

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

1.1 A bill for an act

1.2 relating to higher education; modifying certain higher education policy provisions;

1.3 amending Minnesota Statutes 2018, sections 13.322, subdivision 3; 136A.1275,

1.4 subdivisions 2, 3; 136A.15, subdivision 8; 136A.16, subdivisions 1, 2, 5, 8, 9;

1.5 136A.162; 136A.1701, subdivision 7; 136A.1789, subdivisions 1, 3, 5; 136A.64,

1.6 subdivisions 1, 5, by adding a subdivision; 136A.645; 136A.646; 136A.672, by

1.7 adding a subdivision; 136A.821, by adding subdivisions; 136A.822, subdivisions

1.8 6, 10, 12; 136A.8295, by adding subdivisions; Laws 2017, chapter 89, article 1,

1.9 section 2, subdivision 29; proposing coding for new law in Minnesota Statutes,

1.10 chapter 136A; repealing Minnesota Statutes 2018, sections 136A.15, subdivisions

1.11 2, 7; 136A.1701, subdivision 12.

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

1.13 Section 1. Minnesota Statutes 2018, section 13.322, subdivision 3, is amended to read:

1.14 Subd. 3. **Minnesota Office of Higher Education.** (a) **General.** Data sharing involving

1.15 the Minnesota Office of Higher Education and other institutions is governed by section

1.16 136A.05.

1.17 (b) **Student financial aid.** Data collected and used by the Minnesota Office of Higher

1.18 Education on applicants for financial assistance are classified under section 136A.162.

1.19 (c) **Minnesota college savings plan data.** Account owner data, account data, and data

1.20 on beneficiaries of accounts under the Minnesota college savings plan are classified under

1.21 section 136G.05, subdivision 10.

1.22 (d) **School financial records.** Financial records submitted by schools registering with

1.23 the Minnesota Office of Higher Education are classified under section 136A.64.

2.1 (e) **Enrollment and financial aid data.** Data collected from eligible institutions on
2.2 student enrollment and federal and state financial aid are governed by sections 136A.121,
2.3 subdivision 18, and 136A.1701, subdivision 11.

2.4 (f) **Student complaint data.** Data collected from student complaints are governed by
2.5 sections 136A.672, subdivision 6, and 136A.8295, subdivision 6.

2.6 Sec. 2. Minnesota Statutes 2018, section 136A.1275, subdivision 2, is amended to read:

2.7 Subd. 2. **Eligibility.** To be eligible for a grant under this section, a teacher candidate
2.8 must:

2.9 (1) be enrolled in a Professional Educator Licensing and Standards Board-approved
2.10 teacher preparation program that requires at least 12 weeks of student teaching in order to
2.11 be recommended for a full professional teaching license;

2.12 (2) demonstrate financial need based on criteria established by the commissioner under
2.13 subdivision 3;

2.14 ~~(3) intend to teach in a shortage area or belong to an underrepresented racial or ethnic~~
2.15 ~~group; and~~

2.16 ~~(4) (3) be meeting satisfactory academic progress as defined under section 136A.101,~~
2.17 ~~subdivision 10; and~~

2.18 (4) intend to teach in a shortage area or belong to a racial or ethnic group underrepresented
2.19 in the Minnesota teacher workforce. Intent can be documented based on the teacher license
2.20 field the student is pursuing or a statement of intent to teach in an economic development
2.21 region defined as a shortage area in the year the student receives a grant.

2.22 Sec. 3. Minnesota Statutes 2018, section 136A.1275, subdivision 3, is amended to read:

2.23 Subd. 3. **Administration; repayment.** (a) The commissioner must establish an
2.24 application process and other guidelines for implementing this program, ~~including repayment~~
2.25 ~~responsibilities for stipend recipients who do not complete student teaching or who leave~~
2.26 ~~Minnesota to teach in another state during the first year after student teaching.~~

2.27 (b) The commissioner must determine each academic year the stipend amount up to
2.28 \$7,500 based on the amount of available funding, the number of eligible applicants, and the
2.29 financial need of the applicants.

2.30 (c) The percentage of the total award funds available at the beginning of the fiscal year
2.31 reserved for teacher candidates who identify as belonging to an underrepresented a racial

3.1 or ethnic group underrepresented in the Minnesota teacher workforce must be equal to or
3.2 greater than the total percentage of students of ~~underrepresented~~ racial or ethnic groups
3.3 underrepresented in the Minnesota teacher workforce as measured under section 120B.35,
3.4 subdivision 3. If this percentage cannot be met because of a lack of qualifying candidates,
3.5 the remaining amount may be awarded to teacher candidates who intend to teach in a shortage
3.6 area.

