

SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION

S.F. No. 1481

(SENATE AUTHORS: FISCHBACH)

DATE	D-PG	OFFICIAL STATUS
02/27/2017	791	Introduction and first reading Referred to Higher Education Finance and Policy

1.1 A bill for an act

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

1.3 amending Minnesota Statutes 2016, sections 135A.15, subdivision 1a; 136A.103;

1.4 136A.1795, subdivision 4; 136A.62, by adding subdivisions; 136A.64, subdivision

1.5 1; 136A.646; 136A.65, subdivisions 1a, 4, 7, by adding a subdivision; 136A.653;

1.6 136A.657, by adding a subdivision; 136A.67; 136A.68; 136A.821, by adding

1.7 subdivisions; 136A.822, subdivisions 4, 6, 12, 13; 136A.826, subdivision 2;

1.8 136A.827, subdivisions 2, 3; 136A.828, subdivision 3; 136A.83; 136A.833;

1.9 136A.834, by adding a subdivision; Laws 2015, chapter 69, article 3, section 20,

1.10 subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 136A.

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

1.12 Section 1. Minnesota Statutes 2016, section 135A.15, subdivision 1a, is amended to read:

1.13 Subd. 1a. **Sexual assault definition.** For the purposes of this section, "sexual assault"

1.14 means ~~forcible sex offenses~~ rape, sex offenses - fondling, or sex offenses - statutory rape

1.15 as defined in Code of Federal Regulations, title 34, part 668, subpart D, appendix A, as

1.16 amended.

1.17 Sec. 2. Minnesota Statutes 2016, section 136A.103, is amended to read:

1.18 **136A.103 INSTITUTION ELIGIBILITY REQUIREMENTS.**

1.19 (a) A postsecondary institution is eligible for state student aid under chapter 136A and

1.20 sections 197.791 and 299A.45, if the institution is located in this state and:

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

1.22 (2) is operated privately and, as determined by the office, meets the requirements of

1.23 paragraph (b).

1.24 (b) A private institution must:

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

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

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

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

2.10 (c) An institution that offers only graduate-level degrees or graduate-level nondegree  
2.11 programs, ~~or that offers only degrees or programs that do not meet the required minimum~~  
2.12 ~~program length to participate in the federal Pell Grant program,~~ is an eligible institution if  
2.13 the institution is licensed or registered as a postsecondary institution by the office.

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

2.17 (e) An institution that loses its eligibility for the federal Pell Grant program is not an  
2.18 eligible institution.

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

2.22 Sec. 3. Minnesota Statutes 2016, section 136A.1795, subdivision 4, is amended to read:

2.23 Subd. 4. **Loan forgiveness.** (a) The commissioner may select a maximum of five  
2.24 applicants each year for participation in the loan forgiveness program, within the limits of  
2.25 available funding. Applicants are responsible for securing their own qualified educational  
2.26 loans.

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

2.30 (c) The commissioner must make annual disbursements directly to the participant of  
2.31 \$15,000 or the balance of the participant's qualifying educational loans, whichever is less,

3.1 for each year that a participant meets the service obligation required under subdivision 3,  
3.2 paragraph (b), up to a maximum of five years.

3.3 (d) Before receiving loan repayment disbursements and as requested, the participant  
3.4 must complete and return to the commissioner ~~an affidavit~~ a confirmation of practice form  
3.5 provided by the commissioner verifying that the participant is practicing as required under  
3.6 subdivision 2, paragraph (a). The participant must provide the commissioner with verification  
3.7 that the full amount of loan repayment disbursement received by the participant has been  
3.8 applied toward the designated loans. After each disbursement, verification must be received  
3.9 by the commissioner and approved before the next loan repayment disbursement is made.

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

3.12 Sec. 4. Minnesota Statutes 2016, section 136A.62, is amended by adding a subdivision to  
3.13 read:

3.14 Subd. 7. **Compliance audit.** "Compliance audit" means an audit of a school's compliance  
3.15 with federal requirements related to its participation in federal Title IV student aid programs  
3.16 or other federal grant programs performed under either Uniform Grant Guidance, including  
3.17 predecessor Federal Circular A-133, or the United States Department of Education's audit  
3.18 guide, Audits of Federal Student Financial Assistance Programs at Participating Institutions  
3.19 and Institution Servicers.

3.20 Sec. 5. Minnesota Statutes 2016, section 136A.62, is amended by adding a subdivision to  
3.21 read:

3.22 Subd. 8. **Entity.** "Entity" means a specific school or campus location.

3.23 Sec. 6. Minnesota Statutes 2016, section 136A.62, is amended by adding a subdivision to  
3.24 read:

3.25 Subd. 9. **Higher-level entity.** "Higher-level entity" means a corporate parent or ultimate  
3.26 parent company or, in the case of a public school, the larger public system of which an  
3.27 entity is a part.

3.28 Sec. 7. Minnesota Statutes 2016, section 136A.62, is amended by adding a subdivision to  
3.29 read:

3.30 Subd. 10. **Audited financial statements.** "Audited financial statements" means the  
3.31 financial statements of an entity or higher-level entity that have been examined by a certified

4.1 public accountant or an equivalent government agency for public entities that include (1)  
 4.2 an auditor's report, a statement of financial position, an income statement, a statement of  
 4.3 cash flows, and notes to the financial statements or (2) the required equivalents for public  
 4.4 entities as determined by the Financial Accounting Standards Board, the Governmental  
 4.5 Accounting Standards Board, or the Securities and Exchange Commission.

