College Association institutions~~ private career schools; and a student who is enrolled
3.28 in a Minnesota tribal college to be elected by students enrolled in Minnesota tribal colleges.
3.29 If students from the private career schools or tribal colleges do not elect a representative,
3.30 the commissioner must appoint a student representative. If students from the Minnesota
3.31 Private College Council institutions do not elect a representative, the Minnesota Private
3.32 College Council must appoint the private nonprofit representative. ~~If students from the~~
3.33 ~~Minnesota Career College Association institutions do not elect a representative, the Minnesota~~

4.1 ~~Career College Association must appoint the private for-profit representative.~~ A member
4.2 may be represented by a student designee who attends an institution from the same system
4.3 that the absent member represents. The SAC shall select one of its members to serve as
4.4 chair.

4.5 (b) The office shall inform the SAC of all matters related to student issues under
4.6 consideration. The SAC shall report to the office quarterly and at other times that the SAC
4.7 considers desirable. The SAC shall determine its meeting times, but it shall also meet with
4.8 the office within 30 days after the commissioner's request for a meeting.

4.9 (c) The SAC shall:

4.10 (1) bring to the attention of the office any matter that the SAC believes needs the attention
4.11 of the office;

4.12 (2) make recommendations to the office as it finds appropriate; and

4.13 (3) approve student appointments by the office for each advisory group as provided in
4.14 subdivision 4.

4.15 **Sec. 5. [136A.032] COMMUNITY AND COMMISSIONER PARTICIPATION IN**
4.16 **POSTSECONDARY EDUCATION OF AMERICAN INDIANS.**

4.17 **Subdivision 1. Definitions.** (a) The term used in this section has the meaning given in
4.18 this subdivision.

4.19 (b) "Tribal Nations Education Committee" means the committee established through
4.20 tribal directive, for which the commissioner consults on matters related to American Indian
4.21 postsecondary education programs, policy, and all matters related to educating Minnesota's
4.22 American Indian postsecondary students. The membership of the Tribal Nations Education
4.23 Committee is determined by and at the sole discretion of the committee members, and
4.24 nothing in this section authorizes the commissioner to dictate committee membership.

4.25 **Subd. 2. American Indian community involvement.** The commissioner must provide
4.26 for the involvement of the Tribal Nations Education Committee, American Indian
4.27 postsecondary students, and representatives of community groups in the establishment of
4.28 programs, formation of policies, and all other matters related to the postsecondary education
4.29 of Minnesota's American Indian students.

4.30 **Subd. 3. Consultation with the Tribal Nations Education Committee.** (a) The
4.31 commissioner shall seek consultation with the Tribal Nations Education Committee regarding

5.1 programs, policies, and all other matters related to the postsecondary education of Minnesota's
5.2 American Indian students.

5.3 (b) Nothing in this subdivision prevents the commissioner from seeking consultation
5.4 with individual tribal nations.

5.5 **Sec. 6. [136A.096] FINANCIAL AID GOALS.**

5.6 The legislature directs the commissioner of the Office of Higher Education, in
5.7 coordination with the Minnesota Department of Education and the Minnesota Association
5.8 of Secondary School Principals, to set an annual goal for the percentage of Minnesota's
5.9 high school seniors completing the Free Application for Federal Student Aid (FAFSA).

5.10 Sec. 7. Minnesota Statutes 2018, section 136A.121, is amended by adding a subdivision
5.11 to read:

5.12 Subd. 21. **Institutional prohibition.** An institution receiving financial aid under this
5.13 section must not suspend or withdraw a student from class attendance and resources during
5.14 a period of instruction due to an unpaid student account balance unless the student is eligible
5.15 for a full tuition and fee refund. A period of instruction for the purposes of this subdivision
5.16 means a new academic term that may be measured in semesters, trimesters, quarters, interim
5.17 terms, mini terms, or one or more modules so that a student who begins attendance in that
5.18 new academic term incurs additional tuition and fee charges beyond any outstanding student
5.19 account balance due to the institution for prior completed terms of enrollment. An institution
5.20 that measures a program in clock hours and that includes language in the enrollment contract
5.21 between it and the student to only charge tuition by payment period, is also covered by this
5.22 subdivision.

5.23 Sec. 8. Minnesota Statutes 2018, section 136A.125, subdivision 3, is amended to read:

5.24 Subd. 3. **Eligible institution.** A Minnesota public postsecondary institution, a Minnesota
5.25 private, baccalaureate ~~degree-granting~~ degree-granting college or university, ~~or~~ a Minnesota
5.26 nonprofit two-year vocational technical school granting associate degrees, or a Minnesota
5.27 postsecondary institution offering only graduate or professional degrees is eligible to receive
5.28 child care funds from the office and disburse them to eligible students.

5.29 Sec. 9. Minnesota Statutes 2018, section 136A.1275, subdivision 1, is amended to read:

5.30 Subdivision 1. **Establishment.** (a) The commissioner of the Office of Higher Education
5.31 must establish a grant program for student teaching stipends for low-income students enrolled

6.1 in a Professional Educator Licensing and Standards Board-approved teacher preparation
6.2 program who intend to teach in a shortage area after graduating and receiving their teaching
6.3 license or belong to an underrepresented racial or ethnic group.

6.4 (b) "Shortage area" means a license field or economic development region within
6.5 Minnesota defined as a shortage area by the ~~Department of Education~~ Professional Educator
6.6 Licensing and Standards Board in coordination with the commissioner using data collected
6.7 for the teacher supply and demand report under section ~~127A.05, subdivision 6, or other~~
6.8 122A.091, subdivision 5 ~~surveys conducted by the Department of Education that provide~~
6.9 ~~indicators for teacher supply and demand.~~

6.10 Sec. 10. Minnesota Statutes 2018, section 136A.1701, subdivision 4, is amended to read:

6.11 Subd. 4. **Terms and conditions of loans.** (a) The office may loan money upon such
6.12 terms and conditions as the office may prescribe.

6.13 (b) The maximum loan amount to students ~~enrolled in a bachelor's degree program,~~
6.14 ~~postbaccalaureate, or graduate program~~ must be determined annually by the office. ~~For all~~
6.15 ~~other eligible students, the principal amount of the loan must not exceed \$7,500 per grade~~
6.16 ~~level.~~ Loan limits are defined based on the type of program enrollment, such as a certificate,
6.17 an associate's degree, a bachelor's degree, or a graduate program. The aggregate principal
6.18 amount of all loans made subject to this paragraph to a student as an undergraduate and
6.19 graduate student must not exceed \$140,000. The amount of the loan must not exceed the
6.20 cost of attendance as determined by the eligible institution less all other financial aid,
6.21 including PLUS loans or other similar parent loans borrowed on the student's behalf. ~~The~~
6.22 ~~cumulative SELF loan debt must not exceed the borrowing maximums in paragraph (c).~~

6.23 (c)~~(1)~~ The cumulative borrowing maximums must be determined annually by the office
6.24 ~~for students enrolled in a bachelor's degree program or postbaccalaureate program and are~~
6.25 defined based on program enrollment. In determining the cumulative borrowing maximums,
6.26 the office shall, among other considerations, take into consideration the maximum SELF
6.27 loan amount, student financing needs, funding capacity for the SELF program, delinquency
6.28 and default loss management, and current financial market conditions.