3.7 Sec. 4. Minnesota Statutes 2018, section 136A.15, subdivision 8, is amended to read:

3.8 Subd. 8. **Eligible student.** "Eligible student" means a student who is officially registered
3.9 or accepted for enrollment at an eligible institution in Minnesota or a Minnesota resident
3.10 who is officially registered as a student or accepted for enrollment at an eligible institution
3.11 in another state ~~or province~~. Non-Minnesota residents are eligible students if they are enrolled
3.12 or accepted for enrollment in a minimum of one course of at least 30 days in length during
3.13 the academic year that requires physical attendance at an eligible institution located in
3.14 Minnesota. Non-Minnesota resident students enrolled exclusively during the academic year
3.15 in correspondence courses or courses offered over the Internet are not eligible students.
3.16 Non-Minnesota resident students not physically attending classes in Minnesota due to
3.17 enrollment in a study abroad program for 12 months or less are eligible students.
3.18 Non-Minnesota residents enrolled in study abroad programs exceeding 12 months are not
3.19 eligible students. An eligible student, for section 136A.1701, means a student who gives
3.20 informed consent authorizing the disclosure of data specified in section 136A.162, paragraph
3.21 (c), to a consumer credit reporting agency.

3.22 Sec. 5. Minnesota Statutes 2018, section 136A.16, subdivision 1, is amended to read:

3.23 Subdivision 1. **Designation.** Notwithstanding chapter 16C, the office is designated as
3.24 the administrative agency for carrying out the purposes and terms of sections 136A.15 to
3.25 ~~136A.1702~~ 136A.1704. The office may establish one or more loan programs.

3.26 Sec. 6. Minnesota Statutes 2018, section 136A.16, subdivision 2, is amended to read:

3.27 Subd. 2. **Rules, policies, and conditions.** The office shall adopt policies and may
3.28 prescribe appropriate rules and conditions to carry out the purposes of sections 136A.15 to
3.29 136A.1702. ~~The policies and rules except as they relate to loans under section 136A.1701~~
3.30 ~~must be compatible with the provisions of the National Vocational Student Loan Insurance~~
3.31 ~~Act of 1965 and the provisions of title IV of the Higher Education Act of 1965, and any~~
3.32 ~~amendments thereof.~~

4.1 Sec. 7. Minnesota Statutes 2018, section 136A.16, subdivision 5, is amended to read:

4.2 Subd. 5. **Agencies.** The office may contract with loan servicers, collection agencies,
4.3 credit bureaus, or any other person, to carry out the purposes of sections 136A.15 to
4.4 ~~136A.1702~~ 136A.1704.

4.5 Sec. 8. Minnesota Statutes 2018, section 136A.16, subdivision 8, is amended to read:

4.6 Subd. 8. **Investment.** Money made available to the office that is not immediately needed
4.7 for the purposes of sections 136A.15 to ~~136A.1702~~ 136A.1704 may be invested by the
4.8 office. The money must be invested in bonds, certificates of indebtedness, and other fixed
4.9 income securities, except preferred stocks, which are legal investments for the permanent
4.10 school fund. The money may also be invested in prime quality commercial paper that is
4.11 eligible for investment in the state employees retirement fund. All interest and profits from
4.12 such investments inure to the benefit of the office or may be pledged for security of bonds
4.13 issued by the office or its predecessors.

4.14 Sec. 9. Minnesota Statutes 2018, section 136A.16, subdivision 9, is amended to read:

4.15 Subd. 9. **Staff.** The office may employ the professional and clerical staff the commissioner
4.16 deems necessary for the proper administration of the loan programs established and defined
4.17 by sections 136A.15 to ~~136A.1702~~ 136A.1704.

4.18 Sec. 10. Minnesota Statutes 2018, section 136A.162, is amended to read:

4.19 **136A.162 CLASSIFICATION OF DATA.**

4.20 (a) Except as provided in paragraphs (b) and (c), data on applicants for financial assistance
4.21 collected and used by the office for student financial aid programs administered by that
4.22 office are private data on individuals as defined in section 13.02, subdivision 12.

4.23 (b) Data on applicants may be disclosed to the commissioner of human services to the
4.24 extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5).

