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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 983

02/28/2013 Authored by Lien

The bill was read for the first time and referred to the Committee on Higher Education Finance and Policy

1.1 A bill for an act  
1.2 relating to higher education; making technical, conforming, policy, and clarifying  
1.3 changes to provisions related to higher education law; modifying provisions  
1.4 related to the higher education advisory council, student grants and aid, and  
1.5 school licensure and registration; modifying procedures related to terminating  
1.6 institutions from financial aid programs; modifying certain definitions; modifying  
1.7 dissemination of certain data; amending Minnesota Statutes 2012, sections 13.47,  
1.8 subdivision 3; 136A.031, subdivision 2; 136A.101, subdivisions 8, 9; 136A.125,  
1.9 subdivision 2; 136A.233, subdivision 2; 136A.646; 136A.65, subdivisions 4,  
1.10 8; 136A.653, by adding a subdivision; 141.25, subdivision 7; 141.35; 268.19,  
1.11 subdivision 1; 299A.45, subdivision 4; proposing coding for new law in  
1.12 Minnesota Statutes, chapter 136A; repealing Minnesota Rules, parts 4830.0140;  
1.13 4830.0150; 4830.0160; 4830.0170; 4830.0180; 4830.0190; 4830.0195.

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

1.15 ARTICLE 1

1.16 POLICY AND TECHNICAL CHANGES

1.17 Section 1. Minnesota Statutes 2012, section 13.47, subdivision 3, is amended to read:

1.18 Subd. 3. **Dissemination.** Employment and training data may be disseminated by  
1.19 employment and training service providers:

1.20 (a) to other employment and training service providers to coordinate the employment  
1.21 and training services for the data subject or to determine eligibility or suitability for  
1.22 services from other programs;

1.23 (b) to local and state welfare agencies for monitoring the eligibility of the participant  
1.24 for assistance programs, or for any employment or training program administered by  
1.25 those agencies; ~~and~~

1.26 (c) to the commissioner of employment and economic development; and

2.1 (d) by the commissioner of employment and economic development to the Office of  
 2.2 Higher Education for purposes of supporting program improvement, system evaluation,  
 2.3 and research initiatives including the Statewide Longitudinal Education Data System.

2.4 Sec. 2. Minnesota Statutes 2012, section 136A.031, subdivision 2, is amended to read:

2.5 Subd. 2. **Higher Education Advisory Council.** A Higher Education Advisory  
 2.6 Council (HEAC) is established. The HEAC is composed of the director of the Office of  
 2.7 Higher Education; the president of the University of Minnesota or designee; the chancellor  
 2.8 of the Minnesota State Colleges and Universities or designee; the commissioner of  
 2.9 education; the commissioner of employment and economic development; the president of  
 2.10 the Private College Council or a nonprofit private college; and a representative from the  
 2.11 Minnesota Career College Association; and a member appointed by the governor. The  
 2.12 chair shall be designated by the governor. The HEAC shall bring to the attention of the  
 2.13 Minnesota Office of Higher Education governor and the legislature any matters that the  
 2.14 HEAC deems important and necessary to the postsecondary needs of Minnesotans related  
 2.15 to democracy and participation in the workforce.

2.16 Sec. 3. Minnesota Statutes 2012, section 136A.101, subdivision 8, is amended to read:

2.17 Subd. 8. **Resident student.** "Resident student" means a student who meets one of  
 2.18 the following conditions:

2.19 (1) a student who has resided in Minnesota ~~for purposes other than postsecondary~~  
 2.20 ~~education~~ for at least 12 consecutive months without being enrolled at a postsecondary  
 2.21 educational institution for more than five credits in any term;

2.22 (2) a dependent student whose parent or legal guardian resides in Minnesota at the  
 2.23 time the student applies;

2.24 (3) a student who graduated from a Minnesota high school, ~~if the student was a~~  
 2.25 ~~resident of Minnesota during the student's period of attendance at the Minnesota high~~  
 2.26 ~~school and the student is physically attending a Minnesota postsecondary educational~~  
 2.27 ~~institution; or earned a high school equivalency certificate while residing in Minnesota,~~  
 2.28 if the student currently resides in Minnesota or is physically attending a postsecondary  
 2.29 education institution located in Minnesota; or

2.30 (4) ~~a student who, after residing in the state for a minimum of one year, earned a~~  
 2.31 ~~high school equivalency certificate in Minnesota; a student who does not meet any of the~~  
 2.32 conditions in clauses (1) to (3) but, as determined by the Office of Higher Education,  
 2.33 relocated to Minnesota due to unusual circumstances, including but not limited to natural  
 2.34 disasters, refugee status, or active military service.

