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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. **1181**

02/18/2021 Authored by Bernardy  
The bill was read for the first time and referred to the Committee on Higher Education Finance and Policy  
03/11/2021 Adoption of Report: Amended and re-referred to the Committee on Labor, Industry, Veterans and Military Affairs Finance and Policy  
03/18/2021 Adoption of Report: Re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to higher education; providing for certain policy changes, including

1.3 restrictions on limiting student access to transcripts and modifications to certain

1.4 grant and loan programs, school accountability provisions, and college savings

1.5 plans; amending Minnesota Statutes 2020, sections 136A.121, subdivision 2;

1.6 136A.125, subdivision 2; 136A.1704; 136A.246, subdivisions 1, 2, 3, 4, 6, 7, 8,

1.7 by adding a subdivision; 136A.63, subdivision 2; 136A.645; 136A.653, subdivision

1.8 5; 136A.675; 136A.68; 136A.822, subdivision 12; 136A.8225; 136A.823, by

1.9 adding a subdivision; 136A.827, subdivisions 4, 8; 136G.05, subdivision 10;

1.10 proposing coding for new law in Minnesota Statutes, chapter 135A; repealing

1.11 Minnesota Statutes 2020, sections 136A.1703; 136A.823, subdivision 2; Minnesota

1.12 Rules, parts 4830.9050; 4830.9060; 4830.9070; 4830.9080; 4830.9090.

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

1.14 Section 1. 135A.144 **TRANSCRIPT ACCESS.**

1.15 Subdivision 1. **Definitions.** (a) The terms defined in this subdivision apply to this section.

1.16 (b) "Debt" means any money, obligation, claim, or sum, due or owed, or alleged to be

1.17 due or owed, from a student that appears on the student account. Debt does not include the

1.18 fee, if any, charged to all students for the actual costs of providing the transcripts.

1.19 (c) "School" means any public institution governed by the Board of Trustees of the

1.20 Minnesota State Colleges and Universities, private postsecondary educational institution

1.21 as defined under 136A.62 or 136A.821, or any public or private entity, responsible for

1.22 providing transcripts to current or former students of an educational institution. Institutions

1.23 governed by the Board of Regents of the University of Minnesota are requested to comply

1.24 with this section.

1.25 (d) "Transcript" means the statement of an individual's academic record, including

1.26 official transcripts or the certified statement of an individual's academic record provided

2.1 by a school, and unofficial transcripts or the uncertified statement of an individual's academic  
2.2 record provided by a school.

2.3 Subd. 2. **Prohibited practices.** A school must not:

2.4 (1) refuse to provide a transcript for a current or former student because the student owes  
2.5 a debt to the school if:

2.6 (i) the debt owed is less than \$500;

2.7 (ii) the student has entered into and, as determined by the institution, is in compliance  
2.8 with a payment plan with the school;

2.9 (iii) the transcript request is made by a prospective employer for the student; or

2.10 (iv) the school has sent the debt for repayment to the Department of Revenue or to a  
2.11 collections agency, as defined by section 332.31, subdivision 3, external to the institution;  
2.12 or

2.13 (2) charge an additional or a higher fee for obtaining a transcript or provide less favorable  
2.14 treatment of a transcript request because a student owes a debt to the originating school.

2.15 Subd. 3. **Institutional policy.** (a) Institutions that use transcript issuance as a tool for  
2.16 debt collection must have a policy which is accessible to students that outlines how they  
2.17 collect on debts owed to the institution.

2.18 (b) Institutions shall seek to use transcript issuance as a tool for debt collection for the  
2.19 fewest number of cases possible.

2.20 Sec. 2. Minnesota Statutes 2020, section 136A.121, subdivision 2, is amended to read:

2.21 Subd. 2. **Eligibility for grants.** (a) An applicant is eligible to be considered for a grant,  
2.22 regardless of the applicant's sex, creed, race, color, national origin, or ancestry, under sections  
2.23 136A.095 to 136A.131 if the office finds that the applicant:

2.24 (1) is a resident of the state of Minnesota;

2.25 (2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over,  
2.26 and has met all requirements for admission as a student to an eligible college or technical  
2.27 college of choice as defined in sections 136A.095 to 136A.131;

2.28 (3) has met the financial need criteria established in Minnesota Rules;

2.29 (4) is not in default, as defined by the office, of any federal or state student educational  
2.30 loan; and

3.1 (5) is not more than 30 days in arrears in court-ordered child support that is collected or  
3.2 enforced by the public authority responsible for child support enforcement or, if the applicant  
3.3 is more than 30 days in arrears in court-ordered child support that is collected or enforced  
3.4 by the public authority responsible for child support enforcement, but is complying with a  
3.5 written payment agreement under section 518A.69 or order for arrearages.

3.6 (b) A student ~~who~~ is entitled to an additional semester or the equivalent of grant eligibility  
3.7 if the student withdraws from enrollment:

3.8 (1) for active military service after December 31, 2002, because the student was ordered  
3.9 to active military service as defined in section 190.05, subdivision 5b or 5c, ~~or who withdraws~~  
3.10 ~~from enrollment;~~

3.11 (2) for a ~~major illness~~ serious health condition, while under the care of a medical  
3.12 professional, that substantially limits the student's ability to complete the term ~~is entitled to~~  
3.13 ~~an additional semester or the equivalent of grant eligibility;~~ or

3.14 (3) while providing care that substantially limits the student's ability to complete the  
3.15 term to the student's spouse, child, or parent who has a serious health condition.