6.29 ~~(2) For all other eligible students, the cumulative borrowing maximums are:~~

6.30 ~~(i) grade level 1, \$7,500;~~

6.31 ~~(ii) grade level 2, \$15,000;~~

6.32 ~~(iii) grade level 3, \$22,500;~~

7.1 ~~(iv) grade level 4, \$30,000; and~~

7.2 ~~(v) grade level 5, \$37,500.~~

7.3 Sec. 11. Minnesota Statutes 2018, section 136A.1791, subdivision 1, is amended to read:

7.4 Subdivision 1. **Definitions.** (a) The terms used in this section have the meanings given
7.5 them in this subdivision.

7.6 (b) "Qualified educational loan" means a government, commercial, or foundation loan
7.7 for actual costs paid for tuition and reasonable educational and living expenses related to a
7.8 teacher's preparation or further education.

7.9 (c) "School district" means an independent school district, special school district,
7.10 intermediate district, education district, special education cooperative, service cooperative,
7.11 a cooperative center for vocational education, or a charter school located in Minnesota.

7.12 (d) "Teacher" means an individual holding a teaching license issued by the Professional
7.13 Educator Licensing and Standards Board who is employed by a school district to provide
7.14 classroom instruction.

7.15 (e) "Teacher shortage area" means:

7.16 (1) the licensure fields and economic development regions reported by the ~~commissioner~~
7.17 ~~of education~~ Professional Educator Licensing and Standards Board in coordination with the
7.18 commissioner as experiencing a teacher shortage; and

7.19 (2) economic development regions where there is a shortage of licensed teachers who
7.20 reflect the racial or ethnic diversity of students in the region as reported by the ~~commissioner~~
7.21 ~~of education~~ Professional Educator Licensing and Standards Board in coordination with the
7.22 commissioner.

7.23 (f) "Commissioner" means the commissioner of the Office of Higher Education unless
7.24 indicated otherwise.

7.25 Sec. 12. Minnesota Statutes 2018, section 136A.1791, subdivision 3, is amended to read:

7.26 Subd. 3. **Use of report on teacher shortage areas.** ~~The commissioner of education~~
7.27 ~~shall use~~ Using data collected for the teacher supply and demand report to the legislature
7.28 ~~to~~ under section 122A.091, subdivision 5, Professional Educator Licensing and Standards
7.29 Board shall identify the licensure fields and economic development regions in Minnesota
7.30 experiencing a teacher shortage.

8.1 Sec. 13. Minnesota Statutes 2018, section 136A.1795, subdivision 4, is amended to read:

8.2 Subd. 4. **Loan forgiveness.** (a) The commissioner may select ~~a maximum of five~~ eligible
8.3 applicants each year for participation in the loan forgiveness program, within the limits of
8.4 available funding. Applicants are responsible for securing their own qualified educational
8.5 loans.

8.6 (b) The commissioner must select participants based on their suitability for practice
8.7 serving the designated rural area, as indicated by experience or training. The commissioner
8.8 must give preference to applicants closest to completing their training.

8.9 (c) The commissioner must make annual disbursements directly to the participant of
8.10 \$15,000 or the balance of the participant's qualifying educational loans, whichever is less,
8.11 for each year that a participant meets the service obligation required under subdivision 3,
8.12 paragraph (b), up to a maximum of five years.

8.13 (d) Before receiving loan repayment disbursements and as requested, the participant
8.14 must complete and return to the commissioner a confirmation of practice form provided by
8.15 the commissioner verifying that the participant is practicing as required under subdivision
8.16 2, paragraph (a). The participant must provide the commissioner with verification that the
8.17 full amount of loan repayment disbursement received by the participant has been applied
8.18 toward the designated loans. After each disbursement, verification must be received by the
8.19 commissioner and approved before the next loan repayment disbursement is made.

8.20 (e) Participants who move their practice remain eligible for loan repayment as long as
8.21 they practice as required under subdivision 2, paragraph (a).

8.22 Sec. 14. Minnesota Statutes 2018, section 136A.65, subdivision 8, is amended to read:

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

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

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

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

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

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

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

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

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

9.6 (5) having been administratively determined by the commissioner or judicially determined
9.7 to have committed fraud or any other material violation of law involving federal, state, or
9.8 local government funds.

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

9.15 Sec. 15. Minnesota Statutes 2018, section 136A.657, subdivision 1, is amended to read:

9.16 Subdivision 1. **Exemption.** ~~Any~~ (a) A program is exempt from the provisions of sections
9.17 136A.61 to 136A.71 if it is:

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

9.21 (2) primarily designed for, aimed at and attended by persons who sincerely hold or seek
9.22 to learn the particular religious faith or beliefs of that church or religious organization; and

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

9.26 ~~is exempt from the provisions of sections 136A.61 to 136A.834.~~

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

9.29 Sec. 16. Minnesota Statutes 2018, section 136A.657, subdivision 2, is amended to read:

9.30 Subd. 2. **Limitation.** (a) This exemption shall not extend to any program or school or
9.31 to any department or branch of a school ~~which that~~ through advertisements or solicitations

10.1 represents to any students or prospective students that the school, its aims, goals, missions
10.2 or purposes or its programs are different from those described in subdivision 1.

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

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

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

10.11 Sec. 17. Minnesota Statutes 2018, section 136A.657, subdivision 3, is amended to read:

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

10.15 Sec. 18. Minnesota Statutes 2018, section 136A.827, subdivision 4, is amended to read:

10.16 Subd. 4. **Proration.** When a student has been accepted by a private career school and
10.17 gives ~~written~~ notice of cancellation after the program of instruction has begun, but before
10.18 completion of 75 percent of the program, the amount charged for tuition, fees and all other
10.19 charges shall be prorated based on the number of days in the term as a portion of the total
10.20 charges for tuition, fees and all other charges. An additional 25 percent of the total cost of
10.21 the program may be added but shall not exceed \$100. After completion of 75 percent of the
10.22 program, no refunds are required. A notice of cancellation from a student under this
10.23 subdivision must be confirmed in writing by the private career school and mailed to the
10.24 student's last known address. The confirmation from the school must state that the school
10.25 has withdrawn the student from enrollment, and if this action was not the student's intent,
10.26 the student must contact the school.

