

This Document can be made available  
in alternative formats upon request

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  
05/07/2020 Adoption of Report: Amended and re-referred to the Committee on Ways and Means  
Pursuant to Joint Rule 2.03, re-referred to the Committee on Rules and Legislative Administration  
Adoption of Report: Re-referred to the Committee on Ways and Means  
Joint Rule 2.03 has been waived for any subsequent committee action on this bill

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; establishing and increasing fees; requiring a report; amending

1.5 Minnesota Statutes 2018, sections 124D.09, subdivision 10a; 135A.15, subdivision

1.6 1a; 136A.01, subdivision 1; 136A.031, subdivision 3; 136A.103; 136A.121, by

1.7 adding a subdivision; 136A.125, subdivision 3; 136A.1275, subdivision 1;

1.8 136A.1701, subdivision 4; 136A.1791, subdivisions 1, 3; 136A.1795, subdivision

1.9 4; 136A.65, subdivisions 4, 7, 8; 136A.653, subdivision 1; 136A.657, subdivisions

1.10 1, 2, 3; 136A.658; 136A.675; 136A.69, subdivisions 1, 4, by adding a subdivision;

1.11 136A.824, subdivision 4, by adding a subdivision; 136A.827, subdivision 4;

1.12 136A.829, subdivision 1; 136A.833, subdivision 1; 136A.834, subdivisions 1, 2;

1.13 136G.01; 136G.03, subdivisions 8, 10, 11, 20, 31, by adding a subdivision;

1.14 136G.05, subdivisions 2, 5, 7; 136G.09, subdivisions 6, 8; 136G.11, subdivisions

1.15 11, 13; 136G.13; 136G.14; Minnesota Statutes 2019 Supplement, sections 136A.64,

1.16 subdivision 1; 136A.646; proposing coding for new law in Minnesota Statutes,

1.17 chapter 136A; repealing Minnesota Statutes 2018, sections 136G.03, subdivisions

1.18 4, 22; 136G.05, subdivision 6.

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

1.20 ARTICLE 1

1.21 OFFICE OF HIGHER EDUCATION

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

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

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

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

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

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

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

2.1 ~~the committees of the legislature having jurisdiction over early education through grade 12~~  
2.2 ~~education.~~

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

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

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

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

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

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

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

2.21 ~~(7) a place for participants to provide comments.~~

2.22 The Office of Higher Education and the Department of Education shall collaborate in  
2.23 order to provide annual statewide evaluative information on concurrent enrollment programs  
2.24 to the legislature. The commissioners of the Office of Higher Education and the Department  
2.25 of Education, in consultation with stakeholders, including students and parents, must  
2.26 determine what student demographics and outcomes data are appropriate to include in the  
2.27 evaluation, and must use systems available to the office and department to minimize the  
2.28 reporting burden on postsecondary institutions. The commissioners must report by December  
2.29 1, 2021, and each year thereafter, to the committees of the legislature with jurisdiction over  
2.30 early education through grade 12 and Minnesota State Colleges and Universities.

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

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

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

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

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

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

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

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

4.1 ~~Career College Association must appoint the private for-profit representative.~~ A member  
4.2 may be represented by a student designee who attends an institution from the same system  
4.3 that the absent member represents. The SAC shall select one of its members to serve as  
4.4 chair.

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

4.9 (c) The SAC shall:

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

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

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

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

4.17 Subdivision 1. **Definition.** (a) The term used in this section has the meaning given in  
4.18 this subdivision.

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

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

4.30 Subd. 3. **Consultation with the Tribal Nations Education Committee.** (a) The  
4.31 commissioner shall seek consultation with the Tribal Nations Education Committee regarding

5.1 programs, policies, and all other matters related to the postsecondary education of Minnesota's  
5.2 American Indian students.

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

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

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

5.10 Sec. 7. Minnesota Statutes 2018, section 136A.103, is amended to read:

5.11 **136A.103 INSTITUTION ELIGIBILITY REQUIREMENTS.**

5.12 (a) A postsecondary institution is eligible for state student aid under chapter 136A and  
5.13 sections 197.791 and 299A.45, if the institution is located in this state and:

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

5.15 (2) is operated privately and, as determined by the office, meets the requirements of  
5.16 paragraph (b).

5.17 (b) A private institution must:

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

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

5.21 (3) meet the additional security requirement under section 136A.646; and

5.22 ~~(3)~~ (4)(i) by July 1, 2010, participate in the federal Pell Grant program under Title IV  
5.23 of the Higher Education Act of 1965, Public Law 89-329, as amended; or

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

5.28 (c) An institution that offers only graduate-level degrees or graduate-level nondegree  
5.29 programs is an eligible institution if the institution is licensed or registered as a postsecondary  
5.30 institution by the office.

6.1 (d) An eligible institution under paragraph (b), clause ~~(3)~~ (4), item (ii), that changes  
6.2 ownership as defined in section 136A.63, subdivision 2, must participate in the federal Pell  
6.3 Grant program within four calendar years of the first ownership change to continue eligibility.  
6.4 The office may terminate an institution's eligibility to participate in state student aid programs  
6.5 under this paragraph if the institution fails to make substantive progress toward participation  
6.6 in the federal Pell Grant program within the required four years.

6.7 (e) An institution that loses its eligibility for the federal Pell Grant program is not an  
6.8 eligible institution and the office may terminate an institution's eligibility to participate in  
6.9 state student aid programs effective the date of the loss of eligibility for the federal Pell  
6.10 Grant program.