3.1 ~~(5) a member, spouse, or dependent of a member of the armed forces of the United~~  
 3.2 ~~States stationed in Minnesota on active federal military service as defined in section~~  
 3.3 ~~190.05, subdivision 5c;~~

3.4 ~~(6) a spouse or dependent of a veteran, as defined in section 197.447, if the veteran~~  
 3.5 ~~is a Minnesota resident;~~

3.6 ~~(7) a person or spouse of a person who relocated to Minnesota from an area that~~  
 3.7 ~~is declared a presidential disaster area within the preceding 12 months if the disaster~~  
 3.8 ~~interrupted the person's postsecondary education; or~~

3.9 ~~(8) a person defined as a refugee under United States Code, title 8, section~~  
 3.10 ~~1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has~~  
 3.11 ~~continued to reside in Minnesota.~~

3.12 Sec. 4. Minnesota Statutes 2012, section 136A.101, subdivision 9, is amended to read:

3.13 Subd. 9. **Independent student.** "Independent student" has the meaning given it in  
 3.14 under Title IV of the Higher Education Act of 1965, United States Code, title 20, section  
 3.15 1070a-6 as amended, and applicable regulations.

3.16 Sec. 5. Minnesota Statutes 2012, section 136A.125, subdivision 2, is amended to read:

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

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

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

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

3.25 (4) has not earned a baccalaureate degree and has been enrolled full time less than  
 3.26 eight semesters or the equivalent;

3.27 (5) is pursuing a nonsectarian program or course of study that applies to an  
 3.28 undergraduate degree, diploma, or certificate;

3.29 (6) is enrolled at least half time in an eligible institution; and

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

3.31 (b) A student who withdraws from enrollment for active military service or for a  
 3.32 major illness, while under the care of a medical professional, that substantially limits the  
 3.33 student's ability to complete the term is entitled to an additional semester or the equivalent  
 3.34 of grant eligibility and will be considered to be in continuing enrollment status upon return.

4.1 Sec. 6. Minnesota Statutes 2012, section 136A.233, subdivision 2, is amended to read:

4.2 Subd. 2. **Definitions.** For purposes of sections 136A.231 to 136A.233, the words  
4.3 defined in this subdivision have the meanings ascribed to them.

4.4 (a) "Eligible student" means a Minnesota resident enrolled or intending to enroll at  
4.5 least half time in a degree, diploma, or certificate program in a Minnesota postsecondary  
4.6 institution.

4.7 (b) "Minnesota resident" means a student who meets the conditions in section  
4.8 136A.101, subdivision 8.

4.9 (c) "Financial need" means the need for financial assistance in order to attend a  
4.10 postsecondary institution as determined by a postsecondary institution according to  
4.11 guidelines established by the Minnesota Office of Higher Education.

4.12 (d) "Eligible employer" means any eligible postsecondary institution, any nonprofit,  
4.13 nonsectarian agency or state institution located in the state of Minnesota, a disabled person  
4.14 or a person over 65 who employs a student to provide personal services in or about the  
4.15 person's residence, or a private, for-profit employer employing a student as an intern in a  
4.16 position directly related to the student's field of study that will enhance the student's  
4.17 knowledge and skills in that field.

4.18 (e) "Eligible postsecondary institution" means any postsecondary institution eligible  
4.19 for participation in the Minnesota state grant program as specified in section 136A.101,  
4.20 subdivision 4.

4.21 (f) "Independent student" has the meaning given ~~it in~~ under Title IV of the Higher  
4.22 Education Act of 1965, United States Code, title 20, section 1070a-6 as amended, and  
4.23 applicable regulations.

4.24 (g) "Half time" for undergraduates has the meaning given in section 136A.101,  
4.25 subdivision 7b, and for graduate students is defined by the institution.