10.27 Sec. 19. Minnesota Statutes 2018, section 136A.829, subdivision 1, is amended to read:

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

- 11.1 (1) violation of any provisions of sections 136A.821 to 136A.833 or any rule adopted
 11.2 by the office;
- 11.3 (2) furnishing to the office false, misleading, or incomplete information;
- 11.4 (3) presenting to prospective students information relating to the private career school
 11.5 that is false, fraudulent, deceptive, substantially inaccurate, or misleading;
- 11.6 (4) refusal to allow reasonable inspection or supply reasonable information after written
 11.7 request by the office;
- 11.8 (5) having been administratively determined by the commissioner or judicially determined
 11.9 to have committed fraud or any other material violation of law involving federal, state, or
 11.10 local government funds; or
- 11.11 ~~(5)~~ (6) the existence of any circumstance that would be grounds for the refusal of an
 11.12 initial or renewal license under section 136A.822.

11.13 Sec. 20. Minnesota Statutes 2018, section 136A.834, subdivision 1, is amended to read:

11.14 Subdivision 1. **Exemption.** ~~Any~~ (a) A program is exempt from the provisions of sections
 11.15 136A.821 to 136A.832 if it is:

- 11.16 (1) offered by a private career school or any department or branch of a private career
 11.17 school:
- 11.18 ~~(1) which~~ that is substantially owned, operated, or supported by a bona fide church or
 11.19 religious organization;
- 11.20 ~~(2) whose programs are~~ primarily designed for, aimed at, and attended by persons who
 11.21 sincerely hold or seek to learn the particular religious faith or beliefs of that church or
 11.22 religious organization; and
- 11.23 ~~(3) whose programs are~~ primarily intended to prepare its students to become ministers
 11.24 of, to enter into some other vocation closely related to, or to conduct their lives in consonance
 11.25 with the particular faith of that church or religious organization;
 11.26 ~~is exempt from the provisions of sections 136A.821 to 136A.832.~~

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

ARTICLE 2

MINNESOTA COLLEGE SAVINGS PLAN

12.1

12.2

12.3 Section 1. Minnesota Statutes 2018, section 136G.01, is amended to read:

12.4

136G.01 PLAN ESTABLISHED.

12.5 A college savings plan known as "the Minnesota college savings plan" or "the Minnesota

12.6 529 college savings plan" is established. In establishing this plan, the legislature seeks to

12.7 encourage individuals to save for postsecondary education by:

12.8 (1) providing a qualified tuition plan under federal tax law; and

12.9 (2) encouraging individuals, foundations, and businesses to provide additional grants to

12.10 participating students.

12.11 Sec. 2. Minnesota Statutes 2018, section 136G.03, subdivision 8, is amended to read:

12.12 Subd. 8. **Contribution.** "Contribution" means a payment directly allocated to an account

12.13 for the benefit of a beneficiary. For a rollover distribution, only the portion of the rollover

12.14 amount that constitutes investment in the account is treated as a contribution to the account.

12.15 For purposes of this chapter, "contribution" includes a recontribution that satisfies the

12.16 requirements of section 529(c)(3)(D) of the Internal Revenue Code.

12.17 Sec. 3. Minnesota Statutes 2018, section 136G.03, subdivision 10, is amended to read:

12.18 Subd. 10. **Distribution.** "Distribution" means a disbursement from an account ~~to the~~

12.19 ~~account owner, the beneficiary, or the beneficiary's estate or to an eligible educational~~

12.20 ~~institution.~~ Distribution does not include a change of beneficiary to a member of the family

12.21 of the prior beneficiary or a rollover distribution.

12.22 Sec. 4. Minnesota Statutes 2018, section 136G.03, subdivision 11, is amended to read:

12.23 Subd. 11. **Dormant account.** "Dormant account" means an account that has not received

12.24 contributions for at least three consecutive years and the account statements ~~mailed~~ sent to

12.25 the account owner have been returned as undeliverable.

12.26 Sec. 5. Minnesota Statutes 2018, section 136G.03, subdivision 20, is amended to read:

12.27 Subd. 20. **Maximum account balance limit.** "Maximum account balance limit" means

12.28 the amount established by the office under section 136G.09, subdivision 8, paragraph ~~(d)~~

12.29 (b).

13.1 Sec. 6. Minnesota Statutes 2018, section 136G.03, subdivision 31, is amended to read:

13.2 Subd. 31. **Qualified rollover distribution.** "Qualified rollover distribution" means a
13.3 ~~transfer of funds made:~~

13.4 ~~(1) from one account to another account within 60 days of a distribution;~~

13.5 ~~(2) from another qualified state tuition program to an account within 60 days of the~~
13.6 ~~distribution; or~~

13.7 ~~(3) to another qualified state tuition program from an account within 60 days of a~~
13.8 ~~distribution.~~

13.9 ~~When there is a change of beneficiary in a rollover distribution, the transfer of funds~~
13.10 ~~must be made for the benefit of a new beneficiary who is a member of the family of the~~
13.11 ~~prior beneficiary. A rollover distribution from one qualified tuition plan to another once~~
13.12 ~~every 12 months without a change of beneficiary is permitted~~ distribution that qualifies as
13.13 a rollover under section 529(c)(3)(C) of the Internal Revenue Code.

13.14 Sec. 7. Minnesota Statutes 2018, section 136G.03, is amended by adding a subdivision to
13.15 read:

13.16 Subd. 33a. **Taxable distribution.** "Taxable distribution" means: (1) a distribution made
13.17 from an account other than a qualified distribution, the earnings on which are subject to one
13.18 or more federal taxes; or (2) a distribution subject to additional federal tax under section
13.19 529(c)(6) of the Internal Revenue Code.

13.20 Sec. 8. Minnesota Statutes 2018, section 136G.05, subdivision 2, is amended to read:

13.21 Subd. 2. **Accounts-type plan.** The office must establish the plan and the plan must be
13.22 operated as an accounts-type plan that permits persons to save for qualified higher education
13.23 expenses ~~incurred at any eligible educational institution, regardless of whether it is private~~
13.24 ~~or public or whether it is located within or outside of the state.~~ A separate account must be
13.25 maintained for each beneficiary for whom contributions are made.

13.26 Sec. 9. Minnesota Statutes 2018, section 136G.05, subdivision 5, is amended to read:

13.27 Subd. 5. ~~Nonqualified~~ **Taxable distributions and matching grants.** There cannot be
13.28 a ~~nonqualified withdrawal of~~ taxable distribution of matching grant funds and any refund
13.29 of matching grants must be returned to the plan office.