6.11 (f) An institution must maintain adequate administrative and financial standards and  
6.12 compliance with all state statutes, rules, and administrative policies related to state financial  
6.13 aid programs. The office may terminate a postsecondary institution's eligibility to participate  
6.14 in state student aid programs if the institution meets any of the following criteria:

6.15 (1) it violates a provision of Minnesota Statutes, Minnesota Rules, or administrative  
6.16 policies governing student aid programs and fails to correct the violation and reimburse the  
6.17 office for audit findings within the time frame specified in the audit report or other notice  
6.18 furnished by the office;

6.19 (2) it has a consistent pattern of noncompliance with Minnesota Statutes, Minnesota  
6.20 Rules, or administrative policies governing student aid programs as documented by the  
6.21 office or lacks administrative capability to successfully administer student financial aid  
6.22 programs on campus based on factors, including but not limited to:

6.23 (i) adequacy of financial aid staffing levels, experience, training, and turnover of key  
6.24 financial aid staff;

6.25 (ii) adequate checks and balances in its system of internal controls;

6.26 (iii) maintenance of records required for programs; or

6.27 (iv) the ability to participate in the electronic processes used for program administration;

6.28 (3) it refuses to allow inspection of or provide information relating to financial aid records  
6.29 after written request by the office;

6.30 (4) it has been administratively or judicially determined to have committed fraud or any  
6.31 other material violation of law involving federal, state, or local government funds;

7.1 (5) it falsifies information or engages in misleading or deceptive practices involving the  
7.2 administration of student financial aid programs;

7.3 (6) it no longer meets institutional eligibility criteria in this section or additional criteria  
7.4 for state grant participation in Minnesota Rules, part 4830.0300; or

7.5 (7) it is terminated from participating in federal financial aid programs by the United  
7.6 States Department of Education, if the termination was based on a violation of laws,  
7.7 regulations, or participation agreements governing federal financial aid programs.

7.8 **Sec. 8. [136A.1041] TERMINATION PROCEDURE.**

7.9 The office shall provide written notice of its intent to terminate an institution's eligibility  
7.10 to participate in student financial aid programs if the institution meets any of the criteria  
7.11 for termination in section 136A.103. The office shall send the institution written notification  
7.12 of the termination, which is effective 90 days after the date of the written notification. The  
7.13 90-day notice under this provision does not apply to termination under section 136A.103,  
7.14 paragraph (e). The office shall also provide an institution an opportunity for a hearing under  
7.15 chapter 14.

7.16 **Sec. 9. [136A.1042] REQUEST FOR HEARING.**

7.17 An institution may request a hearing under chapter 14 regarding its termination of  
7.18 eligibility to participate in a student aid program. The request must be in writing and must  
7.19 be received by the commissioner within 30 days after the date on the written notification  
7.20 of termination sent by the office.

7.21 **Sec. 10. Minnesota Statutes 2018, section 136A.121, is amended by adding a subdivision**  
7.22 **to read:**

7.23 **Subd. 21. Institutional prohibition.** An institution receiving financial aid under this  
7.24 section must not suspend or withdraw a student from class attendance and resources during  
7.25 a period of instruction due to an unpaid student account balance unless the student is eligible  
7.26 for a full tuition and fee refund. A period of instruction for the purposes of this subdivision  
7.27 means a new academic term that may be measured in semesters, trimesters, quarters, interim  
7.28 terms, mini terms, or one or more modules so that a student who begins attendance in that  
7.29 new academic term incurs additional tuition and fee charges beyond any outstanding student  
7.30 account balance due to the institution for prior completed terms of enrollment. An institution  
7.31 that measures a program in clock hours and that includes language in the enrollment contract

8.1 between it and the student to only charge tuition by payment period, is also covered by this  
8.2 subdivision.

8.3 Sec. 11. Minnesota Statutes 2018, section 136A.125, subdivision 3, is amended to read:

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

8.9 Sec. 12. Minnesota Statutes 2018, section 136A.1275, subdivision 1, is amended to read:

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

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

8.21 Sec. 13. Minnesota Statutes 2018, section 136A.1701, subdivision 4, is amended to read:

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

8.24 (b) The maximum loan amount to students ~~enrolled in a bachelor's degree program,~~  
8.25 ~~postbaccalaureate, or graduate program~~ must be determined annually by the office. ~~For all~~  
8.26 ~~other eligible students, the principal amount of the loan must not exceed \$7,500 per grade~~  
8.27 ~~level.~~ Loan limits are defined based on the type of program enrollment, such as a certificate,  
8.28 an associate's degree, a bachelor's degree, or a graduate program. The aggregate principal  
8.29 amount of all loans made subject to this paragraph to a student as an undergraduate and  
8.30 graduate student must not exceed \$140,000. The amount of the loan must not exceed the  
8.31 cost of attendance as determined by the eligible institution less all other financial aid,



9.1 including PLUS loans or other similar parent loans borrowed on the student's behalf. The  
 9.2 ~~cumulative SELF loan debt must not exceed the borrowing maximums in paragraph (c).~~

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

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

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

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

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

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

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

9.15 Sec. 14. Minnesota Statutes 2018, section 136A.1791, subdivision 1, is amended to read:

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

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

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

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

9.27 (e) "Teacher shortage area" means:

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

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

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

10.7 Sec. 15. Minnesota Statutes 2018, section 136A.1791, subdivision 3, is amended to read:

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

10.13 Sec. 16. Minnesota Statutes 2018, section 136A.1795, subdivision 4, is amended to read:

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

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

10.21 (c) The commissioner must make annual disbursements directly to the participant of  
10.22 \$15,000 or the balance of the participant's qualifying educational loans, whichever is less,  
10.23 for each year that a participant meets the service obligation required under subdivision 3,  
10.24 paragraph (b), up to a maximum of five years.

10.25 (d) Before receiving loan repayment disbursements and as requested, the participant  
10.26 must complete and return to the commissioner a confirmation of practice form provided by  
10.27 the commissioner verifying that the participant is practicing as required under subdivision  
10.28 2, paragraph (a). The participant must provide the commissioner with verification that the  
10.29 full amount of loan repayment disbursement received by the participant has been applied  
10.30 toward the designated loans. After each disbursement, verification must be received by the  
10.31 commissioner and approved before the next loan repayment disbursement is made.