4.26 Sec. 7. Minnesota Statutes 2012, section 136A.646, is amended to read:

4.27 **136A.646 ADDITIONAL SECURITY.**

4.28 (a) In the event any registered institution is notified by the United States Department  
4.29 of Education that it has fallen below minimum financial standards and that its continued  
4.30 participation in Title IV will be conditioned upon its satisfying either the Zone Alternative,  
4.31 Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit  
4.32 Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), the  
4.33 institution shall provide a surety bond conditioned upon the faithful performance of all  
4.34 contracts and agreements with students in a sum equal to the "letter of credit" required by

5.1 the United States Department of Education in the Letter of Credit Alternative, but in no  
5.2 event shall such bond be less than \$10,000 nor more than \$250,000.

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

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

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

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

5.11 Sec. 8. Minnesota Statutes 2012, section 136A.65, subdivision 4, is amended to read:

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

5.14 (1) the school has an organizational framework with administrative and teaching  
5.15 personnel to provide the educational programs offered; and the school has made available  
5.16 to the school's staff, including the admissions staff, financial aid staff, administrative or  
5.17 office staff, and faculty, training appropriate to their employment positions that includes  
5.18 recommendations as to limits and types of information or advice on financial aid and  
5.19 transfer of credits that each staff or faculty member is allowed to provide to students  
5.20 or prospective students;

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

5.25 (3) the school operates in conformity with generally accepted budgeting and  
5.26 accounting principles;

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

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

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

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

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

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

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

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

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

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

6.13 (v) procedures and standards used for selection of recipients and the terms of  
 6.14 payment and repayment for any financial aid program.

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

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

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

6.18 (iii) proposed implementation date of the degree;

6.19 (iv) admissions requirements for the degree;

6.20 (v) length of the degree;

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

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

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

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

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

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

6.30 Sec. 9. Minnesota Statutes 2012, section 136A.65, subdivision 8, is amended to read:

6.31 Subd. 8. **Disapproval of registration appeal.** ~~(a) If a school's degree or use of a~~  
 6.32 ~~term in its name is disapproved by the office, the school may request a hearing under~~  
 6.33 ~~chapter 14. The request must be in writing and made to the office within 30 days of the~~  
 6.34 ~~date the school is notified of the disapproval.~~

7.1 ~~(b) (a)~~ The office may refuse to renew, revoke, or suspend registration, approval of  
 7.2 a school's degree, or use of a regulated term in its name by giving written notice and  
 7.3 reasons to the school. ~~The school may request a hearing under chapter 14. If a hearing is~~  
 7.4 ~~requested, no revocation or suspension shall take effect until after the hearing.~~

7.5 ~~(e) (b)~~ Reasons for revocation or suspension of registration or approval may be  
 7.6 for one or more of the following reasons:

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

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

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

7.11 (4) refusing to allow reasonable inspection or to supply reasonable information after  
 7.12 a written request by the office has been received.

7.13 (c) Any order refusing, revoking, or suspending a school's registration, approval of a  
 7.14 school's degree, or use of a regulated term in the school's name is appealable in accordance  
 7.15 with chapter 14. The request must be in writing and made to the office within 30 days of the  
 7.16 date the school is notified of the action of the office. If a school has been operating and its  
 7.17 registration has been revoked, suspended, or refused by the office, the order is not effective  
 7.18 until the final determination of the appeal, unless immediate effect is ordered by the court.

7.19 Sec. 10. Minnesota Statutes 2012, section 136A.653, is amended by adding a  
 7.20 subdivision to read:

7.21 Subd. 5. **Free educational courses.** A school providing exclusively free training or  
 7.22 instructional programs or courses where no tuition, fees, or any other charges are required  
 7.23 for a student to participate is exempt from the provisions of sections 136A.61 to 136A.71.

7.24 Sec. 11. Minnesota Statutes 2012, section 141.25, subdivision 7, is amended to read:

7.25 Subd. 7. **Minimum standards.** A license shall be issued if the office first determines:

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

7.28 (i) meet the school's financial obligations;

7.29 (ii) refund all tuition and other charges, within a reasonable period of time, in the  
 7.30 event of dissolution of the school or in the event of any justifiable claims for refund against  
 7.31 the school by the student body;

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

7.33 (iv) maintain and support the school;

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

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

8.6 (4) that the school has an organizational framework with administrative and  
 8.7 instructional personnel to provide the programs and services it intends to offer;

8.8 (5) that the premises and conditions under which the students work and study are  
 8.9 sanitary, healthful, and safe;

8.10 (6) that the quality and content of each occupational course or program of study  
 8.11 provides education and adequate preparation to enrolled students for entry level positions  
 8.12 in the occupation for which prepared;