3.16 Sec. 3. Minnesota Statutes 2020, section 136A.125, subdivision 2, is amended to read:

3.17 Subd. 2. **Eligible students.** (a) An applicant is eligible for a child care grant if the  
3.18 applicant:

3.19 (1) is a resident of the state of Minnesota or the applicant's spouse is a resident of the  
3.20 state of Minnesota;

3.21 (2) has a child 12 years of age or younger, or 14 years of age or younger who is disabled  
3.22 as defined in section 125A.02, and who is receiving or will receive care on a regular basis  
3.23 from a licensed or legal, nonlicensed caregiver;

3.24 (3) is income eligible as determined by the office's policies and rules, but is not a recipient  
3.25 of assistance from the Minnesota family investment program;

3.26 (4) either has not earned a baccalaureate degree and has been enrolled full time less than  
3.27 ten semesters or the equivalent, or has earned a baccalaureate degree and has been enrolled  
3.28 full time less than ten semesters or the equivalent in a graduate or professional degree  
3.29 program;

3.30 (5) is pursuing a nonsectarian program or course of study that applies to an undergraduate,  
3.31 graduate, or professional degree, diploma, or certificate;

4.1 (6) is enrolled in at least six credits in an undergraduate program or one credit in a  
4.2 graduate or professional program in an eligible institution; and

4.3 (7) is in good academic standing and making satisfactory academic progress.

4.4 (b) A student ~~who~~ is entitled to an additional semester or the equivalent of grant eligibility  
4.5 and will be considered to be in continuing enrollment status upon return if the student  
4.6 withdraws from enrollment;

4.7 (1) for active military service after December 31, 2002, because the student was ordered  
4.8 to active military service as defined in section 190.05, subdivision 5b or 5c, ~~or;~~

4.9 (2) for a ~~major illness~~ serious health condition, while under the care of a medical  
4.10 professional, that substantially limits the student's ability to complete the term ~~is entitled to~~  
4.11 ~~an additional semester or the equivalent of grant eligibility and will be considered to be in~~  
4.12 ~~continuing enrollment status upon return;~~ or

4.13 (3) while providing care that substantially limits the student's ability to complete the  
4.14 term to the student's spouse, child, or parent who has a serious health condition.

4.15 Sec. 4. Minnesota Statutes 2020, section 136A.1704, is amended to read:

4.16 **136A.1704 STUDENT LOAN REFINANCING.**

4.17 The office may refinance student and parent loans as provided by this section and on  
4.18 other terms and conditions the office prescribes. The office may establish credit requirements  
4.19 for borrowers and determine what types of student and parent loans will be eligible for  
4.20 refinancing. The refinanced loan need not have been made through a loan program  
4.21 administered by the office. Loans shall be made with available funds in the loan capital  
4.22 fund under section 136A.1785. ~~The~~ A maximum amount of outstanding loans refinanced  
4.23 under this section may ~~not exceed \$100,000,000~~ be determined by the office. The maximum  
4.24 loan under this section may not exceed ~~\$70,000~~ \$250,000. In determining the maximum  
4.25 amount of outstanding loans refinanced, the office shall take into consideration funding  
4.26 capacity for the SELF Refi program, delinquency and default loss management, levels of  
4.27 student debt, current financial market conditions, and other considerations to protect the  
4.28 financial stability of the program.

4.29 Sec. 5. Minnesota Statutes 2020, section 136A.246, subdivision 1, is amended to read:

4.30 Subdivision 1. **Program created.** The commissioner shall make grants for the training  
4.31 of employees to achieve the competency standard for an occupation identified by the  
4.32 commissioner of labor and industry under section 175.45 and Laws 2014, chapter 312,

5.1 article 3, section 21. "~~Competency standard~~" has the meaning given in section 175.45,  
5.2 ~~subdivision 2~~. An individual must, no later than the commencement of the training, be an  
5.3 employee of the employer seeking a grant to train that individual.

5.4 Sec. 6. Minnesota Statutes 2020, section 136A.246, is amended by adding a subdivision  
5.5 to read:

5.6 Subd. 1a. **Definitions.** (a) The terms defined in this subdivision apply to this section.

5.7 (b) "Competency standard" has the meaning given in section 175.45, subdivision 2.

5.8 (c) "Eligible training" means training provided by an eligible training provider that:

5.9 (1) includes training to meet one or more identified competency standards;

5.10 (2) is instructor-led for a majority of the training; and

5.11 (3) results in the employee receiving an industry-recognized degree, certificate, or  
5.12 credential.

5.13 (d) "Eligible training provider" means an institution:

5.14 (1) operated by the Board of Trustees of the Minnesota State Colleges and Universities  
5.15 or the Board of Regents of the University of Minnesota;

5.16 (2) licensed or registered as a postsecondary institution by the office; or

5.17 (3) exempt from the provisions of sections 136A.822 to 136A.834 or 136A.61 to 136A.71  
5.18 as approved by the office.

5.19 (e) "Industry-recognized degrees, certificates, or credentials" means:

5.20 (1) certificates, diplomas, or degrees issued by a postsecondary institution;

5.21 (2) registered apprenticeship certifications or certificates;

5.22 (3) occupational licenses or registrations;

5.23 (4) certifications issued by, or recognized by, industry or professional associations; and

5.24 (5) other certifications as approved by the commissioner.