4.25 (c) The following data collected in the Minnesota supplemental loan program under
4.26 ~~section~~ sections 136A.1701 and 136A.1704 may be disclosed to a consumer credit reporting
4.27 agency only if the borrower and the cosigner give informed consent, according to section
4.28 13.05, subdivision 4, at the time of application for a loan:

4.29 (1) the lender-assigned borrower identification number;

4.30 (2) the name and address of borrower;

- 5.1 (3) the name and address of cosigner;
- 5.2 (4) the date the account is opened;
- 5.3 (5) the outstanding account balance;
- 5.4 (6) the dollar amount past due;
- 5.5 (7) the number of payments past due;
- 5.6 (8) the number of late payments in previous 12 months;
- 5.7 (9) the type of account;
- 5.8 (10) the responsibility for the account; and
- 5.9 (11) the status or remarks code.

5.10 Sec. 11. Minnesota Statutes 2018, section 136A.1701, subdivision 7, is amended to read:

5.11 Subd. 7. **Repayment of loans.** ~~(a) The office shall establish repayment procedures for~~
5.12 ~~loans made under this section, but in no event shall the period of permitted repayment for~~
5.13 ~~SELF II or SELF III loans exceed ten years from the eligible student's termination of the~~
5.14 ~~student's postsecondary academic or vocational program, or 15 years from the date of the~~
5.15 ~~student's first loan under this section, whichever is less. in accordance with the policies,~~
5.16 ~~rules, and conditions authorized under section 136A.16, subdivision 2. The office will take~~
5.17 ~~into consideration the loan limits and current financial market conditions when establishing~~
5.18 ~~repayment terms.~~

5.19 ~~(b) For SELF IV loans, eligible students with aggregate principal loan balances from~~
5.20 ~~all SELF phases that are less than \$18,750 shall have a repayment period not exceeding ten~~
5.21 ~~years from the eligible student's graduation or termination date. For SELF IV loans, eligible~~
5.22 ~~students with aggregate principal loan balances from all SELF phases of \$18,750 or greater~~
5.23 ~~shall have a repayment period not exceeding 15 years from the eligible student's graduation~~
5.24 ~~or termination date. For SELF IV loans, the loans shall enter repayment no later than seven~~
5.25 ~~years after the first disbursement date on the loan.~~

5.26 ~~(c) For SELF loans from phases after SELF IV, eligible students with aggregate principal~~
5.27 ~~loan balances from all SELF phases that are:~~

5.28 ~~(1) less than \$20,000, must have a repayment period not exceeding ten years from the~~
5.29 ~~eligible student's graduation or termination date;~~

5.30 ~~(2) \$20,000 up to \$40,000, must have a repayment period not exceeding 15 years from~~
5.31 ~~the eligible student's graduation or termination date; and~~

6.1 ~~(3) \$40,000 or greater, must have a repayment period not exceeding 20 years from the~~
6.2 ~~eligible student's graduation or termination date. For SELF loans from phases after SELF~~
6.3 ~~IV, the loans must enter repayment no later than nine years after the first disbursement date~~
6.4 ~~of the loan.~~

6.5 Sec. 12. Minnesota Statutes 2018, section 136A.1789, subdivision 1, is amended to read:

6.6 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision
6.7 have the meanings given them.

6.8 (b) "Qualified aircraft technician" means an individual who (1) has earned an associate's
6.9 or bachelor's degree preparing individuals to obtain an aviation mechanic's certificate from
6.10 the Federal Aviation Administration from a postsecondary institution located in Minnesota,
6.11 and (2) has obtained an aviation mechanic's certificate from the Federal Aviation
6.12 Administration.

6.13 (c) "Qualified education loan" means a government, commercial, or foundation loan
6.14 used by an individual for actual costs paid for tuition ~~to a postsecondary institution located~~
6.15 ~~in Minnesota for a professional flight training degree~~ and reasonable educational and living
6.16 expenses related to the postsecondary education of the qualified aircraft technician or
6.17 qualified pilot.

6.18 (d) "Qualified pilot" means an individual who (1) has earned an associate's or bachelor's
6.19 degree ~~in professional flight training~~ preparing individuals to obtain an airline transport
6.20 pilot certificate from a postsecondary institution located in Minnesota, and (2) is in the
6.21 process of obtaining or has obtained an airline transport pilot certificate.

6.22 Sec. 13. Minnesota Statutes 2018, section 136A.1789, subdivision 3, is amended to read:

6.23 Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan forgiveness program
6.24 under this section, an individual must:

6.25 (1) be a qualified pilot or qualified aircraft technician;

6.26 (2) have qualified education loans;

6.27 (3) reside in Minnesota; and

6.28 (4) submit an application to the commissioner in the form and manner prescribed by the
6.29 commissioner.