8.13 (7) that the living quarters which are owned, maintained, recommended, or approved  
 8.14 by the applicant for students are sanitary and safe;

8.15 (8) that the contract or enrollment agreement used by the school complies with  
 8.16 the provisions in section 141.265;

8.17 (9) that contracts and agreements do not contain a wage assignment provision or a  
 8.18 confession of judgment clause; ~~and~~

8.19 (10) that there has been no adjudication of fraud or misrepresentation in any  
 8.20 criminal, civil, or administrative proceeding in any jurisdiction against the school or its  
 8.21 owner, officers, agents, or sponsoring organization; and

8.22 (11) that the applicant has made available to the applicant's staff, including the  
 8.23 applicant's admissions staff, financial aid staff, administrative or office staff, and faculty,  
 8.24 training appropriate to their employment positions that includes recommendations as to  
 8.25 limits and types of information or advice on financial aid and transfer of credits each staff  
 8.26 or faculty member is allowed to provide to students or prospective students.

8.27 Sec. 12. Minnesota Statutes 2012, section 141.35, is amended to read:

8.28 **141.35 EXEMPTIONS.**

8.29 Sections 141.21 to 141.32 shall not apply to the following:

8.30 (1) public postsecondary institutions;

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

8.32 (3) schools of nursing accredited by the state Board of Nursing or an equivalent  
 8.33 public board of another state or foreign country;

8.34 (4) private schools complying with the requirements of section 120A.22, subdivision  
 8.35 4;



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

9.3 (6) schools exclusively engaged in training physically or mentally disabled persons  
9.4 for the state of Minnesota;

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

9.8 (8) schools and educational programs, or training programs, contracted for by  
9.9 persons, firms, corporations, government agencies, or associations, for the training of their  
9.10 own employees, for which no fee is charged the employee;

9.11 (9) schools engaged exclusively in the teaching of purely avocational, recreational,  
9.12 or remedial subjects as determined by the office except schools required to obtain a private  
9.13 career school license due to the use of "academy," "institute," "college," or "university" in  
9.14 their names unless the school used "academy" or "institute" in its name prior to August  
9.15 1, 2008;

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

9.18 (11) programs in the fine arts provided by organizations exempt from taxation  
9.19 under section 290.05 and registered with the attorney general under chapter 309. For  
9.20 the purposes of this clause, "fine arts" means activities resulting in artistic creation or  
9.21 artistic performance of works of the imagination which are engaged in for the primary  
9.22 purpose of creative expression rather than commercial sale or employment. In making  
9.23 this determination the office may seek the advice and recommendation of the Minnesota  
9.24 Board of the Arts;

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

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

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

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

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

10.6 (17) schools with no physical presence in Minnesota, as determined by the office,  
10.7 engaged exclusively in offering distance instruction that are located in and regulated by  
10.8 other states or jurisdictions; and

10.9 (18) schools providing exclusively free training or instructional programs or courses  
10.10 where no tuition, fees, or any other charges are required for a student to participate.

10.11 Sec. 13. Minnesota Statutes 2012, section 268.19, subdivision 1, is amended to read:

10.12 Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered  
10.13 from any person under the administration of the Minnesota Unemployment Insurance Law  
10.14 are private data on individuals or nonpublic data not on individuals as defined in section  
10.15 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court  
10.16 order or section 13.05. A subpoena is not considered a district court order. These data  
10.17 may be disseminated to and used by the following agencies without the consent of the  
10.18 subject of the data:

10.19 (1) state and federal agencies specifically authorized access to the data by state  
10.20 or federal law;

10.21 (2) any agency of any other state or any federal agency charged with the  
10.22 administration of an unemployment insurance program;

10.23 (3) any agency responsible for the maintenance of a system of public employment  
10.24 offices for the purpose of assisting individuals in obtaining employment;

10.25 (4) the public authority responsible for child support in Minnesota or any other  
10.26 state in accordance with section 256.978;

10.27 (5) human rights agencies within Minnesota that have enforcement powers;

10.28 (6) the Department of Revenue to the extent necessary for its duties under Minnesota  
10.29 laws;

10.30 (7) public and private agencies responsible for administering publicly financed  
10.31 assistance programs for the purpose of monitoring the eligibility of the program's recipients;