14.1 Sec. 10. Minnesota Statutes 2018, section 136G.05, subdivision 7, is amended to read:

14.2 Subd. 7. **Marketing.** The commissioner shall make parents and other interested
14.3 individuals aware of the availability and advantages of the program plan as a way to save
14.4 for higher education costs.

14.5 Sec. 11. Minnesota Statutes 2018, section 136G.09, subdivision 6, is amended to read:

14.6 Subd. 6. **Change of beneficiary.** Except as provided for minor trust accounts in section
14.7 136G.14, an account owner may change the beneficiary of an account to a member of the
14.8 family of the current beneficiary, at any time without penalty, if the change will not cause
14.9 the total account balance of all accounts held for the new beneficiary to exceed the maximum
14.10 account balance limit as provided in subdivision 8. A change of beneficiary other than as
14.11 permitted in this subdivision is treated as a ~~nonqualified~~ taxable distribution under section
14.12 136G.13, subdivision 3.

14.13 Sec. 12. Minnesota Statutes 2018, section 136G.09, subdivision 8, is amended to read:

14.14 Subd. 8. **Maximum account balance limit.** (a) When a contribution is made, the total
14.15 account balance of all accounts held for the same beneficiary, including matching grant
14.16 accounts, must not exceed the maximum account balance limit as determined under this
14.17 subdivision.

14.18 (b) The office must establish a maximum account balance limit. The office must adjust
14.19 the maximum account balance limit, as necessary, or on January 1 of each year. The
14.20 maximum account balance limit must not exceed the amount permitted for the plan to qualify
14.21 as a qualified tuition program under section 529 of the Internal Revenue Code.

14.22 ~~(c) If the total account balance of all accounts held for a single beneficiary reaches the~~
14.23 ~~maximum account balance limit prior to the end of that calendar year, the beneficiary may~~
14.24 ~~receive an applicable matching grant for that calendar year.~~

14.25 Sec. 13. Minnesota Statutes 2018, section 136G.11, subdivision 11, is amended to read:

14.26 Subd. 11. **Ownership of matching grant funds.** The state retains ownership of all
14.27 matching grants and earnings on matching grants until a qualified distribution is made to a
14.28 beneficiary ~~or~~, an account owner, an eligible educational institution, or any other third party
14.29 as requested by an account owner.

15.1 Sec. 14. Minnesota Statutes 2018, section 136G.11, subdivision 13, is amended to read:

15.2 Subd. 13. **Forfeiture of matching grants.** (a) Matching grants are forfeited if:

15.3 (1) the account owner transfers the total account balance of an account to another account
15.4 or to another qualified tuition program;

15.5 (2) ~~the beneficiary receives a full tuition scholarship or is attending a United States~~
15.6 ~~service academy~~ any of the exceptions under section 530(d)(4)(B)(i) to (iv) of the Internal
15.7 Revenue Code apply to the beneficiary, and the exceptions cover 100 percent of the
15.8 beneficiary's qualified higher education expenses, unless the account owner requests the
15.9 matching grant funds be used to make a qualified education loan repayment as defined in
15.10 section 529(c)(9) of the Internal Revenue Code;

15.11 (3) ~~the beneficiary dies or becomes disabled;~~

15.12 (4) the account owner changes the beneficiary of the account; or

15.13 (5) (4) the account owner closes the account with a ~~nonqualified withdrawal.~~ taxable
15.14 distribution.

15.15 (b) Matching grants must be proportionally forfeited if:

15.16 (1) the account owner transfers a portion of an account to another account or to another
15.17 qualified tuition program; or

15.18 (2) ~~the beneficiary receives a scholarship covering a portion of qualified higher education~~
15.19 ~~expenses~~ the account owner takes a partial taxable distribution; ~~or~~

15.20 (3) ~~the account owner makes a partial nonqualified withdrawal.~~

15.21 (c) If the account owner makes a misrepresentation in a participation agreement or an
15.22 application for a matching grant that results in a matching grant, the matching grant associated
15.23 with the misrepresentation is forfeited. The office and the board must instruct the plan
15.24 administrator as to the amount to be forfeited from the matching grant account. The office
15.25 and the board must withdraw the matching grant or the proportion of the matching grant
15.26 that is related to the misrepresentation.

15.27 Sec. 15. Minnesota Statutes 2018, section 136G.13, is amended to read:

15.28 **136G.13 ACCOUNT DISTRIBUTIONS.**

15.29 Subdivision 1. **Qualified distribution methods.** (a) Qualified distributions may be
15.30 made:

15.31 (1) directly to participating eligible educational institutions on behalf of the beneficiary;

16.1 ~~(2) in the form of a check payable to both the beneficiary and the eligible educational~~
 16.2 ~~institution; or~~

16.3 ~~(3) (2) directly to the account owner or beneficiary if the account owner or beneficiary~~
 16.4 ~~has already paid qualified higher education expenses; or~~

16.5 (3) to any other third party as requested by the account owner.

16.6 (b) Qualified distributions must be withdrawn proportionally from contributions and
 16.7 earnings in an account owner's account on the date of distribution as provided in section
 16.8 529 of the Internal Revenue Code.

16.9 Subd. 2. **Matching grant accounts.** ~~Qualified distributions are based on the total account~~
 16.10 ~~balances in an account owner's account and matching grant account, if any, on the date of~~
 16.11 ~~distribution. Qualified distributions must be withdrawn proportionally from each account~~
 16.12 ~~based on the relative total account balance of each account to the total account balance for~~
 16.13 ~~both accounts. Amounts for matching grants and matching grant earnings must only be~~
 16.14 ~~distributed for qualified higher education expenses. Matching grant account funds may be~~
 16.15 ~~used as part or all of a qualified distribution.~~

16.16 Subd. 3. **Nonqualified Taxable distribution.** An account owner may request a
 16.17 ~~nonqualified~~ taxable distribution from an account at any time. ~~Nonqualified Taxable~~
 16.18 distributions are based on the total account balances in an account owner's account and must
 16.19 be withdrawn proportionally from contributions and earnings as provided in section 529 of
 16.20 the Internal Revenue Code. ~~The earnings portion of a nonqualified distribution is subject~~
 16.21 ~~to a federal additional tax pursuant to section 529 of the Internal Revenue Code.~~ For purposes
 16.22 of this subdivision, "earnings portion" means the ratio of the earnings in the account to the
 16.23 total account balance, immediately prior to the distribution, multiplied by the distribution.

16.24 Subd. 4. **Nonqualified Taxable distributions from matching grant accounts.** (a) If
 16.25 an account owner requests a ~~nonqualified~~ taxable distribution from an account that has a
 16.26 matching grant account, the total account balance of the matching grant account, if any, is
 16.27 reduced.