4.6 Sec. 8. Minnesota Statutes 2016, section 136A.64, subdivision 1, is amended to read:

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

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

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

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

4.15 (4) ~~a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past~~  
 4.16 ~~fiscal year including any management letters provided by the independent auditor or, if the~~  
 4.17 ~~school is a public institution outside Minnesota, an income statement for the immediate past~~  
 4.18 ~~fiscal year;~~ financial documents related to the entity's and the higher-level entity's most  
 4.19 recently completed fiscal year, including:

4.20 (i) audited financial statements; and

4.21 (ii) a compliance audit;

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

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

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

4.25 (ii) the current institutional officers;

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

4.27 (iv) a description of all school facilities;

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

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

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

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

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

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

5.5 ~~and~~

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

5.7 and

5.8 (xii) the school's and the related higher-level entity's enrollment history for the current

5.9 and the immediately preceding five fiscal years.

5.10 Sec. 9. Minnesota Statutes 2016, section 136A.646, is amended to read:

5.11 **136A.646 ADDITIONAL SECURITY.**

5.12 (a) ~~In the event~~ New schools that have been granted conditional approval for degrees  
5.13 or names to allow them the opportunity to apply for and receive accreditation under section  
5.14 136A.65, subdivision 7, or any registered institution that is notified by the United States  
5.15 Department of Education that it has fallen below minimum financial standards and that its  
5.16 continued participation in Title IV will be conditioned upon its satisfying either the Zone  
5.17 Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter  
5.18 of Credit Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c),  
5.19 the institution shall provide a surety bond conditioned upon the faithful performance of all  
5.20 contracts and agreements with students in a sum equal to the "letter of credit" required by  
5.21 the United States Department of Education in the Letter of Credit Alternative, ten percent  
5.22 of the tuition and fees in the registered institution's prior fiscal year, but in no event shall  
5.23 such bond be less than \$10,000 nor more than \$250,000.

5.24 (b) In lieu of a bond, the applicant may deposit with the commissioner of management  
5.25 and budget:

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

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

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

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

6.4 (d) In the event of a school closure, the additional security must first be used to destroy  
6.5 any personally identifiable information left at a physical campus in Minnesota. Any remaining  
6.6 funds must then be used to reimburse tuition and fee costs to students that were enrolled at  
6.7 the time of the closure or had withdrawn in the previous 120 calendar days, but did not  
6.8 graduate. Priority for refunds will be given to students in the following order: personal  
6.9 funds, private student loans, and then Veteran Administration education benefits that are  
6.10 not restored by the Veteran Administration. If there are additional security funds remaining,  
6.11 the additional security funds may be used to cover any administrative costs incurred by the  
6.12 office related to the closure of the school.

6.13 (e) An institution that is subject to an additional security requirement shall submit to the  
6.14 office data that establishes the prior year's revenue from tuition and fees.

6.15 Sec. 10. Minnesota Statutes 2016, section 136A.65, subdivision 1a, is amended to read:

6.16 Subd. 1a. **Accreditation; requirement.** (a) A school must not be registered ~~or authorized~~  
6.17 ~~to offer any degree at any level unless the school is accredited~~ has institutional accreditation  
6.18 by an agency recognized by the United States Department of Education for purposes of  
6.19 eligibility to participate in Title IV federal financial aid programs. Any registered school  
6.20 undergoing institutional accreditation shall inform the office of site visits by the accrediting  
6.21 agency and provide office staff the opportunity to attend the visits, including any exit  
6.22 interviews. The institution must provide the office with a copy of the final report upon  
6.23 receipt.

6.24 (b) A school must not be authorized to offer any degree unless the program has  
6.25 programmatic or institutional accreditation by an agency recognized by the United States  
6.26 Department of Education for purposes of eligibility to participate in Title IV federal financial  
6.27 aid programs. Any program offered by a registered school that is undergoing accreditation  
6.28 shall inform the office of site visits by the accrediting agency and provide office staff the  
6.29 opportunity to attend the visits, including any exit interviews. The school must provide the  
6.30 office with a copy of the final report by the accreditor upon receipt.

6.31 Sec. 11. Minnesota Statutes 2016, section 136A.65, subdivision 4, is amended to read:

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

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

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

7.7 (3) the school operates in conformity with generally accepted ~~budgeting and~~ accounting  
7.8 principles according to the type of school and utilizes industry-appropriate budget  
7.9 methodologies;

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

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

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

7.15 (7) the school uses only publications and advertisements which are truthful and do not  
7.16 give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school,  
7.17 its personnel, programs, services, or occupational opportunities for its graduates for promotion  
7.18 and student recruitment, consistent with subdivision 4a;

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

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

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

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

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

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

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

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

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

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

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

8.7 (iii) proposed implementation date of the degree;

8.8 (iv) admissions requirements for the degree;

8.9 (v) length of the degree;

8.10 (vi) projected enrollment for a period of five years;

8.11 (vii) the curriculum required for the degree, including course syllabi or outlines;

8.12 (viii) statement of academic and administrative mechanisms planned for monitoring the  
 8.13 quality of the proposed degree;

8.14 (ix) statement of satisfaction of professional licensure criteria, if applicable;

8.15 (x) documentation of the availability of clinical, internship, externship, or practicum  
 8.16 sites, if applicable; and

8.17 (xi) statement of how the degree fulfills the institution's mission and goals, complements  
 8.18 existing degrees, and contributes to the school's viability.

