| 1.1 1.2 | moves to amend H.F. No. 1692, the delete everything amendment (H1692DE1), as follows: |
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| 1.3 | Page 2, line 25, delete "\$5,865" and insert "\$5,808" |
| 1.4 | Page 5, line 8, after "any" insert "undergraduate" |
| 1.5 | Page 5, line 13, after "student" insert a period |
| 1.6 | Page 5, after line 13 insert: |
| 1.7 | "To the extent that appropriations under |
| 1.8 | this subdivision are insufficient to meet |
| 1.9 | obligations contained in a labor or program |
| 1.10 | contract, the Board of Trustees shall fund |
| 1.11 | those obligations through reductions in costs |
| 1.12 | associated with central administration of |
| 1.13 | the system and executive administration of |
| 1.14 | individual campuses, or through reallocation |
| 1.15 | of nonstate funds received by the system. |
| 1.16 | These outstanding obligations may not be |
| 1.17 | funded through reduction in any program or |
| 1.18 | service that directly impacts students or that |
| 1.19 | is newly-authorized by the legislature for the |
| 1.20 | 2014-2015 biennium, or through increased |
| 1.21 | fees or costs directly assessed to students." |
| 1.22 | Page 5, delete lines 14 to 18 |
| 1.23 | Page 6, line 11, delete "baccalaureate" and insert "undergraduate degree-granting" |
| 1.24 | Page 6, line 16, after "student" insert a period and delete "that would" |
| 1.25 | Page 6, delete lines 17 to 21 |
| 1.26 | Page 10, line 9, delete "industrial relations" and insert "the Labor Education Service |
| 1 27 | Page 10 line 10 delete "education" |

| 2.1 | Page 10, line 15, after "are" insert "added to the base" |
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| 2.2 | Page 11, after line 2, insert: |
| 2.3 | "Section 1. Minnesota Statutes 2012, section 135A.031, subdivision 7, is amended to |
| 2.4 | read: |
| 2.5 | Subd. 7. Reports. (a) Instructional and noninstructional expenditure data and |
| 2.6 | enrollment data must be submitted in the biennial budget document under section |
| 2.7 | 135A.034. This report must include a description of the methodology for determining |
| 2.8 | instructional and noninstructional expenditures and estimates of inflation in higher |
| 2.9 | education and the methodology or index used to determine the inflation rate. The |
| 2.10 | <u>University of Minnesota and the Minnesota State Colleges and Universities systems shall</u> |
| 2.11 | include in their biennial budget proposals to the legislature: |
| 2.12 | (1) a five-year history of systemwide expenditures, reported by: |
| 2.13 | (i) functional areas, including instruction, research, public service, student financial |
| 2.14 | aid, and auxiliary services, and including direct costs and indirect costs, such as |
| 2.15 | institutional support, academic support, student services, and facilities management, |
| 2.16 | associated with each functional area; and |
| 2.17 | (ii) objects of expenditure, such as salaries, benefits, supplies, and equipment; |
| 2.18 | (2) a five-year history of the system's total instructional expenditures per full-year |
| 2.19 | equivalent student, by level of instruction, including upper-division undergraduate, |
| 2.20 | lower-division undergraduate, graduate, professional, and other categories of instructional |
| 2.21 | programs offered by the system; |
| 2.22 | (3) a five-year history of the system's total revenues by funding source, including |
| 2.23 | tuition, state operations and maintenance appropriations, state special appropriations, other |
| 2.24 | restricted state funds, federal appropriations, sponsored research funds, gifts, auxiliary |
| 2.25 | revenue, indirect cost recovery, and any other revenue sources; |
| 2.26 | (b) By February 1 of each even-numbered year, the Board of Regents of the University |
| 2.27 | of Minnesota and the Board of Trustees of the Minnesota State Colleges and Universities |
| 2.28 | must submit a report to the chairs of the legislative committees with jurisdiction over |
| 2.29 | higher education policy and finance. The report must describe the following: |
| 2.30 | (1) (4) an explanation describing how state appropriations made to the system in |
| 2.31 | the previous odd-numbered year biennium were allocated and the methodology used to |
| 2.32 | determine the allocation; |
| 2.33 | (2) (5) data describing how the institution reallocated resources to advance the |
| 2.34 | priorities set forth in the budget submitted under section 135A.034 and the statewide |
| 2.35 | objectives under section 135A.011. The information must indicate whether instruction |
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Section 1. 2

and support programs received a reduction in or additional resources. The total amount reallocated must be clearly explained;

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(3) (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;

(4) (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;

(5) (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

(6) (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.