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

11.3 Sec. 17. Minnesota Statutes 2019 Supplement, section 136A.64, subdivision 1, is amended  
11.4 to read:

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

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

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

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

11.13 (4) ~~a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past~~  
11.14 ~~fiscal year including any management letters provided by the independent auditor or, if the~~  
11.15 ~~school is a public institution outside Minnesota, an income statement for the immediate past~~  
11.16 ~~fiscal year~~ compliance audits and audited financial statements that meet the requirements  
11.17 of Code of Federal Regulations, title 34, section 668.23; United States Code, title 20, chapter  
11.18 28, section 1094; Code of Federal Regulations, title 2, subpart A, part 200, subpart F, under  
11.19 200.501 and 200.503; and United States Code, title 31, chapter 75;

11.20 (5) all current promotional and recruitment materials and advertisements; ~~and~~

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

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

11.23 (ii) the current institutional officers;

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

11.25 (iv) a description of all school facilities;

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

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

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

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

- 12.1 (ix) the school's policy about refunds and adjustments;
- 12.2 (x) the school's policy about granting credit for prior education, training, and experience;
- 12.3 (xi) the school's policies about student admission, evaluation, suspension, and dismissal;
- 12.4 and
- 12.5 (xii) the school's disclosure to students on the student complaint process under section
- 12.6 136A.672-; and
- 12.7 (7) requested information to calculate the financial and nonfinancial metrics under section
- 12.8 136A.675.

12.9 Sec. 18. Minnesota Statutes 2019 Supplement, section 136A.646, is amended to read:

12.10 **136A.646 ADDITIONAL SECURITY.**

12.11 (a) New ~~schools~~ institutions that have been granted conditional approval for degrees or

12.12 names to allow them the opportunity to apply for and receive accreditation under section

12.13 136A.65, subdivision 7, shall provide a surety bond in a sum equal to ten percent of the net

12.14 revenue from tuition and fees in the registered institution's prior fiscal year, but in no case

12.15 shall the bond be less than \$10,000.

12.16 (b) Any registered institution that is notified by the United States Department of Education

12.17 that it has fallen below minimum financial standards and that its continued participation in

12.18 Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal

12.19 Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code

12.20 of Federal Regulations, title 34, section 668.175, paragraph (c), shall provide ~~a~~ an annual

12.21 ~~surety bond in a sum equal to the "letter of credit" required by the United States Department~~

12.22 ~~of Education in the Letter of Credit Alternative, but in no event shall such bond be less than~~

12.23 ~~\$10,000 nor more than \$250,000. If the letter of credit required by the United States~~

12.24 ~~Department of Education is higher than ten percent of the Title IV, Higher Education Act~~

12.25 ~~program funds received by the institution during its most recently completed fiscal year,~~

12.26 ~~the office shall reduce the office's surety requirement to represent ten percent of the Title~~

12.27 ~~IV, Higher Education Act program funds received by the institution during its most recently~~

12.28 ~~completed fiscal year, subject to the minimum and maximum in this paragraph~~ ten percent

12.29 of the net tuition revenue from tuition and fees received from students in Minnesota enrolled

12.30 in the school's previous fiscal year.

12.31 (c) If the office determines that any registered institution does not meet the financial

12.32 resource criteria under section 136A.65, subdivision 4, paragraph (a), clause (2), or

- 13.1 determines that any registered institution is vulnerable to a precipitous closure under section  
 13.2 136A.675, the office may:
- 13.3 (1) require an increased surety bond in the amount necessary to cover the costs under  
 13.4 paragraph (f);
- 13.5 (2) prohibit a registered institution from accepting tuition and fee payments made through  
 13.6 cash, alternative loans, or the equivalent prior to the add/drop period of the current period  
 13.7 of instruction; or
- 13.8 (3) prohibit a registered institution from enrolling new students.
- 13.9 ~~(e)~~ (d) In lieu of a bond, the applicant may deposit with the commissioner of management  
 13.10 and budget:
- 13.11 (1) a sum equal to the amount of the required surety bond in cash;
- 13.12 (2) securities, as may be legally purchased by savings banks or for trust funds, in an  
 13.13 aggregate market value equal to the amount of the required surety bond; or
- 13.14 (3) an irrevocable letter of credit issued by a financial institution to the amount of the  
 13.15 required surety bond.
- 13.16 ~~(d)~~ (e) The surety of any bond may cancel it upon giving 60 days' notice in writing to  
 13.17 the office and shall be relieved of liability for any breach of condition occurring after the  
 13.18 effective date of cancellation.
- 13.19 ~~(e)~~ (f) In the event of a school closure, the additional security ~~must first be used~~ funds  
 13.20 must be given priority in the following order:
- 13.21 (1) to destroy any private educational data under section 13.32 left at a physical campus  
 13.22 in Minnesota after all other governmental agencies have recovered or retrieved records  
 13.23 under their record retention policies. ~~Any remaining funds must then be used;~~
- 13.24 (2) to reimburse state student aid under this chapter and sections 197.791 and 299A.45;
- 13.25 (3) to reimburse cash payments made by or on behalf of a student for tuition and fee  
 13.26 costs to students that were enrolled at the time of the closure or had withdrawn in the previous  
 13.27 ~~120~~ 180 calendar days but did not graduate. ~~Priority for refunds will be given to students~~  
 13.28 in the following order;
- 13.29 ~~(1) cash payments made by the student or on behalf of a student;~~

14.1 ~~(2)~~ (4) to reimburse private student loans; and used by or on behalf of a student for  
14.2 tuition and fee costs to students who were enrolled at the time of the closure or had withdrawn  
14.3 in the previous 180 calendar days but did not graduate;

14.4 ~~(3)~~ (5) to reimburse Veteran Administration education benefits that are not restored by  
14.5 the Veteran Administration. ~~If there are additional security funds remaining, the additional~~  
14.6 ~~security funds may be used to cover~~ and that were used by or on behalf of a student for  
14.7 tuition and fee costs to students that were enrolled at the time of the closure or had withdrawn  
14.8 in the previous 180 calendar days but did not graduate;

14.9 (6) to reimburse tuition and fee costs for coursework that did not transfer to a new  
14.10 institution unless the costs were paid for with Title IV, Higher Education Act program funds  
14.11 that are dischargeable through cancellation or discharge; and

14.12 (7) to reimburse any administrative costs incurred by the office related to the closure of  
14.13 the school.

