

**Sec. 5. REPEALER.**

Minnesota Rules, part 1800.0500, subpart 3, is repealed.

**Sec. 6. REVISOR'S INSTRUCTION.**

The revisor of statutes shall correct the references in Minnesota Rules, part 1800.0500, subpart 4, from "subpart 3" to "Minnesota Statutes, section 326.105."

Presented to the governor May 21, 1999

Signed by the governor May 24, 1999, 9:44 a.m.

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**CHAPTER 214—H.F.No. 2380**

*An act relating to education; appropriating money for higher education and related purposes to the higher education services office, board of trustees of the Minnesota state colleges and universities, board of regents of the University of Minnesota, and the Mayo medical foundation, with certain conditions; requiring post-secondary institutions to provide certain information; modifying financial aid provisions; making technical changes to membership and terms of certain advisory councils, boards, and student associations; modifying curriculum provisions for Minnesota state colleges and universities; extending and transferring the farmer-lender mediation program to the Minnesota extension service; requiring certain reports to the legislature; clarifying and changing requirements of private career schools; amending Minnesota Statutes 1998, sections 16B.465, subdivision 4; 135A.14, by adding a subdivision; 135A.155; 136A.031, subdivision 3; 136A.121, subdivision 5; 136A.125, subdivision 4; 136A.243, subdivision 7; 136A.244, subdivision 2; 136A.245, subdivision 6; 136F.02, subdivision 2; 136F.04, subdivision 1; 136F.22, subdivision 1; 136F.32, subdivision 2, and by adding a subdivision; 141.21, subdivisions 3, 5, 6, and by adding subdivisions; 141.25, subdivisions 1, 2, 3, 5, 6, 7, 8, 9, 10, and 12; 141.26, subdivision 2; 141.271, subdivisions 1, 2, 3, 4, 5, 6, and 12; 141.28, subdivisions 3 and 5; 141.29, subdivision 1; 141.31; 141.32; 141.35; 471.59, subdivision 1; and 583.22, subdivision 5; Laws 1986, chapter 398, article 1, section 18, as amended; proposing coding for new law in Minnesota Statutes, chapters 136A; 137; and 141; repealing Minnesota Statutes 1998, sections 136A.1359; 136A.136; 141.22; 141.25, subdivisions 9a, 9b, and 11; and 141.36.*

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

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**ARTICLE 1**
**APPROPRIATIONS****Section 1. HIGHER EDUCATION APPROPRIATIONS.**

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "2000" or "2001" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 2000, or

New language is indicated by underline, deletions by ~~strikeout~~.

June 30, 2001, respectively. "The first year" is fiscal year 2000. "The second year" is fiscal year 2001. "The biennium" is fiscal years 2000 and 2001.

## SUMMARY BY FUND

	2000	2001	TOTAL
General	\$ 1,277,440,000	\$ 1,338,000,000	\$ 2,615,440,000
Health Care			
Access	2,937,000	2,937,000	5,874,000
Lottery Prize Fund	250,000	-0-	250,000

## SUMMARY BY AGENCY - ALL FUNDS

	2000	2001	TOTAL
Higher Education Services Office	149,926,000	160,527,000	310,453,000
Board of Trustees of the Minnesota State Colleges and Universities	543,597,000	572,394,000	1,115,991,000
Board of Regents of the University of Minnesota	585,558,000	606,379,000	1,191,937,000
Mayo Medical Foundation	1,546,000	1,637,000	3,183,000

APPROPRIATIONS  
Available for the Year  
Ending June 30

2000	2001
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Sec. 2. HIGHER EDUCATION  
SERVICES OFFICE

Subdivision 1. Total Appropriation	149,926,000	160,527,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. State Grants	117,907,000	128,367,000
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If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

The legislature intends that the higher education services office make full grant awards in each year of the biennium.

For the biennium, the private institution tuition maximum shall be \$8,300 in the first

year and \$8,550 in the second year for four-year institutions and \$6,390 in the first year and \$6,580 in the second year for two-year institutions.

This appropriation contains money to set the living and miscellaneous expense allowance at \$5,075 in the first year and \$5,185 in the second year.

This appropriation contains money to match scholarship grants made under the National Service Scholars program of the Corporation for National Service to students attending Minnesota high schools and who will attend a Minnesota post-secondary institution. Not more than one matching grant of \$500 may be made for each high school per year.

Subd. 3. Interstate Tuition  
Reciprocity

4,500,000	4,500,000
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If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

Subd. 4. State Work Study

12,444,000	12,444,000
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To assist the legislature in future policy and appropriation decisions, the office shall collect information from all participating institutions on the use of child care and work study allocations. For each program, the data shall include at least the number of recipients, the hours for which they receive state money, payment per hour, location of service, unmet demand, returned and additional allocations, and any institutional/system policies that affect recipients. The office shall provide this information to the higher education finance committees by January 15, 2000.

Subd. 5. Minitex Library Program

4,948,000	4,968,000
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This appropriation is for Minitex and MnLINK operations, the Minnesota Library

Access Center, licensing for online table of contents, and licensing for online journals including online databases for MnLINK.

Subd. 6. Learning Network of Minnesota  
5,178,000                      5,179,000

Subd. 7. Income Contingent Loans

The higher education services office shall administer an income contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathy programs. Applicant data collected by the office for this program may be disclosed to a consumer credit reporting agency under the same conditions as apply to the supplemental loan program under Minnesota Statutes, section 136A.162. No new applicants may be accepted after June 30, 1995. The higher education services office shall work with the office of the senior vice-president for health sciences at the University of Minnesota to determine the borrowing and repayment problems of students in the academic health center. The higher education services office shall report any findings and recommendations to the higher education finance committees by February 1, 2000.

Subd. 8. Edvest  
1,520,000                      1,520,000

Notwithstanding Minnesota Statutes, section 16C.05, subdivision 2, the higher education services office may, on a one-time basis, enter into a contract up to eight years with a third party vendor for purposes of starting the Edvest program authorized in Minnesota Statutes, section 136A.241.

Subd. 9. Agency Administration  
3,429,000                      3,549,000

This appropriation includes money for the Minnesota Minority Education Partnership. This appropriation includes funding to foster

post-secondary attendance by providing outreach services to historically underserved groups of Minnesota elementary and secondary students. The office may retain the entire appropriation or contract with other agencies or nonprofit organizations for specific services in this effort.

Notwithstanding Laws 1994, chapter 643, section 69, subdivision 2, the library planning task force shall expire on June 30, 2001.

#### Subd. 10. Balances Forward

An unencumbered balance in the first year under a subdivision in this section does not cancel but is available for the second year.

#### Subd. 11. Transfers

The higher education services office may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care appropriation, and the state work study appropriation.

### Sec. 3. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

#### Subdivision 1. Total

Appropriation	543,597,000	572,394,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

#### Subd. 2. Estimated Expenditures and Appropriations

The legislature estimates that instructional expenditures will be \$678,729,000 in the first year and \$713,533,000 in the second year.

The legislature estimates that noninstructional expenditures will be \$65,093,000 in the first year and \$66,723,000 in the second year.

The legislature intends that state appropriations be used to strengthen and support education of students. To this end, all money

appropriated in this section, except that in direct support of system office activities, shall be allocated by the board directly to the colleges and universities.

During the biennium, neither the board nor campuses shall plan or develop doctoral level programs or degrees until after they have received the recommendation of the house and senate committees on education, finance, and ways and means.