(c) Instructional expenditure and enrollment data(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. The specific data shall be submitted only after the director of the Minnesota Office of Higher Education has consulted with a data advisory task force to determine the need, content, and detail of the information. Representatives from each system, in consultation with the commissioner of management and budget and the director 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

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institution or program, or in multiple categories of expenditures or revenues, and analyses 4.1 that show revenue sources for particular types of expenditures. 4.2 Sec. 2. Minnesota Statutes 2012, section 136A.101, subdivision 9, is amended to read: 4.3 Subd. 9. **Independent student.** "Independent student" has the meaning given it in 4.4 under Title IV of the Higher Education Act of 1965, United States Code, title 20, section 4.5 1070a-6 as amended, and applicable regulations. 4.6 Sec. 3. [136A.104] INSTITUTION TERMINATION. 4.7 (a) The office shall have the authority to terminate a postsecondary institution's 4.8 eligibility to participate in state student aid programs if the institution meets one of the 4.9 following criteria: 4.10 (1) violates a provision of Minnesota Statutes, Minnesota Rules, or administrative 4.11 policies governing student aid programs and fails to correct the violation and reimburse 4.12 4.13 the office for audit findings within the time frame specified in the audit report or other notice furnished by the office; 4.14 (2) has a consistent pattern of noncompliance with Minnesota Statutes, Minnesota 4.15 Rules, or administrative policies governing student aid programs as documented by the 4.16 office or lacks administrative capability to successfully administer student financial aid 4.17 programs on campus based on factors including, but not limited to: 4.18 (i) adequacy of financial aid staffing levels, experience, training, and turnover of key 4.19 financial aid staff; 4.20 4.21 (ii) adequate checks and balances in its system of internal controls; (iii) maintenance of records required for programs; or 4.22 (iv) the ability to participate in the electronic processes used for program 4.23 administration; 4.24 (3) refuses to allow inspection of or provide information relating to financial aid 4.25 records, after written request by the office; 4.26

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subparts 1 and 2; or

(4) misappropriates student aid program funds;

the administration of student financial aid programs;

(5) falsifies information or engages in misleading or deceptive practices involving

(6) no longer meets institutional eligibility criteria in section 136A.103 or 136A.155,

or additional criteria for state grant participation in Minnesota Rules, part 4830.0300,

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

Sec. 4. [136A.1041] TERMINATION PROCEDURE.

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

Sec. 5. [136A.1042] REQUEST FOR HEARING.

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

Sec. 6. [136A.1043] RESTRICTION ON AWARDS DURING TERMINATION PERIOD.

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

Sec. 7. [136A.1044] FINAL DECISION, ORDERS.

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

Sec. 8. [136A.1045] REINSTATEMENT OF ELIGIBILITY.

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

Sec. 9. [136A.1046] REINSTATEMENT REQUIREMENTS.

An institution's reinstatement request must include:

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

Sec. 10. [136A.1047] RESPONSE TO REINSTATEMENT REQUEST.

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

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

Sec. 11. [136A.1048] PROBATIONARY PERIOD.

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

Sec. 11. 6

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

Sec. 12. [136A.1049] REINSTATEMENT.

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

Sec. 13. [136A.105] STUDENT AWARDS AFTER TERMINATION.

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

- Sec. 14. Minnesota Statutes 2012, section 136A.125, subdivision 2, is amended to read:
- 7.16 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;
 - (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) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters or the equivalent;
 - (5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;
 - (6) is enrolled at least half time in an eligible institution; and
- 7.29 (7) is in good academic standing and making satisfactory academic progress.
 - (b) A student who withdraws from enrollment for active military service <u>or for a major illness</u>, while under the care of a medical professional, that substantially limits the <u>student's ability to complete the term</u> is entitled to an additional semester or the equivalent of grant eligibility and will be considered to be in continuing enrollment status upon return.

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Sec. 15. Minnesota Statutes 2012, 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;

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- (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 \$2,600 \$2,800 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.
- 8.15 Sec. 16. Minnesota Statutes 2012, section 136A.233, subdivision 2, is amended to read:
 - Subd. 2. **Definitions.** For purposes of sections 136A.231 to 136A.233, the words defined in this subdivision have the meanings ascribed to them.
 - (a) "Eligible student" means a Minnesota resident enrolled or intending to enroll at least half time in a degree, diploma, or certificate program in a Minnesota postsecondary institution.
 - (b) "Minnesota resident" means a student who meets the conditions in section 136A.101, subdivision 8.
 - (c) "Financial need" means the need for financial assistance in order to attend a postsecondary institution as determined by a postsecondary institution according to guidelines established by the Minnesota Office of Higher Education.
 - (d) "Eligible employer" means any eligible postsecondary institution, any nonprofit, nonsectarian agency or state institution located in the state of Minnesota, a disabled person or a person over 65 who employs a student to provide personal services in or about the person's residence, or a private, for-profit employer employing a student as an intern in a position directly related to the student's field of study that will enhance the student's knowledge and skills in that field.
 - (e) "Eligible postsecondary institution" means any postsecondary institution eligible for participation in the Minnesota state grant program as specified in section 136A.101, subdivision 4.