5.25 Sec. 7. Minnesota Statutes 2020, section 136A.246, subdivision 2, is amended to read:

5.26 **Subd. 2. Eligible grantees.** An employer or an organization representing the employer  
5.27 is eligible to apply for a grant to train employees if the employer has an employee who is  
5.28 in or is to be trained to be in an occupation for which a competency standard has been  
5.29 identified and the employee has not attained the competency standard prior to the

6.1 commencement of the planned training. ~~Training need not address all aspects of a competency~~  
6.2 ~~standard but may address only the competencies of a standard that an employee is lacking.~~  
6.3 ~~An employee must receive an industry-recognized degree, certificate, or credential upon~~  
6.4 ~~successful completion of the training. A grantee must have an agreement with an eligible~~  
6.5 ~~training provider to provide eligible training prior to payment of grant.~~

6.6 Sec. 8. Minnesota Statutes 2020, section 136A.246, subdivision 3, is amended to read:

6.7 Subd. 3. Eligible training institution or program provider. ~~The employer must have~~  
6.8 ~~an agreement with a training institution or program to provide the employee competency~~  
6.9 ~~standard training prior to the grant award. The training may be provided by any institution~~  
6.10 ~~or program having trainers qualified to instruct on the competency standard.~~

6.11 The Office of Higher Education and the Department of Labor and Industry must cooperate  
6.12 in maintaining an inventory of degree, certificate, and credential programs that provide  
6.13 training to meet competency standards. The inventory must be posted on each agency's  
6.14 website with contact information for each program ~~by September 1, 2016~~. The postings  
6.15 must be updated periodically.

6.16 Sec. 9. Minnesota Statutes 2020, section 136A.246, subdivision 4, is amended to read:

6.17 Subd. 4. **Application.** Applications must be made to the commissioner on a form provided  
6.18 by the commissioner. The commissioner must, to the extent possible, make the application  
6.19 form as short and simple to complete as is reasonably possible. The commissioner shall  
6.20 establish a schedule for applications and grants. The application must include, without  
6.21 limitation:

6.22 (1) the projected number of employee trainees;

6.23 (2) the number of projected employee trainees who graduated from high school or passed  
6.24 the commissioner of education-selected high school equivalency test in the current or  
6.25 immediately preceding calendar year;

6.26 (3) the competency standard for which training will be provided;

6.27 (4) the credential the employee will receive upon completion of training;

6.28 (5) the name and address of the eligible training institution or program ~~and a signed~~  
6.29 ~~statement by the institution or program that it is able and agrees to provide the training~~  
6.30 ~~provider;~~

6.31 (6) the period of the training; and

7.1 (7) the cost of the training charged by the eligible training institution or program and  
7.2 ~~certified by the institution or program provider~~. The cost of training includes tuition, fees,  
7.3 and required books and materials.

7.4 An application may be made for training of employees of multiple employers either by  
7.5 the employers or by an organization on their behalf.

7.6 Sec. 10. Minnesota Statutes 2020, section 136A.246, subdivision 6, is amended to read:

7.7 Subd. 6. **Employer match.** A large employer must pay for at least 25 percent of the  
7.8 eligible training institution's or program's provider's charge for the eligible training to the  
7.9 ~~training institution or program provider~~. For the purpose of this subdivision, a "large  
7.10 employer" means a business with more than \$25,000,000 in annual gross revenue in the  
7.11 previous calendar year.

7.12 Sec. 11. Minnesota Statutes 2020, section 136A.246, subdivision 7, is amended to read:

7.13 Subd. 7. **Payment of grant.** (a) The commissioner shall pay the grant to the employer  
7.14 after the employer presents satisfactory evidence to the commissioner that the employer  
7.15 has paid the eligible training institution or program provider.

7.16 (b) If an employer demonstrates that it is not able to pay for the training in advance, the  
7.17 commissioner shall make grant payments directly to the eligible training institution or  
7.18 ~~program provider~~.

7.19 Sec. 12. Minnesota Statutes 2020, section 136A.246, subdivision 8, is amended to read:

7.20 Subd. 8. **Grant amounts.** (a) The maximum grant for an application is \$150,000. A  
7.21 grant may not exceed \$6,000 per year for a maximum of four years per employee.

7.22 (b) An employee who is attending an eligible training provider that is an institution under  
7.23 section 136A.103 must apply for Pell and state grants as a condition of payment for training  
7.24 that employee under this section.

7.25 Sec. 13. Minnesota Statutes 2020, section 136A.63, subdivision 2, is amended to read:

7.26 Subd. 2. **Sale of an institution.** Within 30 days of a change of its ownership a school  
7.27 must submit a registration renewal application, all usual and ordinary information and  
7.28 materials for an initial registration, and applicable registration fees for a new institution.  
7.29 For purposes of this subdivision, "change of ownership" means a merger or consolidation  
7.30 with a corporation; a sale, lease, exchange, or other disposition of all or substantially all of

8.1 the assets of a school; the transfer of a controlling interest of at least 51 percent of the  
8.2 school's stock; the school enters receivership; or a change in the nonprofit or for-profit status  
8.3 of a school.

