

CHAPTER 109--S.F.No. 3683

An act relating to higher education; providing for policy changes for the Office of Higher Education, including financial aid, institutional approval, and the Minnesota college savings plan; amending Minnesota Statutes 2018, sections 124D.09, subdivision 10a; 135A.15, subdivision 1a; 136A.01, subdivision 1; 136A.031, subdivision 3; 136A.103; 136A.121, by adding a subdivision; 136A.125, subdivision 3; 136A.1275, subdivision 1; 136A.1701, subdivision 4; 136A.1791, subdivisions 1, 3; 136A.1795, subdivision 4; 136A.65, subdivisions 4, 7, 8; 136A.653, subdivision 1; 136A.657, subdivisions 1, 2, 3; 136A.658; 136A.69, subdivisions 1, 4; 136A.824, subdivision 4; 136A.827, subdivision 4; 136A.829, subdivision 1; 136A.833, subdivision 1; 136A.834, subdivisions 1, 2; 136G.01; 136G.03, subdivisions 8, 10, 11, 20, 31, by adding a subdivision; 136G.05, subdivisions 2, 5, 7; 136G.09, subdivisions 6, 8; 136G.11, subdivisions 11, 13; 136G.13; 136G.14; Minnesota Statutes 2019 Supplement, sections 136A.64, subdivision 1; 136A.646; proposing coding for new law in Minnesota Statutes, chapter 136A; repealing Minnesota Statutes 2018, sections 136G.03, subdivisions 4, 22; 136G.05, subdivision 6.

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

ARTICLE 1**OFFICE OF HIGHER EDUCATION**

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

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

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

- ~~(1) the participant's future education plans, including the highest degree or certification planned;~~
- ~~(2) whether the participant is enrolled or plans to enroll in a Minnesota postsecondary institution, either public or private;~~
- ~~(3) the number of credits accepted or denied by postsecondary institutions;~~

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

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

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

~~(7) a place for participants to provide comments~~ The Office of Higher Education and the Department of Education shall collaborate in order to provide annual statewide evaluative information on concurrent enrollment programs to the legislature. The commissioners of the Office of Higher Education and the Department of Education, in consultation with stakeholders, including students and parents, must determine what student demographics and outcomes data are appropriate to include in the evaluation, and will use systems available to the office and department to minimize the reporting burden on postsecondary institutions. The commissioners must report by December 1, 2021, and each year thereafter, to the committees of the legislature with jurisdiction over early education through grade 12 and Minnesota State Colleges and Universities.

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

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

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

(c) "Sexual assault" means 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. 3. Minnesota Statutes 2018, section 136A.01, subdivision 1, is amended to read:

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

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

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

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

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

(c) The SAC shall:

- (1) bring to the attention of the office any matter that the SAC believes needs the attention of the office;
- (2) make recommendations to the office as it finds appropriate; and
- (3) approve student appointments by the office for each advisory group as provided in subdivision 4.

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

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

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

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

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

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

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

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

Sec. 7. Minnesota Statutes 2018, section 136A.121, is amended by adding a subdivision to read:

Subd. 21. **Institutional prohibition.** An institution receiving financial aid under this section must not suspend or withdraw a student from class attendance and resources during a period of instruction due to an

unpaid student account balance unless the student is eligible for a full tuition and fee refund. A period of instruction for the purposes of this subdivision means a new academic term that may be measured in semesters, trimesters, quarters, interim terms, mini terms, or one or more modules so that a student who begins attendance in that new academic term incurs additional tuition and fee charges beyond any outstanding student account balance due to the institution for prior completed terms of enrollment. An institution that measures a program in clock hours and that includes language in the enrollment contract between it and the student to only charge tuition by payment period, is also covered by this subdivision.

Sec. 8. Minnesota Statutes 2018, section 136A.125, subdivision 3, is amended to read:

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

Sec. 9. Minnesota Statutes 2018, section 136A.1275, subdivision 1, is amended to read:

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 Professional Educator Licensing and Standards Board-approved teacher preparation program who intend to teach in a shortage area after graduating and receiving their teaching license or belong to an underrepresented racial or ethnic group.