10.32 (8) the Department of Labor and Industry and the Division of Insurance Fraud  
10.33 Prevention in the Department of Commerce for uses consistent with the administration of  
10.34 their duties under Minnesota law;

11.1 (9) local and state welfare agencies for monitoring the eligibility of the data subject  
11.2 for assistance programs, or for any employment or training program administered by those  
11.3 agencies, whether alone, in combination with another welfare agency, or in conjunction  
11.4 with the department or to monitor and evaluate the statewide Minnesota family investment  
11.5 program by providing data on recipients and former recipients of food stamps or food  
11.6 support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance  
11.7 under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

11.8 (10) local and state welfare agencies for the purpose of identifying employment,  
11.9 wages, and other information to assist in the collection of an overpayment debt in an  
11.10 assistance program;

11.11 (11) local, state, and federal law enforcement agencies for the purpose of ascertaining  
11.12 the last known address and employment location of an individual who is the subject of  
11.13 a criminal investigation;

11.14 (12) the United States Immigration and Customs Enforcement has access to data on  
11.15 specific individuals and specific employers provided the specific individual or specific  
11.16 employer is the subject of an investigation by that agency;

11.17 (13) the Department of Health for the purposes of epidemiologic investigations;

11.18 (14) the Department of Corrections for the purpose of preconfinement and  
11.19 postconfinement employment tracking of committed offenders for the purpose of case  
11.20 planning; ~~and~~

11.21 (15) the state auditor to the extent necessary to conduct audits of job opportunity  
11.22 building zones as required under section 469.3201-; and

11.23 (16) the Office of Higher Education for purposes of supporting program  
11.24 improvement, system evaluation, and research initiatives including the Statewide  
11.25 Longitudinal Education Data System.

11.26 (b) Data on individuals and employers that are collected, maintained, or used by  
11.27 the department in an investigation under section 268.182 are confidential as to data  
11.28 on individuals and protected nonpublic data not on individuals as defined in section  
11.29 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district  
11.30 court order or to a party named in a criminal proceeding, administrative or judicial, for  
11.31 preparation of a defense.

11.32 (c) Data gathered by the department in the administration of the Minnesota  
11.33 unemployment insurance program must not be made the subject or the basis for any  
11.34 suit in any civil proceedings, administrative or judicial, unless the action is initiated by  
11.35 the department.

12.1 Sec. 14. Minnesota Statutes 2012, section 299A.45, subdivision 4, is amended to read:

12.2 Subd. 4. **Renewal.** Each award must be given for one academic year and is  
12.3 renewable for a maximum of eight semesters or the equivalent. A student who withdraws  
12.4 from enrollment for active military service or for a major illness, while under the care  
12.5 of a medical professional, that substantially limits the student's ability to complete the  
12.6 term is entitled to an additional semester or the equivalent of grant eligibility. An award  
12.7 must not be given to a dependent child who is 23 years of age or older on the first day of  
12.8 the academic year.

## 12.9 ARTICLE 2

### 12.10 TERMINATING INSTITUTIONS FROM FINANCIAL AID PROGRAMS

#### 12.11 Section 1. [136A.104] INSTITUTION TERMINATION.

12.12 (a) The office shall have the authority to terminate a postsecondary institution's  
12.13 eligibility to participate in state student aid programs if the institution meets one of the  
12.14 following criteria:

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

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

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

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

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

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

12.29 (3) refuses to allow inspection of or provide information relating to financial aid  
12.30 records, after written request by the office;

12.31 (4) misappropriates student aid program funds;

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

13.1 (6) no longer meets institutional eligibility criteria in section 136A.103 or 136A.155,  
13.2 or additional criteria for state grant participation in Minnesota Rules, part 4830.0300,  
13.3 subparts 1 and 2; or

13.4 (7) is terminated from participating in federal financial aid programs by the United  
13.5 States Department of Education, if such termination was based on violation of laws,  
13.6 regulations, or participation agreements governing federal financial aid programs.

13.7 **Sec. 2. [136A.1041] TERMINATION PROCEDURE.**

13.8 The office shall provide written notice of its intent to terminate an institution's  
13.9 eligibility to participate in student financial aid programs if the institution meets any of  
13.10 the criteria for termination in section 136A.104. The office shall send the institution  
13.11 written notification of the termination which is effective 90 days from the date of the  
13.12 written notification. The office shall also provide an institution an opportunity for a  
13.13 hearing pursuant to chapter 14.

