

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 3683

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DATE	D-PG	OFFICIAL STATUS
02/27/2020	5026	Introduction and first reading Referred to Higher Education Finance and Policy
03/16/2020	5546a	Comm report: To pass as amended
	5564	Second reading
05/12/2020	6480	General Orders: Stricken and re-referred to Finance
05/13/2020		Comm report: To pass as amended Second reading

1.1 A bill for an act

1.2 relating to higher education; providing for policy changes for the Office of Higher

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

1.4 savings plan; amending Minnesota Statutes 2018, sections 124D.09, subdivision

1.5 10a; 135A.15, subdivision 1a; 136A.01, subdivision 1; 136A.031, subdivision 3;

1.6 136A.121, by adding a subdivision; 136A.125, subdivision 3; 136A.1275,

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

1.8 subdivision 4; 136A.65, subdivisions 7, 8; 136A.657, subdivisions 1, 2, 3;

1.9 136A.827, subdivision 4; 136A.829, subdivision 1; 136A.833, subdivision 1;

1.10 136A.834, subdivisions 1, 2; 136G.01; 136G.03, subdivisions 8, 10, 11, 20, 30,

1.11 31, by adding subdivisions; 136G.05, subdivisions 2, 5, 7; 136G.09, subdivisions

1.12 6, 8; 136G.11, subdivisions 11, 13; 136G.13; 136G.14; proposing coding for new

1.13 law in Minnesota Statutes, chapter 136A; repealing Minnesota Statutes 2018,

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

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

1.16 ARTICLE 1

1.17 OFFICE OF HIGHER EDUCATION

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

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

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

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

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

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

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

1.25 ~~the committees of the legislature having jurisdiction over early education through grade 12~~

1.26 ~~education.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.1 that the absent member represents. The SAC shall select one of its members to serve as
4.2 chair.

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

4.7 (c) The SAC shall:

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

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

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

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

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

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

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

4.28 **Subd. 3. Consultation with the Tribal Nations Education Committee.** (a) The
4.29 commissioner shall seek consultation with the Tribal Nations Education Committee regarding
4.30 programs, policies, and all other matters related to the postsecondary education of Minnesota's
4.31 American Indian students.

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

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

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

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

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

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

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

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

5.28 Subdivision 1. **Establishment.** (a) The commissioner of the Office of Higher Education
 5.29 must establish a grant program for student teaching stipends for low-income students enrolled
 5.30 in a Professional Educator Licensing and Standards Board-approved teacher preparation

6.1 program who intend to teach in a shortage area after graduating and receiving their teaching
6.2 license or belong to an underrepresented racial or ethnic group.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.14 (e) "Teacher shortage area" means:

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

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

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

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

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

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

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

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

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

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

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

8.22 Sec. 14. Minnesota Statutes 2018, section 136A.65, subdivision 7, is amended to read:

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

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

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

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

9.12 Sec. 15. Minnesota Statutes 2018, section 136A.65, subdivision 8, is amended to read:

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

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

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

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

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

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

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

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

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

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

9.30 (c) Any order refusing, revoking, or suspending a school's registration, approval of a
 9.31 school's degree, or use of a regulated term in the school's name is appealable in accordance

10.1 with chapter 14. The request must be in writing and made to the office within 30 days of
 10.2 the date the school is notified of the action of the office. If a school has been operating and
 10.3 its registration has been revoked, suspended, or refused by the office, the order is not effective
 10.4 until the final determination of the appeal, unless immediate effect is ordered by the court.

10.5 Sec. 16. Minnesota Statutes 2018, section 136A.657, subdivision 1, is amended to read:

10.6 Subdivision 1. **Exemption.** ~~Any~~ (a) A program is exempt from the provisions of sections
 10.7 136A.61 to 136A.71 if it is:

10.8 (1) offered by a school or any department or branch of a school ~~(a) which~~ that is
 10.9 substantially owned, operated,² or supported by a bona fide church or religious organization;
 10.10 ~~(b) whose programs are~~

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

10.13 ~~(e) whose programs are~~ (3) primarily intended to prepare its students to become ministers
 10.14 of, to enter into some other vocation closely related to, or to conduct their lives in consonance
 10.15 with, the particular faith of that church or religious organization;⁵