8.19 Sec. 12. Minnesota Statutes 2016, section 136A.65, is amended by adding a subdivision  
 8.20 to read:

8.21 Subd. 4a. **Advertising requirements.** (a) A school shall only make claims that are  
 8.22 evidence based, can be validated, and are based on current conditions and not on conditions  
 8.23 that are no longer relevant.

8.24 (b) A school shall not guarantee or imply the guarantee of employment.

8.25 (c) A school shall not guarantee or advertise any certain wage or imply earnings greater  
 8.26 than the prevailing wage for entry-level wages in the field of study for the geographic area  
 8.27 unless advertised wages are based on verifiable wage information from graduates.

8.28 (d) If placement statistics are used in advertising or other promotional materials, the  
 8.29 school must be able to substantiate the statistics with school records. These records must

9.1 be made available to the office upon request. A school is prohibited from reporting the  
9.2 following in placement statistics:

9.3 (1) a student required to receive a job offer or start a job to be classified as a graduate;

9.4 (2) a graduate if the graduate held a position before enrolling in the program unless  
9.5 graduating enabled the graduate to maintain the position or the graduate received a promotion  
9.6 or raise upon graduating;

9.7 (3) a graduate who works less than 20 hours per week; and

9.8 (4) a graduate who is not expected to maintain the position for at least 180 days.

9.9 (e) A school shall not use endorsements, commendations, or recommendations by students  
9.10 in favor of a school except with the consent of the student and without any offer of financial  
9.11 or other material compensation. Endorsements may be used only when they portray current  
9.12 conditions.

9.13 (f) A school may advertise that the school or its programs have been accredited by an  
9.14 accrediting agency recognized by the United States Department of Education or the Council  
9.15 for Higher Education Accreditation, but shall not advertise any other accreditation unless  
9.16 approved by the office. The office may approve an institution's advertising of accreditation  
9.17 that is not recognized by the United States Department of Education or the Council for  
9.18 Higher Education if the accreditation is industry specific. Clear distinction must be made  
9.19 when the school is in candidacy or application status versus full accreditation.

9.20 (g) A school may advertise that financial aid may be available, including a listing of the  
9.21 financial aid programs in which the school participates, but federal and state financial aid  
9.22 shall not be used as a primary incentive in advertisement, promotion, or recruitment.

9.23 (h) A school may advertise placement assistance or career assistance, if offered, but  
9.24 shall not use the words "wanted," "help wanted," or "trainee," either in the headline or the  
9.25 body of the advertisement.

9.26 (i) A school may not advertise under "help wanted," "employment," or similar  
9.27 classification.

9.28 (j) A school shall not falsely claim that it is conducting a talent hunt, contest, or similar  
9.29 test.

9.30 (k) The commissioner, at any time, may require the school to publish a retraction of any  
9.31 false, misleading, or deceptive claim. The retraction must be published in the same manner  
9.32 as the original claim.

10.1 Sec. 13. Minnesota Statutes 2016, section 136A.65, subdivision 7, is amended to read:

10.2 Subd. 7. **Conditional approval.** (a) The office may grant a school a one-year conditional  
 10.3 approval for a degree or use of a term in its name for a period of less than one year if doing  
 10.4 so would be in the best interests of currently enrolled students or prospective students.

10.5 Conditional approval of a degree or use of a term under this paragraph must not exceed a  
 10.6 period of three years.

10.7 (b) The office may grant new schools ~~may be granted~~ and programs a one-year conditional  
 10.8 approval for degrees or ~~names annually for a period not to exceed five years~~ use of a term  
 10.9 in its name to allow ~~them~~ the school the opportunity to apply for and receive accreditation  
 10.10 as required in subdivision 1a. Conditional approval of a school or program under this  
 10.11 paragraph must not exceed a period of five years. A new school or program granted  
 10.12 conditional approval may be allowed to continue as a ~~registered institution~~ in order to  
 10.13 complete an accreditation process upon terms and conditions the office determines.

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

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

10.25 Sec. 14. Minnesota Statutes 2016, section 136A.653, is amended to read:

10.26 **136A.653 EXEMPTIONS.**

10.27 Subdivision 1. **Application.** A school that seeks an exemption from the provisions of  
 10.28 sections 136A.61 to 136A.71 must apply to the office to establish that the school meets the  
 10.29 requirements of an exemption. An exemption expires two years from the date of approval  
 10.30 or until a school adds a new program or makes a modification equal to or greater than 25  
 10.31 percent to an existing educational program. If a school is reapplying for an exemption, the  
 10.32 application must be submitted to the office 90 days before the current exemption expires.

11.1 ~~Subdivision 1.~~ Subd. 1a. **Exemption Private career schools.** A school that is subject  
 11.2 to licensing by the office under sections 136A.82 to 136A.834 is exempt from the provisions  
 11.3 of sections 136A.61 to 136A.71. The determination of the office as to whether a particular  
 11.4 school is subject to regulation under sections 136A.82 to 136A.834 is final for the purposes  
 11.5 of this exemption.

