

**CHAPTER 89--S.F.No. 943**

*An act relating to higher education; providing funding and policy changes for the Office of Higher Education, the Minnesota State Colleges and Universities, the University of Minnesota, and other related programs; modifying state grant program calculation parameters; requiring reports; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2016, sections 43A.06, subdivision 1; 135A.031, subdivision 7; 135A.15, subdivision 1a; 136A.101, subdivision 5a; 136A.103; 136A.121, subdivision 6; 136A.125, subdivisions 2, 4; 136A.1275; 136A.1795, subdivision 4; 136A.62, by adding a subdivision; 136A.646; 136A.65, subdivisions 1a, 4, 7; 136A.653; 136A.657, by adding a subdivision; 136A.67; 136A.68; 136A.685; 136A.821, by adding subdivisions; 136A.822, subdivisions 4, 6, 12, 13; 136A.826, subdivision 2; 136A.827, subdivisions 2, 3; 136A.828, subdivision 3; 136A.83; 136A.833; 136A.834, by adding a subdivision; 136A.902, subdivision 1; 148.89, subdivision 5; Laws 2014, chapter 312, article 1, section 15; Laws 2015, chapter 69, article 3, section 20, subdivision 10; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 137; 148; 298.*

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

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

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2018**                      **2019**

**Sec. 2. MINNESOTA OFFICE OF HIGHER EDUCATION**

<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>260,036,000</u></b>	<b><u>\$</u></b>	<b><u>256,495,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

<b><u>Subd. 2. State Grants</u></b>		<b><u>198,206,000</u></b>		<b><u>198,356,000</u></b>
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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.

Subd. 3. <b><u>Child Care Grants</u></b>	<u>6,694,000</u>	<u>6,694,000</u>
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Subd. 4. <b><u>State Work-Study</u></b>	<u>14,502,000</u>	<u>14,502,000</u>
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Subd. 5. <b><u>Interstate Tuition Reciprocity</u></b>	<u>11,018,000</u>	<u>11,018,000</u>
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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. 6. <b><u>Safety Officer's Survivors</u></b>	<u>100,000</u>	<u>100,000</u>
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This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to eligible dependent children and to the spouses of public safety officers killed in the line of duty.

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Subd. 7. <b><u>Indian Scholarships</u></b>	<u>3,500,000</u>	<u>3,500,000</u>
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The commissioner must contract with or employ at least one person with demonstrated competence in American Indian culture and residing in or near the city of Bemidji to assist students with the scholarships under Minnesota Statutes, section 136A.126, and with other information about financial aid for which the students may be eligible. Bemidji State University must provide office space at no cost to the Office of Higher Education for purposes of administering the American Indian scholarship program under Minnesota Statutes, section 136A.126. This appropriation includes funding to administer the American Indian scholarship program.

Subd. 8. <b><u>Tribal College Grants</u></b>	<u>150,000</u>	<u>150,000</u>
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For tribal college assistance grants under Minnesota Statutes, section 136A.1796.

Subd. 9. <b><u>Intervention for College Attendance Program Grants</u></b>	<u>671,000</u>	<u>671,000</u>
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For the intervention for college attendance program under Minnesota Statutes, section 136A.861.

The commissioner may use no more than three percent of this appropriation to administer the intervention for college attendance program grants.

Subd. 10. <u><b>Student-Parent Information</b></u>	<u>122,000</u>	<u>122,000</u>
Subd. 11. <u><b>Get Ready!</b></u>	<u>180,000</u>	<u>180,000</u>
Subd. 12. <u><b>Minnesota Education Equity Partnership</b></u>	<u>45,000</u>	<u>45,000</u>
Subd. 13. <u><b>Midwest Higher Education Compact</b></u>	<u>115,000</u>	<u>115,000</u>
Subd. 14. <u><b>United Family Medicine Residency Program</b></u>	<u>501,000</u>	<u>501,000</u>

For a grant to United Family Medicine residency program. This appropriation shall be used to support up to 21 resident physicians each year in family practice at United Family Medicine residency programs and shall prepare doctors to practice family care medicine in underserved rural and urban areas of the state. It is intended that this program will improve health care in underserved communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a cost-effective manner.

Subd. 15. <u><b>MnLINK Gateway and Minitex</b></u>	<u>5,905,000</u>	<u>5,905,000</u>
Subd. 16. <u><b>Statewide Longitudinal Education Data System</b></u>	<u>882,000</u>	<u>882,000</u>
Subd. 17. <u><b>Hennepin County Medical Center</b></u>	<u>645,000</u>	<u>645,000</u>
<u>For transfer to Hennepin County Medical Center for graduate family medical education programs at Hennepin County Medical Center.</u>		
Subd. 18. <u><b>MNSCU Two-Year Public College Program</b></u>	<u>3,481,000</u>	<u>-0-</u>

(a) \$2,780,000 in fiscal year 2018 is for two-year public college program grants under Laws 2015, chapter 69, article 3, section 20.

(b) \$545,000 in fiscal year 2018 is to provide mentoring and outreach as specified under Laws 2015, chapter 69, article 3, section 20.

(c) \$156,000 in fiscal year 2018 is for information technology and administrative costs associated with implementation of the grant program.

**Subd. 19. College Possible**

250,000

250,000

(a) This appropriation is for immediate transfer to College Possible to support programs of college admission and college graduation for low-income students through an intensive curriculum of coaching and support at both the high school and postsecondary level.

(b) This appropriation must, to the extent possible, be proportionately allocated between students from greater Minnesota and students in the seven-county metropolitan area.

(c) This appropriation must be used by College Possible only for programs supporting students who are residents of Minnesota and attending colleges or universities within Minnesota.

(d) By February 1 of each year, College Possible must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over higher education and E-12 education on activities funded by this appropriation. The report must include, but is not limited to, information about the expansion of College Possible in Minnesota, the number of College Possible coaches hired, the expansion within existing partner high schools, the expansion of high school partnerships, the number of high school and college students served, the total hours of community service by high school and college students, and a list of communities and organizations benefiting from student service hours.

**Subd. 20. Spinal Cord Injury and Traumatic Brain Injury Research Grant Program**

3,000,000

3,000,000

For spinal cord injury and traumatic brain injury research grants authorized under Minnesota Statutes, section 136A.901.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

<u>Subd. 21. <b>Summer Academic Enrichment Program</b></u>	<u>125,000</u>	<u>125,000</u>
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For summer academic enrichment grants under Minnesota Statutes, section 136A.091.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

<u>Subd. 22. <b>Dual Training Competency Grants; Office of Higher Education</b></u>	<u>2,000,000</u>	<u>2,000,000</u>
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For training grants under Minnesota Statutes, section 136A.246.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

<u>Subd. 23. <b>Dual Training Competency Grants; Department of Labor and Industry</b></u>	<u>200,000</u>	<u>200,000</u>
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For transfer to the commissioner of labor and industry for identification of competency standards for dual training under Minnesota Statutes, section 175.45.

<u>Subd. 24. <b>Concurrent Enrollment Courses</b></u>	<u>340,000</u>	<u>340,000</u>
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(a) \$225,000 in fiscal year 2018 and \$225,000 in fiscal year 2019 are for grants to develop new concurrent enrollment courses under Minnesota Statutes, section 124D.09, subdivision 10, that satisfy the elective standard for career and technical education. Any balance in the first year does not cancel but is available in the second year.

(b) \$115,000 in fiscal year 2018 and \$115,000 in fiscal year 2019 are for grants to postsecondary institutions currently sponsoring a concurrent enrollment course to expand existing programs. The commissioner shall determine the application process and the grant amounts. The commissioner must give preference to expanding programs that are at capacity. Any balance in the first year does not cancel but is available in the second year.

(c) By December 1 of each year, the office shall submit a brief report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education regarding:

(1) the courses developed by grant recipients and the number of students who enrolled in the courses under paragraph (a); and

(2) the programs expanded and the number of students who enrolled in programs under paragraph (b).

<b><u>Subd. 25. Campus Sexual Assault Reporting</u></b>	<b><u>25,000</u></b>	<b><u>25,000</u></b>
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For the sexual assault reporting required under Minnesota Statutes, section 135A.15.

<b><u>Subd. 26. Campus Sexual Violence Prevention and Response Coordinator</u></b>	<b><u>150,000</u></b>	<b><u>150,000</u></b>
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For the Office of Higher Education to staff a campus sexual violence prevention and response coordinator to serve as a statewide resource providing professional development and guidance on best practices for postsecondary institutions. \$50,000 each year are for administrative funding to conduct trainings and provide materials to postsecondary institutions.

<b><u>Subd. 27. Addiction Medicine Graduate Fellowship Program</u></b>	<b><u>210,000</u></b>	<b><u>-0-</u></b>
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For the addiction medicine graduate fellowship program under Laws 2016, chapter 189, article 1, section 2, subdivision 4.

<b><u>Subd. 28. Student and Employer Connection Information System</u></b>	<b><u>405,000</u></b>	<b><u>405,000</u></b>
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For a grant to the Minnesota Chamber Foundation for the creation of a web-based job and intern-seeking software tool that blind matches the needs of employers located in Minnesota with the individual profiles of high school seniors and postsecondary students attending Minnesota high schools and postsecondary institutions. No more than three percent of this appropriation may be used for administrative expenses of the foundation. The foundation must report by January 15, 2019, on activities under this subdivision to the chairs

and ranking minority members of the legislative committees with jurisdiction over higher education finance.

**Subd. 29. Emergency Assistance for Postsecondary Students**

175,000

175,000

(a) This appropriation is for the Office of Higher Education to allocate grant funds on a matching basis to schools with a demonstrable homeless student population.

(b) This appropriation shall be used to meet immediate student needs that could result in a student not completing the term or their program including, but not limited to, emergency housing, food, and transportation. Emergency assistance does not impact the amount of state financial aid received.

(c) The commissioner shall determine the application process and the grant amounts. Any balance in the first year does not cancel but shall be available in the second year. The Office of Higher Education shall partner with interested postsecondary institutions, other state agencies, and student groups to establish the programs.

**Subd. 30. Grants to Teacher Candidates**

500,000

500,000

For grants to teacher candidates under Minnesota Statutes, section 136A.1275. This appropriation is in addition to the money available under Laws 2016, chapter 189, article 25, section 62, subdivision 11.

The commissioner may use no more than three percent of the appropriation for administration of the program.

**Subd. 31. Teacher Shortage Loan Forgiveness**

200,000

200,000

For the loan forgiveness program under Minnesota Statutes, section 136A.1791.

The commissioner may use no more than three percent of this appropriation to administer the program under this subdivision.

**Subd. 32. Large Animal Veterinarian Loan Forgiveness Program**

375,000

375,000

For the large animal veterinarian loan forgiveness program under Minnesota Statutes, section 136A.1795.

<u>Subd. 33. <b>Agricultural Educators Loan Forgiveness</b></u>	<u>50,000</u>	<u>50,000</u>
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For deposit in the agricultural education loan forgiveness account.