6.30 (b) An applicant selected to participate must sign a contract to agree to serve a ~~minimum~~
6.31 ~~one-year~~ five-year full-time service obligation according to subdivision 4. To complete the

7.1 service obligation, the applicant must work full time in Minnesota as a qualified pilot or
7.2 qualified aircraft technician. A participant must complete one year of service under this
7.3 paragraph for each year the participant receives an award under this section.

7.4 Sec. 14. Minnesota Statutes 2018, section 136A.1789, subdivision 5, is amended to read:

7.5 Subd. 5. **Loan forgiveness.** (a) The commissioner may select eligible applicants each
7.6 year for participation in the aviation degree loan forgiveness program, within the limits of
7.7 available funding. Applicants are responsible for securing their own qualified education
7.8 loans.

7.9 (b) For each year that the participant meets the eligibility requirements under subdivision
7.10 3, the commissioner must make annual disbursements directly to:

7.11 (1) a selected qualified pilot of \$5,000 or the balance of the participant's qualified
7.12 education loans, whichever is less; and

7.13 (2) a selected qualified aircraft technician of \$3,000 or the balance of the participant's
7.14 qualified education loans, whichever is less.

7.15 (c) An individual may receive disbursements under this section for a maximum of five
7.16 years.

7.17 (d) The participant must provide the commissioner with verification that the full amount
7.18 of the loan repayment disbursement received by the participant has been applied toward the
7.19 designated qualified education loan. After each disbursement, verification must be received
7.20 by the commissioner and approved before the next repayment disbursement is made.

7.21 (e) If the participant receives a disbursement in the participant's fifth year of eligibility,
7.22 the participant must provide the commissioner with verification that the full amount of the
7.23 participant's final loan repayment disbursement was applied toward the designated qualified
7.24 education loan. If a participant does not provide the verification as required under this
7.25 paragraph within ~~six~~ 12 months of receipt of the final disbursement, the commissioner must
7.26 collect from the participant the total amount of the final disbursement paid to the participant
7.27 under the loan forgiveness program plus interest at a rate established according to section
7.28 270C.40. The commissioner must deposit the money collected in the aviation degree loan
7.29 forgiveness program account.

7.30 Sec. 15. Minnesota Statutes 2018, section 136A.64, subdivision 1, is amended to read:

7.31 Subdivision 1. **Schools to provide information.** As a basis for registration, schools
7.32 shall provide the office with such information as the office needs to determine the nature

8.1 and activities of the school, including but not limited to the following which shall be
8.2 accompanied by an affidavit attesting to its accuracy and truthfulness:

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

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

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

8.7 (4) a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past
8.8 fiscal year including any management letters provided by the independent auditor or, if the
8.9 school is a public institution outside Minnesota, an income statement for the immediate past
8.10 fiscal year;

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

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

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

8.14 (ii) the current institutional officers;

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

8.16 (iv) a description of all school facilities;

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

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

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

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

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

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

8.24 ~~and~~

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

8.26 and

8.27 (xii) the school's disclosure to students on the student complaint process under section
8.28 136A.672.

9.1 Sec. 16. Minnesota Statutes 2018, section 136A.64, subdivision 5, is amended to read:

9.2 Subd. 5. **Public information.** All information submitted to the office is public information
 9.3 except financial records, student complaint data, and accreditation records and ~~information~~
 9.4 reports. Except for accreditation reports, the office may disclose ~~financial~~ any records or
 9.5 information submitted to the office:

9.6 (1) to law enforcement officials; or

9.7 (2) in connection with a legal or administrative proceeding to:

9.8 (i) to defend its decision to approve or disapprove granting of degrees or the use of a
 9.9 name or;

9.10 (ii) defend its ~~decisions~~ decision to revoke the institution's approval at a hearing under
 9.11 chapter 14 or other legal proceedings; or

9.12 (iii) enforce a requirement of law.

9.13 Sec. 17. Minnesota Statutes 2018, section 136A.64, is amended by adding a subdivision
 9.14 to read:

9.15 Subd. 8. **Disclosure.** Schools must disclose on their website, student handbook, and
 9.16 student catalog the student complaint process under this section to students.