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

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

10.19 Sec. 17. Minnesota Statutes 2018, section 136A.657, subdivision 2, is amended to read:

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

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

10.26 (1) prepare the student for a vocation not closely related to that particular religious faith;⁵
 10.27 ~~or to~~

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

11.1 Sec. 18. Minnesota Statutes 2018, section 136A.657, subdivision 3, is amended to read:

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

11.5 Sec. 19. Minnesota Statutes 2018, section 136A.827, subdivision 4, is amended to read:

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

11.17 Sec. 20. Minnesota Statutes 2018, section 136A.829, subdivision 1, is amended to read:

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

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

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

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

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

11.29 (5) having been administratively determined by the commissioner or judicially determined
 11.30 to have committed fraud or any other material violation of law involving federal, state, or
 11.31 local government funds; or

12.1 ~~(5)~~ (6) the existence of any circumstance that would be grounds for the refusal of an
 12.2 initial or renewal license under section 136A.822.

12.3 Sec. 21. Minnesota Statutes 2018, section 136A.833, subdivision 1, is amended to read:

12.4 Subdivision 1. **Application for exemptions.** A school that seeks an exemption from the
 12.5 provisions of sections 136A.822 to 136A.834 for the school and all of its programs or some
 12.6 of its programs must apply to the office to establish that the school meets the requirements
 12.7 of an exemption. An exemption expires two years from the date of approval or when a
 12.8 school adds a new program or makes a modification equal to or greater than 25 percent to
 12.9 an existing educational program. If a school is reapplying for an exemption, the application
 12.10 must be submitted to the office 90 days before the current exemption expires.

12.11 Sec. 22. Minnesota Statutes 2018, section 136A.834, subdivision 1, is amended to read:

12.12 Subdivision 1. **Exemption.** ~~Any~~ (a) A program is exempt from the provisions of sections
 12.13 136A.821 to 136A.832 if it is:

12.14 (1) offered by a private career school or any department or branch of a private career
 12.15 school;

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

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

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

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

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

12.28 Sec. 23. Minnesota Statutes 2018, section 136A.834, subdivision 2, is amended to read:

12.29 Subd. 2. **Limitations.** (a) An exemption shall not extend to any private career school,
 12.30 department or branch of a private career school, or program of a private career school ~~which~~
 12.31 that through advertisements or solicitations represents to any students or prospective students

13.1 that the school, its aims, goals, missions, purposes, or programs are different from those
 13.2 described in subdivision 1.

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

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

13.8 (2) provide the student with a general educational program recognized by other private
 13.9 career schools or the broader educational, business, or social community as being
 13.10 substantially equivalent to the educational programs offered by private career schools or
 13.11 departments or branches of private career schools which are not religious in nature and are
 13.12 not exempt from sections 136A.82 to 136A.834 and from rules adopted under sections
 13.13 136A.82 to 136A.834.

13.14 ARTICLE 2

13.15 MINNESOTA COLLEGE SAVINGS PLAN

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

13.17 **136G.01 PLAN ESTABLISHED.**

13.18 A college savings plan known as "the Minnesota college savings plan" or "the Minnesota
 13.19 529 college savings plan" is established. In establishing this plan, the legislature seeks to
 13.20 encourage individuals to save for postsecondary education by:

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

13.22 (2) encouraging individuals, foundations, and businesses to provide additional grants to
 13.23 participating students.

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

13.25 Subd. 8. **Contribution.** "Contribution" means a payment directly allocated to an account
 13.26 for the benefit of a beneficiary. For a rollover distribution, only the portion of the rollover
 13.27 amount that constitutes investment in the account is treated as a contribution to the account.
 13.28 For purposes of this chapter, "contribution" includes a recontribution that satisfies the
 13.29 requirements of section 529(c)(3)(D) of the Internal Revenue Code.

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

14.2 Subd. 10. **Distribution.** "Distribution" means a disbursement from an account ~~to the~~
 14.3 ~~account owner, the beneficiary, or the beneficiary's estate or to an eligible educational~~
 14.4 ~~institution.~~ Distribution does not include a change of beneficiary to a member of the family
 14.5 of the prior beneficiary or a rollover distribution.