13.14 **Sec. 3. [136A.1042] REQUEST FOR HEARING.**

13.15 An institution may request a hearing pursuant to chapter 14 regarding its termination  
13.16 of eligibility to participate in a student aid program. The request must be in writing and  
13.17 must be received by the director within 30 days of the date on the written notification of  
13.18 termination sent by the office. Within ten days of receipt of the request for hearing, the  
13.19 office shall contact the Office of Administrative Hearings to arrange a hearing date.

13.20 **Sec. 4. [136A.1043] RESTRICTION ON AWARDS DURING TERMINATION**  
13.21 **PERIOD.**

13.22 After the notice of termination and until such time as the termination becomes  
13.23 effective, the office reserves the right to withhold further financial aid disbursements to the  
13.24 institution. During this period, the institution may not make any new awards to students  
13.25 but may use any remaining student aid program funds on campus to make disbursements  
13.26 to any students awarded funds prior to the notice of termination.

13.27 **Sec. 5. [136A.1044] FINAL DECISION, ORDERS.**

13.28 The director shall render a decision and order in writing following receipt of the  
13.29 report issued by the administrative law judge after the hearing. The final decision of the  
13.30 director shall take into consideration the hearing record and the report of the administrative  
13.31 law judge. The order of the director is the final decision in the termination of the  
13.32 institution's eligibility to participate in a student aid program administered by the office.

14.1       Sec. 6. **[136A.1045] REINSTATEMENT OF ELIGIBILITY.**

14.2       An institution terminated from participating in student financial aid programs  
14.3 may submit a request for reinstatement of eligibility. The institution must wait at least  
14.4 12 consecutive months from the effective date of the termination to submit a request  
14.5 for reinstatement. A request for reinstatement must be in writing and submitted to the  
14.6 director. If the institution is initially denied reinstatement, the institution must wait at  
14.7 least 90 days from the date of denial of reinstatement to resubmit a subsequent request  
14.8 for reinstatement. If an institution's eligibility is reinstated after the start of the academic  
14.9 term, eligible students shall receive payment retroactively to the beginning of the term  
14.10 during which the institution was reinstated.

14.11       Sec. 7. **[136A.1046] REINSTATEMENT REQUIREMENTS.**

14.12       An institution's reinstatement request must include:

- 14.13       (1) written documentation specifying changes the institution has made to  
14.14 successfully address the reasons for termination, as outlined in the termination notice;  
14.15       (2) permission for the office's staff to conduct a reinstatement audit and to evaluate  
14.16 systems put in place to address the reasons for termination;  
14.17       (3) evidence of full repayment to the office of student aid program funds the  
14.18 institution improperly received, withheld, disbursed, or caused to be disbursed;  
14.19       (4) new participation agreements with the office for all student aid programs in  
14.20 which the institution wishes to participate; and  
14.21       (5) if applicable, documentation of the institution's eligibility to participate in  
14.22 federal financial aid programs.

14.23       Sec. 8. **[136A.1047] RESPONSE TO REINSTATEMENT REQUEST.**

14.24       Within 60 days of receiving the institution's reinstatement request, the office shall  
14.25 conduct a reinstatement audit and either:

- 14.26       (1) place the institution on probationary status for a period of one year; or  
14.27       (2) deny the request based on the institution meeting one or more of the termination  
14.28 criteria in section 136A.104.

14.29       Sec. 9. **[136A.1048] PROBATIONARY PERIOD.**

14.30       During the probationary period, the office may audit the institution's records without  
14.31 notice. If, while on probation, the institution violates a condition under section 136A.104,  
14.32 as documented by the office's audit staff, the office must remove the institution from  
14.33 probationary status and deny the request for reinstatement. If the institution fails to

15.1 successfully complete the probationary period, termination is final and effective within 30  
15.2 days of written notice of the denial of the reinstatement request.

15.3 Sec. 10. **[136A.1049] REINSTATEMENT.**

15.4 If an institution no longer violates a condition under section 136A.104 and  
15.5 successfully completes the probationary period, the office must reinstate the institution's  
15.6 eligibility to participate in student financial aid programs effective the last date of the  
15.7 probationary period.

