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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3392

02/17/2020 Authored by Bernardy
The bill was read for the first time and referred to the Higher Education Finance and Policy Division

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; requiring a report; amending Minnesota Statutes 2018, sections
1.5 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 4, 7, 8; 136A.657, subdivisions 1, 2, 3;
1.9 136A.822, subdivision 8; 136A.827, subdivision 4; 136A.829, subdivision 1;
1.10 136A.833, subdivision 1; 136A.834, subdivisions 1, 2; 136G.01; 136G.03,
1.11 subdivisions 8, 10, 11, 20, 22, 29, 30, 31, 32, by adding subdivisions; 136G.05,
1.12 subdivisions 2, 5, 7, 10; 136G.09, subdivision 8; 136G.11, subdivisions 11, 13;
1.13 136G.13; 136G.14; proposing coding for new law in Minnesota Statutes, chapter
1.14 136A; repealing Minnesota Statutes 2018, sections 124D.09, subdivision 10a;
1.15 136G.03, subdivision 4; 136G.05, subdivision 6.

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

1.17 ARTICLE 1
1.18 OFFICE OF HIGHER EDUCATION

1.19 Section 1. Minnesota Statutes 2018, section 135A.15, subdivision 1a, is amended to read:

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

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

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

2.4 Sec. 2. Minnesota Statutes 2018, section 136A.01, subdivision 1, is amended to read:

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

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

2.10 Subd. 3. **Student Advisory Council.** (a) A Student Advisory Council (SAC) to the  
 2.11 office is established. The members of SAC shall include: the chair of the University of  
 2.12 Minnesota student senate; the state chair of the Minnesota State University Student  
 2.13 Association; the president of the Minnesota State College Student Association and an officer  
 2.14 of the Minnesota State College Student Association, one in a community college course of  
 2.15 study and one in a technical college course of study; a student who is enrolled in a private  
 2.16 nonprofit postsecondary institution, to be elected by students enrolled in Minnesota Private  
 2.17 College Council institutions; ~~and~~ a student who is enrolled in a private for-profit  
 2.18 postsecondary institution, to be elected by students enrolled in Minnesota ~~Career College~~  
 2.19 ~~Association~~ institutions private career schools; and a student who is enrolled in a Minnesota  
 2.20 tribal college to be elected by students enrolled in Minnesota tribal colleges. If students  
 2.21 from the Minnesota Private College Council institutions do not elect a representative, the  
 2.22 Minnesota Private College Council must appoint the private nonprofit representative. ~~If~~  
 2.23 ~~students from the Minnesota Career College Association institutions do not elect a~~  
 2.24 ~~representative, the Minnesota Career College Association must appoint the private for-profit~~  
 2.25 ~~representative.~~ A member may be represented by a student designee who attends an institution  
 2.26 from the same system that the absent member represents. The SAC shall select one of its  
 2.27 members to serve as chair.

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

2.32 (c) The SAC shall:

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

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

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

3.6 **Sec. 4. [136A.032] COMMUNITY AND COMMISSIONER PARTICIPATION IN**  
3.7 **POSTSECONDARY EDUCATION OF AMERICAN INDIANS.**

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

3.10 (b) "Tribal Nations Education Committee" means the committee established through  
3.11 tribal directive that the commissioner seeks consultation with on American Indian  
3.12 postsecondary education programs, policy, and all matters related to educating Minnesota's  
3.13 American Indian postsecondary students. Membership in the Tribal Nations Education  
3.14 Committee is at the sole discretion of the committee and nothing in this section gives the  
3.15 commissioner authority to dictate committee membership.

3.16 Subd. 2. **American Indian community involvement.** The commissioner must provide  
3.17 for the maximum involvement of the Tribal Nations Education Committee, American Indian  
3.18 postsecondary students, and representatives of community groups in the establishment of  
3.19 programs, formation of policies, and all other matters related to the postsecondary education  
3.20 of Minnesota's American Indian students.

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

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

3.27 **Sec. 5. [136A.096] FINANCIAL AID GOALS.**

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

4.1 Sec. 6. Minnesota Statutes 2018, section 136A.121, is amended by adding a subdivision  
4.2 to read:

4.3 Subd. 21. **Institutional prohibition.** An institution receiving financial aid under this  
4.4 section must not suspend or withdraw a student from class attendance and resources during  
4.5 a period of instruction due to an unpaid student account balance unless the student is eligible  
4.6 for a full tuition and fee refund.