<u>Subd. 34. <b>Aviation Degree Loan Forgiveness Program</b></u>	<u>25,000</u>	<u>25,000</u>
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For the aviation degree loan forgiveness program under Minnesota Statutes, section 136A.1789.

<u>Subd. 35. <b>Grants for Students with Intellectual and Developmental Disabilities</b></u>	<u>200,000</u>	<u>200,000</u>
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For grants for students with intellectual and developmental disabilities under Minnesota Statutes, section 136A.1215.

<u>Subd. 36. <b>Loan Repayment Assistance Program</b></u>	<u>25,000</u>	<u>25,000</u>
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For a grant to the Loan Repayment Assistance Program of Minnesota to provide education debt relief to attorneys with full-time employment providing legal advice or representation to low-income clients or support services for this work.

<u>Subd. 37. <b>Minnesota Life College</b></u>	<u>1,000,000</u>	<u>1,000,000</u>
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For a grant to Minnesota Life College for need-based scholarships and tuition reduction.

<u>Subd. 38. <b>Agency Administration</b></u>	<u>4,064,000</u>	<u>4,064,000</u>
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Subd. 39. **Balances Forward**

A balance in the first year under this section does not cancel, but is available for the second year.

Subd. 40. **Transfers**

The commissioner of the Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, the state work-study appropriation,



the get ready appropriation, and the public safety officers' survivors appropriation. Transfers from the child care or state work-study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over higher education finance.

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

<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>731,019,000</u></b>	<b><u>\$</u></b>	<b><u>721,919,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

<b><u>Subd. 2. Central Office and Shared Services Unit</u></b>		<b><u>33,074,000</u></b>		<b><u>33,074,000</u></b>
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For the Office of the Chancellor and the Shared Services Division.

<b><u>Subd. 3. Operations and Maintenance</u></b>		<b><u>693,830,000</u></b>		<b><u>684,730,000</u></b>
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(a) The Board of Trustees must establish tuition rates as follows:

(1) for the 2017-2018 academic year, the tuition rate at colleges must not exceed the 2016-2017 academic year rate by more than one percent; and

(2) for the 2018-2019 academic year, the tuition rates for undergraduates at colleges and universities must not exceed the 2017-2018 academic year rates.

The student tuition relief may not be offset by increases in mandatory fees, charges, or other assessments to the student. Colleges and universities are permitted to increase differential tuition charges in fiscal years 2018 and 2019 where costs for course or program delivery have increased due to extraordinary circumstances beyond the control of the college or university. Rates and rationale must be approved by the Board of Trustees.

(b) \$3,000,000 in fiscal year 2018 and \$3,000,000 in fiscal year 2019 are to provide the supplemental aid under article 2, section 24.

(c) The Board of Trustees is requested to help Minnesota close the attainment gap by funding activities which improve retention and completion for students of color.

(d) This appropriation includes \$1,000,000 in fiscal year 2019 for workforce development scholarships under Minnesota Statutes, section 136F.38. The base for this appropriation in fiscal year 2020 is \$500,000.

(e) \$200,000 each year is for transfer to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. The Cook County Higher Education Board shall continue to provide information to the Board of Trustees on the number of students served, credit hours delivered, and services provided to students.

(f) \$50,000 in fiscal year 2018 and \$50,000 in fiscal year 2019 are for developing and teaching online agricultural courses by farm business management faculty at colleges that offer farm business management.

(g) \$175,000 in fiscal year 2018 and \$175,000 in fiscal year 2019 are for the veterans-to-agriculture pilot program established by Laws 2015, chapter 69, article 1, section 4, subdivision 3. The program shall continue to conform to the requirements of that subdivision. The appropriation shall be used to support, in equal amounts, up to six program sites statewide. No more than two percent of the total appropriation provided by this section may be used for administrative purposes at the system level.

No later than December 15, 2018, the program shall report to the committees of the house of representatives and the senate with jurisdiction over issues related to agriculture, veterans affairs, and higher education on program operations, including information on participation rates, new job placements, and any unmet needs.

(h) This appropriation includes \$40,000 in fiscal year 2018 and \$40,000 in fiscal year 2019 to implement the sexual assault policies required under Minnesota Statutes, section 135A.15.

(i) This appropriation includes \$4,000,000 in fiscal year 2018 and \$4,000,000 in fiscal year 2019 for upgrading the Integrated Statewide Record System.

(j) \$100,000 in fiscal year 2018 is for use by Winona State University for HealthForce Minnesota to develop educational materials that increase awareness of career opportunities available in the field of senior care. The educational materials developed under this provision must be appropriate for students in K-12 education settings, dislocated workers, and rural communities. Materials must be developed in collaboration with employers and trade organizations representing employers in the field of senior care.

Winona State University shall submit a report by February 1, 2019, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy. The report must include information about the materials developed, to whom materials were distributed, and identify any collaborations with employers and trade organizations.

<u>Subd. 4. <b>Learning Network of Minnesota</b></u>	<u>4,115,000</u>	<u>4,115,000</u>
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#### Sec. 4. **BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA**

<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$ 660,843,000</u>	<u>\$ 650,793,000</u>
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#### Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>658,686,000</u>	<u>648,636,000</u>
<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>

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

**Subd. 2. Operations and Maintenance**590,248,000580,198,000

(a) The Board of Regents is requested to set resident tuition rates for academic year 2018-2019 at levels not to exceed the rates for academic year 2017-2018.

(b) \$15,000,000 in fiscal year 2018 and \$15,000,000 in fiscal year 2019 are to: (1) increase the medical school's research capacity; (2) improve the medical school's ranking in National Institutes of Health funding; (3) ensure the medical school's national prominence by attracting and retaining world-class faculty, staff, and students; (4) invest in physician training programs in rural and underserved communities; and (5) translate the medical school's research discoveries into new treatments and cures to improve the health of Minnesotans.

(c) \$7,800,000 in fiscal year 2018 and \$7,800,000 in fiscal year 2019 are for health training restoration. This appropriation must be used to support all of the following: (1) faculty physicians who teach at eight residency program sites, including medical resident and student training programs in the Department of Family Medicine; (2) the Mobile Dental Clinic; and (3) expansion of geriatric education and family programs.

(d) \$4,000,000 in fiscal year 2018 and \$4,000,000 in fiscal year 2019 are for the Minnesota Discovery, Research, and InnoVation Economy funding program for cancer care research.

(e) \$50,000 in fiscal year 2018 is to develop and implement a plan to offer the academic program for students with intellectual and developmental disabilities required in article 2, section 18. The Board of Regents must submit a report on the plan to the chairs and ranking minority members of the committees of the legislature with jurisdiction over higher education finance and policy no later than January 15, 2018. The report must describe program plans, including strategies for recruitment of applicants, and strategies to address anticipated program needs that cannot be filled using existing campus or system resources. This is a onetime appropriation.

(f) \$500,000 in fiscal year 2018 and \$500,000 in fiscal year 2019 are for the University of Minnesota, Morris branch, to cover the costs of tuition waivers under Minnesota Statutes, section 137.16.

**Subd. 3. Primary Care Education Initiatives**

2,157,000

2,157,000

This appropriation is from the health care access fund.

**Subd. 4. Special Appropriations**

**(a) Agriculture and Extension Service**

42,922,000

42,922,000

For the Agricultural Experiment Station and the Minnesota Extension Service:

(1) the agricultural experiment stations and Minnesota Extension Service must convene agricultural advisory groups to focus research, education, and extension activities on producer needs and implement an outreach strategy that more effectively and rapidly transfers research results and best practices to producers throughout the state;

(2) this appropriation includes funding for research and outreach on the production of renewable energy from Minnesota biomass resources, including agronomic crops, plant and animal wastes, and native plants or trees. The following areas should be prioritized and carried out in consultation with Minnesota producers, renewable energy, and bioenergy organizations:

(i) biofuel and other energy production from perennial crops, small grains, row crops, and forestry products in conjunction with the Natural Resources Research Institute (NRRI);

(ii) alternative bioenergy crops and cropping systems; and

(iii) biofuel coproducts used for livestock feed;

(3) this appropriation includes funding for the College of Food, Agricultural, and Natural Resources Sciences to establish and provide leadership for organic agronomic, horticultural, livestock, and food systems research, education, and outreach and for the purchase of

state-of-the-art laboratory, planting, tilling, harvesting, and processing equipment necessary for this project;

(4) this appropriation includes funding for research efforts that demonstrate a renewed emphasis on the needs of the state's agriculture community. The following areas should be prioritized and carried out in consultation with Minnesota farm organizations:

(i) vegetable crop research with priority for extending the Minnesota vegetable growing season;

(ii) fertilizer and soil fertility research and development;

(iii) soil, groundwater, and surface water conservation practices and contaminant reduction research;

(iv) discovering and developing plant varieties that use nutrients more efficiently;

(v) breeding and development of turf seed and other biomass resources in all three Minnesota biomes;

(vi) development of new disease-resistant and pest-resistant varieties of turf and agronomic crops;

(vii) utilizing plant and livestock cells to treat and cure human diseases;

(viii) the development of dairy coproducts;

(ix) a rapid agricultural response fund for current or emerging animal, plant, and insect problems affecting production or food safety;

(x) crop pest and animal disease research;

(xi) developing animal agriculture that is capable of sustainably feeding the world;

(xii) consumer food safety education and outreach;

(xiii) programs to meet the research and outreach needs of organic livestock and crop farmers; and

(xiv) alternative bioenergy crops and cropping systems; and growing, harvesting, and transporting biomass plant material; and

(5) by February 1, 2019, the Board of Regents must submit a report to the legislative committees and divisions with jurisdiction over agriculture and higher education finance on the status and outcomes of research and initiatives funded in this paragraph.

**(b) Health Sciences**

9,204,000

9,204,000

\$346,000 each year is to support up to 12 resident physicians in the St. Cloud Hospital family practice residency program. The program must prepare doctors to practice primary care medicine in rural areas of the state. The legislature intends this program to 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. The remainder of this appropriation is for the rural physicians associates program; the Veterinary Diagnostic Laboratory; health sciences research; dental care; the Biomedical Engineering Center; and the collaborative partnership between the University of Minnesota and Mayo Clinic for regenerative medicine, research, clinical translation, and commercialization.

**(c) Institute of Technology**

1,140,000

1,140,000

For the geological survey and the talented youth mathematics program.

**(d) System Special**

7,181,000

7,181,000

For general research, the Labor Education Service, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.

\$2,000,000 in fiscal year 2018 and \$2,000,000 in fiscal year 2019 are for the Natural Resources Research Institute to invest in applied research for economic development.

**(e) University of Minnesota and Mayo Foundation Partnership**

7,991,000

7,991,000

This appropriation is for the following activities:

(1) \$7,491,000 in fiscal year 2018 and \$7,491,000 in fiscal year 2019 are for the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. An annual report on the expenditure of these funds must be submitted to the governor and the chairs of the legislative committees responsible for higher education finance by June 30 of each fiscal year.