11.6 Subd. 2. **Educational program; nonprofit organizations.** Educational programs which  
 11.7 are sponsored by a bona fide and nonprofit trade, labor, business, professional or fraternal  
 11.8 organization, which programs are conducted solely for that organization's membership or  
 11.9 for the members of the particular industries or professions served by that organization, and  
 11.10 which are not available to the public on a fee basis, are exempted from the provisions of  
 11.11 sections 136A.61 to 136A.71.

11.12 Subd. 3. **Educational program; business firms.** Educational programs which are  
 11.13 sponsored by a business firm for the training of its employees or the employees of other  
 11.14 business firms with which it has contracted to provide educational services at no cost to the  
 11.15 employees are exempted from the provisions of sections 136A.61 to 136A.71.

11.16 Subd. 3a. **Tuition-free educational courses.** A school, including a school using an  
 11.17 online platform service, offering training, courses, or programs is exempt from sections  
 11.18 136A.61 to 136A.71, to the extent ~~it offers tuition-free courses to students in Minnesota. A~~  
 11.19 ~~course will be considered tuition-free if the school charges no tuition and the required fees~~  
 11.20 ~~and other required charges paid by the student for the course~~ tuition, fees, and any other  
 11.21 charges for a student to participate do not exceed two percent of the most recent average  
 11.22 undergraduate tuition and required fees as of January 1 of the current year charged for  
 11.23 full-time students at all degree-granting institutions as published annually by the United  
 11.24 States Department of Education as of January 1 of each year. To qualify for an exemption,  
 11.25 a school or online platform service must prominently display a notice comparable to the  
 11.26 following: "IMPORTANT: Each educational institution makes its own decision regarding  
 11.27 whether to accept completed coursework for credit. Check with your university or college."

11.28 Subd. 4. **Voluntary submission.** Any school or program exempted from the provisions  
 11.29 of sections 136A.61 to 136A.71 by the provisions of this section may voluntarily submit to  
 11.30 the provisions of those sections.

11.31 Sec. 15. Minnesota Statutes 2016, section 136A.657, is amended by adding a subdivision  
 11.32 to read:

11.33 Subd. 5. **Application.** A school that seeks an exemption from the provisions of sections  
 11.34 136A.61 to 136A.71 must apply to the office to establish that the school meets the

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

12.5 Sec. 16. Minnesota Statutes 2016, section 136A.67, is amended to read:

12.6 **136A.67 REGISTRATION REPRESENTATIONS.**

12.7 No school and none of its officials or employees shall advertise or represent in any  
 12.8 manner that such school is approved or accredited by the office or the state of Minnesota,  
 12.9 except a school which is duly registered with the office, or any of its officials or employees,  
 12.10 may represent in advertising and shall disclose in catalogues, applications, and enrollment  
 12.11 materials that the school is registered with the office by prominently displaying the following  
 12.12 statement: "(Name of school) is registered with the office Minnesota Office of Higher  
 12.13 Education pursuant to sections 136A.61 to 136A.71. Registration is not an endorsement of  
 12.14 the institution. Credits earned at the institution may not transfer to all other institutions." In  
 12.15 addition, all registered schools shall publish in the school catalog or student handbook the  
 12.16 name, street address, telephone number, and Web site address of the office.

12.17 Sec. 17. **136A.672] STUDENT COMPLAINTS.**

12.18 Subdivision 1. Authority. The office has the authority to review and take appropriate  
 12.19 action on student complaints from schools covered under the provisions of sections 136A.61  
 12.20 to 136A.71.

12.21 Subd. 2. Complaint. A complaint must be in writing, be signed by a student, and state  
 12.22 how the school's policies and procedures or sections 136A.61 to 136A.71 were violated.  
 12.23 Student complaints shall be limited to complaints that occurred within six years from the  
 12.24 date the concern should have been discovered with reasonable effort.

12.25 Subd. 3. Investigation. The office shall initiate an investigation upon receipt of a  
 12.26 complaint within the authority of subdivision 2. A school involved in an investigation shall  
 12.27 be informed of the alleged violations and the processes of the investigation. A school  
 12.28 involved in an investigation shall respond to the alleged violations and provide requested  
 12.29 documentation to the office. Upon completing an investigation, the office shall inform the  
 12.30 school and the student of the investigation outcome.

12.31 Subd. 4. Penalties. If violations are found, the office may require remedial action by  
 12.32 the school or assign a penalty under section 136A.705. Remedial action may include student

13.1 notification of violations, adjustments to the school's policies and procedures, and tuition  
 13.2 or fee refunds to impacted students.