4.7 Sec. 7. Minnesota Statutes 2018, section 136A.125, subdivision 3, is amended to read:

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

4.13 Sec. 8. Minnesota Statutes 2018, section 136A.1275, subdivision 1, is amended to read:

4.14 Subdivision 1. **Establishment.** (a) The commissioner of the Office of Higher Education  
4.15 must establish a grant program for student teaching stipends for low-income students enrolled  
4.16 in a Professional Educator Licensing and Standards Board-approved teacher preparation  
4.17 program who intend to teach in a shortage area after graduating and receiving their teaching  
4.18 license or belong to an underrepresented racial or ethnic group.

4.19 (b) "Shortage area" means a license field or economic development region within  
4.20 Minnesota defined as a shortage area by the ~~Department of Education~~ Professional Educator  
4.21 Licensing and Standards Board in coordination with the commissioner using data collected  
4.22 ~~for the teacher supply and demand report under section 127A.05, subdivision 6, or other~~  
4.23 ~~from~~ surveys conducted by the Department of Education Professional Educator Licensing  
4.24 and Standards Board that provide indicators for teacher supply and demand.

4.25 Sec. 9. Minnesota Statutes 2018, section 136A.1701, subdivision 4, is amended to read:

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

4.28 (b) The maximum loan amount to students ~~enrolled in a bachelor's degree program,~~  
4.29 ~~postbaccalaureate, or graduate program~~ must be determined annually by the office. ~~For all~~  
4.30 ~~other eligible students, the principal amount of the loan must not exceed \$7,500 per grade~~  
4.31 ~~level.~~ Loan limits are defined based on the type of program enrollment, such as a certificate,  
4.32 an associate's degree, a bachelor's degree, or a graduate program. The aggregate principal

5.1 amount of all loans made subject to this paragraph to a student as an undergraduate and  
 5.2 graduate student must not exceed \$140,000. The amount of the loan must not exceed the  
 5.3 cost of attendance as determined by the eligible institution less all other financial aid,  
 5.4 including PLUS loans or other similar parent loans borrowed on the student's behalf. ~~The~~  
 5.5 ~~cumulative SELF loan debt must not exceed the borrowing maximums in paragraph (e).~~

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

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

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

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

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

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

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

5.18 Sec. 10. Minnesota Statutes 2018, section 136A.1791, subdivision 1, is amended to read:

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

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

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

5.27 (d) "Teacher" means an individual holding a Tier 3 or higher teaching license issued by  
 5.28 the Professional Educator Licensing and Standards Board who is employed by a school  
 5.29 district to provide classroom instruction.

5.30 (e) "Teacher shortage area" means:

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

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

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

6.10 Sec. 11. Minnesota Statutes 2018, section 136A.1791, subdivision 3, is amended to read:

6.11 Subd. 3. **Use of report on teacher shortage areas.** The ~~commissioner of education~~  
 6.12 Professional Educator Licensing and Standards Board shall use the teacher supply and  
 6.13 demand report to the legislature or other surveys conducted by the Professional Educator  
 6.14 Licensing and Standards Board that provide indicators for teacher supply and demand to  
 6.15 identify the licensure fields and economic development regions in Minnesota experiencing  
 6.16 a teacher shortage.

6.17 Sec. 12. Minnesota Statutes 2018, section 136A.1795, subdivision 4, is amended to read:

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

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

6.25 (c) The commissioner must make annual disbursements directly to the participant of  
 6.26 \$15,000 or the balance of the participant's qualifying educational loans, whichever is less,  
 6.27 for each year that a participant meets the service obligation required under subdivision 3,  
 6.28 paragraph (b), up to a maximum of five years.

6.29 (d) Before receiving loan repayment disbursements and as requested, the participant  
 6.30 must complete and return to the commissioner a confirmation of practice form provided by  
 6.31 the commissioner verifying that the participant is practicing as required under subdivision  
 6.32 2, paragraph (a). The participant must provide the commissioner with verification that the

7.1 full amount of loan repayment disbursement received by the participant has been applied  
7.2 toward the designated loans. After each disbursement, verification must be received by the  
7.3 commissioner and approved before the next loan repayment disbursement is made.

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

7.6 Sec. 13. Minnesota Statutes 2018, section 136A.65, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.12 (11) the school must not require mandatory predispute arbitration clauses with students.