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

14.7 Subd. 11. **Dormant account.** "Dormant account" means an account that has not received
 14.8 contributions for at least three consecutive years and the account statements ~~mailed~~ sent to
 14.9 the account owner have been returned as undeliverable.

14.10 Sec. 5. Minnesota Statutes 2018, section 136G.03, is amended by adding a subdivision to
 14.11 read:

14.12 Subd. 17a. **Elementary and secondary tuition.** "Elementary and secondary tuition"
 14.13 has the meaning provided under section 529(c)(7) of the Internal Revenue Code.

14.14 Sec. 6. Minnesota Statutes 2018, section 136G.03, subdivision 20, is amended to read:

14.15 Subd. 20. **Maximum account balance limit.** "Maximum account balance limit" means
 14.16 the amount established by the office under section 136G.09, subdivision 8, paragraph ~~(d)~~
 14.17 (b).

14.18 Sec. 7. Minnesota Statutes 2018, section 136G.03, subdivision 30, is amended to read:

14.19 Subd. 30. **Qualified higher education expenses.** "Qualified higher education expenses"
 14.20 means expenses as defined in section 529(e)(3), 529(c)(7), 529(c)(8), and 529(c)(9), of the
 14.21 Internal Revenue Code.

14.22 Sec. 8. Minnesota Statutes 2018, section 136G.03, subdivision 31, is amended to read:

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

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

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

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

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

15.6 Sec. 9. Minnesota Statutes 2018, section 136G.03, is amended by adding a subdivision to
15.7 read:

15.8 Subd. 33a. **Taxable distribution.** "Taxable distribution" means: (1) a distribution made
15.9 from an account other than a qualified distribution, the earnings on which are subject to one
15.10 or more federal taxes; or (2) a distribution subject to additional federal tax under section
15.11 529(c)(6) of the Internal Revenue Code.

15.12 Sec. 10. Minnesota Statutes 2018, section 136G.05, subdivision 2, is amended to read:

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

15.18 Sec. 11. Minnesota Statutes 2018, section 136G.05, subdivision 5, is amended to read:

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

15.22 Sec. 12. Minnesota Statutes 2018, section 136G.05, subdivision 7, is amended to read:

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

15.26 Sec. 13. Minnesota Statutes 2018, section 136G.09, subdivision 6, is amended to read:

15.27 **Subd. 6. Change of beneficiary.** Except as provided for minor trust accounts in section
15.28 136G.14, an account owner may change the beneficiary of an account to a member of the
15.29 family of the current beneficiary, at any time without penalty, if the change will not cause
15.30 the total account balance of all accounts held for the new beneficiary to exceed the maximum

16.1 account balance limit as provided in subdivision 8. A change of beneficiary other than as
16.2 permitted in this subdivision is treated as a ~~nonqualified~~ taxable distribution under section
16.3 136G.13, subdivision 3.

16.4 Sec. 14. Minnesota Statutes 2018, section 136G.09, subdivision 8, is amended to read:

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

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

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

16.16 Sec. 15. Minnesota Statutes 2018, section 136G.11, subdivision 11, is amended to read:

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

16.21 Sec. 16. Minnesota Statutes 2018, section 136G.11, subdivision 13, is amended to read:

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

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

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

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

17.1 ~~(4)~~ the account owner changes the beneficiary of the account; or

17.2 ~~(5)~~ (4) the account owner closes the account with a ~~nonqualified withdrawal.~~ taxable
17.3 distribution.

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

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

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

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

17.10 (c) If the account owner makes a misrepresentation in a participation agreement or an
17.11 application for a matching grant that results in a matching grant, the matching grant associated
17.12 with the misrepresentation is forfeited. The office and the board must instruct the plan
17.13 administrator as to the amount to be forfeited from the matching grant account. The office
17.14 and the board must withdraw the matching grant or the proportion of the matching grant
17.15 that is related to the misrepresentation.