8.4 Sec. 14. Minnesota Statutes 2020, section 136A.645, is amended to read:

8.5 **136A.645 SCHOOL CLOSURE.**

8.6 (a) When a school intends to cease postsecondary education operations, announces its  
8.7 closure, or is informed by the office that the office anticipates the school's closure due to  
8.8 its registration status or ability to meet criteria for approval under section 136A.65, the  
8.9 school must provide the office:

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

8.14 (2) a report of all students currently enrolled and all students enrolled within the prior  
8.15 120 days, including the following information for each student: name, address, school e-mail  
8.16 address, alternate e-mail address, program of study, number of credits completed, number  
8.17 of credits remaining, and enrollment status at closure;

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

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

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

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

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

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

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

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

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

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

9.13 (1) has an unscheduled nonemergency closure or cancellation of classes for more than  
9.14 24 hours without prior notice to the office;

9.15 (2) announces it is closed or closing; ~~or~~

9.16 (3) files for bankruptcy; or

9.17 (4) fails to complete a renewal application when required under section 136A.63,  
9.18 subdivision 2.

9.19 (c) When a school is deemed to have ceased operations, the office shall provide the  
9.20 school a reasonable time to correct student records and grant credentials. After that time,  
9.21 the office must revoke the school's registration. This revocation is not appealable under  
9.22 section 136A.65, subdivision 8.

9.23 Sec. 15. Minnesota Statutes 2020, section 136A.653, subdivision 5, is amended to read:

9.24 Subd. 5. **Regionally Higher Learning Commission accredited institutions in**  
9.25 **Minnesota.** (a) A ~~regionally accredited~~ postsecondary institution accredited by the Higher  
9.26 Learning Commission or its successor with its primary physical location in Minnesota is  
9.27 exempt from the provisions of sections 136A.61 to 136A.71, including related fees, when  
9.28 it creates new or modifies existing:

9.29 (1) majors, minors, concentrations, specializations, and areas of emphasis within approved  
9.30 degrees;

9.31 (2) nondegree programs within approved degrees;

9.32 (3) underlying curriculum or courses;

10.1 (4) modes of delivery; and

10.2 (5) locations.

10.3 (b) The institution must annually notify the commissioner of the exempt actions listed  
10.4 in paragraph (a) and, upon the commissioner's request, must provide additional information  
10.5 about the action.

10.6 (c) The institution must notify the commissioner within 60 days of a program closing.

10.7 (d) Nothing in this subdivision exempts an institution from the annual registration and  
10.8 degree approval requirements of sections 136A.61 to 136A.71.

10.9 Sec. 16. Minnesota Statutes 2020, section 136A.675, is amended to read:

10.10 **136A.675 RISK ANALYSIS.**

10.11 Subdivision 1. Standard development and usage. (a) To screen and detect whether an  
10.12 institution may not be financially or administratively responsible, the office shall develop  
10.13 ~~a set of financial and programmatic evaluation metrics to aid in the detection of the failure~~  
10.14 ~~or potential failure of a school to meet the standards established under sections 136A.61 to~~  
10.15 ~~136A.71~~ nonfinancial indicators. ~~These metrics shall include indicators of financial stability,~~  
10.16 ~~changes in the senior management or the financial aid and senior administrative staff of an~~  
10.17 ~~institution, changes in enrollment, changes in program offerings, and changes in faculty~~  
10.18 ~~staffing patterns.~~ The development of financial standards and nonfinancial indicators shall  
10.19 use industry standards as benchmarks guidance. ~~The development of the nonfinancial~~  
10.20 ~~standards shall include a measure of trends and dramatic changes in trends or practice.~~

10.21 (b) Annually, the agency office must specify the metrics and standards for each area and  
10.22 provide a copy of the financial and nonfinancial indicators to each registered institution and  
10.23 ~~post them~~ a list of reviewed indicators on the agency office website.

10.24 (c) The agency office shall use regularly reported data submitted to the federal  
10.25 government or other regulatory or accreditation agencies wherever possible. ~~The agency~~  
10.26 ~~may require more frequent data reporting by an institution to ascertain whether the standards~~  
10.27 ~~are being met.~~

10.28 (d) The office must use the indicators in this subdivision to identify institutions at  
10.29 potential risk of being unable to meet the standards established under sections 136A.646;  
10.30 136A.64, subdivision 3; 136A.65, subdivisions 1a and 4, paragraph (a), clauses (1), (2), (3),  
10.31 and (7); and 136A.685 and thus unlikely to meet its financial obligations or complete its  
10.32 academic terms for the next 18 months.

11.1 Subd. 2. **Additional reporting.** (a) In addition to the information required for the  
11.2 indicators in subdivision 1, an institution must notify the office within ten business days if  
11.3 any of the events in paragraphs (b) to (e) occur.

11.4 (b) Related to revenue, debt, and cash flow, notice is required if:

11.5 (1) the institution defaulted on a debt payment or covenant and has not received a waiver  
11.6 of the violation from the financial institution within 60 days;

11.7 (2) for institutions with a federal composite score of less than 1.5, the institution's owner  
11.8 withdraws equity that directly results in a composite score of less than 1.0, unless the  
11.9 withdrawal is a transfer between affiliated entities included in a common composite score;

11.10 (3) the United States Department of Education requires a 25 percent or greater Letter of  
11.11 Credit, except when the letter of credit is imposed due to a change of ownership;

11.12 (4) the United States Department of Education requires Heightened Cash Monitoring 2;

11.13 (5) the institution receives written notification that it violated the United States  
11.14 Department of Education's revenue requirement under United States Code , title 20, section  
11.15 1094(a)(24), as amended; or

11.16 (6) the institution receives written notification by the United States Department of  
11.17 Education that it has fallen below minimum financial standards and that its continued  
11.18 participation in Title IV is conditioned upon satisfying either the Zone Alternative, Code  
11.19 of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit  
11.20 Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c).