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

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

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

8.16 (iii) proposed implementation date of the degree;

8.17 (iv) admissions requirements for the degree;

8.18 (v) length of the degree;

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

- 10.1 (1) violating the provisions of sections 136A.61 to 136A.71;
- 10.2 (2) providing false, misleading, or incomplete information to the office;
- 10.3 (3) presenting information about the school which is false, fraudulent, misleading,
- 10.4 deceptive, or inaccurate in a material respect to students or prospective students; ~~or~~
- 10.5 (4) refusing to allow reasonable inspection or to supply reasonable information after a
- 10.6 written request by the office has been received;
- 10.7 (5) using fraudulent, coercive, or dishonest practices, or demonstrating incompetence,
- 10.8 untrustworthiness, or financial irresponsibility, in the conduct of business in this state or
- 10.9 elsewhere; or
- 10.10 (6) having been administratively or judicially determined to have committed fraud or
- 10.11 any other material violation of law involving federal, state, or local government funds.

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

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

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

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

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

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

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

10.19 Subdivision 1. **Exemption.** ~~Any~~ (a) A program is exempt from the provisions of sections

10.20 136A.61 to 136A.71 if it is:

10.21 (1) offered by a school or any department or branch of a school ~~(a) which~~ that is

10.22 substantially owned, operated, or supported by a bona fide church or religious organization;

10.23 ~~(b) whose programs are~~

10.24 (2) primarily designed for, aimed at and attended by persons who sincerely hold or seek

10.25 to learn the particular religious faith or beliefs of that church or religious organization; and

10.26 ~~(c) whose programs are~~ (3) primarily intended to prepare its students to become ministers

10.27 of, to enter into some other vocation closely related to, or to conduct their lives in consonance

10.28 with, the particular faith of that church or religious organization;

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

10.30 (b) A school or a department or branch of a school is exempt from the provisions of

10.31 sections 136A.61 to 136A.71 if all of its programs are exempt under paragraph (a).

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

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

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

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

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

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

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

11.18 Sec. 19. Minnesota Statutes 2018, section 136A.822, subdivision 8, is amended to read:

11.19 Subd. 8. **Minimum standards.** A license shall be issued if the office first determines:

11.20 (1) that the applicant has a sound financial condition with sufficient resources available  
 11.21 to:

11.22 (i) meet the private career school's financial obligations;

11.23 (ii) refund all tuition and other charges, within a reasonable period of time, in the event  
 11.24 of dissolution of the private career school or in the event of any justifiable claims for refund  
 11.25 against the private career school by the student body;

11.26 (iii) provide adequate service to its students and prospective students; and

11.27 (iv) maintain and support the private career school;

11.28 (2) that the applicant has satisfactory facilities with sufficient tools and equipment and  
 11.29 the necessary number of work stations to prepare adequately the students currently enrolled,  
 11.30 and those proposed to be enrolled;

12.1 (3) that the applicant employs a sufficient number of qualified teaching personnel to  
 12.2 provide the educational programs contemplated;

12.3 (4) that the private career school has an organizational framework with administrative  
 12.4 and instructional personnel to provide the programs and services it intends to offer;

12.5 (5) that the quality and content of each occupational course or program of study provides  
 12.6 education and adequate preparation to enrolled students for entry level positions in the  
 12.7 occupation for which prepared;

12.8 (6) that the premises and conditions where the students work and study and the student  
 12.9 living quarters which are owned, maintained, recommended, or approved by the applicant  
 12.10 are sanitary, healthful, and safe, as evidenced by certificate of occupancy issued by the  
 12.11 municipality or county where the private career school is physically situated, a fire inspection  
 12.12 by the local or state fire marshal, or another verification deemed acceptable by the office;

12.13 (7) that the contract or enrollment agreement used by the private career school complies  
 12.14 with the provisions in section 136A.826;

12.15 (8) that contracts and agreements do not contain a wage assignment provision or a  
 12.16 confession of judgment clause; ~~and~~

12.17 (9) that there has been no adjudication of fraud or misrepresentation in any criminal,  
 12.18 civil, or administrative proceeding in any jurisdiction against the private career school or  
 12.19 its owner, officers, agents, or sponsoring organization; and

12.20 (10) that the school must not require mandatory predispute arbitration clauses with  
 12.21 students.