(2) \$500,000 in fiscal year 2018 and \$500,000 in fiscal year 2019 are to award competitive grants to conduct research into the prevention, treatment, causes, and cures of Alzheimer's disease and other dementias.

#### Subd. 5. Academic Health Center

The appropriation for Academic Health Center funding under Minnesota Statutes, section 297F.10, is estimated to be \$22,250,000 each year.

### Sec. 5. MAYO CLINIC

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>1,351,000</u>	<u>\$</u>	<u>1,351,000</u>
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The amounts that may be spent are specified in the following subdivisions.

<u>Subd. 2. Medical School</u>	<u>665,000</u>	<u>665,000</u>
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The state must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between each year of the biennium to accommodate enrollment fluctuations. It is intended that during the biennium the Mayo Clinic use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

<u>Subd. 3. Family Practice and Graduate Residency Program</u>	<u>686,000</u>	<u>686,000</u>
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The state must pay stipend support for up to 27 residents each year.



## ARTICLE 2

### HIGHER EDUCATION POLICY

Section 1. Minnesota Statutes 2016, section 43A.06, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) The commissioner shall perform the duties assigned to the commissioner by sections 3.855, 179A.01 to 179A.25 and this section.

(b) The commissioner shall be the state labor negotiator for purposes of negotiating and administering agreements with exclusive representatives of employees and shall perform any other duties delegated by the commissioner subject to the limitations in paragraph (c).

(c) The Board of Trustees of the Minnesota State Colleges and Universities may exercise the powers under this section for employees included in the units provided in clauses (9), (10), and (11) of section 179A.10, subdivision 2, except with respect to sections 43A.22 to 43A.31, which shall continue to be the responsibility of the commissioner. The commissioner shall have the right to review and comment to the Minnesota State Colleges and Universities on the board's final proposals prior to exchange of final positions with the designated bargaining units as well as any requests for interest arbitration. The legislature encourages the Board of Trustees, in coordination with the commissioner of management and budget and the Board of Regents of the University of Minnesota, to endeavor in collective bargaining negotiations to seek fiscal balance recognizing the ability of the employer to fund the agreements or awards. When submitting a proposed collective bargaining agreement to the Legislative Coordinating Commission and the legislature under section 3.855, subdivision 2, the Board of Trustees must use procedures and assumptions consistent with those used by the commissioner in calculating the costs of the proposed contract. The Legislative Coordinating Commission must, when considering a collective bargaining agreement or arbitration award submitted by the Board of Trustees, evaluate market conditions affecting the employees in the bargaining unit, equity with other bargaining units in the executive branch, and the ability of the trustees and the state to fund the agreement or award.

Sec. 2. Minnesota Statutes 2016, section 135A.031, subdivision 7, is amended to read:

Subd. 7. **Reports.** (a) The University of Minnesota and the Minnesota State Colleges and Universities systems shall include in their biennial budget proposals to the legislature:

(1) a five-year history of systemwide expenditures, reported by:

(i) functional areas, including instruction, research, public service, student financial aid, and auxiliary services, and including direct costs and indirect costs, such as institutional support, academic support, student services, and facilities management, associated with each functional area; and

(ii) objects of expenditure, such as salaries, benefits, supplies, and equipment, including a full explanation of all material changes to the expenditure categories when compared to the prior fiscal year;

(2) a five-year history of the system's total instructional expenditures per full-year equivalent student, by level of instruction, including upper-division undergraduate, lower-division undergraduate, graduate, professional, and other categories of instructional programs offered by the system;

(3) a five-year history of the system's total revenues by funding source, including tuition, state operations and maintenance appropriations, state special appropriations, other restricted state funds, federal appropriations, sponsored research funds, gifts, auxiliary revenue, indirect cost recovery, and any other revenue sources;

(4) an explanation describing how state appropriations made to the system in the previous biennium were allocated and the methodology used to determine the allocation;

(5) data describing how the institution reallocated resources to advance the priorities set forth in the budget submitted under section 135A.034 and the statewide objectives under section 135A.011. The information must indicate whether instruction and support programs received a reduction in or additional resources. The total amount reallocated must be clearly explained;

(6) the tuition rates and fees established by the governing board in each of the past ten years and comparison data for peer institutions and national averages;

(7) data on the number and proportion of students graduating within four, five, and six years from universities and within three years from colleges as reported in the integrated postsecondary education data system. These data must be provided for each institution by race, ethnicity, and gender. Data and information must be submitted that describe the system's plan and progress toward attaining the goals set forth in the plan to increase the number and proportion of students that graduate within four, five, or six years from a university or within three years from a college;

(8) data on, and the methodology used to measure, the number of students traditionally underrepresented in higher education enrolled at the system's institutions. Data and information must be submitted that describe the system's plan and progress toward attaining the goals set forth in the plan to increase the recruitment, retention, and timely graduation of students traditionally underrepresented in higher education; ~~and~~

(9) data on the revenue received from all sources to support research or workforce development activities or the system's efforts to license, sell, or otherwise market products, ideas, technology, and related inventions created in whole or in part by the system. Data and information must be submitted that describe the system's plan and progress toward attaining the goals set forth in the plan to increase the revenue received to support research or workforce development activities or revenue received from the licensing, sale, or other marketing and technology transfer activities by the system;

(10) data on consulting contracts from the last two completed fiscal years for which the work is performed by a consultant who is not an employee of the system, for which the system paid in excess of \$500,000. Data must include the name of the consultant, the total value of the contract, a description of the work completed, and a description of the reasons for using an outside consultant and not internal staff. Consulting contracts are defined as contracts from management, investment and financial advisory services, project management, computer/technology advisory services, and construction project management; and

(11) aggregate data on the following:

(i) student demographics;

(ii) a five-year history of student enrollment, including student enrollment by legislative district;

(iii) a five-year history of student debt;

(iv) a five-year history of mandatory student fees by campus;

(v) employee head count and employee demographics;

(vi) facilities, including physical space overview, condition, square footage, distribution by region, any deferred maintenance, and capital bonding requested and received;

(vii) administrative costs, including the definition of "administrators" used by the system, the total number of "administrators" as percent of total employee head count, and system office budget for Minnesota State Colleges and Universities as percent of total system general fund revenue; and

(viii) college and university operating budgets.

(b) Data required by this subdivision shall be submitted by the public postsecondary systems to the Minnesota Office of Higher Education and the Department of Management and Budget and included in the biennial budget document. Representatives from each system, in consultation with the commissioner of management and budget and the commissioner of the Office of Higher Education, shall develop consistent reporting practices for this purpose.

(c) To the extent practicable, each system shall develop the ability to respond to legislative requests for financial analyses that are more detailed than those required by this subdivision, including but not limited to analyses that show expenditures or revenues by institution or program, or in multiple categories of expenditures or revenues, and analyses that show revenue sources for particular types of expenditures.

### **Sec. 3. [135A.0434] MANDATORY STUDENT ACTIVITY FEES REFERENDUM.**

Subdivision 1. **Referendum.** The governing body of a public postsecondary institution must not increase mandatory student activity fees by greater than two percent relative to the previous academic year unless the increase is approved by a majority of students voting in a campus referendum. This section does not apply to fees paid by students that are directly related to academic, administrative, health services, or debt obligations, including bonds issued under sections 136F.90 to 136F.98. The Board of Regents of the University of Minnesota is requested to adopt a policy implementing this section.

Subd. 2. **Penalty.** If the Board of Regents of the University of Minnesota increases mandatory student activity fees by more than two percent without approval by a vote of the student body as described in subdivision 1, the commissioner of management and budget shall deduct from the university's appropriation base an amount equal to one percent of the university's appropriation base in the first year of the next biennium.

**EFFECTIVE DATE.** This section is effective beginning September 1, 2017, and applies to actions taken by a governing body of a public postsecondary institution.

### **Sec. 4. [135A.158] INFORMATION PROVIDED TO STUDENT PARENTS AND PREGNANT STUDENTS.**

A public or regionally accredited private postsecondary educational institution must provide information according to this section to students who are parents of one or more children age 12 or younger, and to students who notify the institution that they are pregnant. The information must include a fact sheet on the legal rights of student parents and pregnant students and a list of resources

to support student parents and pregnant students. The list of resources may include resources for prenatal care, child care, transportation, and housing. This information must be available in languages that reflect the primary languages of the institution's student body. The Board of Regents of the University of Minnesota is requested to comply with this section.

Sec. 5. **[136A.055] DEVELOPMENTAL EDUCATION REPORTING.**

(a) The commissioner must report on the department's Web site the following summary data on students who graduated from a Minnesota high school and are attending a public postsecondary institution in Minnesota, limited to the most recent academic school year:

(1) the number of students placed in supplemental or developmental education;

(2) the number of students who complete supplemental or developmental education within one academic year;

(3) the number of students that complete gateway courses in one academic year; and

(4) time to complete a degree or certificate at a postsecondary institution.

(b) Summary data must be aggregated by school district, high school, and postsecondary institution. Summary data must be disaggregated by race, ethnicity, free or reduced-price lunch eligibility, and age.

(c) The commissioner must post the initial data on the department's Web site on or before February 15, 2018, and must update the data at least annually thereafter.

Sec. 6. Minnesota Statutes 2016, section 136A.101, subdivision 5a, is amended to read:

Subd. 5a. **Assigned family responsibility.** "Assigned family responsibility" means the amount of a family's contribution to a student's cost of attendance, as determined by a federal need analysis. For dependent students, the assigned family responsibility is ~~94~~ 84 percent of the parental contribution. For independent students with dependents other than a spouse, the assigned family responsibility is ~~86~~ 76 percent of the student contribution. For independent students without dependents other than a spouse, the assigned family responsibility is ~~50~~ 40 percent of the student contribution.

Sec. 7. Minnesota Statutes 2016, section 136A.121, subdivision 6, is amended to read:

Subd. 6. **Cost of attendance.** (a) The recognized cost of attendance consists of: (1) an allowance specified in law for living and miscellaneous expenses, and (2) an allowance for tuition and fees equal to the lesser of the average tuition and fees charged by the institution, or a tuition and fee maximum if one is established in law. If no living and miscellaneous expense allowance is established in law, the allowance is equal to 101 percent of the federal poverty guidelines for a one person household in Minnesota for nine months. If no tuition and fee maximum is established in law, the allowance for tuition and fees is equal to the lesser of: (1) the average tuition and fees charged by the institution, and (2) for two-year programs, an amount equal to the highest tuition and fees charged at a public two-year institution, or for four-year programs, an amount equal to the highest tuition and fees charged at a public university.

(b) For a student registering for less than full time, the office shall prorate the cost of attendance to the actual number of credits for which the student is enrolled.