14.14 (g) In the event any registered institution is unable to meet the additional surety  
14.15 requirement, the office may grant the registered institution conditional approval under  
14.16 section 136A.65, subdivision 7, subject to the state financial aid program restrictions under  
14.17 section 136A.65, subdivision 8, paragraph (d), and a restriction that prohibits the enrollment  
14.18 of new or prospective students.

14.19 Sec. 19. Minnesota Statutes 2018, section 136A.65, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15.21 (10) the school must not withhold a student's official transcript because the student is  
15.22 in arrears or in default on any loan issued by the school to the student if the loan qualifies  
15.23 as an institutional loan under United States Code, title 11, section 523(a)(8)(b);<sub>2</sub>

15.24 (11) the school has a process to receive and act on student complaints; and

15.25 (12) the school has cooperated with the office in the screening, inquiry, monitoring, and  
15.26 contingency planning and notification process under section 136A.675.

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

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

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

15.30 (iii) proposed implementation date of the degree;

15.31 (iv) admissions requirements for the degree;

- 16.1 (v) length of the degree;
- 16.2 (vi) projected enrollment for a period of five years;
- 16.3 (vii) the curriculum required for the degree, including course syllabi or outlines;
- 16.4 (viii) statement of academic and administrative mechanisms planned for monitoring the
- 16.5 quality of the proposed degree;
- 16.6 (ix) statement of satisfaction of professional licensure criteria, if applicable;
- 16.7 (x) documentation of the availability of clinical, internship, externship, or practicum
- 16.8 sites, if applicable; and
- 16.9 (xi) statement of how the degree fulfills the institution's mission and goals, complements
- 16.10 existing degrees, and contributes to the school's viability.

16.11 Sec. 20. Minnesota Statutes 2018, section 136A.65, subdivision 7, is amended to read:

16.12 Subd. 7. **Conditional approval.** (a) The office may grant a school a one-year conditional

16.13 approval for a degree or use of a term in its name if doing so would be in the best interests

16.14 of currently enrolled students or prospective students. Conditional approval of a degree or

16.15 use of a term under this paragraph must not exceed a period of three years.

16.16 (b) The office may grant new schools physically located in Minnesota and new programs

16.17 a one-year conditional approval for degrees or use of a term in its name to allow the school

16.18 the opportunity to apply for and receive accreditation as required in subdivision 1a.

16.19 Conditional approval of a school or program under this paragraph must not exceed a period

16.20 of five years. A new school or program granted conditional approval may be allowed to

16.21 continue in order to complete an accreditation process upon terms and conditions the office

16.22 determines.

16.23 (c) The office may grant a registered school a one-year conditional approval for degrees

16.24 or use of a term in its name to allow the school the opportunity to apply for and receive

16.25 accreditation as required in subdivision 1a if the school's accrediting agency is no longer

16.26 recognized by the United States Department of Education for purposes of eligibility to

16.27 participate in Title IV federal financial aid programs. The office must not grant conditional

16.28 approvals under this paragraph to a school for a period of more than five years.

16.29 (d) The office may grant a registered school a one-year conditional approval for degrees

16.30 or use of a term in its name to allow the school to change to a different accrediting agency

16.31 recognized by the United States Department of Education for purposes of eligibility to



17.1 participate in Title IV federal financial aid programs. The office must not grant conditional  
 17.2 approvals under this paragraph to a school for a period of more than five years.

17.3 Sec. 21. Minnesota Statutes 2018, section 136A.65, subdivision 8, is amended to read:

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

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

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

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

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

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

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

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

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

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

17.21 (6) having been administratively determined by the commissioner or judicially determined  
 17.22 to have committed fraud or any other material violation of law involving federal, state, or  
 17.23 local government funds;

17.24 (7) failing to have enrollment within the last two years at the school;

17.25 (8) failing to have any enrollment within two years of a program's approval;

17.26 (9) failing to provide the additional surety required under section 136A.646; or

17.27 (10) the office has determined the school is vulnerable to closure under section 136A.675.

17.28 (c) Any order refusing, revoking, or suspending a school's registration, approval of a  
 17.29 school's degree, or use of a regulated term in the school's name is appealable in accordance  
 17.30 with chapter 14. The request must be in writing and made to the office within 30 days of

18.1 the date the school is notified of the action of the office. If a school has been operating and  
18.2 its registration has been revoked, suspended, or refused by the office, the order is not effective  
18.3 until the final determination of the appeal, unless immediate effect is ordered by the court.

18.4 (d) If the office issues an order refusing, revoking, or suspending a school's registration,  
18.5 approval of a school's degree, or use of a regulated term in the school's name or issues an  
18.6 order granting conditional approval due to a school's failure to meet the risk analysis  
18.7 requirements under section 136A.675, the office may take the following actions for the  
18.8 administration of state student aid under this chapter and sections 197.791 and 299A.45:

18.9 (1) withhold payment of state student aid;

18.10 (2) oversee the transfer of state student aid to the school to ensure payment of state  
18.11 student aid in excess of tuition and fees to students;

18.12 (3) require the return of any advance state student aid payments made to the school;

18.13 (4) require documentation of the proper use of state student aid payments, including  
18.14 proof of payment of state student aid in excess of tuition and fees; and

18.15 (5) issue payments of state financial aid directly to a student.