12.22 Sec. 20. Minnesota Statutes 2018, section 136A.827, subdivision 4, is amended to read:

12.23 Subd. 4. **Proration.** When a student has been accepted by a private career school and  
 12.24 gives ~~written~~ notice of cancellation after the program of instruction has begun, but before  
 12.25 completion of 75 percent of the program, the amount charged for tuition, fees and all other  
 12.26 charges shall be prorated based on the number of days in the term as a portion of the total  
 12.27 charges for tuition, fees and all other charges. An additional 25 percent of the total cost of  
 12.28 the program may be added but shall not exceed \$100. After completion of 75 percent of the  
 12.29 program, no refunds are required.

13.1 Sec. 21. Minnesota Statutes 2018, section 136A.829, subdivision 1, is amended to read:

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

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

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

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

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

13.13 (5) using fraudulent, coercive, or dishonest practices, or demonstrating incompetence,  
 13.14 untrustworthiness, or financial irresponsibility, in the conduct of business in this state or  
 13.15 elsewhere;

13.16 (6) having been administratively or judicially determined to have committed fraud or  
 13.17 any other material violation of law involving federal, state, or local government funds; or

13.18 ~~(5)~~ (7) the existence of any circumstance that would be grounds for the refusal of an  
 13.19 initial or renewal license under section 136A.822.

13.20 Sec. 22. Minnesota Statutes 2018, section 136A.833, subdivision 1, is amended to read:

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

13.28 Sec. 23. Minnesota Statutes 2018, section 136A.834, subdivision 1, is amended to read:

13.29 Subdivision 1. **Exemption.** ~~Any~~ (a) A program is exempt from the provisions of sections  
 13.30 136A.821 to 136A.832 if it is:

14.1 (1) offered by a private career school or any department or branch of a private career  
 14.2 school:

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

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

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

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

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

14.15 Sec. 24. Minnesota Statutes 2018, section 136A.834, subdivision 2, is amended to read:

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

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

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

14.26 (2) provide the student with a general educational program recognized by other private  
 14.27 career schools or the broader educational, business, or social community as being  
 14.28 substantially equivalent to the educational programs offered by private career schools or  
 14.29 departments or branches of private career schools which are not religious in nature and are  
 14.30 not exempt from sections 136A.82 to 136A.834 and from rules adopted under sections  
 14.31 136A.82 to 136A.834.

15.1 **Sec. 25. RACE AND ETHNICITY DATA COLLECTION REPORT.**

15.2 (a) The commissioner of the Office of Higher Education shall consult stakeholders and  
 15.3 review efforts underway at the Minnesota Department of Education to develop  
 15.4 recommendations for collecting detailed race and ethnicity data within postsecondary  
 15.5 education. Stakeholders consulted under this paragraph include at least:

15.6 (1) postsecondary systems and institutions;

15.7 (2) student groups; and

15.8 (3) community representatives.

15.9 (b) The commissioner shall report to the legislative committees having jurisdiction over  
 15.10 higher education by December 1, 2020. The commissioner may research best practices from  
 15.11 other states that have disaggregated race and ethnicity data beyond the requirements of  
 15.12 federal reporting requirements. The recommendations may address:

15.13 (1) the most meaningful use of disaggregated race and ethnicity data to measure  
 15.14 postsecondary outcomes;

15.15 (2) the criteria and frequency by which postsecondary systems and institutions must  
 15.16 update enrollment forms to meet the needs of the state's changing racial and ethnic  
 15.17 demographics;

15.18 (3) impact on federal funding; and

15.19 (4) implications for student privacy.

15.20 **Sec. 26. REPEALER.**

15.21 Minnesota Statutes 2018, section 124D.09, subdivision 10a, is repealed.

15.22 **ARTICLE 2**

15.23 **MINNESOTA COLLEGE SAVINGS PLAN**

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

15.25 **136G.01 PLAN ESTABLISHED.**

15.26 A college savings plan known as "the Minnesota college savings plan" or "the Minnesota  
 15.27 529 college savings plan" is established. In establishing this plan, the legislature seeks to  
 15.28 encourage individuals to save for postsecondary education by:

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

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

16.3 Sec. 2. Minnesota Statutes 2018, section 136G.03, is amended by adding a subdivision to  
16.4 read:

16.5 Subd. 4b. **Apprenticeship expenses.** "Apprenticeship expenses" means expenses for  
16.6 fees, books, supplies, and equipment required for a beneficiary to participate in a registered  
16.7 apprenticeship as defined in section 529(c)(8) of the Internal Revenue Code.