13.3 Sec. 18. Minnesota Statutes 2016, section 136A.68, is amended to read:

13.4 **136A.68 RECORDS.**

13.5 A registered school shall maintain a permanent record for each student for 50 years from  
 13.6 the last date of the student's attendance. A registered school offering distance instruction to  
 13.7 a student located in Minnesota shall maintain a permanent record for each Minnesota student  
 13.8 for 50 years from the last date of the student's attendance. Records include a student's  
 13.9 academic transcript, documents, and files containing student data about academic credits  
 13.10 earned, courses completed, grades awarded, degrees awarded, and periods of attendance.  
 13.11 To preserve permanent records, a school shall submit a plan that meets the following  
 13.12 requirements:

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

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

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

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

13.26 Sec. 19. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision  
 13.27 to read:

13.28 Subd. 13. **Compliance audit.** "Compliance audit" means an audit of a school's compliance  
 13.29 with federal requirements related to its participation in federal Title IV student aid programs  
 13.30 or other federal grant programs performed under either Uniform Grant Guidance, including  
 13.31 predecessor Federal Circular A-133, or the United States Department of Education's audit

14.1 guide, Audits of Federal Student Financial Assistance Programs at Participating Institutions  
14.2 and Institution Servicers.

14.3 Sec. 20. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision  
14.4 to read:

14.5 Subd. 14. **Entity.** "Entity" means a specific school or campus location.

14.6 Sec. 21. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision  
14.7 to read:

14.8 Subd. 15. **Higher-level entity.** "Higher-level entity" means a corporate parent or ultimate  
14.9 parent company or, in the case of a public school, the larger public system of which an  
14.10 entity is a part.

14.11 Sec. 22. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision  
14.12 to read:

14.13 Subd. 16. **Audited financial statements.** "Audited financial statements" means the  
14.14 financial statements of an entity or higher-level entity that have been examined by a certified  
14.15 public accountant or an equivalent government agency for public entities that include (1)  
14.16 an auditor's report, a statement of financial position, an income statement, a statement of  
14.17 cash flows, and notes to the financial statements or (2) the required equivalents for public  
14.18 entities as determined by the Financial Accounting Standards Board, the Governmental  
14.19 Accounting Standards Board, or the Securities and Exchange Commission.

14.20 Sec. 23. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision  
14.21 to read:

14.22 Subd. 17. **Review-level engagement.** "Review-level engagement" means a service  
14.23 performed by a certified public accountant that provides limited assurance that there are no  
14.24 material modifications that need to be made to an entity's financial statements in order for  
14.25 them to conform to generally accepted accounting principles. Review-level engagement  
14.26 provides fewer assurances than those reported under audited financial statements.

14.27 Sec. 24. Minnesota Statutes 2016, section 136A.822, subdivision 4, is amended to read:

14.28 Subd. 4. **Application.** Application for a license shall be on forms prepared and furnished  
14.29 by the office, and shall include the following and other information as the office may require:

15.1 (1) the title or name of the private career school, ownership and controlling officers,  
15.2 members, managing employees, and director;

15.3 (2) the specific programs which will be offered and the specific purposes of the  
15.4 instruction;

15.5 (3) the place or places where the instruction will be given;

15.6 (4) a listing of the equipment available for instruction in each program;

15.7 (5) the maximum enrollment to be accommodated with equipment available in each  
15.8 specified program;

15.9 (6) the qualifications of instructors and supervisors in each specified program;

15.10 (7) financial documents related to the entity's and higher-level entity's most recently  
15.11 completed fiscal year:

15.12 (i) annual gross revenues from all sources;

15.13 (ii) financial statements subjected to a review level engagement or, if requested by the  
15.14 office, audited financial statements;

15.15 (iii) a compliance audit, if applicable; and

15.16 (iv) a current balance sheet, income statement, and adequate supporting documentation,  
15.17 prepared and certified by an independent public accountant or CPA;

15.18 (8) copies of all media advertising and promotional literature and brochures or electronic  
15.19 display currently used or reasonably expected to be used by the private career school;

15.20 (9) copies of all Minnesota enrollment agreement forms and contract forms and all  
15.21 enrollment agreement forms and contract forms used in Minnesota; and

15.22 (10) gross income earned in the preceding year from student tuition, fees, and other  
15.23 required institutional charges, ~~unless the private career school files with the office a surety~~  
15.24 ~~bond equal to at least \$250,000 as described in subdivision 6.~~

15.25 Sec. 25. Minnesota Statutes 2016, section 136A.822, subdivision 6, is amended to read:

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

16.1 (b)(1) The amount of the surety bond shall be ten percent of the preceding year's gross  
16.2 income from student tuition, fees, and other required institutional charges, but in no event  
16.3 less than \$10,000 ~~nor greater than \$250,000~~, except that a private career school may deposit  
16.4 a greater amount at its own discretion. A private career school in each annual application  
16.5 for licensure must compute the amount of the surety bond and verify that the amount of the  
16.6 surety bond complies with this subdivision, ~~unless the private career school maintains a~~  
16.7 ~~surety bond equal to at least \$250,000~~. A private career school that operates at two or more  
16.8 locations may combine gross income from student tuition, fees, and other required  
16.9 institutional charges for all locations for the purpose of determining the annual surety bond  
16.10 requirement. The gross tuition and fees used to determine the amount of the surety bond  
16.11 required for a private career school having a license for the sole purpose of recruiting students  
16.12 in Minnesota shall be only that paid to the private career school by the students recruited  
16.13 from Minnesota.