(c) The recognized cost of attendance for a student who is confined to a Minnesota correctional institution shall consist of the tuition and fee component in paragraph (a), with no allowance for living and miscellaneous expenses.

(d) For the purpose of this subdivision, "fees" include only those fees that are mandatory and charged to full-time resident students attending the institution. Fees do not include charges for tools, equipment, computers, or other similar materials where the student retains ownership. Fees include charges for these materials if the institution retains ownership. Fees do not include optional or punitive fees.

**Sec. 8. [136A.1215] GRANTS FOR STUDENTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES.**

Subdivision 1. **Establishment.** A program is established to provide financial assistance to students with intellectual and developmental disabilities that attend a Minnesota postsecondary institution.

Subd. 2. **Eligible students.** A postsecondary student is eligible for a grant under this section if the student:

(1) meets the eligibility requirements in section 136A.121, subdivision 2;

(2) is a student with an intellectual disability, as defined in Code of Federal Regulations, title 34, section 668.231, and is enrolled in a comprehensive transition and postsecondary program under that section; and

(3) attends an eligible institution, as defined in section 136A.101, subdivision 4.

Subd. 3. **Application.** To receive a grant under this section, a student must apply in the form and manner specified by the commissioner.

Subd. 4. **Grant amounts.** (a) The amount of a grant under this section equals the tuition and fees at the student's postsecondary institution, minus:

(1) any Pell or state grants the student receives; and

(2) any institutional aid the student receives.

(b) If appropriations are insufficient to provide the full amount calculated under paragraph (a) to all eligible applicants, the commissioner must reduce the grants of all recipients proportionally.

Subd. 5. **Reporting.** By February 15 of each year, the commissioner of higher education must submit a report on the details of the program under this section to the legislative committees with jurisdiction over higher education finance and policy. The report must include the following information, broken out by postsecondary institution:

(1) the number of students receiving an award;

(2) the average and total award amounts; and

(3) summary demographic data on award recipients.

Sec. 9. Minnesota Statutes 2016, section 136A.125, subdivision 2, is amended to read:

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

(1) is a resident of the state of Minnesota or the applicant's spouse is a resident of the state of Minnesota;

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

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

(4) either has not earned a baccalaureate degree and has been enrolled full time less than ~~eight~~ ten semesters or the equivalent, or has earned a baccalaureate degree and has been enrolled full time less than ~~eight~~ ten semesters or the equivalent in a graduate or professional degree program;

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

(6) is enrolled in at least six credits in an undergraduate program or one credit in a graduate or professional program in an eligible institution; and

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

(b) A student who withdraws from enrollment for active military service after December 31, 2002, because the student was ordered to active military service as defined in section 190.05, subdivision 5b or 5c, or for a major illness, while under the care of a medical professional, that substantially limits the student's ability to complete the term is entitled to an additional semester or the equivalent of grant eligibility and will be considered to be in continuing enrollment status upon return.

Sec. 10. Minnesota Statutes 2016, section 136A.125, subdivision 4, is amended to read:

Subd. 4. **Amount and length of grants.** (a) The amount of a child care grant must be based on:

(1) the income of the applicant and the applicant's spouse;

(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.

(b) The maximum award to the applicant shall be ~~\$2,800~~ \$3,000 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.

(c) Applicants with family incomes at or below a percentage of the federal poverty level, as determined by the commissioner, will qualify for the maximum award. The commissioner shall

attempt to set the percentage at a level estimated to fully expend the available appropriation for child care grants. Applicants with family incomes exceeding that threshold will receive the maximum award minus ten percent of their income exceeding that threshold. If the result is less than zero, the grant is zero.

(d) The academic year award amount must be disbursed by academic term using the following formula:

- (1) the academic year amount described in paragraph (b);
- (2) divided by the number of terms in the academic year;
- (3) divided by 15 for undergraduate students and six for graduate and professional students; and
- (4) multiplied by the number of credits for which the student is enrolled that academic term, up to 15 credits for undergraduate students and six for graduate and professional students.

(e) Payments shall be made each academic term to the student or to the child care provider, as determined by the institution. Institutions may make payments more than once within the academic term.

Sec. 11. Minnesota Statutes 2016, section 136A.1275, is amended to read:

**136A.1275 GRANTS TO STUDENT TEACHERS IN SHORTAGE AREAS TEACHER CANDIDATE GRANTS.**

Subdivision 1. **Establishment.** (a) The commissioner of the Office of Higher Education must establish a grant program for student teaching stipends for low-income students enrolled in a Board of Teaching-approved teacher preparation program who ~~are interested in teaching in a high needs subject area or region~~ intend to teach in a shortage area after graduating and receiving their teaching license ~~or belong to an underrepresented racial or ethnic group. For purposes of this section, "high needs subject area or region" means a shortage of teachers teaching in particular subject areas or a shortage of teachers teaching in particular regions of the state identified in the commissioner of education's biennial survey of districts under section 127A.05, subdivision 6, or in another Department of Education survey on teacher shortages.~~

(b) "Shortage area" means a license field or economic development region within Minnesota defined as a shortage area by the Department of Education using data collected for the teacher supply and demand report under section 127A.05, subdivision 6, or other surveys conducted by the Department of Education that provide indicators for teacher supply and demand.

Subd. 2. **Eligibility.** To be eligible for a grant under this section, a teacher candidate must:

- (1) be enrolled in a Board of Teaching-approved teacher preparation program that requires at least 12 weeks of student teaching ~~and results in the teacher candidate receiving in order to be recommended for a full professional teaching license enabling the licensee to teach in a high needs subject area or region; and~~
- (2) demonstrate financial need based on criteria established by the commissioner under subdivision 3;

(3) intend to teach in a shortage area or belong to an underrepresented racial or ethnic group; and

(4) be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10.

Subd. 3. **Administration; repayment.** (a) The commissioner must establish an application process and other guidelines for implementing this program, including repayment responsibilities for stipend recipients who do not complete student teaching or who leave Minnesota to teach in another state during the first year after student teaching.

(b) The commissioner must determine each academic year the stipend amount up to \$7,500 based on the amount of available funding and the number of eligible applicants, and the financial need of the applicants.

(c) The percentage of the total award reserved for teacher candidates who identify as belonging to an underrepresented racial or ethnic group must be equal to or greater than the total percentage of students of underrepresented racial or ethnic groups as measured under section 120B.35, subdivision 3. If this percentage cannot be met because of a lack of qualifying candidates, the remaining amount may be awarded to teacher candidates who intend to teach in a shortage area.

## Sec. 12. [136A.1789] AVIATION DEGREE LOAN FORGIVENESS PROGRAM.

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Qualified aircraft technician" means an individual who (1) has earned an associate's or bachelor's degree from a postsecondary institution located in Minnesota, and (2) has obtained an aviation mechanic's certificate from the Federal Aviation Administration.

(c) "Qualified education loan" means a government, commercial, or foundation loan used by an individual for actual costs paid for tuition to a postsecondary institution located in Minnesota for a professional flight training degree.

(d) "Qualified pilot" means an individual who (1) has earned an associate's or bachelor's degree in professional flight training from a postsecondary institution located in Minnesota, and (2) is in the process of obtaining or has obtained an airline transport pilot certificate.

Subd. 2. **Creation of account.** (a) An aviation degree loan forgiveness program account is established to provide qualified pilots and qualified aircraft technicians with financial assistance in repaying qualified education loans. The commissioner must use money from the account to establish and administer the aviation degree loan forgiveness program.

(b) Appropriations made to the aviation degree loan forgiveness program account do not cancel and are available until expended.

Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan forgiveness program under this section, an individual must:

(1) be a qualified pilot or qualified aircraft technician;

(2) have qualified education loans;



(3) reside in Minnesota; and

(4) submit an application to the commissioner in the form and manner prescribed by the commissioner.

(b) An applicant selected to participate must sign a contract to agree to serve a minimum one-year full-time service obligation according to subdivision 4. To complete the service obligation, the applicant must work full time in Minnesota as a qualified pilot or qualified aircraft technician. A participant must complete one year of service under this paragraph for each year the participant receives an award under this section.

Subd. 4. **Service obligation.** (a) Before receiving loan repayment disbursements and as requested, a participant must verify to the commissioner that the participant is employed in a position that fulfills the service obligation as required under subdivision 3, paragraph (b).

(b) If a participant does not fulfill the required service obligation, the commissioner must collect from the participant the total amount paid to the participant under the loan forgiveness program plus interest at a rate established according to section 270C.40. The commissioner must deposit the money collected in the aviation degree loan forgiveness account. The commissioner must allow waivers of all or part of the money owed the commissioner as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the minimum service commitment.

Subd. 5. **Loan forgiveness.** (a) The commissioner may select eligible applicants each year for participation in the aviation degree loan forgiveness program, within the limits of available funding. Applicants are responsible for securing their own qualified education loans.

(b) For each year that the participant meets the eligibility requirements under subdivision 3, the commissioner must make annual disbursements directly to:

(1) a selected qualified pilot of \$5,000 or the balance of the participant's qualified education loans, whichever is less; and

(2) a selected qualified aircraft technician of \$3,000 or the balance of the participant's qualified education loans, whichever is less.

(c) An individual may receive disbursements under this section for a maximum of five years.

(d) The participant must provide the commissioner with verification that the full amount of the loan repayment disbursement received by the participant has been applied toward the designated qualified education loan. After each disbursement, verification must be received by the commissioner and approved before the next repayment disbursement is made.

(e) If the participant receives a disbursement in the participant's fifth year of eligibility, the participant must provide the commissioner with verification that the full amount of the participant's final loan repayment disbursement was applied toward the designated qualified education loan. If a participant does not provide the verification as required under this paragraph within six months of receipt of the final disbursement, the commissioner must collect from the participant the amount of the final disbursement. The commissioner must deposit the money collected in the aviation degree loan forgiveness program account.

Subd. 6. **Rules.** The commissioner may adopt rules to implement this section.

Sec. 13. [136A.1794] AGRICULTURAL EDUCATION LOAN FORGIVENESS PROGRAM.

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "Qualified education loan" means a government, commercial, or foundation loan for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a qualified teacher.

(c) "Qualified teacher" means a teacher licensed under chapter 122A who:

(1) is employed in a nonadministrative position teaching agricultural education in any grade from grades 5 through 12 at a Minnesota school during the current year; and

(2) has completed an undergraduate or graduate program in agricultural education at a college or university approved by the state of Minnesota to prepare persons for teacher licensure.

(d) "School" means the following:

(1) a school or program operated by a school district or a group of school districts;

(2) a tribal contract school eligible to receive aid according to section 124D.83;

(3) a charter school; or

(4) a private school.

Subd. 2. **Account; appropriation.** An agricultural education loan forgiveness account is established in the special revenue fund to provide qualified teachers with financial assistance to repay qualified education loans. Money in the account, including interest, is appropriated to the commissioner for purposes of this section.

Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan forgiveness program under this section, an individual must:

(1) be a qualified teacher;

(2) have qualified education loans; and

(3) submit an application to the commissioner in the form and manner prescribed by the commissioner.

(b) An applicant selected to participate must sign a contract to agree to serve a minimum one-year full-time service obligation according to subdivision 4. To complete the service obligation, the applicant must work full time in Minnesota as a qualified teacher. A participant must complete one year of service under this paragraph for each year the participant receives an award under this section.

Subd. 4. **Service obligation.** (a) Before receiving loan repayment disbursements and as requested, a participant must verify to the commissioner that the participant is employed in a position that fulfills the service obligation as required under subdivision 3, paragraph (b).

(b) If a participant does not fulfill the required service obligation, the commissioner must collect from the participant the total amount paid to the participant under the loan forgiveness program plus interest at a rate established according to section 270C.40. The commissioner must deposit the money collected in the agricultural education loan forgiveness account. The commissioner must

allow waivers of all or part of the money owed the commissioner as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the minimum service commitment.

Subd. 5. **Loan forgiveness.** (a) The commissioner may select eligible applicants each year for participation in the agricultural education loan forgiveness program, within the limits of available funding. Applicants are responsible for securing their own qualified education loans.

(b) The commissioner must make annual disbursements directly to the eligible participant of \$3,000 or the balance of the participant's qualified education loans, whichever is less, for each year that the participant meets the eligibility requirements under subdivision 3, up to a maximum of five years.

(c) The participant must provide the commissioner with verification that the full amount of the loan repayment disbursement received by the participant has been applied toward the designated qualified education loan. After each disbursement, verification must be received by the commissioner and approved before the next repayment disbursement is made.

Sec. 14. Minnesota Statutes 2016, section 136A.653, is amended by adding a subdivision to read:

Subd. 5. **Regionally accredited institutions in Minnesota.** (a) A regionally accredited postsecondary institution with its primary physical location in Minnesota is exempt from the provisions of sections 136A.61 to 136A.71, including related fees, when it creates new or modifies existing:

(1) majors, minors, concentrations, specializations, and areas of emphasis within approved degrees;

(2) nondegree programs within approved degrees;

(3) underlying curriculum or courses;

(4) modes of delivery; and

(5) locations.

(b) The institution must annually notify the commissioner of the exempt actions listed in paragraph (a) and, upon the commissioner's request, must provide additional information about the action.

(c) The institution must notify the commissioner within 60 days of a program closing.

(d) Nothing in this subdivision exempts an institution from the annual registration and degree approval requirements of sections 136A.61 to 136A.71.

Sec. 15. Minnesota Statutes 2016, section 136A.685, is amended to read:

**136A.685 PRIVATE INSTITUTIONS; ADJUDICATION OF FRAUD OR MISREPRESENTATION.**

(a) The office ~~shall not provide~~ may revoke, or deny an application for, registration or degree or name approval to a school if there has been a criminal, civil, or administrative adjudication of fraud or misrepresentation in Minnesota or in another state or jurisdiction against the school or its

owner, officers, agents, or sponsoring organization. If the adjudication was related to a particular academic program, the office may revoke or deny an application for:

(1) degree approval for the program only;

(2) registration for the school; or

(3) name approval for the school.

(b) The adjudication of fraud or misrepresentation is sufficient cause for the office to determine that a school:

(1) does not qualify for exemption under section 136A.657; or

(2) is not approved to grant degrees or to use the term "academy," "college," "institute," or "university" in its name.

Sec. 16. Minnesota Statutes 2016, section 136A.902, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The commissioner shall appoint a ~~12-member~~ 14-member advisory council consisting of:

(1) one member representing the University of Minnesota Medical School;

(2) one member representing the Mayo Medical School;

(3) one member representing the Courage Kenny Rehabilitation Center;

(4) one member representing Hennepin County Medical Center;

(5) one member who is a neurosurgeon;

(6) one member who has a spinal cord injury;

(7) one member who is a family member of a person with a spinal cord injury;

(8) one member who has a traumatic brain injury;

(9) one member who is a veteran who has a spinal cord injury ~~or a traumatic brain injury~~;

(10) one member who is a veteran who has a traumatic brain injury;

(11) one member who is a family member of a person with a traumatic brain injury;

~~(11)~~ (12) one member who is a physician specializing in the treatment of spinal cord injury representing Gillette Children's Specialty Healthcare; and

~~(12)~~ (13) one member who is a physician specializing in the treatment of traumatic brain injury;  
and

(14) one member representing Gillette Children's Specialty Healthcare.

Sec. 17. **[136F.38] WORKFORCE DEVELOPMENT SCHOLARSHIPS.**

Subdivision 1. **Program established.** The board shall develop a scholarship program to incentivize new students to enter high-demand occupations upon graduation.

Subd. 2. **Scholarship awards.** The program shall award scholarships at the beginning of an academic term, in the amount of \$2,500, to be distributed evenly between two terms.

Subd. 3. **Program eligibility.** (a) Scholarships shall be awarded only to a student eligible for resident tuition, as defined in section 135A.043, who is enrolled in any of the following programs of study or certification: (1) advanced manufacturing; (2) agriculture; (3) health care services; or (4) information technology.

(b) The student must be enrolled for at least nine credits at a two-year college in the Minnesota State Colleges and Universities system.

Subd. 4. **Renewal; cap.** A student who has received a scholarship may apply again but total lifetime awards are not to exceed \$5,000 per student. Students may only be awarded a second scholarship upon completion of two academic terms.

Subd. 5. **Administration.** (a) The board shall establish an application process and other guidelines for implementing this program.

(b) The board shall give preference to students in financial need.

Subd. 6. **Report required.** The board must submit an annual report by February 1 of each year about the scholarship awards to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over higher education finance and policy. The first report is due no later than February 1, 2019. The annual report shall describe the following:

(1) the number of students receiving a scholarship at each two-year college during the previous fiscal year;

(2) the number of scholarships awarded for each program of study or certification described in subdivision 3, paragraph (a);

(3) the number of scholarship recipients who completed a program of study or certification described in subdivision 3, paragraph (a);

(4) the number of scholarship recipients who secured employment by their graduation date and those who secured employment within three months of their graduation date;

(5) a list of occupations scholarship recipients are entering; and

(6) the number of students who were denied a scholarship.

**EFFECTIVE DATE.** This section is effective July 1, 2018.

## Sec. 18. **[137.45] PROGRAM FOR STUDENTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES.**

Subdivision 1. **Program required.** The Board of Regents of the University of Minnesota is requested to offer an academic program consistent with the requirements of this section for students with intellectual and developmental disabilities at the University of Minnesota-Morris.

Subd. 2. **Enrollment and admission.** The program must establish an enrollment goal of at least 15 incoming students per academic year. The board is requested to establish an application process for the program. A student who successfully completes the program must be awarded a certificate, diploma, or other appropriate academic credential.

Subd. 3. **Curriculum and activities.** (a) The program must provide an inclusive, full-time, two-year residential college experience for students with intellectual and developmental disabilities. The curriculum must include:

(1) core courses that develop life skills, financial literacy, and the ability to live independently;

(2) rigorous academic work in a student's chosen field of study; and

(3) an internship, apprenticeship, or other skills-based experience to prepare for meaningful employment upon completion of the program.

(b) In addition to academic requirements, the program must allow participating students the opportunity to engage fully in campus life. Program activities must include, but are not limited to:

(1) the establishment of on-campus mentoring and peer support communities; and

(2) opportunities for personal growth through leadership development and other community engagement activities.

(c) The program may tailor its curriculum and activities to highlight academic programs, student and community life experiences, and employment opportunities unique to the campus or the region where the campus is located.

Subd. 4. **Reporting.** By January 15 of each year, the board must submit a report on the program to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over higher education finance and policy. The report must include, but need not be limited to, information regarding:

(1) the number of students participating in the program;

(2) program goals and outcomes; and

(3) the success rate of participants.

**EFFECTIVE DATE.** This section is effective beginning in the 2018-2019 academic year.

## Sec. 19. **[137.47] FETAL TISSUE RESEARCH.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Aborted fetal tissue" means fetal tissue that is available as a result of an elective abortion.

(c) "Fetal tissue" means any body part, organ, or cell of an unborn human child. Fetal tissue does not include tissue or cells obtained from a placenta, umbilical cord, or amniotic fluid.

(d) "Institutional Review Board" or "IRB" means the University of Minnesota's Institutional Review Board, the primary unit responsible for oversight of human subjects research protections.

(e) "Fetal Tissue Research Committee" or "FTR" means an oversight committee at the University of Minnesota with the responsibility to oversee, review, and approve or deny research using fetal tissue.

(f) "Non-aborted fetal tissue" means fetal tissue that is available as a result of a miscarriage or stillbirth, or fetal tissue from a living unborn child.

(g) "Research" means systematic investigation, including development, testing, and evaluation, designed to develop or contribute to generalizable knowledge. Research does not include a procedure or test administered to a particular patient by a physician for medical purposes.

**Subd. 2. Approval by the Fetal Tissue Research Committee.** (a) A researcher at the University of Minnesota must obtain approval from the FTR before conducting research using fetal tissue. The FTR must consider whether alternatives to fetal tissue would be sufficient for the research. If the proposed research involves aborted fetal tissue, the researcher must provide a written narrative justifying the use of aborted fetal tissue and discussing whether alternatives to aborted fetal tissue, including non-aborted fetal tissue, can be used.

(b) The FTR must submit its decision to the IRB. The IRB is requested to review the conclusions of the FTR to ensure that all alternatives have been considered.

**Subd. 3. Legislative report.** (a) No later than January 15 of each year, the Board of Regents must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education policy and finance and health and human services policy and finance. The report must describe:

(1) all fetal tissue research proposals submitted to the FTR or IRB, including any written narrative required under subdivision 2;

(2) whether the research proposal involved aborted fetal tissue;

(3) action by the FTR or IRB on all fetal tissue research proposals, including whether the proposal was approved by the FTR or IRB;

(4) a list of all new or ongoing fetal tissue research projects at the university, including:

(i) the date that the project was approved by the FTR or IRB;

(ii) the source of funding for the project;

(iii) the goal or purpose of the project;

(iv) whether the fetal tissue used is aborted fetal tissue or non-aborted fetal tissue;

(v) the source of the fetal tissue used;

(vi) references to any publicly available information about the project, such as National Institutes of Health grant award information; and

(vii) references to any publications resulting from the project.

(b) The report must not include a researcher's name, other identifying information, contact information, or the location of a laboratory or office.

**Subd. 4. Education on compliance to applicable laws and policies.** The University of Minnesota is requested to conduct education programs for all students and employees engaged in research on fetal tissue. Programs are requested to include mandatory comprehensive training on applicable federal and state laws, university policies and procedures, and other professional standards related to the respectful, humane, and ethical treatment of fetal tissue in research.