16.8 Sec. 3. Minnesota Statutes 2018, section 136G.03, subdivision 8, is amended to read:

16.9 Subd. 8. **Contribution.** "Contribution" means a payment directly allocated to an account  
16.10 for the benefit of a beneficiary or a recontribution as defined in section 529(c)(3)(D) of the  
16.11 Internal Revenue Code. For a rollover distribution, only the portion of the rollover amount  
16.12 that constitutes investment in the account is treated as a contribution to the account.

16.13 Sec. 4. Minnesota Statutes 2018, section 136G.03, is amended by adding a subdivision to  
16.14 read:

16.15 Subd. 9a. **Disabled.** "Disabled" means the condition of a beneficiary being unable to  
16.16 engage in any substantial gainful activity by reason of a medically determinable physical  
16.17 or mental impairment that is:

16.18 (1) certified by a physician; and

16.19 (2) expected to result in death or to be of long-continued and indefinite duration.

16.20 Sec. 5. Minnesota Statutes 2018, section 136G.03, subdivision 10, is amended to read:

16.21 Subd. 10. **Distribution.** "Distribution" means a disbursement from an account to the  
16.22 account owner, the beneficiary, ~~or~~ the beneficiary's estate, or to an eligible educational  
16.23 institution. Distribution does not include a change of beneficiary to a member of the family  
16.24 of the prior beneficiary or a rollover distribution. If a distribution is also a qualified  
16.25 distribution, an account owner may request the distribution be sent to a third party.

16.26 Sec. 6. Minnesota Statutes 2018, section 136G.03, subdivision 11, is amended to read:

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



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

17.3 Subd. 16a. **IRS Publication 970.** "IRS Publication 970" means the publication titled  
17.4 "Tax Benefits for Education" created and updated annually by the Internal Revenue Service  
17.5 for use in preparing federal income tax returns or its successor.

17.6 Sec. 8. Minnesota Statutes 2018, section 136G.03, is amended by adding a subdivision to  
17.7 read:

17.8 Subd. 17a. **K-12 expenses.** "K-12 expenses" means up to \$10,000 of tuition expenses  
17.9 per beneficiary per calendar year paid to a K-12 school as permitted under sections 529(c)(7)  
17.10 and 529(e)(3)(A) of the Internal Revenue Code.

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

17.13 Subd. 17b. **K-12 school.** "K-12 school" means a public, private, or religious elementary  
17.14 or secondary school.

17.15 Sec. 10. Minnesota Statutes 2018, section 136G.03, subdivision 20, is amended to read:

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

17.19 Sec. 11. Minnesota Statutes 2018, section 136G.03, subdivision 22, is amended to read:

17.20 Subd. 22. **Nonqualified distribution.** "Nonqualified distribution" means a distribution  
17.21 made from an account other than (1) a qualified distribution; or (2) a ~~distribution due to the~~  
17.22 ~~death or disability of, or scholarship to, or attendance at a United States military academy~~  
17.23 ~~by, a beneficiary~~ taxable distribution not subject to the additional federal tax.

17.24 Sec. 12. Minnesota Statutes 2018, section 136G.03, subdivision 29, is amended to read:

17.25 Subd. 29. **Qualified distribution.** "Qualified distribution" means a distribution made  
17.26 from an account for qualified higher education expenses of the beneficiary or a distribution  
17.27 from an account for qualified education loan repayment of a beneficiary's sibling.

18.1 Sec. 13. Minnesota Statutes 2018, section 136G.03, is amended by adding a subdivision  
18.2 to read:

18.3 Subd. 29a. **Qualified distribution for other than K-12 expenses.** "Qualified distribution  
18.4 for other than K-12 expenses" means the portion of a qualified distribution that is not used  
18.5 to pay K-12 expenses.

18.6 Sec. 14. Minnesota Statutes 2018, section 136G.03, is amended by adding a subdivision  
18.7 to read:

18.8 Subd. 29b. **Qualified education loan repayment.** "Qualified education loan repayment"  
18.9 means the amount paid from an account for principal or interest on a beneficiary's or a  
18.10 sibling of a beneficiary's qualified education loan as defined and limited by section 529(c)(9)  
18.11 of the Internal Revenue Code.

18.12 Sec. 15. Minnesota Statutes 2018, section 136G.03, subdivision 30, is amended to read:

18.13 Subd. 30. **Qualified higher education expenses.** "Qualified higher education expenses"  
18.14 means (1) expenses as defined in section 529(e)(3) of the Internal Revenue Code-, (2) K-12  
18.15 expenses, (3) apprenticeship expenses, and (4) qualified education loan repayment.