11.21 (c) Related to accreditation and licensing, notice is required if:

11.22 (1) the institution receives written notification of probation, warning, show-cause, or  
11.23 loss of institutional accreditation;

11.24 (2) the institution receives written notification that its institutional accreditor lost federal  
11.25 recognition; or

11.26 (3) the institution receives written notification that it has materially violated state  
11.27 authorization or institution licensing requirements in a different state that may lead to or  
11.28 has led to the termination of the institution's ability to continue to provide educational  
11.29 programs or otherwise continue to operate in that state.

11.30 (d) Related to securities, notice is required if:

12.1 (1) the Securities and Exchange Commission: (i) issues an order suspending or revoking  
12.2 the registration of the institution's securities or (ii) suspends trading of the institution's  
12.3 securities on any national securities exchange;

12.4 (2) the national securities exchange on which the institution's securities are traded notifies  
12.5 the institution that it is not in compliance with the exchange's listing requirements and the  
12.6 institution's securities are delisted; or

12.7 (3) the Securities and Exchange Commission is not in timely receipt of a required report  
12.8 and did not issue an extension to file the report.

12.9 (e) Related to criminal and civil investigations, notice is required if:

12.10 (1) the institution receives written notification of a felony criminal indictment or charges  
12.11 of the institution's owner;

12.12 (2) the institution receives written notification of criminal indictment or charges of the  
12.13 institution's officers related to operations of the institution; or

12.14 (3) there has been a criminal, civil, or administrative adjudication of fraud or  
12.15 misrepresentation in Minnesota or in another state or jurisdiction against the institution or  
12.16 its owner, officers, agents, or sponsoring organization.

12.17 Subd. 3. **Determination procedures.** (a) The office shall conduct a systematic evaluation  
12.18 under this paragraph and make a preliminary determination as to whether action under  
12.19 paragraph (e) is necessary, if the office: (1) identifies a potential risk under subdivision 1,  
12.20 paragraph (d); (2) receives notification from an institution under subdivision 2; or (3)  
12.21 identifies other exigent circumstances impacting the institution that may deny students a  
12.22 reasonable opportunity to complete their education program at the institution or through an  
12.23 alternate institution with minimal disruption. The systematic evaluation must, to the extent  
12.24 practicable, be a collaboration between the office and the institution. The office must request  
12.25 additional context and information from the institution that demonstrates the administrative  
12.26 and financial responsibility of the institution. If the institution is not financially or  
12.27 administratively responsible, a contingency plan must be implemented either collaboratively  
12.28 or as part of a final determination under paragraph (e), clause (4).

12.29 (b) The office shall provide notice in writing to the institution of the preliminary  
12.30 determination. The notice shall provide the analysis used by the office to make the  
12.31 determination, a request for the institution to provide additional context and information  
12.32 that demonstrates the administrative and financial responsibility of the institution not provided  
12.33 under paragraph (a), any potential action the office may take under paragraph (e), and a

13.1 deadline for responding to the notice. The institution shall have not fewer than ten business  
13.2 days to respond to the preliminary determination.

13.3 (c) The response from the institution to provide additional context and information must  
13.4 be written and may include a collaborative consultation with the office. In its response, the  
13.5 institution shall provide additional context, financial data, and other information, including  
13.6 but not limited to evidence of sound business practices, institutional financial health,  
13.7 compliance with the requirements of sections 136A.61 to 136A.71, or sufficient and timely  
13.8 plans to cure any noncompliance or to manage financial health and risk.

13.9 (d) If the institution does not respond to the office's notice and request for additional  
13.10 context and information within the time required, the office's preliminary determination  
13.11 shall become final and the office may take any of the actions specified in the notice required  
13.12 by paragraph (e). If the institution responds to the office's notice, the office must reevaluate  
13.13 the preliminary determination. The office shall use the additional context and information  
13.14 provided by the institution to make a final determination and determine which actions under  
13.15 paragraph (e), if any, are necessary to mitigate risk to students and state financial aid under  
13.16 this chapter.

13.17 (e) The office may use a final determination to:

13.18 (1) revoke, suspend, or refuse to renew registration, approval of an institution's degree,  
13.19 or use of a regulated term in its name under section 136A.65, subdivision 8;

13.20 (2) require periodic monitoring and submission of reports on the institution's  
13.21 administrative and financial responsibility to ascertain whether compliance and financial  
13.22 risk improves;

13.23 (3) require periodic collaborative consultations with the institution on noncompliance  
13.24 with sections 136A.61 to 136A.71, or how the institution is managing financial health and  
13.25 risk;

13.26 (4) require the institution to submit contingency plans such as teach-out plans or transfer  
13.27 pathways for students;

13.28 (5) prohibit the institution from accepting tuition and fee payments made through cash,  
13.29 alternative loans, or the equivalent, prior to the add/drop period of the current period of  
13.30 instruction;

13.31 (6) prohibit the institution from enrolling new students;

13.32 (7) initiate alternative processes and communications with students enrolled at the  
13.33 institution;

14.1 (8) require a surety bond under section 136A.646; or

14.2 (9) submit institution closure information under section 136A.645.

14.3 (f) The office shall provide to the institution written notice of the final determination  
14.4 and the actions taken under paragraph (e).

14.5 Subd. 4. **Data classification.** Data under this section shall be classified as financial  
14.6 records under section 136A.64, subdivision 2.