This appropriation includes an increase of \$5,000,000 in each year for customized training and leveraged equipment purchases.

This appropriation includes money for repair and replacement of state-financed facilities, a degree audit reporting system, technology infrastructure, Y2K, virtual university, and ISEEK.

This appropriation includes \$5,000,000 per year for grants to historically underfunded institutions demonstrating financial distress. Grants must not exceed \$500,000. The money must be spent in support of instructional programs or student services. By December 31 of each year, the system shall report to the chairs of the higher education finance committees on the distribution of the grants.

This appropriation includes money to increase access to the farm and small business management programs by expanding the capacity of the programs and providing additional tuition subsidies.

This appropriation includes money for the Center for Research and Innovation at Bemidji State University.

This appropriation includes money for start-up funding for a rural research center at Southwest State University.

This appropriation includes money for the agriculture program at the Staples campus of the Central Lakes college.

Metropolitan State University may retain any money saved from a reduction in lease costs at the 730 Hennepin Avenue South site.

During the biennium, technical and consolidated colleges shall make use of instructional advisory committees consisting of employers, students, and instructors. The instructional advisory committee shall be consulted when a technical program is proposed to be created, modified, or eliminated. If a decision is made to eliminate a program, a college shall adequately notify students and make plans to assist students affected by the closure.

The system shall prepare a budget plan for the system office. The plan shall include budgeted expenditures for each major division or program of the system office. The plan also shall include a review of the current functions, services, and programs managed or provided by the system office. The review shall describe the purpose of these activities and their cost; analyze whether they are necessary and how they benefit the colleges and universities; and identify unnecessary duplication of programs and services provided at the system and institutional levels. The board shall report to the higher education finance committees by February 15, 2000, on its findings and articulate an organizational plan for the system office.

In each year, the board of trustees shall increase the percentage of the total general fund expenditures for direct instruction and academic support, as reported in the federal Integrated Postsecondary Education Data System (IPEDS). By February 15 of 2000 and 2001, the board of trustees shall report to the higher education finance committees the percentage of total general fund expenditures spent on direct instruction and on academic support during the previous fiscal year by institution and for the system as a whole.

Before commencing any new program not specifically authorized by law for teachers of color and urban teachers, the board shall evaluate existing programs and determine whether to expand or modify an existing program or create a new program.

The board may waive tuition for eligible Southwest Asia veterans, as provided in Minnesota Statutes, section 136F.28.

Notwithstanding Minnesota Statutes, section 136F.71, subdivision 1, a state college shall retain revenues in excess of costs for delivering customized training programs. The excess revenues shall be used for expanding and developing customized training programs.

Subd. 3. Health Care and Human Services Tuition Waiver

100,000	100,000
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This appropriation is from the health care access fund for the board of trustees to provide tuition waivers to employees of health care or human services providers located in this state that are members of qualifying consortia operating under sections to be codified as Minnesota Statutes, sections 116L.10 to 116L.15, as provided in article 11, sections 3 to 8 of S.F. No. 2225, the second engrossment, if enacted. The legislature intends that future funding for this program not come from higher education appropriations.\*  
**(The preceding subdivision was vetoed by the governor.)**

Subd. 4. Itasca Community College

The board of trustees of the Minnesota state colleges and universities is authorized to construct the following facilities at Itasca community college: (1) a two-classroom addition to be located between the college center building and Davies Hall. The project shall be paid for from lease revenue supplied from nonstate sources; and (2) an addition to the existing child care center. The project shall be paid for from the appropriation in Laws 1997, chapter 183, article 1, section 3, subdivision 3, for pilot infant child care programs and from matching money from nonstate sources.

Subd. 5. Winona State University Land

Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the board of trustees



may sell a parcel of Winona State University land for no less than its appraised value in a private sale to resolve conflicting property boundaries. Money from the sale is appropriated to the board to be allocated to Winona State University.

Subd. 6. Pine Technical College

The board may accept federal money for and is authorized to construct an advanced technology center building at Pine technical college. The construction of the technology center is contingent upon the receipt of the federal money.

Sec. 4. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation

	585,558,000	606,379,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance

	513,279,000	533,870,000
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Estimated Expenditures and Appropriations

The legislature estimates that instructional expenditures will be \$461,521,000 in the first year and \$484,679,000 in the second year.

The legislature estimates that noninstructional expenditures will be \$202,367,000 in the first year and \$201,717,000 in the second year.

By January 30, 2000, the University shall submit to the governor and the legislature a master academic plan for the Rochester region that clearly defines the academic needs of the region, short and long-term plans to address those needs including the designation of responsibility among the partner institutions, short and long-term demographic and enrollment projections, physical plant capacity and needs, and a delineation of missions among the partner institutions to avoid competition and duplication.

Notwithstanding Minnesota Statutes 1998, section 137.022, subdivision 4, in fiscal year 2001 the first \$200,000 of permanent university fund income from royalties for mining under state mineral leases designated for the natural resources research institute shall be allocated by the board of regents to the department of landscape architecture to develop a long-range plan for the reclamation of taconite mining lands. The board shall allocate the money only if an equal or greater amount of matching money from nonstate sources has been pledged to support the project by June 30, 2000.

The University of Minnesota academic health center, after consultation with the health care community and medical education and research costs advisory committee, shall report by January 15, 2000, to the higher education finance committees on the strategic direction of its health professional programs. The plans shall include a programmatic and financial model for health professional education that will meet the state's future workforce needs, maintain the integrity of the education process, provide an appropriate level of ongoing financial support, and provide a framework for the health community and academic health center to work together in meeting the health needs of the state. The academic health center is requested to provide the report also to the commissioner of health and the legislative commission on health care access.

#### Subd. 3. Health Care Access Fund

\$2,837,000 each year is appropriated from the health care access fund for primary care education initiatives, which is a one-time increase of \$300,000 each year over the base funding.

#### Subd. 4. Compulsive Gambling Research Funding

\$250,000 from the lottery prize fund shall be appropriated on a one-time basis to the board of regents of the University of Minnesota for the academic health center to con-

duct research, clinical work, treatment, or teaching related to compulsive gambling addiction.\* (The preceding subdivision was vetoed by the governor.)

Subd. 5. Special Appropriation	72,279,000	72,509,000
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The amounts expended for each program in the four categories of special appropriations shall be separately identified in the 2001 biennial budget document.

(a) Agriculture and Extension Service	57,588,000	57,588,000
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This appropriation is for the Agricultural Experiment Station, Minnesota Extension Service, regional sustainable agriculture partnerships, initiatives designed to sustain Minnesota's renewable natural resource-based industries, and for a rapid agricultural response fund to conduct research to solve problems affecting agricultural products including, but not limited to spring wheat, barley, potatoes, grapes and wine, canola, and turkeys.

Any salary increases granted by the University to personnel paid from the Minnesota Extension appropriation must not result in a reduction of the county responsibility for the salary payments.

During the biennium, the University shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of range of size and income distribution of farms and agribusinesses and must not disproportionately represent those from the upper half of the size and income distributions.

(b) Health Sciences	5,789,000	5,846,000
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This appropriation is for rural physicians associates program, the Veterinary Diagnostic Laboratory, health sciences research, dental care, and the Biomedical Engineering Center.

(c) Institute of Technology  
 1,600,000            1,645,000

This appropriation is for the Geological Survey and the Talented Youth Mathematics Program.