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

Sec. 10. Minnesota Statutes 2018, section 136A.1701, subdivision 4, is amended to read:

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

(b) The maximum loan amount to students ~~enrolled in a bachelor's degree program, postbaccalaureate, or graduate program~~ must be determined annually by the office. ~~For all other eligible students, the principal amount of the loan must not exceed \$7,500 per grade level.~~ Loan limits are defined based on the type of program enrollment, such as a certificate, an associate's degree, a bachelor's degree, or a graduate program. The aggregate principal amount of all loans made subject to this paragraph to a student as an undergraduate and graduate student must not exceed \$140,000. The amount of the loan must not exceed the cost of attendance as determined by the eligible institution less all other financial aid, including PLUS loans or other similar parent loans borrowed on the student's behalf. ~~The cumulative SELF loan debt must not exceed the borrowing maximums in paragraph (c).~~

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

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

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

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

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

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

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

Sec. 11. Minnesota Statutes 2018, section 136A.1791, subdivision 1, is amended to read:

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

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

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

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

(e) "Teacher shortage area" means:

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

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

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

Sec. 12. Minnesota Statutes 2018, section 136A.1791, subdivision 3, is amended to read:

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

Sec. 13. Minnesota Statutes 2018, section 136A.1795, subdivision 4, is amended to read:

Subd. 4. **Loan forgiveness.** (a) The commissioner may select ~~a maximum of five eligible~~ 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 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. 14. Minnesota Statutes 2018, section 136A.65, subdivision 8, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

Sec. 15. Minnesota Statutes 2018, section 136A.657, subdivision 1, is amended to read:

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

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

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

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

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

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

Sec. 16. Minnesota Statutes 2018, section 136A.657, subdivision 2, is amended to read:

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

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

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

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

Sec. 17. Minnesota Statutes 2018, section 136A.657, subdivision 3, is amended to read:

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

Sec. 18. Minnesota Statutes 2018, section 136A.827, subdivision 4, is amended to read:

Subd. 4. **Proration.** When a student has been accepted by a private career school and gives ~~written~~ notice of cancellation after the program of instruction has begun, but before completion of 75 percent of the program, the amount charged for tuition, fees and all other charges shall be prorated based on the number of days in the term as a portion of the total charges for tuition, fees and all other charges. An additional 25 percent of the total cost of the program may be added but shall not exceed \$100. After completion of 75 percent of the program, no refunds are required. A notice of cancellation from a student under this subdivision must be confirmed in writing by the private career school and mailed to the student's last known address.

The confirmation from the school must state that the school has withdrawn the student from enrollment, and if this action was not the student's intent, the student must contact the school.

Sec. 19. Minnesota Statutes 2018, section 136A.829, subdivision 1, is amended to read:

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

- (1) violation of any provisions of sections 136A.821 to 136A.833 or any rule adopted by the office;
- (2) furnishing to the office false, misleading, or incomplete information;
- (3) presenting to prospective students information relating to the private career school that is false, fraudulent, deceptive, substantially inaccurate, or misleading;
- (4) refusal to allow reasonable inspection or supply reasonable information after written request by the office;
- (5) having been administratively determined by the commissioner or judicially determined to have committed fraud or any other material violation of law involving federal, state, or local government funds;
or
- ~~(5)~~ (6) the existence of any circumstance that would be grounds for the refusal of an initial or renewal license under section 136A.822.

Sec. 20. Minnesota Statutes 2018, section 136A.834, subdivision 1, is amended to read:

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

- (1) offered by a private career school or any department or branch of a private career school;
- ~~(1) which~~ that is substantially owned, operated, or supported by a bona fide church or religious organization;
- (2) ~~whose programs are~~ primarily designed for, aimed at, and attended by persons who sincerely hold or seek to learn the particular religious faith or beliefs of that church or religious organization; and
- (3) ~~whose programs are~~ primarily intended to prepare its students to become ministers of, to enter into some other vocation closely related to, or to conduct their lives in consonance with the particular faith of that church or religious organization;

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

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

ARTICLE 2**MINNESOTA COLLEGE SAVINGS PLAN**

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

136G.01 PLAN ESTABLISHED.

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

- (1) providing a qualified tuition plan under federal tax law; and
- (2) encouraging individuals, foundations, and businesses to provide additional grants to participating students.

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

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

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

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

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

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

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

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

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

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

- ~~(1) from one account to another account within 60 days of a distribution;~~
- ~~(2) from another qualified state tuition program to an account within 60 days of the distribution; or~~
- ~~(3) to another qualified state tuition program from an account within 60 days of a distribution.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(2) the beneficiary receives a full tuition scholarship or is attending a United States service academy;~~ any of the exceptions under section 530(d)(4)(B)(i) to (iv) of the Internal Revenue Code apply to the beneficiary, and the exceptions cover 100 percent of the beneficiary's qualified higher education expenses, unless the account owner requests the matching grant funds be used to make a qualified education loan repayment as defined in section 529(c)(9) of the Internal Revenue Code;

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

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

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

(b) Matching grants must be proportionally forfeited if:

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

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

~~(3) the account owner makes a partial nonqualified withdrawal.~~

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

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

136G.13 ACCOUNT DISTRIBUTIONS.