14.7 Sec. 17. Minnesota Statutes 2020, section 136A.68, is amended to read:

14.8 **136A.68 RECORDS.**

14.9 (a) A registered school shall maintain a permanent record for each student for 50 years  
14.10 from the last date of the student's attendance. A registered school offering distance instruction  
14.11 to a student located in Minnesota shall maintain a permanent record for each Minnesota  
14.12 student for 50 years from the last date of the student's attendance. Records include a student's  
14.13 academic transcript, documents, and files containing student data about academic credits  
14.14 earned, courses completed, grades awarded, degrees awarded, and periods of attendance.

14.15 (b) A registered school shall maintain records required for professional licensure in  
14.16 Minnesota that are not included in paragraph (a) for ten years from the last date of the  
14.17 student's attendance or the number of years required by an institutional or programmatic  
14.18 accreditor, whichever is greater.

14.19 (c) To preserve permanent records, a school shall submit a plan that meets the following  
14.20 requirements:

14.21 (1) at least one copy of the records must be held in a secure, fireproof depository or  
14.22 duplicate records must be maintained off site in a secure location and in a manner approved  
14.23 by the office;

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

14.26 (3) an alternative method approved by the office of complying with clauses (1) and (2)  
14.27 must be established if the school ceases to exist; and

14.28 (4) if the school has no binding agreement approved by the office for preserving student  
14.29 records, a continuous surety bond or an irrevocable letter of credit issued by a financial  
14.30 institution must be filed with the office in an amount not to exceed \$20,000. The bond or  
14.31 irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure,

15.1 the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover,  
15.2 maintain, digitize, and destroy academic records.

15.3 Sec. 18. Minnesota Statutes 2020, section 136A.822, subdivision 12, is amended to read:

15.4 Subd. 12. **Permanent student records.** (a) A private career school licensed under  
15.5 sections 136A.82 to 136A.834 and located in Minnesota shall maintain a permanent student  
15.6 record for each student for 50 years from the last date of the student's attendance. A private  
15.7 career school licensed under this chapter and offering distance instruction to a student located  
15.8 in Minnesota shall maintain a permanent record for each Minnesota student for 50 years  
15.9 from the last date of the student's attendance. Records include school transcripts, documents,  
15.10 and files containing student data about academic credits earned, courses completed, grades  
15.11 awarded, degrees awarded, and periods of attendance.

15.12 (b) A private career school licensed under sections 136A.82 to 136A.834 and located  
15.13 in Minnesota shall maintain a permanent student record required for professional licensure  
15.14 in Minnesota for each student for ten years from the last date of the student's attendance or  
15.15 the number of years required by an institutional or programmatic accreditor, whichever is  
15.16 greater. A private career school licensed under this chapter and offering distance instruction  
15.17 to a student located in Minnesota shall maintain records required for professional licensure  
15.18 in Minnesota that are not included in paragraph (a) for each Minnesota student for ten years  
15.19 from the last date of the student's attendance or the number of years required by an  
15.20 institutional or programmatic accreditor, whichever is greater.

15.21 To preserve permanent student records, a private career school shall submit a plan that  
15.22 meets the following requirements:

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

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

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

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

16.1 Sec. 19. Minnesota Statutes 2020, section 136A.8225, is amended to read:

16.2 **136A.8225 SCHOOL CLOSURE.**

16.3 (a) When a school intends to cease postsecondary education operations, announces its  
16.4 closure, or is informed by the office that the office anticipates the school's closure due to  
16.5 its licensure status or ability to meet criteria for approval under section 136A.822, subdivision  
16.6 8, the school must provide the office:

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

16.11 (2) a report of all students currently enrolled and all students enrolled within the prior  
16.12 120 days, including the following information for each student: name, address, school e-mail  
16.13 address, alternate e-mail address, program of study, number of credits completed, number  
16.14 of credits remaining, and enrollment status at closure;

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

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

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

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

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

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

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

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

16.30 (8) copies of any teach-out, transfer, or train-out agreement between the school and a  
16.31 new school for students to be able to complete their studies. A teach-out fulfills the original  
16.32 contract or agreement between the closing school and the student. If a teach-out is arranged

17.1 for another approved school to do the remaining occupational training, that other school  
17.2 must (i) provide comparable education and training and (ii) agree that students transferring  
17.3 from the closing school pay only what the cost of tuition and fees remain unpaid according  
17.4 to the terms and conditions in the enrollment agreement entered into between the student  
17.5 and the closing school.

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

17.8 (1) has an unscheduled nonemergency closure or cancellation of classes for more than  
17.9 24 hours without prior notice to the office;

17.10 (2) announces it is closed or closing; ~~or~~

17.11 (3) files for bankruptcy; or

17.12 (4) fails to complete a renewal application when required under section 136A.823,  
17.13 subdivision 3.

17.14 (c) When a school is deemed to have ceased operations, the office shall provide the  
17.15 school a reasonable time to correct student records and grant credentials. After that time,  
17.16 the office must revoke the school's license. This revocation is not appealable under section  
17.17 136A.829, subdivision 2.

