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Overview

H.F. 1222 is the Office of Higher Education's technical and policy bill. The bill makes technical changes to the state's campus sexual assault, financial aid, and loan forgiveness programs. The bill also makes a number of policy changes to the state's registration and licensure requirements for private, degree-granting schools and private career schools.

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- 1** **Sexual assault definition.** Updates the definition of sexual assault in the state's campus sexual assault law to reflect a change in federal law. The previous definition defined sexual assault as "forcible sex offenses." This term no longer exists in federal law. The bill defines sexual assault as rape, sex offenses—fondling, or sex offenses—statutory rape.
- 2** **Institution eligibility requirements.** Amends the eligibility requirement for state financial aid programs. Removes eligibility for so-called "short programs" that are shorter than 300 hours and are not eligible for Pell Grants. Requires institutions to maintain adequate administrative and financial standards and compliance with state statutes, rules, and administrative policies related to financial aid programs.
- 3** **Loan Forgiveness.** Permits individuals participating in the Large Animal Veterinarian Loan Forgiveness Program to provide "a confirmation of practice" form to prove that they are fulfilling their service requirement for the program. Current law requires an affidavit.
- 4-7** Defines "compliance audit," "entity," "higher-level entity," and "audited financial statements" for the purposes of state laws governing the registration of degree-granting private postsecondary institutions.

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8 Schools to provide information. Requires private degree-granting schools registering with the Office of Higher Education to provide the office with financial documents, including audited financial statements and a compliance audit.

9 Additional security. Amends an existing law requiring certain degree-granting schools to provide a surety bond if they have been notified by the United States Department of Education that they have fallen below minimum financial standards. Requires new schools that have been granted conditional approval for degrees while applying for accreditation to also provide a surety bond.

Under current law, the largest surety bond a school is required to furnish is \$250,000. The bill instead requires a surety bond equal to ten percent of the tuition and fees in the registered institution's prior fiscal year, with no upper limit.

Permits schools to instead provide an irrevocable letter of credit in lieu of a bond.

Stipulates how the additional security will be used in the event of a school closure. The security bonds must first be used to destroy personally identifiable information, and second to reimburse tuition and fee costs to certain students.

10 Accreditation; requirement. Requires that a private, degree-granting institution have both institutional accreditation and programmatic accreditation. Current law only requires the school be accredited.

11 Criteria for approval. Requires private, degree-granting institutions to use accounting principles according to the type of school and industry-appropriate budget methodologies.

12 Advertising requirements. Regulates the advertising of private, degree-granting schools. Requires that advertising claims be evidence-based and based on current conditions. Forbids guaranteeing employment or implying such a guarantee.

Forbids schools from advertising in a way that implies earnings greater than the prevailing wage for entry-level employees in the relevant field of study and geographic area, unless such claims are based upon verifiable wage information from graduates.

Requires schools to substantiate placement statistics used in advertising with school records. Forbids several specific practices related to the reporting of placement statistics.

Prohibits schools from using endorsements by students without their consent and without an offer of compensation. Requires endorsements to portray current conditions.

Prohibits schools from advertising accreditation that is not recognized by the United States Department of Education or the Council for Higher Education Accreditation, unless authorized by OHE. Permits OHE to approve advertising certain accreditations if they are industry-specific.

Prohibits the following advertising techniques:

- Using financial aid as a primary incentive in advertisement, promotion, or recruitment.
- Using the words "wanted," "help wanted," or "trainee" in the headline or body of an advertisement.

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- Advertising under the “help wanted” or “employment” classification.
- Falsely claiming that the school is conducting a talent hunt, contest, or similar test.

Permits the commissioner to require a school to publish a retraction of a misleading or deceptive claim.

- 13 Conditional Approval.** Amends OHE’s existing authority to grant degree-granting schools conditional approval.

Permits OHE to grant a one-year conditional approval, for up to five years, for the following reasons:

- To allow a new school to apply for accreditation.
- To allow a registered school to apply for accreditation if the school’s accrediting agency is no longer recognized by the United States Department of Education.
- To allow a registered school to change to a different accrediting agency.

- 14 Exemptions.**

Subd. 1. Application. Requires a school that applies for an exemption from registration requirements for private, degree-seeking schools to apply to OHE. Stipulates that an exemption expires two years from the date of approval, or until a school adds a new program that makes a modification equal to 25% of an existing program. Requires a school that reapplies for an exemption to submit its application 90 days before the current exemption expires.

Subd. 3a. Tuition-free educational courses. Amends an existing exemption provided under current law to schools offering tuition-free courses to students in Minnesota. That exemption is targeted towards massive open online courses (MOOCs). Under current law, the exemption is provided to students who offer tuition-free courses to students in Minnesota. The bill limits the exemption to schools that do not charge tuition fees, or other charges to any student.

- 15 Application.** Requires schools seeking a religious exemption from registration requirements to apply to OHE. Stipulates that exemptions expire two years from the date of approval or when a school adds a new program that makes a modification equal to 25% of an existing program. Requires a school that reapplies for an exemption to submit its application 90 days before the current exemption expires.

- 16 Registration Representations.** Clarifies the language of an existing disclosure requirement for private, degree-granting institutions.

- 17 Student Complaints.** Permits OHE to investigate and resolve student complaints at private degree-granting institutions.