18.16 Sec. 22. Minnesota Statutes 2018, section 136A.653, subdivision 1, is amended to read:

18.17 Subdivision 1. **Application.** A school that seeks an exemption under this section from  
18.18 the provisions of sections 136A.61 to 136A.71 must apply to the office to establish that the  
18.19 school meets the requirements of an exemption. An exemption expires two years from the  
18.20 date of approval or when a school adds a new program or makes a modification equal to or  
18.21 greater than 25 percent to an existing educational program. If a school is reapplying for an  
18.22 exemption, the application must be submitted to the office 90 days before the current  
18.23 exemption expires. This exemption shall not extend to any school that uses any publication  
18.24 or advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate,  
18.25 or misleading impressions about the school or its personnel, programs, services, or  
18.26 occupational opportunities for graduates for promotion and student recruitment.

18.27 Sec. 23. Minnesota Statutes 2018, section 136A.657, subdivision 1, is amended to read:

18.28 Subdivision 1. **Exemption.** ~~Any~~ (a) A program is exempt from the provisions of sections  
18.29 136A.61 to 136A.71 if it is:

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

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

19.6 ~~(c) whose programs are~~ (3) primarily intended to prepare its students to become ministers  
 19.7 of, to enter into some other vocation closely related to, or to conduct their lives in consonance  
 19.8 with, the particular faith of that church or religious organization, ~~is exempt from the~~  
 19.9 ~~provisions of sections 136A.61 to 136A.834.~~

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

19.12 Sec. 24. Minnesota Statutes 2018, section 136A.657, subdivision 2, is amended to read:

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

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

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

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

19.25 (c) This exemption shall not extend to any school that uses any publication or  
 19.26 advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate, or  
 19.27 misleading impressions about the school; its personnel, programs, or services; or occupational  
 19.28 opportunities for its graduates for promotion and student recruitment.

20.1 Sec. 25. Minnesota Statutes 2018, section 136A.657, subdivision 3, is amended to read:

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

20.5 Sec. 26. Minnesota Statutes 2018, section 136A.658, is amended to read:

20.6 **136A.658 EXEMPTION; STATE AUTHORIZATION RECIPROCITY**  
20.7 **AGREEMENT SCHOOLS.**

20.8 (a) The office may participate in an interstate reciprocity agreement regarding  
20.9 postsecondary distance education if it determines that participation is in the best interest of  
20.10 Minnesota postsecondary students.

20.11 (b) If the office decides to participate in an interstate reciprocity agreement, an institution  
20.12 that meets the following requirements is exempt from the provisions of sections 136A.61  
20.13 to 136A.71:

20.14 (1) the institution is situated in a state which is also participating in the interstate  
20.15 reciprocity agreement;

20.16 (2) the institution has been approved to participate in the interstate reciprocity agreement  
20.17 by the institution's home state and other entities with oversight of the interstate reciprocity  
20.18 agreement; and

20.19 (3) the institution has elected to participate in and operate in compliance with the terms  
20.20 of the interstate reciprocity agreement.

20.21 (c) If the office participates in an interstate reciprocity agreement and the office is  
20.22 responsible for the administration of that interstate reciprocity agreement, which may include  
20.23 the approval of applications for membership of in-state institutions to participate in the  
20.24 interstate reciprocity agreement, the office shall collect reasonable fees sufficient to recover,  
20.25 but not exceed, its costs to administer the interstate reciprocity agreement. The office  
20.26 processing fees for approving an in-state institution application shall be as follows:

20.27 (1) \$750 for institutions with fewer than 2,500 full-time enrollment;

20.28 (2) \$3,000 for institutions with 2,501 to 20,000 full-time enrollment; and

20.29 (3) \$7,500 for institutions with greater than 20,001 full-time enrollment.

21.1 Full-time enrollment is established using the previous year's full-time enrollment as  
 21.2 established in the United States Department of Education Integrated Postsecondary Education  
 21.3 Data System.

21.4 Sec. 27. Minnesota Statutes 2018, section 136A.675, is amended to read:

21.5 **136A.675 RISK ANALYSIS.**

21.6 (a) The office shall develop a set of and apply financial and programmatic evaluation  
 21.7 metrics nonfinancial measures as a basis of comparison and trends to evaluate and aid in  
 21.8 the detection of the failure or potential failure of a school that may not be financially or  
 21.9 administratively responsible and thereby at risk of a precipitous closure. A school may be  
 21.10 vulnerable to a precipitous closure if:

21.11 (1) the school is unable to meet the standards established under sections 136A.61 to  
 21.12 136A.71. These metrics shall include indicators of financial stability, changes in the senior  
 21.13 management or the financial aid and senior administrative staff of an institution, changes  
 21.14 in enrollment, changes in program offerings, and changes in faculty staffing patterns.; or

21.15 (2) the office determines, through the systematic evaluation process in paragraph (d),  
 21.16 that the failure to meet one or more of those standards represents a risk of a precipitous  
 21.17 closure.

21.18 (b) The development of financial standards shall use industry standards as benchmarks.  
 21.19 The development of the nonfinancial standards shall include a measure of trends and dramatic  
 21.20 changes in trends or practice guidance to develop financial and nonfinancial indicators.

21.21 (c) A school must notify the office within five business days if any of the following  
 21.22 occur:

21.23 (1) the school has defaulted on a debt payment and has not received a waiver of the  
 21.24 violation;

21.25 (2) the school's owner or owners withdraw equity and the school has a federal composite  
 21.26 score of less than 1.5 unless the withdrawal is a transfer between affiliated entities included  
 21.27 in a common composite score;

21.28 (3) the United States Department of Education requires a 25 percent or greater Letter of  
 21.29 Credit or Heightened Cash Monitoring 2;

21.30 (4) the school receives notification of probation, warning, show-cause, or loss of  
 21.31 institutional accreditation;

21.32 (5) the school's institutional accreditor loses federal recognition;

22.1 (6) the school violates the United States Department of Education's 90/10 requirement;

22.2 or

22.3 (7) the school receives notification that it has violated state authorization or licensing  
22.4 requirements in a different state that may lead to or has led to the termination of the school's  
22.5 ability to continue to provide educational programs or otherwise continue to operate in that  
22.6 state.