(d) System Specials  
 7,302,000            7,430,000

This appropriation is for general research, student loans matching money, industrial relations education, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.

#### Sec. 5. MAYO MEDICAL FOUNDATION

Subdivision 1. Total		
Appropriation	1,546,000	1,637,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School  
 554,000            605,000

The state of Minnesota shall pay a capitation of \$13,200 in the first year and \$14,405 in the second year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

Subd. 3. Family Practice and  
 Graduate Residency Program  
 601,000            625,000

The state of Minnesota provides a capitation of \$21,455 in the first year and \$22,315 in the second year for each student. The rural training program capitation is \$42,910 the first year and \$44,630 the second year for one resident.

Subd. 4. St. Cloud Hospital–Mayo Family  
Practice Residency Program

391,000                      407,000

This appropriation is to the Mayo foundation to support 12 resident physicians each year in the St. Cloud Hospital–Mayo Family Practice Residency program. The program shall prepare doctors to practice primary care medicine in the rural areas of the state. It is intended that this program will improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

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**ARTICLE 2**

**RELATED PROVISIONS**

Section 1. Minnesota Statutes 1998, section 16B.465, subdivision 4, is amended to read:

Subd. 4. **PROGRAM PARTICIPATION.** (a) The commissioner may require the participation of state agencies, ~~and the state board of education, and the board of trustees of the Minnesota state colleges and universities~~ and may request the participation of the board of regents of the University of Minnesota and the board of trustees of the Minnesota state colleges and universities, in the planning and implementation of the network to provide interconnective technologies. The commissioner shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system.

(b) A direct appropriation made to an educational institution for usage costs associated with the state information infrastructure must only be used by the educational institution for payment of usage costs of the network as billed by the commissioner of administration.

Sec. 2. Minnesota Statutes 1998, section 135A.14, is amended by adding a subdivision to read:

Subd. 6. **HEPATITIS INFORMATION.** All public and private post-secondary education institutions shall provide information regarding the transmission, treatment, and prevention of hepatitis A, B, and C, to all persons who are first-time enrollees. The department of health shall be consulted regarding the preparation of these materials.

Sec. 3. Minnesota Statutes 1998, section 135A.155, is amended to read:

**135A.155 HAZING POLICY.**

The board of trustees of the Minnesota state colleges and universities shall, and the University of Minnesota is requested to, adopt a clear, understandable written policy on

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student conduct, including hazing. The policy must include procedures for reporting incidents of inappropriate hazing and for disciplinary actions against individual violators and organizations. The policy must be provided to students when they register and must be made available to students by appropriate means as determined by each institution, which may include publication in a student handbook or other institutional publication, or posting by electronic display on the Internet, and shall be posted at appropriate locations on campus. A private post-secondary institution that is an eligible institution as defined in section 136A.101, subdivision 4, must adopt a policy that meets the requirements of this section.

Sec. 4. Minnesota Statutes 1998, section 136A.031, subdivision 3, is amended to read:

Subd. 3. **STUDENT ADVISORY COUNCIL.** A student advisory council (SAC) to the higher education services council is established. The members of SAC shall include: the chair of the University of Minnesota student senate; the state chair of the Minnesota state university student association; ~~the president of the Minnesota community college student association, the president of the Minnesota technical college student association, the president of the Minnesota state college student association and an officer of the Minnesota state college student association, one in a community college course of study and one in a technical college course of study;~~ the president of the Minnesota association of private college students; and a student who is enrolled in a private vocational school, to be appointed by the Minnesota association of private post-secondary schools. A member may be represented by a student designee who attends an institution from the same system that the absent member represents. The SAC shall select one of its members to serve as chair.

The higher education services council shall inform the SAC of all matters related to student issues under consideration and shall refer all proposals to the SAC before taking action or sending the proposals to the governor or legislature. The SAC shall report to the higher education services council quarterly and at other times that the SAC considers desirable. The SAC shall determine its meeting times, but it shall also meet with the council within 30 days after the director's request for a meeting.

The SAC shall:

- (1) bring to the attention of the higher education services council any matter that the SAC believes needs the attention of the council;
- (2) make recommendations to the higher education services council as it finds appropriate;
- (3) appoint student members to the higher education services council advisory groups as provided in subdivision 4; and
- (4) provide any reasonable assistance to the council.

Sec. 5. Minnesota Statutes 1998, section 136A.121, subdivision 5, is amended to read:

Subd. 5. **GRANT STIPENDS.** The grant stipend shall be based on a sharing of responsibility for covering the recognized cost of attendance by the applicant, the applicant's family, and the government. The amount of a financial stipend must not exceed a

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grant applicant's recognized cost of attendance, as defined in subdivision 6, after deducting the following:

- (1) the assigned student responsibility of at least 47 ~~46~~ percent of the cost of attending the institution of the applicant's choosing;
- (2) the assigned family responsibility as defined in section 136A.101; and
- (3) the amount of a federal Pell grant award for which the grant applicant is eligible.

The minimum financial stipend is ~~\$300~~ \$100 per academic year.

**Sec. 6. [136A.1211] USE OF STATE GRANT SAVINGS.**

Savings in the state grant program resulting from an increase in the maximum federal Pell grant from the anticipated level of \$3,125 shall be used by the office to increase the living and miscellaneous expense allowance.

Sec. 7. Minnesota Statutes 1998, section 136A.125, subdivision 4, is amended to read:

Subd. 4. **AMOUNT AND LENGTH OF GRANTS.** The amount of a child care grant must be based on:

- (1) the income of the applicant and the applicant's spouse, if any;
- (2) the number in the applicant's family, as defined by the office; and
- (3) the number of eligible children in the applicant's family.

The maximum award to the applicant shall be \$2,000 for each eligible child per academic year, except that the campus financial aid officer may apply to the office for approval to increase grants by up to ten percent to compensate for higher market charges for infant care in a community. The office shall develop policies to determine community market costs and review institutional requests for compensatory grant increases to ensure need and equal treatment. The office shall prepare a chart to show the amount of a grant that will be awarded per child based on the factors in this subdivision. The chart shall include a range of income and family size.

Sec. 8. Minnesota Statutes 1998, section 136A.243, subdivision 7, is amended to read:

Subd. 7. **MARKETING.** The director shall make parents and other interested individuals aware of the availability and advantages of the program as a way to save for higher education costs. The cost of these promotional efforts ~~must be paid entirely from state general fund appropriations~~ and may not be funded with fees imposed on participants.

Sec. 9. Minnesota Statutes 1998, section 136A.244, subdivision 2, is amended to read:

Subd. 2. **PERMITTED INVESTMENTS.** The board may invest the accounts in any permitted investment under section 11A.24, except that the accounts may be invested without limit in investment options from open-ended investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 10. Minnesota Statutes 1998, section 136A.245, subdivision 6, is amended to read:

Subd. 6. **PRIVATE CONTRIBUTIONS.** (a) The office may solicit and accept contributions from private corporations, other businesses, foundations, employers, or individuals to provide:

(1) matching grants under this section in addition to those funded with direct appropriations; ~~or~~

(2) grants to students who withdraw money from accounts established under the program; or

(3) contributions to an account on behalf of a beneficiary.

(b) Amounts contributed may only be used for those purposes. Amounts contributed are appropriated to the director ~~to make grants~~ for the purposes of this subdivision.