16.28 (b) After the ~~nonqualified~~ taxable distribution is withdrawn from the account ~~including~~
 16.29 ~~any penalty as provided in subdivision 3,~~ the account owner forfeits matching grant amounts
 16.30 in the same proportion as the ~~nonqualified~~ taxable distribution is to the total account balance
 16.31 of the account.

16.32 Subd. 5. **Distributions due to death or disability of, or scholarship to, or attendance**
 16.33 **at a United States military academy by, a beneficiary.** An account owner may request a

17.1 distribution due to the death or disability of, or scholarship to, or attendance at a United
17.2 States military academy by, a beneficiary from an account by submitting a completed request
17.3 to the plan. ~~Prior to distribution, the account owner shall certify the reason for the distribution~~
17.4 ~~and provide written confirmation from a third party that the beneficiary has died, become~~
17.5 ~~disabled, or received a scholarship for attendance at an eligible educational institution, or~~
17.6 ~~is attending a United States military academy. The plan must not consider a request to make~~
17.7 ~~a distribution until a third-party written confirmation is received by the plan. For purposes~~
17.8 ~~of this subdivision, a third-party written confirmation consists of the following:~~

17.9 (1) ~~for death of the beneficiary, a certified copy of the beneficiary's death record;~~

17.10 (2) ~~for disability of the beneficiary, a certification by a physician who is a doctor of~~
17.11 ~~medicine or osteopathic medicine stating that the doctor is legally authorized to practice in~~
17.12 ~~a state of the United States and that the beneficiary is unable to attend any eligible educational~~
17.13 ~~institution because of an injury or illness that is expected to continue indefinitely or result~~
17.14 ~~in death. Certification must be on a form approved by the plan;~~

17.15 (3) ~~for a scholarship award to the beneficiary, a letter from the grantor of the scholarship~~
17.16 ~~or from the eligible educational institution receiving or administering the scholarship, that~~
17.17 ~~identifies the beneficiary by name and Social Security number or taxpayer identification~~
17.18 ~~number as the recipient of the scholarship and states the amount of the scholarship, the~~
17.19 ~~period of time or number of credits or units to which it applies, the date of the scholarship,~~
17.20 ~~and, if applicable, the eligible educational institution to which the scholarship is to be~~
17.21 ~~applied; or~~

17.22 (4) ~~for attendance by the beneficiary at a United States military academy, a letter from~~
17.23 ~~the military academy indicating the beneficiary's enrollment and attendance~~ The plan shall
17.24 apprise the account owner that the account owner is responsible for obtaining and retaining
17.25 records and other documentation adequate to substantiate a distribution under this section.

17.26 Sec. 16. Minnesota Statutes 2018, section 136G.14, is amended to read:

17.27 **136G.14 MINOR TRUST ACCOUNTS.**

17.28 (a) This section applies to a plan account in which funds of a minor trust account are
17.29 invested.

17.30 (b) The account owner may not be changed to any person other than a successor custodian
17.31 or the beneficiary unless a court order directing the change of ownership is provided to the
17.32 plan administrator. The custodian must sign all forms and requests submitted to the plan
17.33 administrator in the custodian's representative capacity. The custodian must notify the plan

18.1 administrator in writing when the beneficiary becomes legally entitled to be the account
18.2 owner. An account owner under this section may not select a contingent account owner.

18.3 (c) The beneficiary of an account under this section may not be changed. If the beneficiary
18.4 dies, assets in a plan account become the property of the beneficiary's estate. Funds in an
18.5 account must not be transferred or rolled over to another account owner or to an account
18.6 for another beneficiary. A ~~nonqualified~~ taxable distribution from an account, or a distribution
18.7 ~~due to the disability or scholarship award to the beneficiary, or made on account of the~~
18.8 ~~beneficiary's attendance at a United States military academy~~ that qualifies as an exception
18.9 under section 530(d)(4)(B)(ii) to (iv) of the Internal Revenue Code, must be used for the
18.10 benefit of the beneficiary.

18.11 (d) Funds in an account for a beneficiary under this section may be rolled over into an
18.12 ABLE account under section 529A of the Internal Revenue Code, subject to the limits and
18.13 requirements of section 529A of the Internal Revenue Code.

18.14 Sec. 17. REPEALER.

18.15 Minnesota Statutes 2018, sections 136G.03, subdivisions 4 and 22; and 136G.05,
18.16 subdivision 6, are repealed.

18.17 ARTICLE 3

18.18 INSTITUTIONAL APPROVAL PROVISIONS

18.19 Section 1. Minnesota Statutes 2018, section 136A.103, is amended to read:

18.20 **136A.103 INSTITUTION ELIGIBILITY REQUIREMENTS.**

18.21 (a) A postsecondary institution is eligible for state student aid under chapter 136A and
18.22 sections 197.791 and 299A.45, if the institution is located in this state and:

18.23 (1) is operated by this state or the Board of Regents of the University of Minnesota; or

18.24 (2) is operated privately and, as determined by the office, meets the requirements of
18.25 paragraph (b).

18.26 (b) A private institution must:

18.27 (1) maintain academic standards substantially equivalent to those of comparable
18.28 institutions operated in this state;

18.29 (2) be licensed or registered as a postsecondary institution by the office; and

19.1 (3)(i) by July 1, 2010, participate in the federal Pell Grant program under Title IV of
19.2 the Higher Education Act of 1965, Public Law 89-329, as amended; or

19.3 (ii) if an institution was participating in state student aid programs as of June 30, 2010,
19.4 and the institution did not participate in the federal Pell Grant program by June 30, 2010,
19.5 the institution must require every student who enrolls to sign a disclosure form, provided
19.6 by the office, stating that the institution is not participating in the federal Pell Grant program.

19.7 (c) An institution that offers only graduate-level degrees or graduate-level nondegree
19.8 programs is an eligible institution if the institution is licensed or registered as a postsecondary
19.9 institution by the office.

19.10 (d) An eligible institution under paragraph (b), clause (3), item (ii), that changes
19.11 ownership as defined in section 136A.63, subdivision 2, must participate in the federal Pell
19.12 Grant program within four calendar years of the first ownership change to continue eligibility.

19.13 (e) An institution that loses its eligibility for the federal Pell Grant program is not an
19.14 eligible institution. The office may terminate an institution's eligibility to participate in state
19.15 student aid programs effective the date of the loss of eligibility for the federal Pell Grant
19.16 program.

19.17 (f) An institution must maintain adequate administrative and financial standards and
19.18 compliance with all state statutes, rules, and administrative policies related to state financial
19.19 aid programs.