22.7 (d) In the event the office receives notification under paragraph (c) or determines risk  
22.8 of a precipitous closure from information collected under section 136A.64, 136A.65, or  
22.9 136A.672, the office shall collect sufficient data to make a determination of whether a school  
22.10 is vulnerable to a precipitous closure. If the office determines that a school is vulnerable to  
22.11 a precipitous closure:

22.12 (1) the office shall provide the determination analysis to the school and request additional  
22.13 context and information. The school may provide context and information to support a  
22.14 sound business practice and plan to confirm financial health and manageable risk. The office  
22.15 shall use the school's additional context and information to reevaluate whether the school  
22.16 is vulnerable to closure;

22.17 (2) if the school does not respond to the office's request for additional context and  
22.18 information in clause (1), the office may revoke, suspend, or refuse to renew registration,  
22.19 approval of a school's degree, or use of a regulated term in its name, require additional  
22.20 surety under section 136A.646, require information under section 136A.646, or initiate  
22.21 alternative processes and communications with students enrolled at the school; and

22.22 (3) the office may use the reevaluated determination in the office's decision to revoke,  
22.23 suspend, or refuse to renew registration, approval of a school's degree, or use of a regulated  
22.24 term in its name or initiate alternative processes and communications with students enrolled  
22.25 at the school.

22.26 (e) If the office determines a risk of a precipitous closure under paragraph (d), the office  
22.27 may require the school to:

22.28 (1) conduct periodic monitoring and submit reports on the school's administrative and  
22.29 financial responsibility;

22.30 (2) submit contingency plans such as teach-out plans or transfer pathways for students;

22.31 (3) provide additional surety under section 136A.646; and

22.32 (4) submit school closure information under section 136A.645.

23.1 (f) The agency office must specify the ~~metrics and standards for each area~~ measures  
 23.2 used for analyzing whether a school is vulnerable to closure and annually provide a copy  
 23.3 to each registered institution and post them on the agency website.

23.4 (g) The office shall post a list of reviewed indicators and measures on the office's website.  
 23.5 The agency office shall use regularly reported data submitted to the federal government or  
 23.6 other regulatory or accreditation agencies wherever possible. The agency may require more  
 23.7 frequent data reporting by an institution to ascertain whether the standards are being met.

23.8 Sec. 28. Minnesota Statutes 2018, section 136A.69, subdivision 1, is amended to read:

23.9 Subdivision 1. **Registration fees.** (a) The office shall collect reasonable registration fees  
 23.10 that are sufficient to recover, but do not exceed, its costs of administering the registration  
 23.11 program. The office shall charge the fees listed in paragraphs (b) and (c) for new registrations.

23.12 (b) A new school offering no more than one degree at each level during its first year  
 23.13 must pay registration fees for each applicable level in the following amounts:

23.14	associate degree	\$2,000
23.15	baccalaureate degree	\$2,500
23.16	master's degree	\$3,000
23.17	doctorate degree	\$3,500

23.18 (c) A new school that will offer more than one degree per level during its first year must  
 23.19 pay registration fees in an amount equal to the fee for the first degree at each degree level  
 23.20 under paragraph (b), plus fees for each additional nondegree program or degree as follows:

23.21	nondegree program	\$250
23.22	additional associate degree	\$250
23.23	additional baccalaureate degree	\$500
23.24	additional master's degree	\$750
23.25	additional doctorate degree	\$1,000

23.26 (d) The annual renewal registration fee is ~~\$1,200~~ \$2,000.

23.27 Sec. 29. Minnesota Statutes 2018, section 136A.69, subdivision 4, is amended to read:

23.28 Subd. 4. **Visit or consulting fee.** If the office determines that a fact-finding visit or  
 23.29 outside consultant is necessary to review, investigate, or evaluate any ~~new or revised~~ degree  
 23.30 or nondegree program or the institution, the office shall be reimbursed for the expenses  
 23.31 incurred related to the review as follows:

24.1 (1) \$400 for the team base fee or for a paper review conducted by a consultant if the  
24.2 office determines that a fact-finding visit is not required;

24.3 (2) \$300 for each day or part thereof on site per team member; and

24.4 (3) the actual cost of customary meals, lodging, and related travel expenses incurred by  
24.5 team members.

24.6 Sec. 30. Minnesota Statutes 2018, section 136A.69, is amended by adding a subdivision  
24.7 to read:

24.8 Subd. 4a. **Student complaint fee.** The office shall be reimbursed for expenses necessary  
24.9 to review or investigate any student complaint under section 136A.672 for any registered  
24.10 institution that has more than five student complaints per annual registration period. The  
24.11 office shall be reimbursed for the expenses incurred related to the review or investigation  
24.12 of any complaint that exceeds the fifth complaint as follows:

24.13 (1) \$500;

24.14 (2) \$300 for each day or part thereof that requires a site visit per team member; and

24.15 (3) the actual cost of customary meals, lodging, and related travel expenses incurred by  
24.16 team members.

24.17 Sec. 31. Minnesota Statutes 2018, section 136A.824, subdivision 4, is amended to read:

24.18 Subd. 4. **Visit or consulting fee.** If the office determines that a fact-finding visit or  
24.19 outside consultant is necessary to review, investigate, or evaluate any new or revised program  
24.20 or the private career school for statutory compliance, the office shall be reimbursed for the  
24.21 expenses incurred related to the review as follows:

24.22 (1) \$400 for the team base fee or for a paper review conducted by a consultant if the  
24.23 office determines that a fact-finding visit is not required;

24.24 (2) \$300 for each day or part thereof on site per team member; and

24.25 (3) the actual cost of customary meals, lodging, and related travel expenses incurred by  
24.26 team members.