18.16 Sec. 16. Minnesota Statutes 2018, section 136G.03, subdivision 31, is amended to read:

18.17 Subd. 31. **Qualified rollover distribution.** "Qualified rollover distribution" means a  
18.18 distribution or transfer of funds made within 60 days of the date of a distribution or transfer:

18.19 (1) from one account to another ~~account within 60 days of a distribution~~ qualified tuition  
18.20 plan for the designated beneficiary;

18.21 (2) from another qualified state tuition program plan to an account ~~within 60 days of the~~  
18.22 distribution for the designated beneficiary; or

18.23 (3) ~~to another qualified state tuition program from an account within 60 days of a~~  
18.24 distribution. from an account to an ABLE account, as defined in section 529A(e)(6) of the  
18.25 Internal Revenue Code, of the designated beneficiary or a member of the family of the  
18.26 designated beneficiary subject to the taxable year ABLE contribution limits under section  
18.27 529A(b)(2)(B)(i) of the Internal Revenue Code, if the rollover distribution occurs before  
18.28 January 1, 2026.

18.29 ~~When there is a change of beneficiary in a rollover distribution, the transfer of funds~~  
18.30 ~~must be made for the benefit of a new beneficiary who is a member of the family of the~~

19.1 ~~prior beneficiary. A rollover distribution from one qualified tuition plan to another once~~  
19.2 ~~every 12 months without a change of beneficiary is permitted.~~

19.3 A qualified rollover distribution from one qualified tuition plan to another is allowed  
19.4 once every 12 months, or any time a change of beneficiary is made to a new beneficiary  
19.5 who is a member of the family of the prior beneficiary.

19.6 Sec. 17. Minnesota Statutes 2018, section 136G.03, subdivision 32, is amended to read:

19.7 Subd. 32. **Scholarship.** "Scholarship" means ~~a scholarship or educational assistance~~  
19.8 ~~allowance.:~~

19.9 (1) amounts paid, allowed to, or for the benefit of, an undergraduate or graduate student  
19.10 at an education institution to aid in the pursuit of the student's studies; and

19.11 (2) fellowship grants paid to individuals to aid in the pursuit of study or research as  
19.12 described in IRS publication 970.

19.13 Sec. 18. Minnesota Statutes 2018, section 136G.03, is amended by adding a subdivision  
19.14 to read:

19.15 Subd. 33a. **Taxable distribution.** "Taxable distribution" means a distribution under  
19.16 which the earnings portion of the distribution is subject to one or more federal taxes. Taxable  
19.17 distributions include both (1) nonqualified distributions and (2) taxable distributions not  
19.18 subject to the additional federal tax.

19.19 Sec. 19. Minnesota Statutes 2018, section 136G.03, is amended by adding a subdivision  
19.20 to read:

19.21 Subd. 33b. **Taxable distribution not subject to the additional federal tax.** "Taxable  
19.22 distribution not subject to the additional federal tax" means a distribution under which the  
19.23 earnings portion of the distribution is subject to federal income tax but is not subject to the  
19.24 additional federal tax. As described in IRS publication 970, this type of distribution may  
19.25 occur due to several reasons related to the beneficiary including but not limited to: (1) the  
19.26 beneficiary has died; (2) the beneficiary is disabled; or (3) the beneficiary has received  
19.27 scholarships or other waivers of qualified education expenses such as attending a U.S.  
19.28 military academy to the extent that an account owner cannot use all or a portion of the funds  
19.29 in their account to make a qualified distribution.

20.1 Sec. 20. Minnesota Statutes 2018, section 136G.05, subdivision 2, is amended to read:

20.2 Subd. 2. **Accounts-type plan.** The office must establish the plan and the plan must be  
20.3 operated as an accounts-type plan that permits persons to save for qualified higher education  
20.4 expenses (1) incurred at any eligible educational institution, regardless of whether it is  
20.5 private or public or whether it is located within or outside of the state, (2) incurred at a K-12  
20.6 school, (3) incurred at a registered apprenticeship as defined in section 529(c)(8) of the  
20.7 Internal Revenue Code, or (4) financed using a qualified education loan as defined in section  
20.8 221(d) of the Internal Revenue Code. A separate account must be maintained for each  
20.9 beneficiary for whom contributions are made.