19.20 (g) The office may terminate a postsecondary institution's eligibility to participate in
19.21 state student aid programs if the institution is terminated from participating in federal
19.22 financial aid programs by the United States Department of Education for a violation of laws,
19.23 regulations, or participation agreements governing federal financial aid programs.

19.24 Sec. 2. Minnesota Statutes 2019 Supplement, section 136A.64, subdivision 1, is amended
19.25 to read:

19.26 Subdivision 1. **Schools to provide information.** As a basis for registration, schools
19.27 shall provide the office with such information as the office needs to determine the nature
19.28 and activities of the school, including but not limited to the following which shall be
19.29 accompanied by an affidavit attesting to its accuracy and truthfulness:

19.30 (1) articles of incorporation, constitution, bylaws, or other operating documents;

19.31 (2) a duly adopted statement of the school's mission and goals;

20.1 (3) evidence of current school or program licenses granted by departments or agencies
20.2 of any state;

20.3 (4) ~~a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past~~
20.4 ~~fiscal year including any management letters provided by the independent auditor or, if the~~
20.5 ~~school is a public institution outside Minnesota, an income statement for the immediate past~~
20.6 ~~fiscal year~~ compliance audits and audited financial statements that meet the requirements
20.7 of Code of Federal Regulations, title 34, section 668.23; United States Code, title 20, chapter
20.8 28, section 1094; Code of Federal Regulations, title 2, subpart A, part 200, subpart F, under
20.9 200.501 and 200.503; and United States Code, title 31, chapter 75;

20.10 (5) all current promotional and recruitment materials and advertisements; and

20.11 (6) the current school catalog and, if not contained in the catalog:

20.12 (i) the members of the board of trustees or directors, if any;

20.13 (ii) the current institutional officers;

20.14 (iii) current full-time and part-time faculty with degrees held or applicable experience;

20.15 (iv) a description of all school facilities;

20.16 (v) a description of all current course offerings;

20.17 (vi) all requirements for satisfactory completion of courses, programs, and degrees;

20.18 (vii) the school's policy about freedom or limitation of expression and inquiry;

20.19 (viii) a current schedule of fees, charges for tuition, required supplies, student activities,
20.20 housing, and all other standard charges;

20.21 (ix) the school's policy about refunds and adjustments;

20.22 (x) the school's policy about granting credit for prior education, training, and experience;

20.23 (xi) the school's policies about student admission, evaluation, suspension, and dismissal;

20.24 and

20.25 (xii) the school's disclosure to students on the student complaint process under section
20.26 136A.672.

20.27 Sec. 3. Minnesota Statutes 2019 Supplement, section 136A.646, is amended to read:

20.28 **136A.646 ADDITIONAL SECURITY.**

20.29 (a) New ~~schools~~ institutions that have been granted conditional approval for degrees or
20.30 names to allow them the opportunity to apply for and receive accreditation under section

21.1 136A.65, subdivision 7, shall provide a surety bond in a sum equal to ten percent of the net
21.2 revenue from tuition and fees in the registered institution's prior fiscal year, but in no case
21.3 shall the bond be less than \$10,000.

21.4 (b) Any registered institution that is notified by the United States Department of Education
21.5 that it has fallen below minimum financial standards and that its continued participation in
21.6 Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal
21.7 Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code
21.8 of Federal Regulations, title 34, section 668.175, paragraph (c), shall provide a surety bond
21.9 in a sum equal to the "letter of credit" required by the United States Department of Education
21.10 in the Letter of Credit Alternative, but in no event shall such bond be less than \$10,000 nor
21.11 more than \$250,000. If the letter of credit required by the United States Department of
21.12 Education is higher than ten percent of the Title IV, Higher Education Act program funds
21.13 received by the institution during its most recently completed fiscal year, the office shall
21.14 reduce the office's surety requirement to represent ten percent of the Title IV, Higher
21.15 Education Act program funds received by the institution during its most recently completed
21.16 fiscal year, subject to the minimum and maximum in this paragraph.

21.17 (c) In lieu of a bond, the applicant may deposit with the commissioner of management
21.18 and budget:

21.19 (1) a sum equal to the amount of the required surety bond in cash;

21.20 (2) securities, as may be legally purchased by savings banks or for trust funds, in an
21.21 aggregate market value equal to the amount of the required surety bond; or

21.22 (3) an irrevocable letter of credit issued by a financial institution to the amount of the
21.23 required surety bond.

21.24 (d) The surety of any bond may cancel it upon giving 60 days' notice in writing to the
21.25 office and shall be relieved of liability for any breach of condition occurring after the
21.26 effective date of cancellation.

21.27 (e) In the event of a school closure, the additional security must first be used to destroy
21.28 any private educational data under section 13.32 left at a physical campus in Minnesota
21.29 after all other governmental agencies have recovered or retrieved records under their record
21.30 retention policies. Any remaining funds must then be used to reimburse tuition and fee costs
21.31 to students that were enrolled at the time of the closure or had withdrawn in the previous
21.32 120 calendar days but did not graduate. Priority for refunds will be given to students in the
21.33 following order:

22.1 (1) cash payments made by the student or on behalf of a student;

22.2 (2) private student loans; and

22.3 (3) Veteran Administration education benefits that are not restored by the Veteran
22.4 Administration. If there are additional security funds remaining, the additional security
22.5 funds may be used to cover any administrative costs incurred by the office related to the
22.6 closure of the school.

22.7 Sec. 4. Minnesota Statutes 2018, section 136A.65, subdivision 4, is amended to read:

22.8 Subd. 4. **Criteria for approval.** (a) A school applying to be registered and to have its
22.9 degree or degrees and name approved must substantially meet the following criteria:

22.10 (1) the school has an organizational framework with administrative and teaching personnel
22.11 to provide the educational programs offered;

22.12 (2) the school has financial resources sufficient to meet the school's financial obligations,
22.13 including refunding tuition and other charges consistent with its stated policy if the institution
22.14 is dissolved, or if claims for refunds are made, to provide service to the students as promised,
22.15 and to provide educational programs leading to degrees as offered;

22.16 (3) the school operates in conformity with generally accepted accounting principles
22.17 according to the type of school;

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

22.19 (5) the school provides appropriate and accessible library, laboratory, and other physical
22.20 facilities to support the educational program offered;