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

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

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

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

17.1 Sec. 26. Minnesota Statutes 2016, section 136A.822, subdivision 12, is amended to read:

17.2 Subd. 12. **Permanent records.** A private career school licensed under sections 136A.82  
17.3 to 136A.834 and located in Minnesota shall maintain a permanent record for each student  
17.4 for 50 years from the last date of the student's attendance. A private career school licensed  
17.5 under this chapter and offering distance instruction to a student located in Minnesota shall  
17.6 maintain a permanent record for each Minnesota student for 50 years from the last date of  
17.7 the student's attendance. Records include school transcripts, documents, and files containing  
17.8 student data about academic credits earned, courses completed, grades awarded, degrees  
17.9 awarded, and periods of attendance. To preserve permanent records, a private career school  
17.10 shall submit a plan that meets the following requirements:

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

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

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

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

17.22 Sec. 27. Minnesota Statutes 2016, section 136A.822, subdivision 13, is amended to read:

17.23 Subd. 13. **Private career schools licensed by another state agency or board.** A private  
17.24 career school required to obtain a private career school license due to the use of "academy,"  
17.25 "institute," "college," or "university" in its name or licensed for the purpose of participating  
17.26 in state financial aid under chapter 136A, and which is also licensed by another state agency  
17.27 or board shall be required to satisfy only the requirements of subdivisions 4, clauses (1),  
17.28 (2), (3), (5), (7), (8), and (10); 5; 6, paragraph (b), clause (2); 8, clauses (1), (4), (7), (8),  
17.29 and (9); 9; 10, ~~clause (13)~~; and 12. If a school is licensed to participate in state financial aid  
17.30 under this chapter, the school must follow the refund policy in section 136A.827, even if  
17.31 that section conflicts with the refund policy of the licensing agency or board. A distance  
17.32 education private career school located in another state, or a school licensed to recruit  
17.33 Minnesota residents for attendance at a school outside of this state, or a school licensed by

18.1 another state agency as its primary licensing body, may continue to use the school's name  
18.2 as permitted by its home state or its primary licensing body.

18.3 Sec. 28. Minnesota Statutes 2016, section 136A.826, subdivision 2, is amended to read:

18.4 Subd. 2. **Contract information.** A contract or enrollment agreement used by a private  
18.5 career school must include at least the following:

18.6 (1) the name and address of the private career school, clearly stated;

18.7 (2) a clear and conspicuous disclosure that the agreement is a legally binding instrument  
18.8 upon written acceptance of the student by the private career school unless canceled under  
18.9 section 136A.827;

18.10 (3) the private career school's cancellation and refund policy that shall be clearly and  
18.11 conspicuously entitled "Buyer's Right to Cancel";

18.12 (4) a clear statement of total cost of the program including tuition and all other charges;

18.13 (5) the name and description of the program, including the number of hours or credits  
18.14 of classroom instruction, or distance instruction, that shall be included; and

18.15 (6) a clear and conspicuous explanation of the form and means of notice the student  
18.16 should use in the event the student elects to cancel the contract or sale, the effective date of  
18.17 cancellation, and the name and address, e-mail address, or phone number of the seller to  
18.18 which the notice should be sent or delivered.

18.19 The contract or enrollment agreement must not include a wage assignment provision or a  
18.20 confession of judgment clause.

18.21 Sec. 29. Minnesota Statutes 2016, section 136A.827, subdivision 2, is amended to read:

18.22 Subd. 2. **Private career schools using written contracts.** (a) Notwithstanding anything  
18.23 to the contrary, a private career school that uses a written contract or enrollment agreement  
18.24 shall refund all tuition, fees and other charges paid by a student, if the student gives ~~written~~  
18.25 notice of cancellation within five business days after the day on which the contract was  
18.26 executed regardless of whether the program has started.

18.27 (b) When a student has been accepted by the private career school and has entered into  
18.28 a contractual agreement with the private career school and gives ~~written~~ notice of cancellation  
18.29 following the fifth business day after the date of execution of contract, but before the start  
18.30 of the program in the case of resident private career schools, or before the first lesson has  
18.31 been serviced by the private career school in the case of distance education private career

19.1 schools, all tuition, fees and other charges, except 15 percent of the total cost of the program  
19.2 but not to exceed \$50, shall be refunded to the student.

19.3 Sec. 30. Minnesota Statutes 2016, section 136A.827, subdivision 3, is amended to read:

19.4 Subd. 3. **Notice; amount.** (a) A private career school shall refund all tuition, fees and  
19.5 other charges paid by a student if the student gives ~~written~~ notice of cancellation within five  
19.6 business days after the day on which the student is accepted by the private career school  
19.7 regardless of whether the program has started.

19.8 (b) When a student has been accepted by the private career school and gives ~~written~~  
19.9 notice of cancellation following the fifth business day after the day of acceptance by the  
19.10 private career school, but before the start of the program, in the case of resident private  
19.11 career schools, or before the first lesson has been serviced by the private career school, in  
19.12 the case of distance education private career schools, all tuition, fees and other charges,  
19.13 except 15 percent of the total cost of the program but not to exceed \$50, shall be refunded  
19.14 to the student.

19.15 Sec. 31. Minnesota Statutes 2016, section 136A.828, subdivision 3, is amended to read:

19.16 Subd. 3. **False statements.** (a) A private career school, agent, or solicitor shall not make,  
19.17 or cause to be made, any statement or representation, oral, written or visual, in connection  
19.18 with the offering or publicizing of a program, if the private career school, agent, or solicitor  
19.19 knows or reasonably should have known the statement or representation to be false,  
19.20 fraudulent, deceptive, substantially inaccurate, or misleading.