17.18 Sec. 20. Minnesota Statutes 2020, section 136A.823, is amended by adding a subdivision  
17.19 to read:

17.20 Subd. 3. **Change of ownership.** Within 30 days of a change of ownership, a school must  
17.21 submit a registration renewal application, the information and materials for an initial  
17.22 registration under section 136A.822, subdivision 4, and the applicable registration fees for  
17.23 a new institution under section 136A.824, subdivision 1. For purposes of this subdivision,  
17.24 "change of ownership" means: a merger or consolidation with a corporation; a sale, lease,  
17.25 exchange, or other disposition of all or substantially all of the assets of a school; the transfer  
17.26 of a controlling interest of at least 51 percent of the school's stock; entering into receivership;  
17.27 or a change in the nonprofit or for-profit status of a school.

17.28 Sec. 21. Minnesota Statutes 2020, section 136A.827, subdivision 4, is amended to read:

17.29 Subd. 4. **Proration.** (a) When a student has been accepted by a private career school  
17.30 and gives notice of cancellation after the program of instruction has begun, ~~but before~~  
17.31 ~~completion of 75 percent of the program, the amount charged for tuition, fees and all other~~  
17.32 ~~charges shall be prorated based on the number of days in the term as a portion of the total~~

18.1 ~~charges for tuition, fees and all other charges. An additional 25 percent of the total cost of~~  
18.2 ~~the program may be added but shall not exceed \$100. After completion of 75 percent of the~~  
18.3 ~~program, no refunds are required.~~ the student is entitled to a refund if, at the last documented  
18.4 date of attendance, the student has not completed at least 75 percent of the entire program  
18.5 of instruction. For purposes of this subdivision, program of instruction is calculated under  
18.6 paragraph (c) or (d). Program of instruction does not mean one term, a payment period, a  
18.7 module, or any other portion of the entire instructional program.

18.8 (b) A notice of cancellation from a student under this subdivision must be confirmed in  
18.9 writing by the private career school and mailed to the student's last known address. The  
18.10 confirmation from the school must state that the school has withdrawn the student from  
18.11 enrollment, and if this action was not the student's intent, the student must contact the school.

18.12 (c) The length of a program of instruction for a program that has a defined calendar start  
18.13 and end date that does not change after the program has begun equals the number of days  
18.14 from the first scheduled date of the program through the last scheduled date of the program.  
18.15 To calculate the completion percentage, divide the number of calendar days from the first  
18.16 date of the program through the student's last documented date of attendance by the length  
18.17 of the program of instruction, and truncate the result after the second digit following the  
18.18 decimal point. If the completion percentage is less than 75 percent, the private career school  
18.19 may retain:

18.20 (1) tuition, fees, and charges equal to the total of tuition, fees, and charges multiplied  
18.21 by the completion percentage; plus

18.22 (2) the initial program application fees, not to exceed \$50; plus

18.23 (3) the lesser of (i) 25 percent of the total tuition or (ii) \$100.

18.24 (d) The length of a program of instruction for a program that is measured in clock hours  
18.25 equals the number of clock hours the student was scheduled to attend. To calculate the  
18.26 completion percentage, divide the number of clock hours that the student actually attended  
18.27 by the length of the program of instruction, and truncate the result after the second digit  
18.28 following the decimal point. If the completion percentage is less than 75 percent, the private  
18.29 career school may retain:

18.30 (1) tuition, fees, and charges equal to the total of tuition, fees, and charges multiplied  
18.31 by the completion percentage; plus

18.32 (2) the initial program application fees, not to exceed \$50; plus

18.33 (3) the lesser of (i) 25 percent of the total tuition or (ii) \$100.

19.1 Sec. 22. Minnesota Statutes 2020, section 136A.827, subdivision 8, is amended to read:

19.2 Subd. 8. **Cancellation occurrence.** ~~Written notice of cancellation shall take place on~~  
19.3 ~~the date the letter of cancellation is postmarked or, in the cases where the notice is hand~~  
19.4 ~~carried, it shall occur on the date the notice is delivered to the private career school. Notice~~  
19.5 ~~of cancellation shall be the date a student notifies a private career school of the student's~~  
19.6 ~~intention to withdraw or otherwise leave the program of study. The student is not required~~  
19.7 ~~to provide a written notice. The private career school may require a student to provide the~~  
19.8 ~~student's notification only to specific offices or personnel at the school as long as this~~  
19.9 ~~requirement is documented as part of the "Student's Right to Cancel" in all places that the~~  
19.10 ~~information appears, including on the private career school's website. The date of the notice~~  
19.11 ~~of cancellation may or may not be the same date as the student's last documented date of~~  
19.12 ~~attendance. If a student has not attended class for a period of 21 14 consecutive days without~~  
19.13 ~~contacting the private career school to indicate an intent to continue in the private career~~  
19.14 ~~school provide notice of cancellation or otherwise ~~making~~ make arrangements concerning~~  
19.15 ~~the absence, the student is considered to have withdrawn from the private career school for~~  
19.16 ~~all purposes as of the student's last documented date of attendance.~~

19.17 Sec. 23. Minnesota Statutes 2020, section 136G.05, subdivision 10, is amended to read:

19.18 Subd. 10. **Data.** (a) Account owner data, account data, and data on beneficiaries of  
19.19 accounts are private data on individuals or nonpublic data as defined in section 13.02, except  
19.20 that the names and addresses of the beneficiaries of accounts that receive matching grants  
19.21 are public unless the data qualifies for the exception in paragraph (b).

19.22 (b) The commissioner may share an account owner's name and Social Security number  
19.23 with the Department of Revenue in order to compile studies under section 270B.04. Data  
19.24 sharing authorized by this paragraph is only for purposes of evaluative research and analysis  
19.25 of the plan in order to make ongoing informed decisions regarding plan administration.