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

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

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

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

- 23.1 (i) comprehensive and accurate policies relating to student admission, evaluation,
23.2 suspension, and dismissal;
- 23.3 (ii) clear and accurate policies relating to granting credit for prior education, training,
23.4 and experience and for courses offered by the school;
- 23.5 (iii) current schedules of fees, charges for tuition, required supplies, student activities,
23.6 housing, and all other standard charges;
- 23.7 (iv) policies regarding refunds and adjustments for withdrawal or modification of
23.8 enrollment status; and
- 23.9 (v) procedures and standards used for selection of recipients and the terms of payment
23.10 and repayment for any financial aid program; ~~and~~
- 23.11 (10) the school must not withhold a student's official transcript because the student is
23.12 in arrears or in default on any loan issued by the school to the student if the loan qualifies
23.13 as an institutional loan under United States Code, title 11, section 523(a)(8)(b); and
- 23.14 (11) the school has a process to receive and act on student complaints.
- 23.15 (b) An application for degree approval must also include:
- 23.16 (i) title of degree and formal recognition awarded;
- 23.17 (ii) location where such degree will be offered;
- 23.18 (iii) proposed implementation date of the degree;
- 23.19 (iv) admissions requirements for the degree;
- 23.20 (v) length of the degree;
- 23.21 (vi) projected enrollment for a period of five years;
- 23.22 (vii) the curriculum required for the degree, including course syllabi or outlines;
- 23.23 (viii) statement of academic and administrative mechanisms planned for monitoring the
23.24 quality of the proposed degree;
- 23.25 (ix) statement of satisfaction of professional licensure criteria, if applicable;
- 23.26 (x) documentation of the availability of clinical, internship, externship, or practicum
23.27 sites, if applicable; and
- 23.28 (xi) statement of how the degree fulfills the institution's mission and goals, complements
23.29 existing degrees, and contributes to the school's viability.

24.1 Sec. 5. Minnesota Statutes 2018, section 136A.65, subdivision 7, is amended to read:

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

24.6 (b) The office may grant new schools with their physical location in Minnesota and
24.7 programs a one-year conditional approval for degrees or use of a term in its name to allow
24.8 the school the opportunity to apply for and receive accreditation as required in subdivision
24.9 1a. Conditional approval of a school or program under this paragraph must not exceed a
24.10 period of five years. A new school or program granted conditional approval may be allowed
24.11 to continue in order to complete an accreditation process upon terms and conditions the
24.12 office determines.

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

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

24.24 Sec. 6. Minnesota Statutes 2018, section 136A.65, subdivision 8, is amended to read:

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

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

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

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

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

- 25.1 (1) violating the provisions of sections 136A.61 to 136A.71;
- 25.2 (2) providing false, misleading, or incomplete information to the office;
- 25.3 (3) presenting information about the school which is false, fraudulent, misleading,
- 25.4 deceptive, or inaccurate in a material respect to students or prospective students; ~~or~~
- 25.5 (4) refusing to allow reasonable inspection or to supply reasonable information after a
- 25.6 written request by the office has been received;
- 25.7 (5) failing to have enrollment within the last two years at the school; or
- 25.8 (6) failing to have any enrollment within two years of a program's approval, except for
- 25.9 programs that require extensive approval processes by the United States Department of
- 25.10 Education, or the program's institutional or programmatic accreditor.

25.11 (c) Any order refusing, revoking, or suspending a school's registration, approval of a

25.12 school's degree, or use of a regulated term in the school's name is appealable in accordance

25.13 with chapter 14. The request must be in writing and made to the office within 30 days of

25.14 the date the school is notified of the action of the office. If a school has been operating and

25.15 its registration has been revoked, suspended, or refused by the office, the order is not effective

25.16 until the final determination of the appeal, unless immediate effect is ordered by the court.

25.17 Sec. 7. Minnesota Statutes 2018, section 136A.653, subdivision 1, is amended to read:

25.18 Subdivision 1. **Application.** A school that seeks an exemption under this section from

25.19 the provisions of sections 136A.61 to 136A.71 must apply to the office to establish that the

25.20 school meets the requirements of an exemption. An exemption expires two years from the

25.21 date of approval or when a school adds a new program or makes a modification equal to or

25.22 greater than 25 percent to an existing educational program. If a school is reapplying for an

25.23 exemption, the application must be submitted to the office 90 days before the current

25.24 exemption expires. This exemption shall not extend to any school that uses any publication

25.25 or advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate,

25.26 or misleading impressions about the school or its personnel, programs, services, or

25.27 occupational opportunities for graduates for promotion and student recruitment. Exemptions

25.28 denied under this section are subject to appeal under section 136A.65, subdivision 8,

25.29 paragraph (c). If an appeal is initiated, the denial of the exemption is not effective until the

25.30 final determination of the appeal, unless immediate effect is ordered by the court.

26.1 Sec. 8. Minnesota Statutes 2018, section 136A.657, subdivision 2, is amended to read:

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

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

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

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

26.14 (c) This exemption shall not extend to any school that uses any publication or
 26.15 advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate, or
 26.16 misleading impressions about the school or its personnel, programs, services, or occupational
 26.17 opportunities for its graduates for promotion and student recruitment. Exemptions denied
 26.18 under this section are subject to appeal under section 136A.65, subdivision 8, paragraph
 26.19 (c). If an appeal is initiated, the denial of the exemption is not effective until the final
 26.20 determination of the appeal, unless immediate effect is ordered by the court.

26.21 Sec. 9. Minnesota Statutes 2018, section 136A.658, is amended to read:

26.22 **136A.658 EXEMPTION; STATE AUTHORIZATION RECIPROCITY**
 26.23 **AGREEMENT SCHOOLS.**

26.24 (a) The office may participate in an interstate reciprocity agreement regarding
 26.25 postsecondary distance education if it determines that participation is in the best interest of
 26.26 Minnesota postsecondary students.

26.27 (b) If the office decides to participate in an interstate reciprocity agreement, an institution
 26.28 that meets the following requirements is exempt from the provisions of sections 136A.61
 26.29 to 136A.71:

26.30 (1) the institution is situated in a state which is also participating in the interstate
 26.31 reciprocity agreement;

27.1 (2) the institution has been approved to participate in the interstate reciprocity agreement
 27.2 by the institution's home state and other entities with oversight of the interstate reciprocity
 27.3 agreement; and

27.4 (3) the institution has elected to participate in and operate in compliance with the terms
 27.5 of the interstate reciprocity agreement.

27.6 (c) If the office participates in an interstate reciprocity agreement and the office is
 27.7 responsible for the administration of that interstate reciprocity agreement, which may include
 27.8 the approval of applications for membership of in-state institutions to participate in the
 27.9 interstate reciprocity agreement, the office shall collect reasonable fees sufficient to recover,
 27.10 but not exceed, its costs to administer the interstate reciprocity agreement. The office
 27.11 processing fees for approving an in-state institution application shall be as follows:

27.12 (1) \$750 for institutions with fewer than 2,500 full-time enrollment;

27.13 (2) \$3,000 for institutions with 2,501 to 20,000 full-time enrollment; and

27.14 (3) \$7,500 for institutions with greater than 20,001 full-time enrollment.