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

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

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

~~(3) (2) directly to the account owner or beneficiary if the account owner or beneficiary has already paid qualified higher education expenses; or~~

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

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

Subd. 2. **Matching grant accounts.** ~~Qualified distributions are based on the total account balances in an account owner's account and matching grant account, if any, on the date of distribution. Qualified distributions must be withdrawn proportionally from each account based on the relative total account balance of each account to the total account balance for both accounts. Amounts for matching grants and matching grant earnings must only be distributed for qualified higher education expenses. Matching grant account funds may be used as part or all of a qualified distribution.~~

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

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

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

Subd. 5. **Distributions due to death or disability of, or scholarship to, or attendance at a United States military academy by, a beneficiary.** An account owner may request a distribution due to the death or disability of, or scholarship to, or attendance at a United States military academy by, a beneficiary from an account by submitting a completed request to the plan. ~~Prior to distribution, the account owner shall certify the reason for the distribution and provide written confirmation from a third party that the beneficiary has died, become disabled, or received a scholarship for attendance at an eligible educational institution, or is attending a United States military academy. The plan must not consider a request to make a distribution until a third-party written confirmation is received by the plan. For purposes of this subdivision, a third-party written confirmation consists of the following:~~

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

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

~~(3) for a scholarship award to the beneficiary, a letter from the grantor of the scholarship or from the eligible educational institution receiving or administering the scholarship, that identifies the beneficiary by name and Social Security number or taxpayer identification number as the recipient of the scholarship and~~

~~states the amount of the scholarship, the period of time or number of credits or units to which it applies, the date of the scholarship, and, if applicable, the eligible educational institution to which the scholarship is to be applied; or~~

~~(4) for attendance by the beneficiary at a United States military academy, a letter from the military academy indicating the beneficiary's enrollment and attendance. The plan shall apprise the account owner that the account owner is responsible for obtaining and retaining records and other documentation adequate to substantiate a distribution under this section.~~

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

136G.14 MINOR TRUST ACCOUNTS.

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

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

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

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

Sec. 17. **REPEALER.**

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

ARTICLE 3

INSTITUTIONAL APPROVAL PROVISIONS

Section 1. Minnesota Statutes 2018, 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 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. The office may terminate an institution's eligibility to participate in state student aid programs effective the date of the loss of eligibility for the federal Pell Grant program.

(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.

(g) The office may terminate a postsecondary institution's eligibility to participate in state student aid programs if the institution is terminated from participating in federal financial aid programs by the United States Department of Education for a violation of laws, regulations, or participation agreements governing federal financial aid programs.

Sec. 2. Minnesota Statutes 2019 Supplement, section 136A.64, subdivision 1, is amended to read:

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

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

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

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

(4) a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past fiscal year including any management letters provided by the independent auditor or, if the school is a public institution outside Minnesota, an income statement for the immediate past fiscal year compliance audits and audited financial statements that meet the requirements of Code of Federal Regulations, title 34, section 668.23;

United States Code, title 20, chapter 28, section 1094; Code of Federal Regulations, title 2, subpart A, part 200, subpart F, under 200.501 and 200.503; and United States Code, title 31, chapter 75;

- (5) all current promotional and recruitment materials and advertisements; and
- (6) the current school catalog and, if not contained in the catalog:
 - (i) the members of the board of trustees or directors, if any;
 - (ii) the current institutional officers;
 - (iii) current full-time and part-time faculty with degrees held or applicable experience;
 - (iv) a description of all school facilities;
 - (v) a description of all current course offerings;
 - (vi) all requirements for satisfactory completion of courses, programs, and degrees;
 - (vii) the school's policy about freedom or limitation of expression and inquiry;
 - (viii) a current schedule of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;
 - (ix) the school's policy about refunds and adjustments;
 - (x) the school's policy about granting credit for prior education, training, and experience;
 - (xi) the school's policies about student admission, evaluation, suspension, and dismissal; and
 - (xii) the school's disclosure to students on the student complaint process under section 136A.672.

Sec. 3. Minnesota Statutes 2019 Supplement, section 136A.646, is amended to read:

136A.646 ADDITIONAL SECURITY.

(a) New ~~schools~~ institutions 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, shall provide a surety bond in a sum equal to ten percent of the net revenue from tuition and fees in the registered institution's prior fiscal year, but in no case shall the bond be less than \$10,000.

(b) 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), shall provide a surety bond 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. If the letter of credit required by the United States Department of Education is higher than ten percent of the Title IV, Higher Education Act program funds received by the institution during its most recently completed fiscal year, the office shall reduce the office's surety requirement to represent ten percent of the Title IV, Higher Education Act program funds received by the institution during its most recently completed fiscal year, subject to the minimum and maximum in this paragraph.

(c) 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;
- (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.
- (d) 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.
- (e) 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. 4. Minnesota Statutes 2018, 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 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)-; and

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

(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. 5. Minnesota Statutes 2018, 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 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 with their physical location in Minnesota and programs 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. 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 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. 6. Minnesota Statutes 2018, section 136A.65, subdivision 8, is amended to read:

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

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

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

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

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

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

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

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

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

(5) failing to have enrollment within the last two years at the school; or

(6) failing to have any enrollment within two years of a program's approval, except for programs that require extensive approval processes by the United States Department of Education, or the program's institutional or programmatic accreditor.