(c) Contributors may designate a specific field of study, geographic area, or other criteria that govern use of the grants funded with their contributions, but may not discriminate on the basis of race, ethnicity, or gender. The office may refuse contributions that are subject, in the judgment of the director, to unacceptable conditions on their use.

Sec. 11. Minnesota Statutes 1998, section 136F.02, subdivision 2, is amended to read:

Subd. 2. **TERM; COMPENSATION; REMOVAL; VACANCIES.** The compensation, removal of members, and filling of vacancies on the board are as provided in section 15.0575. Members are appointed for a term of six years, except that the term of each of the student members is two years. Terms end on June 30, except that members may serve until their successors are appointed.

Sec. 12. Minnesota Statutes 1998, section 136F.04, subdivision 1, is amended to read:

Subdivision 1. **RESPONSIBILITY.** Notwithstanding section 136F.03, the ~~statewide community college student association, state university student association, and technical the state college student association~~ shall each have the responsibility for recruiting, screening, and recommending qualified candidates for its ~~their~~ student member members of the board.

Sec. 13. Minnesota Statutes 1998, section 136F.22, subdivision 1, is amended to read:

Subdivision 1. **STATEWIDE.** The board shall recognize one statewide student association for the ~~community colleges, one for the state universities,~~ and one for the community and technical colleges. Each campus student association shall be affiliated with its statewide student association and all students enrolled on those campuses shall be members of their respective statewide association.

Sec. 14. Minnesota Statutes 1998, section 136F.32, subdivision 2, is amended to read:

Subd. 2. **TECHNICAL AND CONSOLIDATED TECHNICAL COLLEGES.**  
(a) A technical college or consolidated technical community college shall offer students

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the option of pursuing diplomas and certificates in each technical education program, unless the board determines that this is not practicable for certain programs a degree is the only acceptable credential for career entry in a specific field. All vocational and technical credits earned for a diploma or certificate shall be applicable toward any available degree in the same program.

(b) Certificates and diplomas are credentials that demonstrate competence in a vocational or technical area and, therefore, may include a general education component only as part of an articulation agreement or to meet occupational requirements as established by the trade or profession, or by the program advisory committee. Students shall be provided with applied training in general studies as necessary for competence in the program area. Students who have earned a certificate or diploma may earn a degree in the same field if they complete the general education and other degree requirements.

Sec. 15. Minnesota Statutes 1998, section 136F.32, is amended by adding a subdivision to read:

Subd. 3. ASSESSMENT. To reduce barriers to enrollment and to train a skilled workforce, students may be assessed for skills necessary for competency in a technical or vocational field as part of their program. The results of standardized assessment tests shall not prohibit enrollment in a student's certificate or diploma program.

**Sec. 16. [137.17] ROCHESTER BRANCH.**

Subdivision 1. ESTABLISH. The board of regents may establish a school of professional and graduate studies as a nonresidential branch campus of the University of Minnesota, Rochester, to serve the needs of working adults and other nontraditional students in southeastern Minnesota. The campus shall be a joint partnership of the University of Minnesota with Rochester community and technical college, and Winona state university.

The board of trustees of the Minnesota state colleges and universities shall cooperate to achieve the foregoing.

Subd. 2. LEADERSHIP. The legislature intends that the Rochester branch strengthen the existing partnership of institutions in Rochester by providing better coordination and leadership in serving the needs of the region, while maintaining a cooperative basis among the institutions. The University of Minnesota is expected to take the leadership role in assessing community needs and facilitating the delivery of upper division and graduate academic programming and student services by existing higher education providers. It is the intent of the legislature that this branch not diminish the role or function of existing higher education institutions in Rochester or elsewhere in the region in which the state already has a significant investment.

Subd. 3. MISSIONS. The legislature recognizes that the distinctiveness of each of the partner institutions in Rochester must be maintained to achieve success in serving the higher education needs of the community and the economic goals of the state. Further, the legislature intends that the University of Minnesota and the other partner institutions avoid duplicative offerings of courses and programs. Therefore, the University of Minnesota, Winona state university, and Rochester community and technical college shall develop jointly a statement of missions, roles, and responsibilities for the programs and services at Rochester which shall be submitted to the legislature by January 30, 2000, and any time thereafter that the missions, roles, and responsibilities change.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 4. CHANGES. Major changes in the missions, programs, services or roles of the partner institutions shall be made in full consultation with the partner institutions and the systems.

Sec. 17. Minnesota Statutes 1998, section 471.59, subdivision 1, is amended to read:

Subdivision 1. **AGREEMENT.** Two or more governmental units, by agreement entered into through action of their governing bodies, may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised. The agreement may provide for the exercise of such powers by one or more of the participating governmental units on behalf of the other participating units. The term "governmental unit" as used in this section includes every city, county, town, school district, other political subdivision of this or another state, another state, the University of Minnesota, and any agency of the state of Minnesota or the United States, and includes any instrumentality of a governmental unit. For the purpose of this section, an instrumentality of a governmental unit means an instrumentality having independent policy making and appropriating authority.

Sec. 18. Minnesota Statutes 1998, section 583.22, subdivision 5, is amended to read:

Subd. 5. **DIRECTOR.** "Director" means the director of the ~~conflict and change center at the University of Minnesota's Humphrey Institute~~ Minnesota extension service or the director's designee.

Sec. 19. Laws 1986, chapter 398, article 1, section 18, as amended by Laws 1987, chapter 292, section 37; Laws 1989, chapter 350, article 16, section 8; Laws 1990, chapter 525, section 1; Laws 1991, chapter 208, section 2; Laws 1993, First Special Session chapter 2, article 6, section 2; Laws 1995, chapter 212, article 2, section 11; Laws 1997, chapter 183, article 3, section 29; Laws 1998, chapter 395, section 7; and Laws 1998, chapter 402, section 6, is amended to read:

Sec. 18. **REPEALER.**

Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), and sections 583.284, 583.285, 583.286, and 583.305, are repealed on July 1, ~~1999~~ 2001.

Sec. 20. **METRO PLAN AND SPACE UTILIZATION REPORT.**

By September 30, 1999, the board of trustees of the Minnesota state colleges and universities shall submit to the legislature the master academic plan for the metropolitan area as required under Laws 1996, chapter 395, section 3, paragraph (e), and a system-wide space utilization report.

Sec. 21. **LEARNING NETWORK II.**

The Minnesota education telecommunications council, in conjunction with the higher education advisory council, shall develop a plan for the governance, financing, and implementation of the learning network II. The councils shall report on the plan to the legislature by January 15, 2000.

Sec. 22. **CHILD CARE STUDY.**

The commissioners of human services and children, families, and learning shall review child care program requirements for Minnesota family investment program partici-

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pants, to determine how to better serve those participants who are approved for a work plan, but are attending school part time without child care eligibility. As soon as practicable, the commissioners shall implement adjustments to program requirements that they deem appropriate. The commissioners shall report on adjustments implemented, if any, and their recommendations for necessary statutory changes to the appropriate committees of the legislature by February 1, 2000.

**Sec. 23. SHORT-TERM HEALTH CARE CURRICULA.**

By July 1, 2000, the board of trustees of the Minnesota state colleges and universities, in consultation with relevant industries, shall develop a short-term, competency-based, standardized curricula in health care patient services and community support services for persons with long-term care needs. The standardized curricula must provide knowledge that is applicable to persons employed in a wide range of health care settings and human services settings, including home health care assistants, personal care assistants, and certified nursing assistants. By July 1, 2000, the board shall offer certificates and two-year associate degrees that articulate into four-year educational programs in health care services and in human services. The board shall report to the legislature by February 15, 2000, on its progress on implementing this section.

