

HOUSE RESEARCH

Bill Summary

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Overview

Chapter 141 regulates the operation of private, for-profit trade and career post-secondary schools in the state, with the intent of providing consumer protection for students and to ensure the legitimacy of schools that qualify as eligible for financial aid. This process is operated by the Higher Education Services Office (HESO). (Private post-secondary institutions that are nonprofit or that grant baccalaureate and/or graduate education are exempt from this chapter, but are required to register with the state under provisions in chapter 136A.)

This bill updates many of the provisions of the law, including adding references to distance education, clarifies which schools are required to be licensed under this chapter, and simplifies the process for license renewal for those schools that have established a good track record in the state.

Section

- 616 Definitions.** Amend definitions in law regulating private, for profit career schools to clarify that the law applies to schools offering programs, not just individual courses, to eliminate obsolete language, and to update to include distance education and websites.
- 979 Technical.** Makes technical changes to correspond to changes in definitions.
- 10 Application materials.** Adds gross income for the preceding year to the materials necessary for licensure application, unless the applicant files a maximum surety bond (see sec.10).
- 11 Surety bond.** Specifies that the size of the required surety bond is equal to 10% of the school's previous year's gross income, but not less than \$10,000 nor more than \$50,000. Clarifies that a school may be denied a license if the surety bond or its equivalent is not posted.
- 12 Technical.** Makes technical changes.
- 13 Organization.** Includes requirement that a school have a sufficient organization, including administrators and instructors, that it is able to provide the program it intends to offer. Makes other technical changes.

- 14 Technical.** Makes technical changes.
- 15 Catalog.** Adds information required in a catalog, brochure or website to include a procedure for handling student complaints and HESO's name and address.
- **Technical.** Makes technical and clarifying changes.
- 171617**
- 18 Renewal.** Directs HESO to promulgate rules for license renewal that provide two different levels of renewal depending on the record of the school. Rules must provide for a lesser degree of scrutiny for schools that have demonstrated the quality of their performance over a significant period of time, including 4 year licenses instead of annual renewals. Specifies certain indicators to be used.
- 19 Technical.** Makes technical changes.
- 20 Information to students.** Requires that students receive a catalog in time to review it before signing a contract. Requires the contract to include certain information including a clear statement of costs, refund and cancellation policies, and a detailed description of the program for which the student is entering the contract.
- **Technical.** Make technical and clarifying changes.
- 312131**
- 32 Penalties.** Requires HESO to adopt rules establishing a list of civil violations and the associated penalty. Caps fines at \$500 per day per violation.
- 33 Exemptions.** Clarifies which schools do not fall under the provisions of this chapter. Provides an exemption for distance education programs with no physical presence in Minnesota if they are regulated by other states or jurisdictions. Clarifies that this chapter applies to for-profit schools offering less than a baccalaureate degree while registration under chapter 136A applies to nonprofit schools and for-profit schools offering baccalaureate or graduate degrees. Permits for-profit schools currently registered under chapter 136A to remain there and not be licensed under chapter 141.
- 34 Repealer.** Repeals:
- 141.25, subs. 9a, 9b, and 11 - language relating to correspondence schools which is included elsewhere in changes in this bill
 - 141.36 - public policy statement of the purpose of chapter 141