Sec. 20. Minnesota Statutes 2016, section 148.89, subdivision 5, is amended to read:

Subd. 5. **Practice of psychology.** "Practice of psychology" means the observation, description, evaluation, interpretation, or modification of human behavior by the application of psychological principles, methods, or procedures for any reason, including to prevent, eliminate, or manage symptomatic, maladaptive, or undesired behavior and to enhance interpersonal relationships, work, life and developmental adjustment, personal and organizational effectiveness, behavioral health, and mental health. The practice of psychology includes, but is not limited to, the following services, regardless of whether the provider receives payment for the services:

(1) psychological research and teaching of psychology subject to the exemptions in section 148.9075;

(2) assessment, including psychological testing and other means of evaluating personal characteristics such as intelligence, personality, abilities, interests, aptitudes, and neuropsychological functioning;

(3) a psychological report, whether written or oral, including testimony of a provider as an expert witness, concerning the characteristics of an individual or entity;

(4) psychotherapy, including but not limited to, categories such as behavioral, cognitive, emotive, systems, psychophysiological, or insight-oriented therapies; counseling; hypnosis; and diagnosis and treatment of:

(i) mental and emotional disorder or disability;

(ii) alcohol and substance dependence or abuse;

(iii) disorders of habit or conduct;

(iv) the psychological aspects of physical illness or condition, accident, injury, or disability, including the psychological impact of medications;

(v) life adjustment issues, including work-related and bereavement issues; and

(vi) child, family, or relationship issues;

(5) psychoeducational services and treatment; and

(6) consultation and supervision.

Sec. 21. **[148.9075] LICENSURE EXEMPTIONS.**

Subdivision 1. **Teaching and research.** Nothing in sections 148.88 to 148.98 shall be construed to prevent a person employed in a secondary, postsecondary, or graduate institution from teaching and conducting research in psychology within an educational institution that is recognized by a regional accrediting organization or by a federal, state, county, or local government institution, agency, or research facility, so long as:

(1) the institution, agency, or facility provides appropriate oversight mechanisms to ensure public protections; and

(2) the person is not providing direct clinical services to a client or clients as defined in sections 148.88 to 148.98.



Subd. 2. **Students.** Nothing in sections 148.88 to 148.98 shall prohibit the practice of psychology under qualified supervision by a practicum psychology student, a predoctoral psychology intern, or an individual who has earned a doctoral degree in psychology and is in the process of completing their postdoctoral supervised psychological employment.

**Sec. 22. [298.2215] COUNTY SCHOLARSHIP PROGRAM.**

Subdivision 1. **Establishment.** A county may establish a scholarship fund from any unencumbered revenue received pursuant to section 298.018, 298.28, 298.39, 298.396, or 298.405 or any law imposing a tax upon severed mineral values. Scholarships must be used at a two-year Minnesota State Colleges and Universities institution within the county. The county shall establish procedures for applying for and distributing the scholarships.

Subd. 2. **Eligibility.** An applicant for a scholarship under this section must be a resident of the county at the time of the applicant's high school graduation. The county may establish additional eligibility criteria.

Sec. 23. Laws 2014, chapter 312, article 1, section 15, is amended to read:

**Sec. 15. UNIVERSITY OF MINNESOTA BASE ADJUSTMENT.**

(a) For fiscal years 2016 to ~~2041~~ 2017, \$3,500,000 is added to the base operations and maintenance appropriation to the Board of Regents of the University of Minnesota in Laws 2013, chapter 99, article 1, section 5.

(b) For fiscal years 2018 to 2040, \$3,312,000 is added to the base operations and maintenance appropriation to the Board of Regents of the University of Minnesota in Laws 2013, chapter 99, article 1, section 5.

**Sec. 24. SUPPLEMENTAL AID FOR TWO-YEAR MNSCU INSTITUTIONS.**

The Board of Trustees of the Minnesota State Colleges and Universities shall provide supplemental aid for operations and maintenance to the president of each two-year institution in the system with at least one campus that is not located in a metropolitan county, as defined in Minnesota Statutes, section 473.121, subdivision 4. The board shall transfer \$100,000 for each campus not located in a metropolitan county in each year to the president of each institution that includes such a campus, provided that no institution may receive more than \$300,000 in total supplemental aid each year.

**Sec. 25. DEVELOPMENTAL EDUCATION REFORM.**

(a) The Board of Trustees of the Minnesota State Colleges and Universities shall create a plan to reform developmental education offerings on system campuses aimed at reducing the number of students placed into developmental education. The plan must include, but is not limited to:

(1) a systemwide multiple measures placement plan to guide campuses in placement of students into developmental education courses;

(2) uniform cut scores for student placement, where appropriate, which will lead to fewer students being placed into developmental education courses;

(3) other identified system policy changes, including an appeals process, that will decrease the number of students being placed into developmental education courses;

(4) accelerated pathways in mathematics, reading, and composition to ensure students can complete developmental education work in no more than one year, including allowing for students to complete college-level gateway courses in one year whenever possible;

(5) a comprehensive examination of the cost structure of developmental education, including potential financial incentives for students or other mechanisms to lower the cost of developmental offerings for students; and

(6) identified best practices and targeted support strategies such as the use of supplemental instruction, that may be used on every system campus around developmental education offerings.

(b) The plan must include deadlines for implementation of proposed changes and must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy by February 15, 2018.

(c) The plan, in its entirety, shall be implemented by the start of the 2020-2021 academic term, with individual provisions being implemented earlier as dictated by the plan.

#### **Sec. 26. GREATER MINNESOTA OUTREACH AND RECRUITMENT.**

The Board of Regents of the University of Minnesota is requested to develop a plan to conduct outreach and recruitment of students from Minnesota, specifically identifying mechanisms to increase the number of students from greater Minnesota who are admitted to the university campus located in the metropolitan area. Greater Minnesota is defined as any area other than the area described in Minnesota Statutes, section 473.121, subdivision 4. The plan must be submitted to the chairs and ranking members of the senate and house of representatives legislative committees with jurisdiction over higher education finance and policy by February 15, 2018.

#### **Sec. 27. UNIVERSITY OF MINNESOTA FETAL TISSUE RESEARCH; LEGISLATIVE AUDITOR REVIEW.**

(a) The legislative auditor is requested to complete a comprehensive review of the use of fetal tissue in research activities at the University of Minnesota. The review must include:

(1) the total number of research activities in which fetal tissue is currently or has been previously used, including those that are in progress and those that have been completed;

(2) the cost of acquiring fetal tissues for use in research activities, itemized by the source of funds used for procurement, including funds from federal, state, and other public sources, and funds derived from student tuition and fees;

(3) the extent to which the conduct of the research activities complies with applicable federal and state laws related to acquisition, sale, handling, and disposition of human tissues, including fetal tissues;

(4) the extent to which the conduct of the research activities complies with applicable Board of Regents policies and procedures related to acquisition, sale, handling, and disposition of human tissues, including fetal tissues; and

(5) whether applicable Board of Regents policies include provisions to ensure fetal tissue is used in research activities only when necessary, and to ensure that the research activities are conducted in an ethical manner, including whether procedures and protocols for oversight have been implemented to verify compliance with these policies.

(b) As used in this section, "research activities" include any academic fetal tissue research or fetal tissue transplantation research activity or program conducted in a University of Minnesota facility, or that is supported, directly or indirectly, by University of Minnesota funds.

**EFFECTIVE DATE.** This section is effective the day following final enactment. The legislative auditor is requested to complete the review no later than one year following final enactment.

Sec. 28. **ONGOING APPROPRIATION.**

The appropriation under Laws 2016, chapter 189, article 25, section 62, subdivision 11, may be used to provide grants for any purpose under Minnesota Statutes, section 136A.1275.

**ARTICLE 3**

**OFFICE OF HIGHER EDUCATION AGENCY POLICY**

Section 1. Minnesota Statutes 2016, section 135A.15, subdivision 1a, is amended to read:

Subd. 1a. **Sexual assault definition.** For the purposes of this section, "sexual assault" means ~~foreable sex offenses~~ rape, sex offenses - fondling, sex offenses - incest, or sex offenses - statutory rape as defined in Code of Federal Regulations, title 34, part 668, subpart D, appendix A, as amended.

Sec. 2. Minnesota Statutes 2016, section 136A.103, is amended to read:

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

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

- (1) is operated by this state or the Board of Regents of the University of Minnesota; or
- (2) is operated privately and, as determined by the office, meets the requirements of paragraph (b).

(b) A private institution must:

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

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

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

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

(c) ~~An institution that offers only graduate-level degrees or graduate-level nondegree programs; or that offers only degrees or programs that do not meet the required minimum program length to participate in the federal Pell Grant program;~~ is an eligible institution if the institution is licensed or registered as a postsecondary institution by the office.

(d) An eligible institution under paragraph (b), clause (3), item (ii), that changes ownership as defined in section 136A.63, subdivision 2, must participate in the federal Pell Grant program within four calendar years of the first ownership change to continue eligibility.

(e) An institution that loses its eligibility for the federal Pell Grant program is not an eligible institution.

(f) An institution must maintain adequate administrative and financial standards and compliance with all state statutes, rules, and administrative policies related to state financial aid programs.

Sec. 3. Minnesota Statutes 2016, section 136A.1795, subdivision 4, is amended to read:

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

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

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

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

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

Sec. 4. Minnesota Statutes 2016, section 136A.62, is amended by adding a subdivision to read:

Subd. 8. **Entity.** "Entity" means a specific school or campus location.

Sec. 5. Minnesota Statutes 2016, section 136A.646, is amended to read:

#### **136A.646 ADDITIONAL SECURITY.**

(a) ~~In the event~~ New schools that have been granted conditional approval for degrees or names to allow them the opportunity to apply for and receive accreditation under section 136A.65,

subdivision 7, or any registered institution that is notified by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), ~~the institution~~ shall provide a surety bond ~~conditioned upon the faithful performance of all contracts and agreements with students~~ in a sum equal to the "letter of credit" required by the United States Department of Education in the Letter of Credit Alternative, but in no event shall such bond be less than \$10,000 nor more than \$250,000.

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

- (1) a sum equal to the amount of the required surety bond in cash; ~~or~~
- (2) securities, as may be legally purchased by savings banks or for trust funds, in an aggregate market value equal to the amount of the required surety bond; or
- (3) an irrevocable letter of credit issued by a financial institution to the amount of the required surety bond.

(c) The surety of any 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 the event of a school closure, the additional security must first be used to destroy any private educational data under section 13.32 left at a physical campus in Minnesota after all other governmental agencies have recovered or retrieved records under their record retention policies. Any remaining funds must then be used to reimburse tuition and fee costs to students that were enrolled at the time of the closure or had withdrawn in the previous 120 calendar days but did not graduate. Priority for refunds will be given to students in the following order:

- (1) cash payments made by the student or on behalf of a student;
- (2) private student loans; and
- (3) Veteran Administration education benefits that are not restored by the Veteran Administration. If there are additional security funds remaining, the additional security funds may be used to cover any administrative costs incurred by the office related to the closure of the school.