**Sec. 24. REPEALER.**

Minnesota Statutes 1998, sections 136A.1359; and 136A.136, are repealed June 30, 1999.

**Sec. 25. EFFECTIVE DATE.**

(a) Section 1 is effective July 1, 2000.

(b) The change in the student share of the cost of attendance under section 5 is effective July 1, 2000.

(c) Section 19 is effective the day following final enactment.

**ARTICLE 3**

**PRIVATE CAREER SCHOOLS**

**Section 1. [141.20] CITATION.**

Sections 141.20 to 141.35 may be cited as the Private Career School Act.

Sec. 2. Minnesota Statutes 1998, section 141.21, subdivision 3, is amended to read:

Subd. 3. **SOLICITOR.** "Solicitor" means a person who for a salary or for commission, acts as an agent, independent contractor, salesperson, or counselor in ~~procuring or attempting to procure~~ recruiting students or enrollees for a course of instruction by solicitation in program using any ~~form made~~ method, at any place except on the actual business premises of the school and ~~except for rendering~~, other than only providing public information ~~service~~ at the invitation or permission of a school or educational organization.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 3. Minnesota Statutes 1998, section 141.21, subdivision 5, is amended to read:

Subd. 5. **SCHOOL.** "School" means any person, within or without outside the state, that who maintains, advertises, solicits, or conducts any course of instruction program for profit or for a tuition charge at any level other than baccalaureate or graduate programs, and which is not specifically exempted by the provisions of sections 141.21 to ~~141.36~~ 141.35.

Sec. 4. Minnesota Statutes 1998, section 141.21, subdivision 6, is amended to read:

Subd. 6. **COURSE OF INSTRUCTION.** "Course of instruction" means any classroom, ~~correspondence, or extension course of~~ or distance instruction; any subunit of a program; or any combination thereof.

Sec. 5. Minnesota Statutes 1998, section 141.21, is amended by adding a subdivision to read:

Subd. 8. **PROGRAM.** "Program" means any course or grouping of courses that is advertised or listed in a school's catalog, brochures, electronic display, or other publications, or for which the school grants a formal recognition.

Sec. 6. Minnesota Statutes 1998, section 141.21, is amended by adding a subdivision to read:

Subd. 9. **DISTANCE EDUCATION SCHOOL.** "Distance education school" means a school that establishes, keeps, or maintains a facility or location where a program is offered through distance instruction.

Sec. 7. Minnesota Statutes 1998, section 141.21, is amended by adding a subdivision to read:

Subd. 10. **DISTANCE INSTRUCTION.** "Distance instruction" means any method of instruction outside the traditional in-classroom instruction, including, but not limited to, the use of the United States mail and other correspondence; Internet and other online computer-based education; or CD-ROM self-instruction.

Sec. 8. Minnesota Statutes 1998, section 141.21, is amended by adding a subdivision to read:

Subd. 11. **ELECTRONIC DISPLAY.** "Electronic display" means text, images, or sound rendered via any electronic device designed to present information, whether generated by the device or transmitted from another source.

Sec. 9. Minnesota Statutes 1998, section 141.25, subdivision 1, is amended to read:

Subdivision 1. **REQUIRED.** ~~No~~ A school shall ~~must not~~ maintain, advertise, solicit for, or conduct any course of instruction program in Minnesota without first obtaining a license from the office.

Sec. 10. Minnesota Statutes 1998, section 141.25, subdivision 2, is amended to read:

Subd. 2. **CONTRACT UNENFORCEABLE.** ~~Any~~ A contract entered into with any a person for a course of instruction after November 15, 1969, program by or on behalf of any a person operating any a school to which a license has not been issued pursuant to under sections 141.21 to ~~141.36~~ 141.35, shall be is unenforceable in any action brought thereon.

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Sec. 11. Minnesota Statutes 1998, section 141.25, subdivision 3, is amended to read:

Subd. 3. **APPLICATION.** Application for a license shall be on forms prepared and furnished by the office, and shall ~~contain~~ include the following and ~~such~~ other information as the office may require:

- (a) ~~(1)~~ (1) the title or name of the school, ~~together with~~ ownership and controlling officers, members, managing employees, and director;
- (b) ~~(2)~~ (2) the specific fields of instruction programs which will be offered and the specific purposes of ~~such~~ the instruction;
- (c) ~~(3)~~ (3) the place or places where ~~such~~ the instruction will be given;
- (d) ~~(4)~~ (4) a listing of the equipment available for instruction in each ~~course of instruction~~ program;
- (e) ~~(5)~~ (5) the maximum enrollment to be accommodated with equipment available in each specified ~~course of instruction~~ program;
- (f) ~~(6)~~ (6) the qualifications of instructors and supervisors in each specified ~~course of instruction~~ program;
- (g) ~~(7)~~ (7) a current balance sheet, income statement, and adequate supporting documentation, prepared and certified by an independent public accountant or CPA;
- (h) ~~(8)~~ (8) copies of all media advertising and promotional literature and brochures or electronic display currently used or reasonably expected to be used by ~~such~~ the school;
- (i) ~~(9)~~ (9) copies of all Minnesota enrollment agreement forms and contract forms and all enrollment agreement forms and contract forms used in Minnesota; and
- (10) gross income earned in the preceding year from student tuition, fees, and other required institutional charges, unless the school files with the office a surety bond equal to at least \$50,000 as described in subdivision 5.

Sec. 12. Minnesota Statutes 1998, section 141.25, subdivision 5, is amended to read:

Subd. 5. **BOND.** (a) No license shall be issued to any school which maintains, conducts, solicits for, or advertises within the state of Minnesota any ~~course of instruction program~~, unless the applicant files with the office a continuous corporate surety bond in the sum of \$10,000 written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant. ~~Such~~

(b) The amount of the surety bond shall be ten percent of the preceding year's gross income from student tuition, fees, and other required institutional charges, but in no event less than \$10,000 nor greater than \$50,000, except that a school may deposit a greater amount at its own discretion. A school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision, unless the school maintains a surety bond equal to at least \$50,000. A school that operates at two or more locations may combine gross income from student tuition, fees, and other required institutional charges for all locations for the purpose of determining the annual surety bond requirement. The gross tuition and fees used to determine the amount of the surety bond required for a school having a license for the sole

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purpose of recruiting students in Minnesota shall be only that paid to the school by the students recruited from Minnesota.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum of \$10,000 deposited by the school under paragraph (b). The surety of any such bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the state treasurer ~~the~~ a sum of \$10,000 equal to the amount of the required surety bond in cash, or securities such as may be legally purchased by savings banks or for trust funds in an aggregate market value of \$10,000 equal to the amount of the required surety bond.

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

Sec. 13. Minnesota Statutes 1998, section 141.25, subdivision 6, is amended to read:

Subd. 6. **RESIDENT AGENT.** Schools ~~domiciled~~ located outside the state of Minnesota ~~which that~~ offer, advertise, solicit for, or conduct any course of instruction program within the state of Minnesota shall first file with the secretary of state a sworn statement designating a resident agent authorized to receive service of process. ~~Such~~ The statement shall designate the secretary of state as resident agent for service of process in the absence of an a designated agent ~~otherwise so designated.~~ In the event If a school fails to file ~~such~~ the statement, the secretary of state is ~~hereby~~ designated as the resident agent authorized to receive service of process. ~~Such~~ The authorization shall be irrevocable as to causes of action arising out of transactions occurring prior to the filing of written notice of withdrawal from the state of Minnesota filed with the secretary of state.