17.16 Sec. 17. Minnesota Statutes 2018, section 136G.13, is amended to read:

17.17 **136G.13 ACCOUNT DISTRIBUTIONS.**

17.18 Subdivision 1. **Qualified distribution methods.** (a) Qualified distributions may be
17.19 made:

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

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

17.23 ~~(3)~~ (2) directly to the account owner or beneficiary ~~if the account owner or beneficiary~~
17.24 ~~has already paid qualified higher education expenses.~~ but only to the account owner if the
17.25 qualified distribution is for elementary or secondary tuition; or

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

17.27 (b) Qualified distributions must be withdrawn proportionally from contributions and
17.28 earnings in an account owner's account on the date of distribution as provided in section
17.29 529 of the Internal Revenue Code.

17.30 Subd. 2. **Matching grant accounts.** ~~Qualified distributions are based on the total account~~
17.31 ~~balances in an account owner's account and matching grant account, if any, on the date of~~

18.1 ~~distribution. Qualified distributions must be withdrawn proportionally from each account~~
 18.2 ~~based on the relative total account balance of each account to the total account balance for~~
 18.3 ~~both accounts. Amounts for matching grants and matching grant earnings must only be~~
 18.4 ~~distributed for qualified higher education expenses. Matching grant account funds may be~~
 18.5 ~~used as part or all of a qualified distribution.~~

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

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

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

18.22 Subd. 5. **Distributions due to death or disability of, or scholarship to, or attendance**
 18.23 **at a United States military academy by, a beneficiary.** An account owner may request a
 18.24 distribution due to the death or disability of, or scholarship to, or attendance at a United
 18.25 States military academy by, a beneficiary from an account by submitting a completed request
 18.26 to the plan. ~~Prior to distribution, the account owner shall certify the reason for the distribution~~
 18.27 ~~and provide written confirmation from a third party that the beneficiary has died, become~~
 18.28 ~~disabled, or received a scholarship for attendance at an eligible educational institution, or~~
 18.29 ~~is attending a United States military academy. The plan must not consider a request to make~~
 18.30 ~~a distribution until a third-party written confirmation is received by the plan. For purposes~~
 18.31 ~~of this subdivision, a third-party written confirmation consists of the following:~~

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

18.33 (2) ~~for disability of the beneficiary, a certification by a physician who is a doctor of~~
 18.34 ~~medicine or osteopathic medicine stating that the doctor is legally authorized to practice in~~

19.1 ~~a state of the United States and that the beneficiary is unable to attend any eligible educational~~
 19.2 ~~institution because of an injury or illness that is expected to continue indefinitely or result~~
 19.3 ~~in death. Certification must be on a form approved by the plan;~~

19.4 ~~(3) for a scholarship award to the beneficiary, a letter from the grantor of the scholarship~~
 19.5 ~~or from the eligible educational institution receiving or administering the scholarship, that~~
 19.6 ~~identifies the beneficiary by name and Social Security number or taxpayer identification~~
 19.7 ~~number as the recipient of the scholarship and states the amount of the scholarship, the~~
 19.8 ~~period of time or number of credits or units to which it applies, the date of the scholarship,~~
 19.9 ~~and, if applicable, the eligible educational institution to which the scholarship is to be~~
 19.10 ~~applied; or~~

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

19.15 Sec. 18. Minnesota Statutes 2018, section 136G.14, is amended to read:

19.16 **136G.14 MINOR TRUST ACCOUNTS.**

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

19.19 (b) The account owner may not be changed to any person other than a successor custodian
 19.20 or the beneficiary unless a court order directing the change of ownership is provided to the
 19.21 plan administrator. The custodian must sign all forms and requests submitted to the plan
 19.22 administrator in the custodian's representative capacity. The custodian must notify the plan
 19.23 administrator in writing when the beneficiary becomes legally entitled to be the account
 19.24 owner. An account owner under this section may not select a contingent account owner.

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

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

20.4 Sec. 19. **REPEALER.**

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

APPENDIX
Repealed Minnesota Statutes: S3683-1

136G.03 DEFINITIONS.

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

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

136G.05 MINNESOTA OFFICE OF HIGHER EDUCATION.

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