24.27 Sec. 32. Minnesota Statutes 2018, section 136A.824, is amended by adding a subdivision  
24.28 to read:

24.29 Subd. 10. **Student complaint fee.** The office shall be reimbursed for expenses necessary  
24.30 to review or investigate any student complaint under section 136A.8295 for any licensed



25.1 private career school that has more than five student complaints per annual licensure period.  
25.2 The office shall be reimbursed for the expenses incurred related to the review or investigation  
25.3 of any complaint that exceeds the fifth complaint as follows:

25.4 (1) \$500;

25.5 (2) \$300 for each day or part thereof that requires a site visit per team member; and

25.6 (3) the actual cost of customary meals, lodging, and related travel expenses incurred by  
25.7 team members.

25.8 Sec. 33. Minnesota Statutes 2018, section 136A.827, subdivision 4, is amended to read:

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

25.20 Sec. 34. Minnesota Statutes 2018, section 136A.829, subdivision 1, is amended to read:

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

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

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

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

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

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

26.4 (6) having been administratively determined by the commissioner or judicially determined  
 26.5 to have committed fraud or any other material violation of law involving federal, state, or  
 26.6 local government funds; or

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

26.9 Sec. 35. Minnesota Statutes 2018, section 136A.833, subdivision 1, is amended to read:

26.10 Subdivision 1. **Application for exemptions.** A school that seeks an exemption from the  
 26.11 provisions of sections 136A.822 to 136A.834 for the school and all of its programs or some  
 26.12 of its programs must apply to the office to establish that the school meets the requirements  
 26.13 of an exemption. An exemption expires two years from the date of approval or when a  
 26.14 school adds a new program or makes a modification equal to or greater than 25 percent to  
 26.15 an existing educational program. If a school is reapplying for an exemption, the application  
 26.16 must be submitted to the office 90 days before the current exemption expires. This exemption  
 26.17 shall not extend to any school that uses any publication or advertisement that is not truthful  
 26.18 and gives any false, fraudulent, deceptive, inaccurate, or misleading impressions about the  
 26.19 school or its personnel, programs, services, or occupational opportunities for its graduates  
 26.20 for promotion and student recruitment.

26.21 Sec. 36. Minnesota Statutes 2018, section 136A.834, subdivision 1, is amended to read:

26.22 Subdivision 1. **Exemption.** ~~Any~~ (a) A program is exempt from the provisions of sections  
 26.23 136A.821 to 136A.832 if it is:

26.24 (1) offered by a private career school or any department or branch of a private career  
 26.25 school;

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

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

26.31 (3) ~~whose programs are~~ primarily intended to prepare its students to become ministers  
 26.32 of, to enter into some other vocation closely related to, or to conduct their lives in consonance

27.1 with the particular faith of that church or religious organization, ~~is exempt from the provisions~~  
27.2 ~~of sections 136A.821 to 136A.832.~~

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

27.6 Sec. 37. Minnesota Statutes 2018, section 136A.834, subdivision 2, is amended to read:

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

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

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

27.17 (2) provide the student with a general educational program recognized by other private  
27.18 career schools or the broader educational, business, or social community as being  
27.19 substantially equivalent to the educational programs offered by private career schools or  
27.20 departments or branches of private career schools which are not religious in nature and are  
27.21 not exempt from sections 136A.82 to 136A.834 and from rules adopted under sections  
27.22 136A.82 to 136A.834.

27.23 (c) This exemption shall not extend to any school that uses any publication or  
27.24 advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate, or  
27.25 misleading impressions about the school or its personnel, programs, services, or occupational  
27.26 opportunities for graduates for promotion and student recruitment.

## ARTICLE 2

## MINNESOTA COLLEGE SAVINGS PLAN

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

**136G.01 PLAN ESTABLISHED.**

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

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

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

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

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

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

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

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

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

Sec. 5. Minnesota Statutes 2018, section 136G.03, subdivision 20, is amended to read:

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

29.1 Sec. 6. Minnesota Statutes 2018, section 136G.03, subdivision 31, is amended to read:

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

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

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

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

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

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

29.16 Subd. 33a. **Taxable distribution.** "Taxable distribution" means: (1) a distribution made  
29.17 from an account other than a qualified distribution, the earnings on which are subject to one  
29.18 or more federal taxes; or (2) a distribution subject to additional federal tax under section  
29.19 529(c)(6) of the Internal Revenue Code.

29.20 Sec. 8. Minnesota Statutes 2018, section 136G.05, subdivision 2, is amended to read:

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

29.26 Sec. 9. Minnesota Statutes 2018, section 136G.05, subdivision 5, is amended to read:

29.27 Subd. 5. ~~**Nonqualified distributions and Forfeited matching grants.** There cannot be~~  
29.28 ~~a nonqualified withdrawal of matching grant funds and~~ Any refund of a matching grants  
29.29 grant forfeited under section 136G.11, subdivision 13, must be returned to the plan office.

30.1 Sec. 10. Minnesota Statutes 2018, section 136G.05, subdivision 7, is amended to read:

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

30.5 Sec. 11. Minnesota Statutes 2018, section 136G.09, subdivision 6, is amended to read:

30.6 Subd. 6. **Change of beneficiary.** Except as provided for minor trust accounts in section  
30.7 136G.14, an account owner may change the beneficiary of an account to a member of the  
30.8 family of the current beneficiary, at any time without penalty, if the change will not cause  
30.9 the total account balance of all accounts held for the new beneficiary to exceed the maximum  
30.10 account balance limit as provided in subdivision 8. A change of beneficiary other than as  
30.11 permitted in this subdivision is treated as a ~~nonqualified~~ taxable distribution under section  
30.12 136G.13, subdivision 3.

30.13 Sec. 12. Minnesota Statutes 2018, section 136G.09, subdivision 8, is amended to read:

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

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

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

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

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

31.1 Sec. 14. Minnesota Statutes 2018, section 136G.11, subdivision 13, is amended to read:

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

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

31.5 ~~(2) the beneficiary receives a full tuition scholarship or is attending a United States~~  
31.6 ~~service academy~~ any of the exceptions under section 530(d)(4)(B)(i) to (iv) of the Internal  
31.7 Revenue Code apply to the beneficiary, and the exceptions cover 100 percent of the  
31.8 beneficiary's qualified higher education expenses;

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

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

31.11 ~~(5) (4) the account owner closes the account with a nonqualified withdrawal.~~ taxable  
31.12 distribution; or

31.13 (5) the account owner closes the account with a withdrawal for a qualified distribution  
31.14 that would not have been a qualified distribution on December 31, 2010.