Sec. 14. Minnesota Statutes 1998, section 141.25, subdivision 7, is amended to read:

Subd. 7. **MINIMUM STANDARDS.** ~~No~~ A license shall be issued ~~unless if~~ the office first determines:

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

(i) meet the school's financial obligations; ~~to~~

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

(iii) provide adequate service to its students and prospective students; ~~and for the proper use~~

(iv) maintain and support of the school ~~to be maintained;~~

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

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~~(c)~~ (3) that the applicant employs a sufficient number of qualified instructors trained by experience and education teaching personnel to give provide the training educational programs contemplated;

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

(5) that the premises and conditions under which the students work and study are sanitary, healthful, and safe, according to modern standards;

~~(e)~~ (6) that the quality and content of each occupational course or program of instruction or study shall be of such quality and content as to provide provides education and training which will adequately prepare adequate preparation to enrolled students for entry level positions in the occupation for which trained prepared;

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

~~(g)~~ (8) that the contract or enrollment agreement used by the school complies with the following provisions: in section 141.265;

(1) the name and address of the school must be clearly stated;

(2) inclusion of a clear and conspicuous disclosure that such agreement becomes a legally binding instrument upon written acceptance of the student by the school unless canceled pursuant to section 141.271;

(3) must contain the school's cancellation and refund policy which shall be clearly and conspicuously entitled, "Buyer's Right to Cancel";

(4) the total cost of the course including tuition and all other charges shall be clearly stated;

(5) the name and description of the course, including the number of hours or credits of classroom instruction and/or home study lessons shall be included;

~~(6) no contract or agreement shall~~ (9) that contracts and agreements do not contain a wage assignment provision and/or or a confession of judgment clause; and

(7) each contract or enrollment agreement shall contain a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address of the seller to which the notice should be sent or delivered; and

~~(h)~~ (10) that there has been no adjudication of fraud or misrepresentation in any criminal, civil, or administrative proceeding in any jurisdiction against the school or its owner, officers, agents, or sponsoring organization.

Sec. 15. Minnesota Statutes 1998, section 141.25, subdivision 8, is amended to read:

**Subd. 8. FEES AND TERMS OF LICENSE.** ~~(a) Applications~~ An application for an initial license under sections 141.21 to 141.36 141.35 shall be accompanied by a non-refundable application fee established by the office that is sufficient to recover, but not exceed, its administrative costs.

~~(b) All licenses shall expire one year from the date issued by the office, except as provided in section 141.251. Each renewal application shall be accompanied by a nonre-~~

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fundable renewal fee established by the office that is sufficient to recover, but does not exceed, its administrative costs.

(e) Application for renewal of license shall be made at least 30 days before the expiration of the school's current license. Each renewal form shall be supplied by the office. It shall not be necessary for an applicant to supply all information required in the initial application at the time of renewal unless requested by the office.

Sec. 16. Minnesota Statutes 1998, section 141.25, subdivision 9, is amended to read:

Subd. 9. **CATALOG OR BROCHURE, OR ELECTRONIC DISPLAY.** Before a license is issued to a school, other than one which offers exclusively a correspondence course of instruction, the school shall furnish to the office a catalog or brochure containing the following, or electronic display including:

- (1) identifying data, such as volume number and date of publication;
- (2) name and address of the school and its governing body and officials;
- (3) a calendar of the school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;
- (4) the school policy and regulations on enrollment including dates and specific entrance requirements for each course program;
- (5) the school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;
- (6) the school policy and regulations about standards of progress for the student including the grading system of the school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the school, and conditions of reentrance for those dismissed for unsatisfactory progress;
- (7) the school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;
- (8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;
- (9) the school policy and regulations, including an explanation of section 141.271, about refunding tuition, fees, and other charges if the student does not enter the course program, withdraws from the program, or the program is discontinued;
- (10) a description of the available facilities and equipment;
- (11) a course outline for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit; and
- (12) the school policy and regulations about granting credit for previous education and training preparation;
- (13) a procedure for investigating and resolving student complaints; and
- (14) the name and address of the Minnesota higher education services office.

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A school that is exclusively a distance education school is exempt from clauses (3) and (5).

Sec. 17. Minnesota Statutes 1998, section 141.25, subdivision 10, is amended to read:

Subd. 10. **PLACEMENT RECORDS.** (a) Before a license is issued to a school that offers, advertises or implies a placement service, the school shall file with the office for the past year and thereafter at reasonable intervals determined by the office, a certified copy of the school's placement record, containing a list of graduates, a description of their job jobs, ~~name names of their employer employers,~~ and other information as the office may prescribe.

(b) Each school that offers a placement service shall furnish to each prospective student, prior to enrollment, written information concerning the percentage of the previous year's graduates who were placed in the occupation for which ~~trained~~ prepared or in related employment.

Sec. 18. Minnesota Statutes 1998, section 141.25, subdivision 12, is amended to read:

Subd. 12. **PERMANENT RECORDS.** ~~Before a license is issued to a school, each A school licensed under this chapter and located in Minnesota shall maintain a permanent records record for all students enrolled at any time each student for 50 years from the last date of the student's attendance. Each A school licensed under this chapter and offering a correspondence course of instruction distance instruction to a student located in Minnesota shall maintain a permanent records record for each Minnesota students enrolled at any time student for 50 years from the last date of the student's attendance.~~ Records include school transcripts, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a school shall submit a plan that meets the following requirements:

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

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

(c) (3) an alternative method of complying with ~~paragraphs (a) and (b)~~ clauses (1) and (2) must be established if the school ceases to exist; and

(d) (4) a continuous surety bond must be filed with the office in an amount not to exceed \$20,000 if the school has no binding agreement for preserving student records or a trust must be arranged if the school ceases to exist.

Sec. 19. **[141.251] LICENSE RENEWAL.**

Subdivision 1. APPLICATION. Application for renewal of a license must be made at least 30 days before expiration of the current license on a form provided by the office. A renewal application shall be accompanied by a nonrefundable fee established by the office that is sufficient to recover, but does not exceed, its administrative costs.

Subd. 2. CONDITIONS. The office shall adopt rules establishing the conditions for renewal of a license. The conditions shall permit two levels of renewal based on the

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record of the school. A school that has demonstrated the quality of its program and operation through longevity and performance in the state may renew its license based on a relaxed standard of scrutiny. A school that has been in operation in Minnesota for a limited period of time or that has not performed adequately on performance indicators shall renew its license based on a strict standard of scrutiny. The office shall specify minimum longevity standards and performance indicators that must be met before a school may be permitted to operate under the relaxed standard of scrutiny. The performance indicators used in this determination shall include, but not be limited to: degree granting status, national accreditation, loan default rates, placement rate of graduates, student withdrawal rates, audit results, student complaints, and school status with the United States Department of Education. Schools that meet the requirements established in rule shall be required to submit a full relicensure report once every four years, and in the interim years will be exempt from the requirements of section 141.25, subdivision 3, clauses (4), (5), and (8), and Minnesota Rules, parts 4880.1700, subpart 6; and 4880.2100, subpart 4.