15.8 Sec. 11. **[136A.105] STUDENT AWARDS AFTER TERMINATION.**

15.9 If an institution is terminated from participating in student financial aid programs  
15.10 during a payment period, and a student at the institution was eligible for an award other  
15.11 than a Student Educational Loan Fund loan before the effective date of the institution's  
15.12 termination, the office must issue a payment for that payment period, as long as the student  
15.13 will not receive a payment for the same payment period from another institution and the  
15.14 student continues to meet the program's eligibility requirements.

15.15 Sec. 12. **REPEALER.**

15.16 Minnesota Rules, parts 4830.0140; 4830.0150; 4830.0160; 4830.0170; 4830.0180;  
15.17 4830.0190; and 4830.0195, are repealed.

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**4830.0140 TERMINATION.**

The office shall terminate an institution's eligibility to participate in a program if the institution:

- A. violates a provision of Minnesota statutes or rules governing the program, and fails to correct the violation within 90 days from the date on the written notification of the termination;
- B. refuses to allow inspection of or provide information relating to financial aid records, after written request by the office;
- C. is no longer eligible to participate in a program under part 4830.0300, subparts 1 and 2; 4830.7200; or 4850.0011, subpart 14; or
- D. is not complying with chapter 4850.

**4830.0150 TERMINATION PROCEDURE.**

Subpart 1. **Termination.** The office shall provide written notice of its intent to terminate an institution's eligibility to participate in a program or programs if there is evidence that the institution has been in noncompliance based on the criteria under part 4830.0140. At the time the office provides notice of its intent to terminate, it shall also provide an institution an opportunity for a hearing pursuant to Minnesota Statutes, chapter 14.

Subp. 2. **Notification.** The office shall send the institution written notification of the termination of the institution's eligibility to participate in a program. Termination shall be effective 90 days from the date of the written notification.

**4830.0160 REQUEST FOR HEARING.**

An institution may request a hearing pursuant to Minnesota Statutes, chapter 14, regarding its termination of eligibility to participate in a program. The request must be in writing and must be received by the director within 30 days of the date on the written notification of termination sent by the office. Within ten days of receipt of the request for hearing, the office shall contact the Office of Administrative Hearings to arrange a hearing date.

**4830.0170 FINAL DECISION, ORDERS.**

The director shall render a decision and order in writing following receipt of the report issued by the administrative law judge after the hearing. The final decision of the director shall take into consideration the hearing record and the report of the administrative law judge. The order of the director is the final decision in the termination of the institution's eligibility to participate in a program administered by the office.

**4830.0180 REIMBURSEMENTS AND REFUNDS.**

A. The office's director of student financial aid services or the director of the office shall require an institution to remedy a violation of applicable program statutes and rules.

B. If an institution is required to reimburse or make other payments to the office, the director shall offset these claims against benefits or claims due to the institution.

**4830.0190 STUDENT AWARDS AFTER TERMINATION.**

Subpart 1. **Payment of awards.** If an institution is terminated from participating in a program during a payment period, a student at the institution who was eligible for an award before the effective date of the termination shall receive a payment for that payment period.

Subp. 2. **Notice.** For the purposes of subpart 1, "notice" occurs:

A. under the Student Educational Loan Fund (SELF) Program when the director or servicer advises the student, in writing, that the loan is approved; and

B. under the state grant and campus-based programs when the director or institution has notified the student, in writing, of the award.

**4830.0195 REINSTATEMENT.**

Subpart 1. **Application.** An institution terminated from participation in a program by the office under part 4830.0140, may request reinstatement to participate in the program. The institution must wait at least 12 consecutive months from the effective date of the termination to submit a request for reinstatement. A request for reinstatement must be in writing and submitted to the director. If the institution is initially denied reinstatement, the institution must wait at

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least 90 days from the date of denial of reinstatement, as specified in subpart 3, to resubmit a request for reinstatement. If an institution's eligibility is reinstated after the start of the academic term, eligible students shall receive payment retroactively to the beginning of the term when the institution was reinstated.

Subp. 2. **Reinstatement requirements.** An institution's reinstatement request must include:

A. written documentation of the process used to correct a violation, and how the violation will be prevented in the future;

B. evidence of full repayment to the office of program funds the institution improperly received, withheld, disbursed, or caused to be disbursed; and

C. new participation agreements with the office for all programs the institution wishes to participate in.

Subp. 3. **Response to reinstatement request.** Within 60 days of receiving the institution's reinstatement request, the office shall:

A. grant the request; or

B. deny the request based on evidence of noncompliance with the requirements in subpart 2.