19.21 (b) A school shall only make claims that are evidence-based, can be validated, and are  
19.22 based on current conditions and not on conditions that are no longer relevant.

19.23 (c) A school shall not guarantee or imply the guarantee of employment.

19.24 (d) A school shall not guarantee or advertise any certain wage or imply earnings greater  
19.25 than the prevailing wage for entry-level wages in the field of study for the geographic area  
19.26 unless advertised wages are based on verifiable wage information from graduates.

19.27 (e) If placement statistics are used in advertising or other promotional materials, the  
19.28 school must be able to substantiate the statistics with school records. These records must  
19.29 be made available to the office upon request. A school is prohibited from reporting the  
19.30 following in placement statistics:

19.31 (1) a student required to receive a job offer or start a job to be classified as a graduate;

20.1 (2) a graduate if the graduate held a position before enrolling in the program, unless  
20.2 graduating enabled the graduate to maintain the position or the graduate received a promotion  
20.3 or raise upon graduation;

20.4 (3) a graduate who works less than 20 hours per week; and

20.5 (4) a graduate who is not expected to maintain the position for at least 180 days.

20.6 (f) A school shall not use endorsements, commendations, or recommendations by a  
20.7 student in favor of a school except with the consent of the student and without any offer of  
20.8 financial or other material compensation. Endorsements may be used only when they portray  
20.9 current conditions.

20.10 (g) A school may advertise that the school or its programs have been accredited by an  
20.11 accrediting agency recognized by the United States Department of Education or the Council  
20.12 for Higher Education Accreditation, but shall not advertise any other accreditation unless  
20.13 approved by the office. The office may approve an institution's advertising of accreditation  
20.14 that is not recognized by the United States Department of Education or the Council for  
20.15 Higher Education if that accreditation is industry specific. Clear distinction must be made  
20.16 when the school is in candidacy or application status versus full accreditation.

20.17 (h) A school may advertise that financial aid is available, including a listing of the  
20.18 financial aid programs in which the school participates, but federal or state financial aid  
20.19 shall not be used as a primary incentive in advertisement, promotion, or recruitment.

20.20 (i) A school may advertise placement or career assistance, if offered, but shall not use  
20.21 the words "wanted," "help wanted," or "trainee," either in the headline or the body of the  
20.22 advertisement.

20.23 (j) A school shall not be advertised under any "help wanted," "employment," or similar  
20.24 classification.

20.25 (k) A school shall not falsely claim that it is conducting a talent hunt, contest, or similar  
20.26 test.

20.27 (l) The commissioner, at any time, may require a retraction of a false, misleading, or  
20.28 deceptive claim.

20.29 **Sec. 32. [136A.8295] STUDENT COMPLAINTS.**

20.30 Subdivision 1. **Authority.** The office has the authority to review and take appropriate  
20.31 action on student complaints from schools covered under the provisions of sections 136A.822  
20.32 to 136A.834.

21.1 Subd. 2. **Complaint.** A complaint must be in writing, be signed by a student, and state  
 21.2 how the school's policies and procedures or sections 136A.822 to 136A.834 were violated.  
 21.3 Student complaints shall be limited to complaints in which the last incident of the student  
 21.4 concern has occurred in the prior six years.

21.5 Subd. 3. **Investigation.** The office shall initiate an investigation upon receipt of a  
 21.6 complaint within the authority of subdivision 2. A school involved in an investigation shall  
 21.7 be informed of the alleged violations and the processes of the investigation. A school  
 21.8 involved in an investigation shall respond to the alleged violations and provide requested  
 21.9 documentation to the office. Upon completion of an investigation, the office shall inform  
 21.10 the school and the student of the investigation outcome.

21.11 Subd. 4. **Penalties.** If violations are found, the office may require remedial action by  
 21.12 the school or assign a penalty under section 136A.832. Remedial action may include student  
 21.13 notification of violations, adjustments to the school's policies and procedures, and tuition  
 21.14 or fee refunds to impacted students.

21.15 Sec. 33. Minnesota Statutes 2016, section 136A.83, is amended to read:

21.16 **136A.83 INSPECTION.**

21.17 (a) The office or a delegate may inspect the instructional books and records, classrooms,  
 21.18 dormitories, tools, equipment and classes of any private career school or applicant for license  
 21.19 at any reasonable time. The office may require the submission of ~~a certified public audit,~~  
 21.20 ~~or if there is no such audit available~~ audited financial statements. The office or a delegate  
 21.21 may inspect the financial books and records of the private career school. In no event shall  
 21.22 such financial information be used by the office to regulate or set the tuition or fees charged  
 21.23 by the private career school.

21.24 (b) Data obtained from an inspection of the financial records of a private career school  
 21.25 or submitted to the office as part of a license application or renewal are nonpublic data as  
 21.26 defined in section 13.02, subdivision 9. Data obtained from inspections may be disclosed  
 21.27 to other members of the office, to law enforcement officials, or in connection with a legal  
 21.28 or administrative proceeding commenced to enforce a requirement of law.