Sec. 6. Minnesota Statutes 2016, section 136A.65, subdivision 1a, is amended to read:

Subd. 1a. **Accreditation; requirement.** (a) A school must not be registered or authorized to offer any degree at any level unless the school is accredited has institutional accreditation by an agency recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. Any registered school undergoing institutional accreditation shall inform the office of site visits by the accrediting agency and provide office staff the opportunity to attend the visits, ~~including~~ excluding any exit interviews. The institution must provide the office with a copy of the final report upon ~~receipt~~ request of the office.

(b) A school must not be authorized to offer any degree unless the program has programmatic accreditation or the school has institutional accreditation by an agency recognized by the United

States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. Any program offered by a registered school that does not have institutional accreditation and is undergoing programmatic accreditation shall inform the office of site visits by the accrediting agency and provide office staff the opportunity to attend the visits, excluding any exit interviews. The school must provide the office with a copy of the final report by the accreditor upon request of the office.

Sec. 7. Minnesota Statutes 2016, section 136A.65, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) title of degree and formal recognition awarded;

(ii) location where such degree will be offered;

(iii) proposed implementation date of the degree;

(iv) admissions requirements for the degree;

(v) length of the degree;

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

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

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

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

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

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

Sec. 8. Minnesota Statutes 2016, section 136A.65, subdivision 7, is amended to read:

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

(b) The office may grant new schools ~~may be granted~~ and programs a one-year conditional approval for degrees or ~~names annually for a period not to exceed five years~~ use of a term in its name to allow ~~them~~ the school the opportunity to apply for and receive accreditation as required in subdivision 1a. Conditional approval of a school or program under this paragraph must not exceed a period of five years. A new school or program granted conditional approval may be allowed to continue as a registered institution in order to complete an accreditation process upon terms and conditions the office determines.

(c) The office may grant a registered school a one-year conditional approval for degrees or use of a term in its name to allow the school the opportunity to apply for and receive accreditation as required in subdivision 1a if the school's accrediting agency is no longer recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial

aid programs. The office must not grant conditional approvals under this paragraph to a school for a period of more than five years.

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

Sec. 9. Minnesota Statutes 2016, section 136A.653, is amended to read:

### **136A.653 EXEMPTIONS.**

Subdivision 1. **Application.** A school that seeks an exemption under this section from the provisions of sections 136A.61 to 136A.71 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or until a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

~~Subdivision 1.~~ Subd. 1a. **Exemption Private career schools.** A school that is subject to licensing by the office under sections 136A.82 to 136A.834 is exempt from the provisions of sections 136A.61 to 136A.71. The determination of the office as to whether a particular school is subject to regulation under sections 136A.82 to 136A.834 is final for the purposes of this exemption.

**Subd. 2. Educational program; nonprofit organizations.** Educational programs which are sponsored by a bona fide and nonprofit trade, labor, business, professional or fraternal organization, which programs are conducted solely for that organization's membership or for the members of the particular industries or professions served by that organization, and which are not available to the public on a fee basis, are exempted from the provisions of sections 136A.61 to 136A.71.

**Subd. 3. Educational program; business firms.** Educational programs which are sponsored by a business firm for the training of its employees or the employees of other business firms with which it has contracted to provide educational services at no cost to the employees are exempted from the provisions of sections 136A.61 to 136A.71.

**Subd. 3a. Tuition-free educational courses.** A school, including a school using an online platform service, offering training, courses, or programs is exempt from sections 136A.61 to 136A.71, to the extent ~~it offers tuition-free courses to students in Minnesota. A course will be considered tuition-free if the school charges no tuition and the required fees and other required charges paid by the student for the course~~ tuition, fees, and any other charges for a student to participate do not exceed two percent of the most recent average undergraduate tuition and required fees as of January 1 of the current year charged for full-time students at all degree-granting institutions as published annually by the United States Department of Education as of January 1 of each year. To qualify for an exemption, a school or online platform service must prominently display a notice comparable to the following: "IMPORTANT: Each educational institution makes its own decision regarding whether to accept completed coursework for credit. Check with your university or college."



Subd. 4. **Voluntary submission.** Any school or program exempted from the provisions of sections 136A.61 to 136A.71 by the provisions of this section may voluntarily submit to the provisions of those sections.

Sec. 10. Minnesota Statutes 2016, section 136A.657, is amended by adding a subdivision to read:

Subd. 5. **Application.** A school that seeks an exemption under this section from the provisions of sections 136A.61 to 136A.71 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

Sec. 11. Minnesota Statutes 2016, section 136A.67, is amended to read:

### **136A.67 REGISTRATION REPRESENTATIONS.**

No school and none of its officials or employees shall advertise or represent in any manner that such school is approved or accredited by the office or the state of Minnesota, except a school which is duly registered with the office, or any of its officials or employees, may represent in advertising and shall disclose in catalogues, applications, and enrollment materials that the school is registered with the office by prominently displaying the following statement: "(Name of school) is registered with the ~~office~~ Minnesota Office of Higher Education pursuant to sections 136A.61 to 136A.71. Registration is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions." In addition, all registered schools shall publish in the school catalog or student handbook the name, street address, telephone number, and Web site address of the office.

### Sec. 12. **[136A.672] STUDENT COMPLAINTS.**

Subdivision 1. **Authority.** The office has the authority to review and take appropriate action on student complaints from schools covered under the provisions of sections 136A.61 to 136A.71.

Subd. 2. **Complaint.** A complaint must be in writing, be signed by a student, and state how the school's policies and procedures or sections 136A.61 to 136A.71 were violated. Student complaints shall be limited to complaints that occurred within six years from the date the concern should have been discovered with reasonable effort and after the student has utilized the school's internal complaint process. Students do not have to utilize a school's internal complaint process before the office has authority when the student is alleging fraud or misrepresentation. The office shall not investigate grade disputes, student conduct proceedings, disability accommodation requests, and discrimination claims, including Title IX complaints.

Subd. 3. **Investigation.** The office shall initiate an investigation upon receipt of a complaint within the authority of subdivision 2. A school involved in an investigation shall be informed of the alleged violations and the processes of the investigation. A school involved in an investigation shall respond to the alleged violations and provide requested documentation to the office. Upon completing an investigation, the office shall inform the school and the student of the investigation outcome.

Subd. 4. **Penalties.** If violations are found, the office may require remedial action by the school or assign a penalty under section 136A.705. Remedial action may include student notification of

violations, adjustments to the school's policies and procedures, and tuition or fee refunds to impacted students.

Subd. 5. **Appeals.** Any order requiring remedial action by the school or assigning a penalty under section 136A.705 is appealable in accordance with chapter 14. The request for an appeal must be made in writing to the office within 30 days of the date the school is notified of the action of the office. The court shall award costs and reasonable attorney fees in a contested chapter 14 hearing to the office if: (1) the office substantially prevails on the merits in an action brought under this section; and (2) the school has a net income from student tuition, fees, and other required institutional charges collected from the last fiscal year of \$1,000,000 or greater.

Sec. 13. Minnesota Statutes 2016, section 136A.68, is amended to read:

### **136A.68 RECORDS.**

A registered school shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A registered school offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include a student's academic transcript, 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:

(1) at least one copy of the records must be held in a secure, fireproof depository or duplicate records must be maintained off site in a secure location and in a manner approved by the office;

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

(3) an alternative method approved by the office of complying with clauses (1) and (2) must be established if the school ceases to exist; and

(4) if the school has no binding agreement approved by the office for preserving student records, a continuous surety bond or an irrevocable letter of credit issued by a financial institution must be filed with the office in an amount not to exceed \$20,000. The bond or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover, maintain, digitize, and destroy academic records.

Sec. 14. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 13. **Compliance audit.** "Compliance audit" means an audit of a school's compliance with federal requirements related to its participation in federal Title IV student aid programs or other federal grant programs performed under either Uniform Grant Guidance, including predecessor Federal Circular A-133, or the United States Department of Education's audit guide, Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers.

Sec. 15. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 14. **Entity.** "Entity" means a specific school or campus location.

Sec. 16. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 15. **Higher-level entity.** "Higher-level entity" means a corporate parent or ultimate parent company or, in the case of a public school, the larger public system of which an entity is a part.

Sec. 17. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 16. **Audited financial statements.** "Audited financial statements" means the financial statements of an entity or higher-level entity that have been examined by a certified public accountant or an equivalent government agency for public entities that include (1) an auditor's report, a statement of financial position, an income statement, a statement of cash flows, and notes to the financial statements or (2) the required equivalents for public entities as determined by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or the Securities and Exchange Commission.

Sec. 18. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 17. **Review-level engagement.** "Review-level engagement" means a service performed by a certified public accountant that provides limited assurance that there are no material modifications that need to be made to an entity's financial statements in order for them to conform to generally accepted accounting principles. Review-level engagement provides fewer assurances than those reported under audited financial statements.

Sec. 19. Minnesota Statutes 2016, section 136A.822, subdivision 4, is amended to read:

Subd. 4. **Application.** Application for a license shall be on forms prepared and furnished by the office, and shall include the following and other information as the office may require:

- (1) the title or name of the private career school, ownership and controlling officers, members, managing employees, and director;
- (2) the specific programs which will be offered and the specific purposes of the instruction;
- (3) the place or places where the instruction will be given;
- (4) a listing of the equipment available for instruction in each program;
- (5) the maximum enrollment to be accommodated with equipment available in each specified program;
- (6) the qualifications of instructors and supervisors in each specified program;
- (7) financial documents related to the entity's and higher-level entity's most recently completed fiscal year:
  - (i) annual gross revenues from all sources;
  - (ii) financial statements subjected to a review level engagement or, if requested by the office, audited financial statements;
  - (iii) a school's most recent compliance audit, if applicable; and

(iv) a current balance sheet, income statement, and adequate supporting documentation, prepared and certified by an independent public accountant or CPA;

(8) copies of all media advertising and promotional literature and brochures or electronic display currently used or reasonably expected to be used by the private career school;

(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 private career school files with the office a surety bond equal to at least \$250,000 as described in subdivision 6.~~

Sec. 20. Minnesota Statutes 2016, section 136A.822, subdivision 6, is amended to read:

Subd. 6. **Bond.** (a) No license shall be issued to any private career school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond 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.

(b)(1) The amount of the surety bond shall be ten percent of the preceding year's gross net income from student tuition, fees, and other required institutional charges collected, but in no event less than \$10,000 ~~nor greater than \$250,000~~, except that a private career school may deposit a greater amount at its own discretion. A private career 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 private career school maintains a surety bond equal to at least \$250,000.~~ A private career school that operates at two or more locations may combine gross net income from student tuition, fees, and other required institutional charges collected for all locations for the purpose of determining the annual surety bond requirement. The gross net tuition and fees used to determine the amount of the surety bond required for a private career school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the private career school by the students recruited from Minnesota.