9.17 Sec. 18. Minnesota Statutes 2018, section 136A.645, is amended to read:

9.18 **136A.645 SCHOOL CLOSURE.**

9.19 (a) When a school ~~decides~~ intends to cease postsecondary education operations, ~~it must~~
 9.20 ~~cooperate with the office in assisting students to find alternative means to complete their~~
 9.21 ~~studies with a minimum of disruption, and inform the office of the following~~ announces its
 9.22 closure, or is informed by the office that the office anticipates the school's closure due to
 9.23 its registration status or ability to meet criteria for approval under section 136A.65, the
 9.24 school must provide the office:

9.25 ~~(1) the planned date for termination of postsecondary education operations;~~

9.26 ~~(2) the planned date for the transfer of the student records;~~

9.27 ~~(3) confirmation of the name and address of the organization to receive and hold the~~
 9.28 ~~student records; and~~

9.29 ~~(4) the official at the organization receiving the student records who is designated to~~
 9.30 ~~provide official copies of records or transcripts upon request.~~

10.1 (1) a notice of closure, including the name of the school, the name of the school owner,
10.2 an active mailing address and telephone number that the school owner may be reached at
10.3 after the school physically closes, the name of the school director, and the planned date for
10.4 termination of postsecondary operations;

10.5 (2) a report of all students currently enrolled and all students enrolled within the prior
10.6 120 days, including the following information for each student: name, address, school e-mail
10.7 address, alternate e-mail address, program of study, number of credits completed, number
10.8 of credits remaining, and enrollment status at closure;

10.9 (3) a report of refunds due to any student and the amount due;

10.10 (4) a written statement from the school's owner or designee affirming that all recruitment
10.11 efforts, school marketing, advertisement, solicitation, and enrollment of new students has
10.12 ceased;

10.13 (5) a copy of any communication between the school's accreditors about the school
10.14 closure;

10.15 (6) confirmation that the requirements for student records under section 136A.68 have
10.16 been satisfied, including:

10.17 (i) the planned date for the transfer of the student records;

10.18 (ii) confirmation of the name and address of the organization to receive and hold the
10.19 student records; and

10.20 (iii) the official at the organization receiving the student records who is designated to
10.21 provide official copies of records or transcripts upon request;

10.22 (7) academic information, including the school's most recent catalog, all course syllabi,
10.23 and faculty credential information; and

10.24 (8) copies of any teach-out, transfer, or train-out agreement between the school and a
10.25 new school for students to be able to complete their studies. A teach-out fulfills the original
10.26 contract or agreement between the closing school and the student. If a teach-out is arranged
10.27 for another approved school to do the remaining occupational training, that other school
10.28 must (i) provide comparable education and training and (ii) agree that students transferring
10.29 from the closing school pay only what the cost of tuition and fees remain unpaid according
10.30 to the terms and conditions in the enrollment agreement entered into between the student
10.31 and the closing school.

11.1 ~~(b) Upon notice from a school of its intention to cease operations, the office shall notify~~
11.2 ~~the school of the date on which it must cease the enrollment of students and all postsecondary~~
11.3 ~~educational operations.~~

11.4 (b) Without limitation as to other circumstance, a school shall be deemed to have ceased
11.5 operations when the school:

11.6 (1) has an unscheduled nonemergency closure or cancellation of classes for more than
11.7 24 hours without prior notice to the office;

11.8 (2) announces it is closed or closing; or

11.9 (3) files for bankruptcy.

11.10 (c) When a school is deemed to have ceased operations, the office shall provide the
11.11 school a reasonable time to correct transcripts and grant credentials. After that time, the
11.12 office must revoke the school's registration. This revocation is not appealable under section
11.13 136A.65, subdivision 8.

11.14 Sec. 19. Minnesota Statutes 2018, section 136A.646, is amended to read:

11.15 **136A.646 ADDITIONAL SECURITY.**

11.16 (a) New schools that have been granted conditional approval for degrees or names to
11.17 allow them the opportunity to apply for and receive accreditation under section 136A.65,
11.18 subdivision 7, ~~or~~ shall provide a surety bond in a sum equal to ten percent of the net revenue
11.19 from tuition and fees in the registered institution's prior fiscal year, but in no case shall the
11.20 bond be less than \$10,000.

11.21 (b) Any registered institution that is notified by the United States Department of Education
11.22 that it has fallen below minimum financial standards and that its continued participation in
11.23 Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal
11.24 Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code
11.25 of Federal Regulations, title 34, section 668.175, paragraph (c), shall provide a surety bond
11.26 in a sum equal to the "letter of credit" required by the United States Department of Education
11.27 in the Letter of Credit Alternative, but in no event shall such bond be less than \$10,000 nor
11.28 more than \$250,000. If the letter of credit required by the United States Department of
11.29 Education is higher than ten percent of the Title IV, Higher Education Act program funds
11.30 received by the institution during its most recently completed fiscal year, the office shall
11.31 reduce the office's surety requirement to represent ten percent of the Title IV, Higher
11.32 Education Act program funds received by the institution during its most recently completed
11.33 fiscal year, subject to the minimum and maximum in this paragraph.