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

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

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

31.20 (3) the account owner makes a partial ~~nonqualified~~ withdrawal for a qualified distribution  
31.21 that would not have been a qualified distribution on December 31, 2010.

31.22 (c) If the account owner makes a misrepresentation in a participation agreement or an  
31.23 application for a matching grant that results in a matching grant, the matching grant associated  
31.24 with the misrepresentation is forfeited. The office and the board must instruct the plan  
31.25 administrator as to the amount to be forfeited from the matching grant account. The office  
31.26 and the board must withdraw the matching grant or the proportion of the matching grant  
31.27 that is related to the misrepresentation.

31.28 Sec. 15. Minnesota Statutes 2018, section 136G.13, is amended to read:

31.29 **136G.13 ACCOUNT DISTRIBUTIONS.**

31.30 Subdivision 1. **Qualified distribution methods.** (a) Qualified distributions may be  
31.31 made:

- 32.1 (1) directly to participating eligible educational institutions on behalf of the beneficiary;
- 32.2 ~~(2) in the form of a check payable to both the beneficiary and the eligible educational~~
- 32.3 ~~institution; or~~
- 32.4 ~~(3) (2) directly to the account owner or beneficiary if the account owner or beneficiary~~
- 32.5 ~~has already paid qualified higher education expenses.; or~~
- 32.6 (3) to any other third party as requested by the account owner.

32.7 (b) Qualified distributions must be withdrawn proportionally from contributions and

32.8 earnings in an account owner's account on the date of distribution as provided in section

32.9 529 of the Internal Revenue Code.

32.10 Subd. 2. **Matching grant accounts.** ~~Qualified distributions are based on the total account~~

32.11 ~~balances in an account owner's account and matching grant account, if any, on the date of~~

32.12 ~~distribution. Qualified distributions must be withdrawn proportionally from each account~~

32.13 ~~based on the relative total account balance of each account to the total account balance for~~

32.14 ~~both accounts. Amounts for matching grants and matching grant earnings must only be~~

32.15 ~~distributed for qualified higher education expenses. Matching grant account funds may be~~

32.16 used as part or all of a distribution that was a qualified distribution on December 31, 2010.

32.17 Subd. 3. **Nonqualified Taxable distribution.** An account owner may request a

32.18 ~~nonqualified~~ taxable distribution from an account at any time. ~~Nonqualified~~ Taxable

32.19 distributions are based on the total account balances in an account owner's account and must

32.20 be withdrawn proportionally from contributions and earnings as provided in section 529 of

32.21 the Internal Revenue Code. ~~The earnings portion of a nonqualified distribution is subject~~

32.22 ~~to a federal additional tax pursuant to section 529 of the Internal Revenue Code.~~ For purposes

32.23 of this subdivision, "earnings portion" means the ratio of the earnings in the account to the

32.24 total account balance, immediately prior to the distribution, multiplied by the distribution.

32.25 Subd. 4. **Nonqualified distributions from matching grant accounts.** (a) ~~If an account~~

32.26 the owner of an account that has a matching grant account requests (1) a distribution that

32.27 would not have been a qualified distribution on December 31, 2010, or (2) a nonqualified

32.28 taxable distribution from an account that has a matching grant account, the total account

32.29 balance of the matching grant account, if any, is reduced.

32.30 (b) After the ~~nonqualified~~ distribution in paragraph (a) is withdrawn from the account

32.31 ~~including any penalty as provided in subdivision 3,~~ the account owner forfeits matching

32.32 grant amounts in the same proportion as the ~~nonqualified~~ distribution is to the total account

32.33 balance of the account.



33.1 Subd. 5. **Distributions due to death or disability of, or scholarship to, or attendance**  
33.2 **at a United States military academy by, a beneficiary.** An account owner may request a  
33.3 distribution due to the death or disability of, or scholarship to, or attendance at a United  
33.4 States military academy by, a beneficiary from an account by submitting a completed request  
33.5 to the plan. ~~Prior to distribution, the account owner shall certify the reason for the distribution~~  
33.6 ~~and provide written confirmation from a third party that the beneficiary has died, become~~  
33.7 ~~disabled, or received a scholarship for attendance at an eligible educational institution, or~~  
33.8 ~~is attending a United States military academy. The plan must not consider a request to make~~  
33.9 ~~a distribution until a third-party written confirmation is received by the plan. For purposes~~  
33.10 ~~of this subdivision, a third-party written confirmation consists of the following: The plan~~  
33.11 ~~shall apprise the account owner that the account owner is responsible for obtaining and~~  
33.12 ~~retaining records and other documentation adequate to substantiate a distribution under this~~  
33.13 ~~section.~~

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

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

33.20 ~~(3) for a scholarship award to the beneficiary, a letter from the grantor of the scholarship~~  
33.21 ~~or from the eligible educational institution receiving or administering the scholarship, that~~  
33.22 ~~identifies the beneficiary by name and Social Security number or taxpayer identification~~  
33.23 ~~number as the recipient of the scholarship and states the amount of the scholarship, the~~  
33.24 ~~period of time or number of credits or units to which it applies, the date of the scholarship,~~  
33.25 ~~and, if applicable, the eligible educational institution to which the scholarship is to be~~  
33.26 ~~applied; or~~

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

33.29 Sec. 16. Minnesota Statutes 2018, section 136G.14, is amended to read:

33.30 **136G.14 MINOR TRUST ACCOUNTS.**

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

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

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

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

34.18 Sec. 17. **REPEALER.**

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

APPENDIX  
Repealed Minnesota Statutes: H3392-1

**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.