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

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

Sec. 17. Minnesota Statutes 2012, section 136A.646, is amended to read:

136A.646 ADDITIONAL SECURITY.

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- (a) In the event any registered institution 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.
- (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.
 - Sec. 18. Minnesota Statutes 2012, section 136A.65, subdivision 8, is amended to read:
- Subd. 8. **Disapproval of registration appeal.** (a) If a school's degree or use of a term in its name is disapproved by the office, the school may request a hearing under 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 disapproval.
- (b) (a) The office may refuse to renew, revoke, or suspend registration, approval of a school's degree, or use of a regulated term in its name by giving written notice and reasons to the school. The school may request a hearing under chapter 14. If a hearing is requested, no revocation or suspension shall take effect until after the hearing.

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(e) (b) Reasons for revocation or suspension of registration or approval may be 10.1 for one or more of the following reasons: 10.2 (1) violating the provisions of sections 136A.61 to 136A.71; 10.3 (2) providing false, misleading, or incomplete information to the office; 10.4 (3) presenting information about the school which is false, fraudulent, misleading, 10.5 deceptive, or inaccurate in a material respect to students or prospective students; or 10.6 (4) refusing to allow reasonable inspection or to supply reasonable information after 10.7 a written request by the office has been received. 10.8 (c) Any order refusing, revoking, or suspending a school's registration, approval of a 10.9 school's degree, or use of a regulated term in the school's name is appealable in accordance 10.10 with chapter 14. The request must be in writing and made to the office within 30 days of the 10.11 date the school is notified of the action of the office. If a school has been operating and its 10.12 registration has been revoked, suspended, or refused by the office, the order is not effective 10.13 until the final determination of the appeal, unless immediate effect is ordered by the court. 10.14 10.15 Sec. 19. Minnesota Statutes 2012, section 136A.653, is amended by adding a subdivision to read: 10.16 10.17 Subd. 5. Free educational courses. A school providing exclusively free training or instructional programs or courses where no tuition, fees, or any other charges are required 10.18 for a student to participate is exempt from the provisions of sections 136A.61 to 136A.71." 10.19 Page 11, line 16, after "bonus" insert "or other performance-based incentive" 10.20 Page 11, line 27, after "bonus" insert "or other performance-based incentive" 10.21 10.22 Page 13, after line 3, insert: "Sec. 23. Minnesota Statutes 2012, section 141.35, is amended to read: 10.23 141.35 EXEMPTIONS. 10.24 Sections 141.21 to 141.32 shall not apply to the following: 10.25 (1) public postsecondary institutions; 10.26 (2) postsecondary institutions registered under sections 136A.61 to 136A.71; 10.27 (3) schools of nursing accredited by the state Board of Nursing or an equivalent 10.28 public board of another state or foreign country; 10.29 (4) private schools complying with the requirements of section 120A.22, subdivision 10.30 10.31 4; (5) courses taught to students in a valid apprenticeship program taught by or 10.32 required by a trade union; 10.33 (6) schools exclusively engaged in training physically or mentally disabled persons 10.34 for the state of Minnesota: 10.35

Sec. 23.

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

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- (8) 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) schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office except schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names unless the 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 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; and

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| (17) schools with no physical presence in Minnesota, as determined by the office, |
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| engaged exclusively in offering distance instruction that are located in and regulated by |
| other states or jurisdictions; and |
| (18) schools providing exclusively free training or instructional programs or courses |
| where no tuition, fees, or any other charges are required for a student to participate. |
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| Sec. 24. Minnesota Statutes 2012, section 299A.45, subdivision 4, is amended to read: |
| Subd. 4. Renewal. Each award must be given for one academic year and is |
| renewable for a maximum of eight semesters or the equivalent. A student who withdraws |
| from enrollment for active military service 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. An award |
| must not be given to a dependent child who is 23 years of age or older on the first day of |
| the academic year. |
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| Sec. 25. REPEALER. |
| (a) Minnesota Statutes 2012, section 136A.031, subdivision 2, is repealed. |
| (b) Minnesota Rules, parts 4830.0120; 4830.0130; 4830.0140; 4830.0150; |
| 4830.0160; 4830.0170; 4830.0180; 4830.0190; and 4830.0195, are repealed." |

Renumber the sections in sequence and correct the internal references

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Amend the title accordingly