12.1 ~~(b)~~ (c) In lieu of a bond, the applicant may deposit with the commissioner of management
12.2 and budget:

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

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

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

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

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

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

12.19 (2) private student loans; and

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

12.24 Sec. 20. Minnesota Statutes 2018, section 136A.672, is amended by adding a subdivision
12.25 to read:

12.26 Subd. 6. **Private information.** Student complaint data are private data on individuals,
12.27 as defined in section 13.02, subdivision 12. The office may disclose student complaint data
12.28 as provided in section 136A.64, subdivision 5.

13.1 Sec. 21. Minnesota Statutes 2018, section 136A.821, is amended by adding a subdivision
13.2 to read:

13.3 Subd. 18. **Clock hour.** "Clock hour" means a period of time consisting of a 50- to
13.4 60-minute class, lecture, or recitation in a 60-minute period; a 50- to 60-minute
13.5 faculty-supervised laboratory, shop training, or internship in a 60-minute period; or 60
13.6 minutes of preparation in a correspondence course. If a school seeks to determine the number
13.7 of clock hours in an educational program by aggregating the number of minutes in that
13.8 program, it must divide those minutes by 60.

13.9 Sec. 22. Minnesota Statutes 2018, section 136A.821, is amended by adding a subdivision
13.10 to read:

13.11 Subd. 19. **Student record.** "Student record" means a transcript or record of student
13.12 attendance in a program that includes, at a minimum, the student's name; the student's
13.13 address; the school's name; the school's address; the title of the course or program; the total
13.14 number of hours or courses completed; the dates of enrollment and attendance; the grade
13.15 record of each course; any credential awarded; and cumulative grade for the program.

13.16 Sec. 23. Minnesota Statutes 2018, section 136A.822, subdivision 6, is amended to read:

13.17 Subd. 6. **Bond.** (a) No license shall be issued to any private career school which
13.18 maintains, conducts, solicits for, or advertises within the state of Minnesota any program,
13.19 unless the applicant files with the office a continuous corporate surety bond written by a
13.20 company authorized to do business in Minnesota conditioned upon the faithful performance
13.21 of all contracts and agreements with students made by the applicant.

13.22 (b)(1) The amount of the surety bond shall be ten percent of the preceding year's net
13.23 ~~income~~ revenue from student tuition, fees, and other required institutional charges collected,
13.24 but in no event less than \$10,000, except that a private career school may deposit a greater
13.25 amount at its own discretion. A private career school in each annual application for licensure
13.26 must compute the amount of the surety bond and verify that the amount of the surety bond
13.27 complies with this subdivision. A private career school that operates at two or more locations
13.28 may combine net ~~income~~ revenue from student tuition, fees, and other required institutional
13.29 charges collected for all locations for the purpose of determining the annual surety bond
13.30 requirement. The net revenue from tuition and fees used to determine the amount of the
13.31 surety bond required for a private career school having a license for the sole purpose of
13.32 recruiting students in Minnesota shall be only that paid to the private career school by the
13.33 students recruited from Minnesota.

14.1 (2) A person required to obtain a private career school license due to the use of
14.2 "academy," "institute," "college," or "university" in its name and which is also licensed by
14.3 another state agency or board, except not including those schools licensed exclusively in
14.4 order to participate in state grants or SELF loan financial aid programs, shall be required
14.5 to provide a school bond of \$10,000.

14.6 (c) The bond shall run to the state of Minnesota and to any person who may have a cause
14.7 of action against the applicant arising at any time after the bond is filed and before it is
14.8 canceled for breach of any contract or agreement made by the applicant with any student.
14.9 The aggregate liability of the surety for all breaches of the conditions of the bond shall not
14.10 exceed the principal sum deposited by the private career school under paragraph (b). The
14.11 surety of any bond may cancel it upon giving 60 days' notice in writing to the office and
14.12 shall be relieved of liability for any breach of condition occurring after the effective date
14.13 of cancellation.

14.14 (d) In lieu of bond, the applicant may deposit with the commissioner of management
14.15 and budget a sum equal to the amount of the required surety bond in cash, an irrevocable
14.16 letter of credit issued by a financial institution equal to the amount of the required surety
14.17 bond, or securities as may be legally purchased by savings banks or for trust funds in an
14.18 aggregate market value equal to the amount of the required surety bond.