Sec. 20. Minnesota Statutes 1998, section 141.26, subdivision 2, is amended to read:

Subd. 2. **APPLICATION FOR PERMIT.** (a) The application for the permit shall state the full name, address, previous employment, and such other information concerning the solicitor applicant as the office may require.

(b) The application shall have attached to it a certified affidavit signed by a school official and the solicitor attesting to the fact that the applicant has been furnished a copy, has read and has knowledge of the provisions of this chapter and Minnesota Rules, ~~parts 3530.6500 to 3530.7800.~~

Sec. 21. **[141.265] INFORMATION TO STUDENTS.**

Subdivision 1. **CATALOG, BROCHURE, OR ELECTRONIC DISPLAY.** A school or its agent must provide the catalog, brochure, or electronic display required in section 141.25, subdivision 9, to a prospective student in a time or manner that gives the prospective student at least five days to read the catalog, brochure, or electronic display before signing a contract or enrollment agreement or before being accepted by a school that does not use a written contract or enrollment agreement.

Subd. 2. **CONTRACT INFORMATION.** A contract or enrollment agreement used by a school must include at least the following:

- (1) the name and address of the school, clearly stated;
- (2) a clear and conspicuous disclosure that the agreement is a legally binding instrument upon written acceptance of the student by the school unless canceled under section 141.271;
- (3) the school's cancellation and refund policy that shall be clearly and conspicuously entitled "Buyer's Right to Cancel";
- (4) a clear statement of total cost of the program including tuition and all other charges;
- (5) the name and description of the program, including the number of hours or credits of classroom instruction, or distance instruction, that shall be included; and
- (6) a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date

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of cancellation, and the name and address of the seller to which the notice should be sent or delivered.

Subd. 3. CONTRACT COPIES. Immediately upon signing of the enrollment agreement or the contract by a prospective student, the school or agent shall furnish to the prospective student an exact duplicate copy of the enrollment agreement or contract.

Sec. 22. Minnesota Statutes 1998, section 141.271, subdivision 1, is amended to read:

Subdivision 1. **NOTICE OF ACCEPTANCE OR REJECTION; RIGHT TO REFUND STUDENT.** For the purposes of this section, "student" means the party to the contract, whether the party is the student, the student's parent or guardian, or other person on behalf of the student.

Subd. 1a. NOTICE; RIGHT TO REFUND. Every school shall notify each student, in writing, of acceptance or rejection. In the event that the student is rejected by the school, all tuition, fees and other charges shall be refunded.

Sec. 23. Minnesota Statutes 1998, section 141.271, subdivision 2, is amended to read:

Subd. 2. **SCHOOLS USING WRITTEN CONTRACTS.** (a) Notwithstanding anything to the contrary, ~~every~~ a school which utilizes that uses a written contract or enrollment agreement shall refund all tuition, fees and other charges paid by a student, if the student gives written notice of cancellation within five business days after the day on which the contract was executed regardless of whether the course of instruction program has started.

(b) ~~With respect to those schools utilizing a written contract or enrollment agreement,~~ When a student has been accepted by the school and has entered into a contractual agreement with the school and gives written notice of cancellation following the fifth business day after the date of execution of contract, but before the start of the course of instruction program in the case of resident schools, or before the first lesson has been serviced by the school in the case of ~~correspondence (home study) distance education~~ schools, all tuition, fees and other charges, except 15 percent of the total cost of the course program but not to exceed \$50, shall be refunded to the student.

Sec. 24. Minnesota Statutes 1998, section 141.271, subdivision 3, is amended to read:

Subd. 3. **SCHOOLS NOT USING WRITTEN CONTRACTS.** (a) Notwithstanding anything to the contrary, ~~every~~ a school which that does not utilize use a written contract or enrollment agreement shall refund all tuition, fees and other charges paid by a student if the student gives written notice of cancellation within five business days after the day on which the student is accepted by the school regardless of whether the course of instruction program has started.

(b) ~~With respect to those schools not utilizing a written contract or enrollment agreement,~~ When a student has been accepted by the school and gives written notice of cancellation following the fifth business day after the day of acceptance by the school, but before the start of the course of instruction program, in the case of resident schools, or before the first lesson has been serviced by the school, in the case of ~~correspondence~~

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(home study) distance education schools, all tuition, fees and other charges, except 15 percent of the total cost of the course program but not to exceed \$50, shall be refunded to the student.

Sec. 25. Minnesota Statutes 1998, section 141.271, subdivision 4, is amended to read:

Subd. 4. **RESIDENT SCHOOLS.** ~~With respect to all schools offering a resident course of instruction, When a student has been accepted by the a school offering a resident program and gives written notice of cancellation after the start of the period of instruction for which the student has been charged, but before completion of 75 percent of the period of instruction for which the student has been charged, the amount charged for tuition, fees, and all other charges for the completed portion of the period of instruction for which the student has been charged shall not exceed the pro rata be prorated as a portion of the total charges for tuition, fees, and all other charges that the length of the completed portion of the period of instruction for which the student has been charged bears to its total length, plus. An additional 25 percent of the total cost of the period of instruction for which the student has been charged may be added, but shall not to exceed \$100. After completion of 75 percent of the period of instruction for which the student has been charged, no refunds are required.~~

Sec. 26. Minnesota Statutes 1998, section 141.271, subdivision 5, is amended to read:

Subd. 5. **CORRESPONDENCE HOME STUDY DISTANCE EDUCATION SCHOOLS.** ~~With respect to all schools offering a correspondence (home study) course of instruction, When a student has been accepted by the a distance education school and gives written notice of cancellation after the first lesson has been completed by the student and serviced by the school, but before completion of 75 percent of the course of instruction program, the amount charged for tuition, fees and all other charges for the completed lessons shall not exceed the pro rata be prorated as a portion of the total charges for tuition, fees and all other charges that the number of lessons completed by the student bears to the total number of lessons offered, plus. An additional 25 percent of the total cost of the course program may be added but shall not to exceed \$75. After completion of 75 percent of the course of instruction program, no refunds are required.~~

Sec. 27. Minnesota Statutes 1998, section 141.271, subdivision 6, is amended to read:

Subd. 6. **COMBINATION CORRESPONDENCE-RESIDENT DISTANCE EDUCATION-RESIDENT SCHOOLS.** ~~With respect to all schools offering a combination correspondence (home study)-resident course of instruction, When a student has been accepted by the a school that offers a combination distance education-resident program and gives written notice of cancellation after the start of the course of instruction program or after the first lesson has been completed by the student and serviced by the school, whichever phase comes first, the school shall refund all tuition, fees and other charges as provided for in subdivision 4 if cancellation occurs during the resident portion, and as provided for in subdivision 5 if cancellation occurs during the correspondence distance instruction portion; provided that, If the cancellation occurs before the student has commenced one of the phases, the price of that phase shall not be considered in making the proration and the student shall be entitled to a full refund of the price thereof charges.~~

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Conversely, if the student has completed a phase of the course program before cancellation, the price thereof charges may be retained by the school provided that the total tuition, fees and other charges for each phase have been stated separately in the school's catalog or electronic display and contract or enrollment agreement.

Sec. 28. Minnesota Statutes 1998, section 141.271, subdivision 12, is amended to read:

Subd. 12. **INSTRUMENT NOT TO BE NEGOTIATED.** ~~No~~ A school shall not negotiate any promissory instrument received as payment of tuition or other charge prior to completion of 50 percent of the course of instruction program. Prior to such that time, such instruments may be transferred by assignment to purchasers who shall be subject to all defenses available against the school named as payee.