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

Sec. 7. Minnesota Statutes 2018, section 136A.653, subdivision 1, is amended to read:

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 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. This exemption shall not extend to any school that uses any publication or advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school or its personnel, programs, services, or occupational opportunities for graduates for promotion and student recruitment. Exemptions denied under this section are subject to appeal under section 136A.65, subdivision 8, paragraph (c). If an appeal is initiated, the denial of the exemption is not effective until the final determination of the appeal, unless immediate effect is ordered by the court.

Sec. 8. Minnesota Statutes 2018, section 136A.657, subdivision 2, is amended to read:

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

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

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

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

(c) This exemption shall not extend to any school that uses any publication or advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school; its personnel, programs, or services; or occupational opportunities for its graduates for promotion and student recruitment. Exemptions denied under this section are subject to appeal under section 136A.65, subdivision 8, paragraph (c). If an appeal is initiated, the denial of the exemption is not effective until the final determination of the appeal, unless immediate effect is ordered by the court.

Sec. 9. Minnesota Statutes 2018, section 136A.658, is amended to read:

136A.658 EXEMPTION; STATE AUTHORIZATION RECIPROCITY AGREEMENT SCHOOLS.

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

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

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

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

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

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

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

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

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

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

Sec. 10. Minnesota Statutes 2018, section 136A.69, subdivision 1, is amended to read:

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

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

associate degree	\$2,000
baccalaureate degree	\$2,500
master's degree	\$3,000
doctorate degree	\$3,500

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

nondegree program	\$250
additional associate degree	\$250
additional baccalaureate degree	\$500
additional master's degree	\$750
additional doctorate degree	\$1,000

(d) The annual renewal registration fee is ~~\$1,200~~ \$1,500.

Sec. 11. Minnesota Statutes 2018, section 136A.69, subdivision 4, is amended to read:

Subd. 4. **Visit or consulting fee.** If the office determines that a fact-finding visit or outside consultant is necessary to review, investigate, or evaluate any ~~new or revised~~ degree or nondegree program or the institution for statutory compliance with the Minnesota Private and Out-of-State Public Postsecondary Education Act, the office shall be reimbursed for the expenses incurred related to the review as follows:

- (1) \$400 for the team base fee or for a paper review conducted by a consultant if the office determines that a fact-finding visit is not required;
- (2) \$300 for each day or part thereof on site per team member; and
- (3) the actual cost of customary meals, lodging, and related travel expenses incurred by team members.

Sec. 12. Minnesota Statutes 2018, section 136A.824, subdivision 4, is amended to read:

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

- (1) \$400 for the team base fee or for a paper review conducted by a consultant if the office determines that a fact-finding visit is not required;
- (2) \$300 for each day or part thereof on site per team member; and
- (3) the actual cost of customary meals, lodging, and related travel expenses incurred by team members.

Sec. 13. Minnesota Statutes 2018, section 136A.829, subdivision 1, is amended to read:

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

- (1) violation of any provisions of sections 136A.821 to 136A.833 or any rule adopted by the office;
- (2) furnishing to the office false, misleading, or incomplete information;
- (3) presenting to prospective students information relating to the private career school that is false, fraudulent, deceptive, substantially inaccurate, or misleading;

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

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

(6) using fraudulent or coercive practices, whether in the course of business in this state or elsewhere.

Sec. 14. Minnesota Statutes 2018, section 136A.833, subdivision 1, is amended to read:

Subdivision 1. **Application for exemptions.** A school that seeks an exemption from the provisions of sections 136A.822 to 136A.834 for the school and all of its programs or some of its programs 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. This exemption shall not extend to any school that uses any publication or advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school or its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment. Exemptions denied under this section are subject to appeal under section 136A.65, subdivision 8, paragraph (c). If an appeal is initiated, the denial of the exemption is not effective until the final determination of the appeal, unless immediate effect is ordered by the court.

Sec. 15. Minnesota Statutes 2018, section 136A.834, subdivision 2, is amended to read:

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

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

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

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

(c) This exemption shall not extend to any school that uses any publication or advertisement that is not truthful and gives any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school or its personnel, programs, services, or occupational opportunities for graduates for promotion and student recruitment. Exemptions denied under this section are subject to appeal under section 136A.65, subdivision 8, paragraph (c). If an appeal is initiated, the denial of the exemption is not effective until the final determination of the appeal, unless immediate effect is ordered by the court.

Presented to the governor May 18, 2020

Signed by the governor May 27, 2020, 11:18 a.m.