14.19 (e) Failure of a private career school to post and maintain the required surety bond or
14.20 deposit under paragraph (d) may result in denial, suspension, or revocation of the school's
14.21 license.

14.22 Sec. 24. Minnesota Statutes 2018, section 136A.822, subdivision 10, is amended to read:

14.23 Subd. 10. **Catalog, brochure, or electronic display.** Before a license is issued to a
14.24 private career school, the private career school shall furnish to the office a catalog, brochure,
14.25 or electronic display including:

14.26 (1) identifying data, such as volume number and date of publication;

14.27 (2) name and address of the private career school and its governing body and officials;

14.28 (3) a calendar of the private career school showing legal holidays, beginning and ending
14.29 dates of each course quarter, term, or semester, and other important dates;

14.30 (4) the private career school policy and regulations on enrollment including dates and
14.31 specific entrance requirements for each program;

15.1 (5) the private career school policy and regulations about leave, absences, class cuts,
15.2 make-up work, tardiness, and interruptions for unsatisfactory attendance;

15.3 (6) the private career school policy and regulations about standards of progress for the
15.4 student including the grading system of the private career school, the minimum grades
15.5 considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a
15.6 description of any probationary period allowed by the private career school, and conditions
15.7 of reentrance for those dismissed for unsatisfactory progress;

15.8 (7) the private career school policy and regulations about student conduct and conditions
15.9 for dismissal for unsatisfactory conduct;

15.10 (8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student
15.11 activities, laboratory fees, service charges, rentals, deposits, and all other charges;

15.12 (9) the private career school policy and regulations, including an explanation of section
15.13 136A.827, about refunding tuition, fees, and other charges if the student does not enter the
15.14 program, withdraws from the program, or the program is discontinued;

15.15 (10) a description of the available facilities and equipment;

15.16 (11) a course outline syllabus for each course offered showing course objectives, subjects
15.17 or units in the course, type of work or skill to be learned, and approximate time, hours, or
15.18 credits to be spent on each subject or unit;

15.19 (12) the private career school policy and regulations about granting credit for previous
15.20 education and preparation;

15.21 (13) a notice to students relating to the transferability of any credits earned at the private
15.22 career school to other institutions;

15.23 (14) a procedure for investigating and resolving student complaints; ~~and~~

15.24 (15) the name and address of the office; and

15.25 (16) the student complaint process and rights under section 136A.8295.

15.26 A private career school that is exclusively a distance education school is exempt from
15.27 clauses (3) and (5).

15.28 Sec. 25. Minnesota Statutes 2018, section 136A.822, subdivision 12, is amended to read:

15.29 Subd. 12. **Permanent student records.** A private career school licensed under sections
15.30 136A.82 to 136A.834 and located in Minnesota shall maintain a permanent student record
15.31 for each student for 50 years from the last date of the student's attendance. A private career

16.1 school licensed under this chapter and offering distance instruction to a student located in
16.2 Minnesota shall maintain a permanent record for each Minnesota student for 50 years from
16.3 the last date of the student's attendance. Records include school transcripts, documents, and
16.4 files containing student data about academic credits earned, courses completed, grades
16.5 awarded, degrees awarded, and periods of attendance. To preserve permanent student records,
16.6 a private career school shall submit a plan that meets the following requirements:

16.7 (1) at least one copy of the records must be held in a secure, fireproof depository;

16.8 (2) an appropriate official must be designated to provide a student with copies of records
16.9 or a transcript upon request;

16.10 (3) an alternative method, approved by the office, of complying with clauses (1) and (2)
16.11 must be established if the private career school ceases to exist; and

16.12 (4) a continuous surety bond or irrevocable letter of credit issued by a financial institution
16.13 must be filed with the office in an amount not to exceed \$20,000 if the private career school
16.14 has no binding agreement approved by the office, for preserving student records. The bond
16.15 or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school
16.16 closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve,
16.17 recover, maintain, digitize, and destroy academic records.

16.18 **Sec. 26. [136A.8225] SCHOOL CLOSURE.**

16.19 When a school intends to cease postsecondary education operations, announces its
16.20 closure, or is informed by the office that the office anticipates the school's closure due to
16.21 its licensure status or ability to meet criteria for approval under section 136A.822, subdivision
16.22 8, the school must provide the office:

16.23 (1) a notice of closure, including the name of the school, the name of the school owner,
16.24 an active mailing address and telephone number that the school owner may be reached at
16.25 after the school physically closes, the name of the school director, and the planned date for
16.26 termination of postsecondary operations;