19.26 Sec. 24. **REPEALER.**

19.27 (a) Minnesota Statutes 2020, sections 136A.1703; and 136A.823, subdivision 2, are  
19.28 repealed.

19.29 (b) Minnesota Rules, parts 4830.9050; 4830.9060; 4830.9070; 4830.9080; and 4830.9090,  
19.30 are repealed.

**136A.1703 INCOME-CONTINGENT LOANS.**

The office shall administer an income-contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathic medicine programs. Applicant data collected by the office for this program may be disclosed to a consumer credit reporting agency under the same conditions as those that apply to the supplemental loan program under section 136A.162. No new applicants may be accepted after June 30, 1995.

**136A.823 LICENSE RENEWAL.**

Subd. 2. **Conditions.** The office shall adopt rules establishing the conditions for renewal of a license. The conditions shall permit two levels of renewal based on the record of the private career school. A private career school that has demonstrated the quality of its program and operation through longevity and performance in the state may renew its license based on a relaxed standard of scrutiny. A private career school that has been in operation in Minnesota for a limited period of time or that has not performed adequately on performance indicators shall renew its license based on a strict standard of scrutiny. The office shall specify minimum longevity standards and performance indicators that must be met before a private career school may be permitted to operate under the relaxed standard of scrutiny. The performance indicators used in this determination shall include, but not be limited to: regional or national accreditation, loan default rates, placement rate of graduates, student withdrawal rates, audit results, student complaints, and school status with the United States Department of Education. Private career schools that meet the requirements established in rule shall be required to submit a full relicensure report once every four years, and in the interim years will be exempt from the requirements of section 136A.822, subdivision 4, clauses (4), (5), and (8), and Minnesota Rules, parts 4880.1700, subpart 6; and 4880.2100, subpart 4.

**4830.9050 SCOPE.**

Parts 4830.9050 to 4830.9090 govern state grants used as a match to the National Service Scholars Program of the Corporation for National Service.

**4830.9060 DEFINITIONS.**

Subpart 1. **Scope.** For the purposes of parts 4830.9050 to 4830.9090, the terms defined in this part have the meanings given them.

Subp. 2. **Certificate of eligibility.** "Certificate of eligibility" means the certificate issued by the Minnesota Office of Higher Education to a student for proof of eligibility for a Minnesota National Service Scholars Matching Grant after the office receives written notification from the National Service Scholars Program that the student has been awarded a National Service Scholarship.

Subp. 3. **Commissioner.** "Commissioner" means the commissioner of the Minnesota Office of Higher Education.

Subp. 4. **Eligible institution.** "Eligible institution" means a postsecondary institution that is an eligible institution as defined in part 4830.0300, subparts 1 and 2, and Minnesota Statutes, section 136A.101, subdivision 4.

Subp. 5. **Minnesota National Service Scholars Matching Grant.** "Minnesota National Service Scholars Matching Grant" means the award amount under Laws 1997, chapter 183, article 2, section 19.

**4830.9070 ELIGIBLE RECIPIENT.**

To be eligible for a Minnesota National Service Scholars Matching Grant, a student must:

- A. be enrolled in an eligible institution;
  - B. receive a national service scholarship from the Corporation for National Service;
- and
- C. provide a copy of the certificate of eligibility to the eligible institution.

**4830.9080 INSTITUTIONAL REQUEST AND DISBURSEMENT OF FUNDS FOR GRANTS.**

Subpart 1. **Institutional request.** After verifying a student's eligibility, the eligible institution must submit a written request to the commissioner for payment of the Minnesota National Service Scholars Matching Grant for the student. A copy of the student's certificate of eligibility must accompany the institution's request for payment. The request for payment must verify that the student has received a national service scholarship, indicate the name and address of the postsecondary institution enrolled in by the student, and the academic term for which the award will be used.

Subp. 2. **Deadline.** The request for grant money must be received by the commissioner no later than the last day of classes for the fiscal year for which grant money is requested.

Subp. 3. **Disbursement of funds.** An institution must not disburse matching grant money unless the student is attending or has completed an academic term during the fiscal year for which the student received a national service scholarship.

Subp. 4. **Refunds.** A matching grant award is made for a student's attendance at a specific institution for a term or terms within the state fiscal year. If a recipient fails to attend, the institution must refund the entire award to the commissioner. If a recipient withdraws before completing the term, the institution must determine if a refund is due to the commissioner. Refunds to the office are determined by:

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A. calculating the percentage that the matching grant represents of the student's total financial aid package for the applicable term, excluding funds received from federal Title IV programs, United States Code, title 20, sections 1070-1099;

B. calculating the total tuition refund amount using the refund calculation required of schools participating in federal Title IV programs;

C. subtracting the federal aid programs' refund amount from item B to determine the remaining tuition refund amount; and

D. multiplying the percentage in item A by the amount calculated in item C to determine the amount to be refunded to the matching grant program.

Refunded money is available to the commissioner for awards to other eligible students.

**4830.9090 PAYMENTS TO INSTITUTIONS.**

Subpart 1. **Time of payment.** The commissioner shall send a Minnesota National Service Scholars Matching Grant for an eligible student to the eligible institution within 30 days of receipt of a request for payment.

Subp. 2. **Withholding payment.** The commissioner shall withhold payment for a student until the eligible institution's request for payment is complete and the student's eligibility is verified.