20.10 Sec. 21. Minnesota Statutes 2018, section 136G.05, subdivision 5, is amended to read:

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

20.14 Sec. 22. Minnesota Statutes 2018, section 136G.05, subdivision 7, is amended to read:

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

20.18 Sec. 23. Minnesota Statutes 2018, section 136G.05, subdivision 10, is amended to read:

20.19 Subd. 10. **Data.** (a) Account owner data, account data, and data on beneficiaries of  
20.20 accounts are private data on individuals or nonpublic data as defined in section 13.02, except  
20.21 that unless the data qualifies for one of the exceptions in paragraph (b) or (c).

20.22 (b) Account owner data may be used by the office in cooperation with the Department  
20.23 of Revenue for the purposes of research and analysis to evaluate the plan in order to make  
20.24 ongoing informed decisions regarding the administration of the plan.

20.25 (c) The names and addresses of the beneficiaries of accounts that receive matching grants  
20.26 are public.

20.27 Sec. 24. Minnesota Statutes 2018, section 136G.09, subdivision 8, is amended to read:

20.28 Subd. 8. **Maximum account balance limit.** (a) When a contribution is made, the total  
20.29 account balance of all accounts held for the same beneficiary, including matching grant

21.1 accounts, must not exceed the maximum account balance limit as determined under this  
21.2 subdivision.

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

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

21.10 Sec. 25. Minnesota Statutes 2018, section 136G.11, subdivision 11, is amended to read:

21.11 Subd. 11. **Ownership of matching grant funds.** The state retains ownership of all  
21.12 matching grants and earnings on matching grants until a qualified distribution for other than  
21.13 K-12 expenses is made to a beneficiary, an account owner, or an eligible educational  
21.14 institution or any other third party as requested by an account owner.

21.15 Sec. 26. Minnesota Statutes 2018, section 136G.11, subdivision 13, is amended to read:

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

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

21.19 (2) the beneficiary receives ~~a full tuition scholarship or is attending a United States~~  
21.20 ~~service academy~~ one or more of the items described in section 136G.03, subdivision 33b,  
21.21 clause (3), such that the items cover 100 percent of the beneficiary's qualified higher  
21.22 education expenses unless the account owner requests the matching grant funds be used to  
21.23 make a qualified education loan repayment for a sibling of the beneficiary as defined in  
21.24 section 529(c)(9) of the Internal Revenue Code;

21.25 (3) the beneficiary dies or becomes disabled;

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

21.27 (5) the account owner closes the account with a ~~nonqualified withdrawal.~~ taxable  
21.28 distribution; or

21.29 (6) the account owner closes the account by making a qualified contribution for K-12  
21.30 expenses.

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

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

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

22.5 (3) the account owner ~~makes~~ takes a partial ~~nonqualified withdrawal~~ qualified distribution  
22.6 for K-12 expenses.

22.7 (c) If the account owner makes a misrepresentation in a participation agreement or an  
22.8 application for a matching grant that results in a matching grant, the matching grant associated  
22.9 with the misrepresentation is forfeited. The office and the board must instruct the plan  
22.10 administrator as to the amount to be forfeited from the matching grant account. The office  
22.11 and the board must withdraw the matching grant or the proportion of the matching grant  
22.12 that is related to the misrepresentation.

22.13 Sec. 27. Minnesota Statutes 2018, section 136G.13, is amended to read:

22.14 **136G.13 ACCOUNT DISTRIBUTIONS.**

22.15 Subdivision 1. **Qualified distribution methods.** (a) Qualified distributions may be  
22.16 made:

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

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

22.20 ~~(3) (2) directly to the account owner or beneficiary if the account owner or beneficiary~~  
22.21 ~~has already paid qualified higher education expenses.~~ but only to the account owner if the  
22.22 qualified distribution is for K-12 expenses; or

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

22.24 (b) Qualified distributions must be withdrawn proportionally from contributions and  
22.25 earnings in an account owner's account on the date of distribution as provided in section  
22.26 529 of the Internal Revenue Code.