16.27 (2) a report of all students currently enrolled and all students enrolled within the prior
16.28 120 days, including the following information for each student: name, address, school e-mail
16.29 address, alternate e-mail address, program of study, number of credits completed, number
16.30 of credits remaining, and enrollment status at closure;

16.31 (3) a report of refunds due to any student and the amount due;

17.1 (4) a written statement from the school's owner or designee affirming that all recruitment
17.2 efforts, school marketing, advertisement, solicitation, and enrollment of new students has
17.3 ceased;

17.4 (5) a copy of any communication between the school's accreditors about the school
17.5 closure;

17.6 (6) confirmation that the requirements for student records under section 136A.822,
17.7 subdivision 12, have been satisfied, including:

17.8 (i) the planned date for the transfer of the student records;

17.9 (ii) confirmation of the name and address of the organization to receive and hold the
17.10 student records; and

17.11 (iii) the official at the organization receiving the student records who is designated to
17.12 provide official copies of records or transcripts upon request;

17.13 (7) academic information, including the school's most recent catalog, all course syllabi,
17.14 and faculty credential information; and

17.15 (8) copies of any teach-out, transfer, or train-out agreement between the school and a
17.16 new school for students to be able to complete their studies. A teach-out fulfills the original
17.17 contract or agreement between the closing school and the student. If a teach-out is arranged
17.18 for another approved school to do the remaining occupational training, that other school
17.19 must (i) provide comparable education and training and (ii) agree that students transferring
17.20 from the closing school pay only what the cost of tuition and fees remain unpaid according
17.21 to the terms and conditions in the enrollment agreement entered into between the student
17.22 and the closing school.

17.23 (b) Without limitation as to other circumstance, a school shall be deemed to have ceased
17.24 operations when the school:

17.25 (1) has an unscheduled nonemergency closure or cancellation of classes for more than
17.26 24 hours without prior notice to the office;

17.27 (2) announces it is closed or closing; or

17.28 (3) files for bankruptcy.

17.29 (c) When a school is deemed to have ceased operations, the office shall provide the
17.30 school a reasonable time to correct transcripts and grant credentials. After that time, the
17.31 office must revoke the school's registration. This revocation is not appealable under section
17.32 136A.829, subdivision 2.

18.1 Sec. 27. Minnesota Statutes 2018, section 136A.8295, is amended by adding a subdivision
 18.2 to read:

18.3 Subd. 6. **Disclosure.** Schools must disclose on their website, student handbook, and
 18.4 student catalog the student complaint process under this section to students.

18.5 Sec. 28. Minnesota Statutes 2018, section 136A.8295, is amended by adding a subdivision
 18.6 to read:

18.7 Subd. 7. **Private information.** Student complaint data are private data on individuals,
 18.8 as defined in section 13.02, subdivision 12. The office may disclose student complaint data
 18.9 to law enforcement officials or in connection with a legal or administrative proceeding
 18.10 commenced to enforce a requirement of law.

18.11 Sec. 29. Laws 2017, chapter 89, article 1, section 2, subdivision 29, is amended to read:

18.12	Subd. 29. Emergency Assistance for	175,000	175,000
18.13	Postsecondary Students		

18.14 (a) This appropriation is for the Office of
 18.15 Higher Education to allocate grant funds on a
 18.16 matching basis to ~~schools~~ eligible institutions
 18.17 as defined under Minnesota Statutes, section
 18.18 136A.103, located in Minnesota with a
 18.19 demonstrable homeless student population.

18.20 (b) This appropriation shall be used to meet
 18.21 immediate student needs that could result in
 18.22 a student not completing the term or their
 18.23 program including, but not limited to,
 18.24 emergency housing, food, and transportation.

18.25 ~~Emergency assistance does not impact the~~
 18.26 ~~amount of state financial aid received.~~

18.27 (c) The commissioner shall determine the
 18.28 application process and the grant amounts.
 18.29 Any balance in the first year does not cancel
 18.30 but shall be available in the second year. The
 18.31 Office of Higher Education shall partner with
 18.32 interested postsecondary institutions, other

19.1 state agencies, and student groups to establish
19.2 the programs.

19.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

19.4 Sec. 30. **REPEALER.**

19.5 Minnesota Statutes 2018, sections 136A.15, subdivisions 2 and 7; and 136A.1701,
19.6 subdivision 12, are repealed.

APPENDIX
Repealed Minnesota Statutes: H2054-1

136A.15 DEFINITIONS.

No active language found for: 136A.15.2

No active language found for: 136A.15.7

136A.1701 SUPPLEMENTAL AND ADDITIONAL LOANS.

No active language found for: 136A.1701.12