Subd. 1. Authority. Grants OHE the authority to review and take action on student complaints.

Subd. 2. Complaint. Requires complaints be in writing, be signed by a student, and state how the school violated state laws governing private degree-granting institutions.

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Limits student complaints to those that occurred in the previous six years from the date the concern should have been discovered with reasonable effort.

Subd. 3. Investigation. Requires OHE to investigate complaints that are within its authority. Requires OHE to notify schools of alleged violations and the process of the investigation. Requires schools to respond to alleged violations and provide documentation to OHE.

Subd. 4. Penalties. Permits OHE to require remedial action and assign penalties. OHE's existing authority allows it to assign a fine for each day's failure to comply with existing laws of up to \$500 per day per violation. Permitted remedial actions include notifying students of violations, adjustments to school policies and procedures, and tuition or fee refunds to impacted students.

- 18** **Records.** Current law requires private postsecondary institutions that do not have a binding agreement with OHE to preserve student records to provide a surety bond to cover the cost of record retrieval, recovery, and storage. The bill permits schools to file an irrevocable letter of credit issued by a financial institution in lieu of a surety bond.
- 19-23** Defines "compliance audit," "entity," "higher-level entity," "audited financial statements," and "review-level engagement" for the purposes of state laws governing the registration of private career schools (non-degree granting private schools).
- 19** **Application.** Requires schools applying for licensure to provide financial documents to OHE. Removes a reference to the surety bond maximum amended in section 25.
- 20** **Bond.** Current law requires private career schools to file with OHE a corporate surety bond, equal to ten percent of the preceding year's gross income from student tuition, fees and other required institutional charges. Under current law, the largest bond a school would be required to file is \$250,000; the bill removes that cap.
- Under current law, certain schools that are licensed by another state agency or board as well as OHE are only required to provide a bond of \$10,000. The bill removes this lower bond amount for schools licensed exclusively in order to permit in the State Grant or SELF Loan programs.
- Removes a mandate on the commissioner to deny, suspend, or revoke a private career school's license if the school does not post and maintain a surety bond. Replaces the mandate with permissive language.
- 21** **Permanent Records.** Current law requires private career schools that do not have a binding agreement with OHE to preserve student records to provide a surety bond to cover the cost of record retrieval, recovery, and storage. The bill permits schools to file an irrevocable letter of credit issued by a financial institution in lieu of a surety bond.
- 22** **Private career schools licensed by another state agency or board.** Requires private career schools that are licensed to participate in state financial aid programs to comply with the existing tuition refund policy, even if they are licensed by another state agency or board. This requirement applies even if it conflicts with the refund policy of another licensing agency or board.

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23 **Contract information.** Requires a contract or enrollment agreement used by a private career school to include the email address or phone number that a student may contact in order to cancel the contract or sale.

29-30 Current law allows students to cancel a contract or enrollment agreement with a private career school and in certain circumstances recover part or all of the tuition and fees the student paid. The bill removes a requirement that a student provide written notice to cancel enrollment. This would have the effect of permitting students to cancel through non-written means.

31 **False Statements.** Regulates the advertising of private career schools. Requires that advertising claims be evidence-based and based on current conditions. Forbids guaranteeing employment or implying such a guarantee.

Forbids schools from advertising in a way that implies earnings greater than the prevailing wage for entry-level employees in the relevant field of study and geographic area, unless such claims are based upon verifiable wage information from graduates.

Requires schools to substantiate placement statistics used in advertising with school records. Forbids several specific practices related to the reporting of placement statistics.

Prohibits schools from using endorsements by students without their consent and without an offer of compensation. Requires endorsements to portray current conditions.

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- Advertising under the “help wanted” or “employment” classification.
- Falsely claiming that the school is conducting a talent hunt, contest, or similar test.

Permits the commissioner to require a school to publish a retraction of a misleading or deceptive claim.

32 **Student Complaints.** Permits OHE to investigate and resolve student complaints at private career schools.

Subd. 1. Authority. Grants OHE the authority to review and take action on student complaints.

Subd. 2. Complaint. Requires complaints be in writing, be signed by a student, and state how the school violated state laws governing private career schools. Limits student complaints to those that occurred in the previous six years from the date the concern should have been discovered with reasonable effort.

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- 33 Inspection.** Permits OHE to require a private career school or an applicant for licensure to submit audited financial statements.
- 34 Application for exemptions.** Requires schools seeking an exemption from licensure requirements to apply to OHE. Stipulates that exemptions expire two years from the date of approval or when a school adds a new program that makes a modification equal to 25% of an existing program. Requires a school that reapplies for an exemption to submit its application 90 days before the current exemption expires.
- Modifies an existing exemption for private career schools providing distance education. Removes the exemption if the schools include internships, externships, or clinical placements for residents of Minnesota.
- 35 Application.** Requires schools seeking a religious exemption from licensure requirements to apply to OHE. Stipulates that exemptions expire two years from the date of approval or when a school adds a new program that makes a modification equal to 25% of an existing program. Requires a school that reapplies for an exemption to submit its application 90 days before the current exemption expires.
- 36 Credit load.** Amends the MnSCU Occupational Scholarship Program credit load requirements. Stipulates that in order to qualify for a grant, by the end of the academic year—including the summer term—a grantee must have completed the lesser of 30 program credits or the number of credits the student's program is scheduled for.