27.15 Full-time enrollment is established using the previous year's full-time enrollment as
 27.16 established in the United States Department of Education Integrated Postsecondary Education
 27.17 Data System.

27.18 Sec. 10. Minnesota Statutes 2018, section 136A.69, subdivision 1, is amended to read:

27.19 Subdivision 1. **Registration fees.** (a) The office shall collect reasonable registration fees
 27.20 that are sufficient to recover, but do not exceed, its costs of administering the registration
 27.21 program. The office shall charge the fees listed in paragraphs (b) and (c) for new registrations.

27.22 (b) A new school offering no more than one degree at each level during its first year
 27.23 must pay registration fees for each applicable level in the following amounts:

27.24	associate degree	\$2,000
27.25	baccalaureate degree	\$2,500
27.26	master's degree	\$3,000
27.27	doctorate degree	\$3,500

27.28 (c) A new school that will offer more than one degree per level during its first year must
 27.29 pay registration fees in an amount equal to the fee for the first degree at each degree level
 27.30 under paragraph (b), plus fees for each additional nondegree program or degree as follows:

27.31	nondegree program	\$250
27.32	additional associate degree	\$250

28.1	additional baccalaureate degree	\$500
28.2	additional master's degree	\$750
28.3	additional doctorate degree	\$1,000

28.4 (d) The annual renewal registration fee is ~~\$1,200~~ \$1,500.

28.5 Sec. 11. Minnesota Statutes 2018, section 136A.69, subdivision 4, is amended to read:

28.6 Subd. 4. **Visit or consulting fee.** If the office determines that a fact-finding visit or
 28.7 outside consultant is necessary to review, investigate, or evaluate any ~~new or revised~~ degree
 28.8 or nondegree program or the institution for statutory compliance with the Minnesota Private
 28.9 and Out-of-State Public Postsecondary Education Act, the office shall be reimbursed for
 28.10 the expenses incurred related to the review as follows:

28.11 (1) \$400 for the team base fee or for a paper review conducted by a consultant if the
 28.12 office determines that a fact-finding visit is not required;

28.13 (2) \$300 for each day or part thereof on site per team member; and

28.14 (3) the actual cost of customary meals, lodging, and related travel expenses incurred by
 28.15 team members.

28.16 Sec. 12. Minnesota Statutes 2018, section 136A.824, subdivision 4, is amended to read:

28.17 Subd. 4. **Visit or consulting fee.** If the office determines that a fact-finding visit or
 28.18 outside consultant is necessary to review, investigate, or evaluate any new or revised program
 28.19 or the private career school for statutory compliance with the Private Career School Act,
 28.20 the office shall be reimbursed for the expenses incurred related to the review as follows:

28.21 (1) \$400 for the team base fee or for a paper review conducted by a consultant if the
 28.22 office determines that a fact-finding visit is not required;

28.23 (2) \$300 for each day or part thereof on site per team member; and

28.24 (3) the actual cost of customary meals, lodging, and related travel expenses incurred by
 28.25 team members.

28.26 Sec. 13. Minnesota Statutes 2018, section 136A.829, subdivision 1, is amended to read:

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

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

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

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

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

29.8 (5) the existence of any circumstance that would be grounds for the refusal of an initial
29.9 or renewal license under section 136A.822; or

29.10 (6) using fraudulent or coercive practices, whether in the course of business in this state
29.11 or elsewhere.

29.12 Sec. 14. Minnesota Statutes 2018, section 136A.833, subdivision 1, is amended to read:

29.13 Subdivision 1. **Application for exemptions.** A school that seeks an exemption from the
29.14 provisions of sections 136A.822 to 136A.834 for the school and all of its programs or some
29.15 of its programs must apply to the office to establish that the school meets the requirements
29.16 of an exemption. An exemption expires two years from the date of approval or when a
29.17 school adds a new program or makes a modification equal to or greater than 25 percent to
29.18 an existing educational program. If a school is reapplying for an exemption, the application
29.19 must be submitted to the office 90 days before the current exemption expires. This exemption
29.20 shall not extend to any school that uses any publication or advertisement that is not truthful
29.21 and gives any false, fraudulent, deceptive, inaccurate, or misleading impressions about the
29.22 school or its personnel, programs, services, or occupational opportunities for its graduates
29.23 for promotion and student recruitment. Exemptions denied under this section are subject to
29.24 appeal under section 136A.65, subdivision 8, paragraph (c). If an appeal is initiated, the
29.25 denial of the exemption is not effective until the final determination of the appeal, unless
29.26 immediate effect is ordered by the court.

29.27 Sec. 15. Minnesota Statutes 2018, section 136A.834, subdivision 2, is amended to read:

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

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

30.4 (1) prepare the student for a vocation not closely related to that particular religious faith;
30.5 or

30.6 (2) provide the student with a general educational program recognized by other private
30.7 career schools or the broader educational, business, or social community as being
30.8 substantially equivalent to the educational programs offered by private career schools or
30.9 departments or branches of private career schools which are not religious in nature and are
30.10 not exempt from sections 136A.82 to 136A.834 and from rules adopted under sections
30.11 136A.82 to 136A.834.

30.12 (c) This exemption shall not extend to any school that uses any publication or
30.13 advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate, or
30.14 misleading impressions about the school or its personnel, programs, services, or occupational
30.15 opportunities for graduates for promotion and student recruitment. Exemptions denied under
30.16 this section are subject to appeal under section 136A.65, subdivision 8, paragraph (c). If an
30.17 appeal is initiated, the denial of the exemption is not effective until the final determination
30.18 of the appeal, unless immediate effect is ordered by the court.

APPENDIX
Repealed Minnesota Statutes: H3392-2

136G.03 DEFINITIONS.

Subd. 4. **Adjusted gross income.** "Adjusted gross income" means adjusted gross income as defined in section 62 of the Internal Revenue Code.

Subd. 22. **Nonqualified distribution.** "Nonqualified distribution" means a distribution made from an account other than (1) a qualified distribution; or (2) a distribution due to the death or disability of, or scholarship to, or attendance at a United States military academy by, a beneficiary.

136G.05 MINNESOTA OFFICE OF HIGHER EDUCATION.

Subd. 6. **Three-year period for withdrawal of grants.** A matching grant deposited in a matching grant account based on account owner contributions during calendar years 2001 to 2010 under section 136G.11 may not be withdrawn within three years of the establishment of the account of the beneficiary. In calculating the three-year period, the period held in another account is included, if the account includes a rollover from another account under section 529(c)(3)(C) of the Internal Revenue Code.