Sec. 29. Minnesota Statutes 1998, section 141.28, subdivision 3, is amended to read:

Subd. 3. **FALSE STATEMENTS.** ~~No~~ A school, agent, or solicitor shall not make, or cause to be made, any statement or representation, oral, written or visual, in connection with the offering or publicizing of a course program, if such the school, agent, or solicitor knows or reasonably should have known the statement or representation to be false, fraudulent, deceptive, substantially inaccurate, or misleading.

Sec. 30. Minnesota Statutes 1998, section 141.28, subdivision 5, is amended to read:

Subd. 5. **IMPROBABLE COURSE PROGRAM COMPLETION OR EMPLOYMENT.** ~~No~~ A school, agent, or solicitor shall not enroll a prospective student when it is obvious that the prospective student is unlikely to successfully complete a course of instruction program or is unlikely to qualify for employment in the vocation or field for which the training preparation is designed unless this fact is affirmatively disclosed to the prospective student. If a prospective student expresses a desire to enroll after such disclosure, a disclaimer may be obtained by the school. ~~Such~~ The disclaimer shall be signed by the student and shall state substantially as follows one or both of the following: "I am fully aware that it is unlikely I will be able to successfully complete the course of instruction program" ~~and/or and~~ "I am fully aware of the improbability or impossibility that I will qualify for employment in the vocation or field for which the course program was designed."

Sec. 31. Minnesota Statutes 1998, section 141.29, subdivision 1, is amended to read:

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

(a) (1) violation of any provisions of sections 141.21 to ~~141.36~~ 141.35 or any rule ~~promulgated~~ adopted by the office;

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

(c) (3) presenting to prospective students information relating to the school which ~~is~~ false, fraudulent, deceptive, substantially inaccurate, or misleading;

(d) (4) refusal to allow reasonable inspection or supply reasonable information after written request ~~therefor~~ by the office;

New language is indicated by underline, deletions by ~~strikeout~~.

~~(e)~~ (5) the existence of any circumstance ~~which that~~ would be grounds for the refusal of an initial or renewal license under section 141.25.

Sec. 32. Minnesota Statutes 1998, section 141.31, is amended to read:

**141.31 INJUNCTION.**

Upon application of the attorney general the district courts shall have jurisdiction to enjoin any violation of sections 141.21 to ~~141.36~~ 141.35.

Sec. 33. Minnesota Statutes 1998, section 141.32, is amended to read:

**141.32 PENALTY.**

Violation of ~~any provisions~~ a provision of this chapter shall be a misdemeanor. Each day's failure to comply with this chapter shall be a separate violation. The office shall adopt rules establishing a list of civil penalties and the fine associated with each violation. Fines for violations shall not exceed \$500 per day per violation.

Sec. 34. Minnesota Statutes 1998, section 141.35, is amended to read:

**141.35 EXEMPTIONS.**

None of the provisions of Sections 141.21 to ~~141.36~~ 141.35 shall not apply to the following:

(a) (1) colleges authorized by the laws of Minnesota or of any other state or foreign country to grant degrees public post-secondary institutions;

(2) private post-secondary institutions registered under sections 136A.61 to 136A.71 that are nonprofit, or that are for profit and registered under sections 136A.61 to 136A.71 as of December 31, 1998, or are approved to offer exclusively baccalaureate or postbaccalaureate programs;

(b) (3) schools of nursing accredited by the state board of nursing or an equivalent public board of another state or foreign country;

~~(c) public schools as defined in section 120A.05, subdivisions 9, 11, 13, and 17;~~

~~(d) (4) private schools complying with the requirements of section 120A.22, subdivision 2 4;~~

~~(e) private and parochial nonprofit schools exempt from taxation under the constitution of Minnesota;~~

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

~~(g) (6) schools exclusively engaged in training physically or mentally handicapped persons for the state of Minnesota;~~

~~(h) (7) schools now or hereafter licensed by boards authorized under Minnesota law to issue such licenses;~~

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

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~~(j)~~ (9) schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office. ~~Private schools teaching a method or procedure to increase the speed with which a student reads are not within this exemption;~~

~~(k)~~ (10) driver training schools and instructors as defined in section 171.33, subdivisions 1 and 2;

(l) (11) classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

~~(m)~~ courses of instruction (12) programs in the fine arts provided by organizations exempt from taxation pursuant to under section 290.05 and registered with the attorney general pursuant to under chapter 309. For the purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the office may seek the advice and recommendation of the Minnesota board of the arts;

~~(n)~~ (13) classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, ~~which classes, courses, or programs that~~ have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession, and ~~which that~~ are offered primarily to a person who currently practices an individual practicing the profession;

(o) (14) classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;

~~(p)~~ (15) classes, courses, or programs of a seminar nature providing 16 or fewer clock hours of instruction that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment;

~~(q)~~ (16) classes, courses, or programs of a seminar nature providing instruction in personal development, modeling, or acting; and

~~(r)~~ (17) training or instructional programs, in which one instructor teaches an individual student, that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment; and

(18) schools with no physical presence in Minnesota engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions.

#### Sec. 35. **REPORT REQUIRED.**

(a) The higher education services office shall conduct a study of the licensure and regulation of private, for-profit education and training providers in Minnesota and make recommendations to the legislature regarding:

(1) the appropriate level of regulation of providers of accelerated custom-designed training courses or programs; and

(2) changes in statutes or rules necessary to reflect the increased availability of courses and programs offered through electronic means and the use of the Internet to communicate information regarding courses and programs.

New language is indicated by underline, deletions by ~~strikeout~~.

(b) The recommendations submitted shall:

(1) identify and define terminology associated with accelerated custom-designed training opportunities;

(2) delineate the minimum standards providers must meet;

(3) delineate the procedures providers must follow to validate that they have met the standards established; and

(4) specify the providers' contractual and financial obligations to individuals participating in the training provided by the providers.

(c) In developing its recommendations, the office shall consult with the Minnesota High Technology Association and providers that may be affected by changes in the statutes or rules. A report of the findings and recommendations shall be submitted to the chairs of the senate higher education budget division and the house higher education finance committee by January 15, 2000.

Sec. 36. **REPEALER.**

Minnesota Statutes 1998, sections 141.22; 141.25, subdivisions 9a, 9b, and 11; and 141.36, are repealed.

Presented to the governor May 21, 1999

Signed by the governor May 25, 1999, 3:41 p.m.

**CHAPTER 215—H.F.No. 346**

*An act relating to courts; requiring disclosure of contracting arrangements for freelance court reporting services; regulating certain services; proposing coding for new law in Minnesota Statutes, chapter 486.*

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

**Section 1. [486.10] FREELANCE COURT REPORTERS; DISCLOSURE OF FINANCIAL ARRANGEMENTS.**

Subdivision 1. DEFINITIONS. (a) The definitions in this subdivision apply to this section.

(b) "Court reporting firm" means a business that provides services of freelance court reporters.

(c) "Freelance court reporter" means an officer who captures and transcribes verbatim legal proceedings and who is authorized to administer oaths to witnesses. Freelance court reporter does not include a court reporter while working in a courtroom setting as an employee of the court.

(d) "Contract or agreement" means a contract or agreement, whether oral or written, for court reporting services between a freelance court reporter or court reporting firm and

New language is indicated by underline, deletions by ~~strikeout~~.