21.29 Sec. 34. Minnesota Statutes 2016, section 136A.833, is amended to read:

21.30 **136A.833 EXEMPTIONS.**

21.31 Subdivision 1. **Application for exemptions.** A school that seeks an exemption from the  
 21.32 provisions of sections 136A.822 to 136A.834 must apply to the office to establish that the

22.1 school meets the requirements of an exemption. An exemption expires two years from the  
22.2 date of approval or when a school adds a new program or makes a modification equal to or  
22.3 greater than 25 percent to an existing educational program. If a school is reapplying for an  
22.4 exemption, the application must be submitted to the office 90 days before the current  
22.5 exemption expires.

22.6 Subd. 2. Exemption reasons. Sections 136A.821 to 136A.832 shall not apply to the  
22.7 following:

22.8 (1) public postsecondary institutions;

22.9 (2) postsecondary institutions registered under sections 136A.61 to 136A.71;

22.10 (3) private career schools of nursing accredited by the state Board of Nursing or an  
22.11 equivalent public board of another state or foreign country;

22.12 (4) private schools complying with the requirements of section 120A.22, subdivision 4;

22.13 (5) courses taught to students in a valid apprenticeship program taught by or required  
22.14 by a trade union;

22.15 (6) private career schools exclusively engaged in training physically or mentally disabled  
22.16 persons for the state of Minnesota;

22.17 (7) private career schools licensed by boards authorized under Minnesota law to issue  
22.18 licenses except private career schools required to obtain a private career school license due  
22.19 to the use of "academy," "institute," "college," or "university" in their names;

22.20 (8) private career schools and educational programs, or training programs, contracted  
22.21 for by persons, firms, corporations, government agencies, or associations, for the training  
22.22 of their own employees, for which no fee is charged the employee;

22.23 (9) private career schools engaged exclusively in the teaching of purely avocational,  
22.24 recreational, or remedial subjects as determined by the office except private career schools  
22.25 required to obtain a private career school license due to the use of "academy," "institute,"  
22.26 "college," or "university" in their names unless the private career school used "academy"  
22.27 or "institute" in its name prior to August 1, 2008;

22.28 (10) classes, courses, or programs conducted by a bona fide trade, professional, or  
22.29 fraternal organization, solely for that organization's membership;

22.30 (11) programs in the fine arts provided by organizations exempt from taxation under  
22.31 section 290.05 and registered with the attorney general under chapter 309. For the purposes  
22.32 of this clause, "fine arts" means activities resulting in artistic creation or artistic performance

23.1 of works of the imagination which are engaged in for the primary purpose of creative  
23.2 expression rather than commercial sale or employment. In making this determination the  
23.3 office may seek the advice and recommendation of the Minnesota Board of the Arts;

23.4 (12) classes, courses, or programs intended to fulfill the continuing education  
23.5 requirements for licensure or certification in a profession, that have been approved by a  
23.6 legislatively or judicially established board or agency responsible for regulating the practice  
23.7 of the profession, and that are offered exclusively to an individual practicing the profession;

23.8 (13) classes, courses, or programs intended to prepare students to sit for undergraduate,  
23.9 graduate, postgraduate, or occupational licensing and occupational entrance examinations;

23.10 (14) classes, courses, or programs providing 16 or fewer clock hours of instruction that  
23.11 are not part of the curriculum for an occupation or entry level employment except private  
23.12 career schools required to obtain a private career school license due to the use of "academy,"  
23.13 "institute," "college," or "university" in their names;

23.14 (15) classes, courses, or programs providing instruction in personal development,  
23.15 modeling, or acting;

23.16 (16) training or instructional programs, in which one instructor teaches an individual  
23.17 student, that are not part of the curriculum for an occupation or are not intended to prepare  
23.18 a person for entry level employment;

23.19 (17) private career schools with no physical presence in Minnesota, as determined by  
23.20 the office, engaged exclusively in offering distance instruction that are located in and  
23.21 regulated by other states or jurisdictions if the distance education instruction does not include  
23.22 internships, externships, field placements, or clinical placements for residents of Minnesota;  
23.23 and

23.24 (18) private career schools providing exclusively training, instructional programs, or  
23.25 courses where tuition, fees, and any other charges for a student to participate do not exceed  
23.26 \$100.

23.27 Sec. 35. Minnesota Statutes 2016, section 136A.834, is amended by adding a subdivision  
23.28 to read:

23.29 Subd. 5. **Application.** A school that seeks an exemption from the provisions of sections  
23.30 136A.82 to 136A.834 must apply to the office to establish that the school meets the  
23.31 requirements of an exemption. An exemption expires two years from the date of approval  
23.32 or when a school adds a new program or makes a modification equal to or greater than 25

24.1 percent to an existing educational program. If a school is reapplying for an exemption, the  
24.2 application must be submitted to the office 90 days before the current exemption expires.

24.3 Sec. 36. Laws 2015, chapter 69, article 3, section 20, subdivision 10, is amended to read:

24.4 Subd. 10. **Credit load.** By the end of the first academic year including summer term, a  
24.5 grantee must have accumulated at least the lesser of 30 program credits by the end of the  
24.6 first academic year including summer term or the number of credits that the student's program  
24.7 is scheduled for during the first academic year. A college must certify that a grantee is  
24.8 carrying sufficient credits in the second grant year to complete the program at the end of  
24.9 the second year, including summer school. The commissioner shall set the terms and provide  
24.10 the form for certification.

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