22.27 Subd. 2. **Matching grant accounts.** ~~Qualified distributions are based on the total account~~  
22.28 ~~balances in an account owner's account and matching grant account, if any, on the date of~~  
22.29 ~~distribution. Qualified distributions must be withdrawn proportionally from each account~~  
22.30 ~~based on the relative total account balance of each account to the total account balance for~~  
22.31 ~~both accounts. Amounts for matching grants and matching grant earnings must only be~~

23.1 ~~distributed for qualified higher education expenses. Matching grant account funds may be~~  
 23.2 ~~used as part or all of a qualified distribution for other than K-12 expenses.~~

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

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

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

23.19 Subd. 4a. **Qualified distributions from accounts for the payment of K-12 expenses.** (a)  
 23.20 If an account owner requests a qualified distribution from an account that has a matching  
 23.21 grant account and if the distribution is to be used to pay K-12 expenses, the total account  
 23.22 balance of the matching grant account, if any, is reduced.

23.23 (b) After a qualified distribution under paragraph (a) has been made, the account owner  
 23.24 forfeits matching grant amounts in the same proportion as the qualified distribution is to  
 23.25 the total account balance of the account.

23.26 Subd. 5. ~~Distributions due to death or disability of, or scholarship to, or attendance~~  
 23.27 ~~at a United States military academy by, a beneficiary.~~ An account owner may request a  
 23.28 ~~distribution due to the death or disability of, or scholarship to, or attendance at a United~~  
 23.29 ~~States military academy by, a beneficiary from an account by submitting a completed request~~  
 23.30 ~~to the plan. Prior to distribution, the account owner shall certify the reason for the distribution~~  
 23.31 ~~and provide written confirmation from a third party that the beneficiary has died, become~~  
 23.32 ~~disabled, or received a scholarship for attendance at an eligible educational institution, or~~  
 23.33 ~~is attending a United States military academy. The plan must not consider a request to make~~

24.1 ~~a distribution until a third-party written confirmation is received by the plan. For purposes~~  
 24.2 ~~of this subdivision, a third-party written confirmation consists of the following:~~

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

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

24.9 ~~(3) for a scholarship award to the beneficiary, a letter from the grantor of the scholarship~~  
 24.10 ~~or from the eligible educational institution receiving or administering the scholarship, that~~  
 24.11 ~~identifies the beneficiary by name and Social Security number or taxpayer identification~~  
 24.12 ~~number as the recipient of the scholarship and states the amount of the scholarship, the~~  
 24.13 ~~period of time or number of credits or units to which it applies, the date of the scholarship,~~  
 24.14 ~~and, if applicable, the eligible educational institution to which the scholarship is to be~~  
 24.15 ~~applied; or~~

24.16 ~~(4) for attendance by the beneficiary at a United States military academy, a letter from~~  
 24.17 ~~the military academy indicating the beneficiary's enrollment and attendance.~~

24.18 Sec. 28. Minnesota Statutes 2018, section 136G.14, is amended to read:

24.19 **136G.14 MINOR TRUST ACCOUNTS.**

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

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

24.28 (c) The beneficiary of an account under this section may not be changed. If the beneficiary  
 24.29 dies, assets in a plan account become the property of the beneficiary's estate. Funds in an  
 24.30 account must not be transferred or rolled over to another account owner or to an account  
 24.31 for another beneficiary. A nonqualified distribution from an account, or a distribution due  
 24.32 to the disability or scholarship award to the beneficiary, or made on account of the



25.1 beneficiary's attendance at a United States military academy, must be used for the benefit  
25.2 of the beneficiary.

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

25.6 Sec. 29. **REPEALER.**

25.7 Minnesota Statutes 2018, sections 136G.03, subdivision 4; and 136G.05, subdivision 6,  
25.8 are repealed.

**124D.09 POSTSECONDARY ENROLLMENT OPTIONS ACT.**

Subd. 10a. **Concurrent enrollment participant survey.** (a) Postsecondary institutions offering courses taught by the secondary teacher according to subdivision 10, and are members in the National Alliance of Concurrent Enrollment Partnerships (NACEP), must report all required NACEP evaluative survey results by September 1 of each year to the commissioners of the Office of Higher Education and the Department of Education. The commissioners must report by December 1 of each year to the committees of the legislature having jurisdiction over early education through grade 12 education.

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

- (1) the participant's future education plans, including the highest degree or certification planned;
- (2) whether the participant is enrolled or plans to enroll in a Minnesota postsecondary institution, either public or private;
- (3) the number of credits accepted or denied by postsecondary institutions;
- (4) the college or university attended;
- (5) the participant's satisfaction level with the concurrent enrollment program;
- (6) the participant's demographics, such as gender, parent education level, qualification for free or reduced-price lunch in high school, Pell grant qualification, and ethnicity; and
- (7) a place for participants to provide comments.

**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.

**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.