(2) A person required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board, except not including those schools licensed exclusively in order to participate in state grants or SELF loan financial aid programs, shall be required to provide a school bond of \$10,000.

(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 deposited by the private career school under paragraph (b). The surety of any 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 commissioner of management and budget a sum equal to the amount of the required surety bond in cash, an irrevocable letter of credit issued by a financial institution equal to the amount of the required surety bond, or securities as may be

legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

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

Sec. 21. Minnesota Statutes 2016, section 136A.822, subdivision 12, is amended to read:

Subd. 12. **Permanent records.** A private career school licensed under sections 136A.82 to 136A.834 and located in Minnesota shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A private career school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota 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 private career school shall submit a plan that meets the following requirements:

- (1) at least one copy of the records must be held in a secure, fireproof depository;
- (2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;
- (3) an alternative method, approved by the office, of complying with clauses (1) and (2) must be established if the private career school ceases to exist; and
- (4) a continuous surety bond or irrevocable letter of credit issued by a financial institution must be filed with the office in an amount not to exceed \$20,000 if the private career school has no binding agreement approved by the office, for preserving student records. The bond or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover, maintain, digitize, and destroy academic records.

Sec. 22. Minnesota Statutes 2016, section 136A.822, subdivision 13, is amended to read:

Subd. 13. **Private career schools licensed by another state agency or board.** A private career school required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name or licensed for the purpose of participating in state financial aid under chapter 136A, and which is also licensed by another state agency or board shall be required to satisfy only the requirements of subdivisions 4, clauses (1), (2), (3), (5), (7), (8), and (10); 5; 6, paragraph (b), clause (2); 8, clauses (1), (4), (7), (8), and (9); 9; 10, ~~clause (13)~~; and 12. If a school is licensed to participate in state financial aid under this chapter, the school must follow the refund policy in section 136A.827, even if that section conflicts with the refund policy of the licensing agency or board. A distance education private career school located in another state, or a school licensed to recruit Minnesota residents for attendance at a school outside of this state, or a school licensed by another state agency as its primary licensing body, may continue to use the school's name as permitted by its home state or its primary licensing body.

Sec. 23. Minnesota Statutes 2016, section 136A.826, subdivision 2, is amended to read:

Subd. 2. **Contract information.** A contract or enrollment agreement used by a private career school must include at least the following:

- (1) the name and address of the private career 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 private career school unless canceled under section 136A.827;
- (3) the private career 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 of cancellation, and the name and address, e-mail address, or phone number of the seller to which the notice should be sent or delivered.

The contract or enrollment agreement must not include a wage assignment provision or a confession of judgment clause.

Sec. 24. Minnesota Statutes 2016, section 136A.827, subdivision 2, is amended to read:

Subd. 2. **Private career schools using written contracts.** (a) Notwithstanding anything to the contrary, a private career school 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 program has started.

(b) When a student has been accepted by the private career school and has entered into a contractual agreement with the private career 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 program in the case of resident private career schools, or before the first lesson has been serviced by the private career school in the case of distance education private career schools, all tuition, fees and other charges, except 15 percent of the total cost of the program but not to exceed \$50, shall be refunded to the student.

Sec. 25. Minnesota Statutes 2016, section 136A.827, subdivision 3, is amended to read:

Subd. 3. **Notice; amount.** (a) A private career school 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 private career school regardless of whether the program has started.

(b) When a student has been accepted by the private career school and gives ~~written~~ notice of cancellation following the fifth business day after the day of acceptance by the private career school,

but before the start of the program, in the case of resident private career schools, or before the first lesson has been serviced by the private career school, in the case of distance education private career schools, all tuition, fees and other charges, except 15 percent of the total cost of the program but not to exceed \$50, shall be refunded to the student.

Sec. 26. Minnesota Statutes 2016, section 136A.828, subdivision 3, is amended to read:

Subd. 3. **False statements.** (a) A private career 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 program, if the private career school, agent, or solicitor knows or reasonably should have known the statement or representation to be false, fraudulent, deceptive, substantially inaccurate, or misleading.

(b) Other than opinion-based statements or puffery, a school shall only make claims that are evidence-based, can be validated, and are based on current conditions and not on conditions that are no longer relevant.

(c) A school shall not guarantee or imply the guarantee of employment.

(d) A school shall not guarantee or advertise any certain wage or imply earnings greater than the prevailing wage for entry-level wages in the field of study for the geographic area unless advertised wages are based on verifiable wage information from graduates.

(e) If placement statistics are used in advertising or other promotional materials, the school must be able to substantiate the statistics with school records. These records must be made available to the office upon request. A school is prohibited from reporting the following in placement statistics:

(1) a student required to receive a job offer or start a job to be classified as a graduate;

(2) a graduate if the graduate held a position before enrolling in the program, unless graduating enabled the graduate to maintain the position or the graduate received a promotion or raise upon graduation;

(3) a graduate who works less than 20 hours per week; and

(4) a graduate who is not expected to maintain the position for at least 180 days.

(f) A school shall not use endorsements, commendations, or recommendations by a student in favor of a school except with the consent of the student and without any offer of financial or other material compensation. Endorsements may be used only when they portray current conditions.

(g) A school may advertise that the school or its programs have been accredited by an accrediting agency recognized by the United States Department of Education or the Council for Higher Education Accreditation, but shall not advertise any other accreditation unless approved by the office. The office may approve an institution's advertising of accreditation that is not recognized by the United States Department of Education or the Council for Higher Education if that accreditation is industry specific. Clear distinction must be made when the school is in candidacy or application status versus full accreditation.

(h) A school may advertise that financial aid is available, including a listing of the financial aid programs in which the school participates, but federal or state financial aid shall not be used as a primary incentive in advertisement, promotion, or recruitment.

(i) A school may advertise placement or career assistance, if offered, but shall not use the words "wanted," "help wanted," or "trainee," either in the headline or the body of the advertisement.

(j) A school shall not be advertised under any "help wanted," "employment," or similar classification.

(k) A school shall not falsely claim that it is conducting a talent hunt, contest, or similar test.

(l) The commissioner, at any time, may require a retraction of a false, misleading, or deceptive claim. To the extent reasonable, the retraction must be published in the same manner as the original claim.

#### Sec. 27. **[136A.8295] STUDENT COMPLAINTS.**

Subdivision 1. **Authority.** The office has the authority to review and take appropriate action on student complaints from schools covered under the provisions of sections 136A.822 to 136A.834.

Subd. 2. **Complaint.** A complaint must be in writing, be signed by a student, and state how the school's policies and procedures or sections 136A.822 to 136A.834 were violated. Student complaints shall be limited to complaints that occurred within six years from the date the concern should have been discovered with reasonable effort and after the student has utilized the school's internal complaint process. Students do not have to utilize a school's internal complaint process before the office has authority when the student is alleging fraud or misrepresentation. The office shall not investigate grade disputes, student conduct proceedings, disability accommodation requests, and discrimination claims, including Title IX complaints.

Subd. 3. **Investigation.** The office shall initiate an investigation upon receipt of a complaint within the authority of subdivision 2. A school involved in an investigation shall be informed of the alleged violations and the processes of the investigation. A school involved in an investigation shall respond to the alleged violations and provide requested documentation to the office. Upon completion of an investigation, the office shall inform the school and the student of the investigation outcome.

Subd. 4. **Penalties.** If violations are found, the office may require remedial action by the school or assign a penalty under section 136A.832. Remedial action may include student notification of violations, adjustments to the school's policies and procedures, and tuition or fee refunds to impacted students.

Subd. 5. **Appeals.** Any order requiring remedial action by the school or assigning a penalty under section 136A.832 is appealable in accordance with chapter 14. The request for an appeal must be made in writing to the office within 30 days of the date the school is notified of the action of the office. The court shall award costs and reasonable attorney fees in a contested chapter 14 hearing to the office if: (1) the office substantially prevails on the merits in an action brought under this section; and (2) the school has a net income from student tuition, fees, and other required institutional charges collected from the last fiscal year of \$1,000,000 or greater.

Sec. 28. Minnesota Statutes 2016, section 136A.83, is amended to read:

#### **136A.83 INSPECTION.**



(a) The office or a delegate may inspect the instructional books and records, classrooms, dormitories, tools, equipment and classes of any private career school or applicant for license at any reasonable time. The office may require the submission of ~~a certified public audit, or if there is no such audit available~~ audited financial statements. The office or a delegate may inspect the financial books and records of the private career school. In no event shall such financial information be used by the office to regulate or set the tuition or fees charged by the private career school.

(b) Data obtained from an inspection of the financial records of a private career school or submitted to the office as part of a license application or renewal are nonpublic data as defined in section 13.02, subdivision 9. Data obtained from inspections may be disclosed to other members of the office, to law enforcement officials, or in connection with a legal or administrative proceeding commenced to enforce a requirement of law.

Sec. 29. Minnesota Statutes 2016, section 136A.833, is amended to read:

### **136A.833 EXEMPTIONS.**

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

Subd. 2. **Exemption reasons.** Sections 136A.821 to 136A.832 shall not apply to the following:

- (1) public postsecondary institutions;
- (2) postsecondary institutions registered under sections 136A.61 to 136A.71;
- (3) private career schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;
- (4) private schools complying with the requirements of section 120A.22, subdivision 4;
- (5) courses taught to students in a valid apprenticeship program taught by or required by a trade union;
- (6) private career schools exclusively engaged in training physically or mentally disabled persons for the state of Minnesota;
- (7) private career schools licensed by boards authorized under Minnesota law to issue licenses except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;
- (8) private career schools and educational programs, or training programs, 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;
- (9) private career schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in

their names unless the private career school used "academy" or "institute" in its name prior to August 1, 2008;

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

(11) programs in the fine arts provided by organizations exempt from taxation under section 290.05 and registered with the attorney general 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;

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

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

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

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

(16) 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;

(17) private career schools with no physical presence in Minnesota, as determined by the office, engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions if the distance education instruction does not include internships, externships, field placements, or clinical placements for residents of Minnesota; and

(18) private career schools providing exclusively training, instructional programs, or courses where tuition, fees, and any other charges for a student to participate do not exceed \$100.

Sec. 30. Minnesota Statutes 2016, section 136A.834, is amended by adding a subdivision to read:

**Subd. 5. Application.** A school that seeks an exemption from the provisions of sections 136A.82 to 136A.834 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

Sec. 31. Laws 2015, chapter 69, article 3, section 20, subdivision 10, is amended to read:

Subd. 10. **Credit load.** By the end of the first academic year including summer term, a grantee must have accumulated at least the lesser of 30 program credits by the end of the first academic year including summer term or the number of credits that the student's program is scheduled for during the first academic year. A college must certify that a grantee is carrying sufficient credits in the second grant year to complete the program at the end of the second year, including summer school. The commissioner shall set the terms and provide the form for certification.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Presented to the governor May 26, 2017