

File Number: S.F. 2214
Version: Conference Committee Report

Date: May 9, 2017

Authors: Nornes

Subject: Omnibus higher education bill

Analyst: Nathan Hopkins (nathan.hopkins@house.mn)
Sean Williams (sean.williams@house.mn)

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

The conference committee report appropriates money for and makes policy changes related to the Office of Higher Education (OHE), Minnesota State Colleges and Universities (MnState), and the University of Minnesota (the University).

Section

Article 1: Higher Education Appropriations

- 1 **Higher education appropriations.** Specifies that appropriations contained in the bill are for fiscal years 2018 (first year) and 2019 (second year).
- 2 **Minnesota Office of Higher Education.** Appropriates \$248.4 million in FY 2018 and \$247.6 million in FY 2019 from the general fund to OHE, as described below:
 - **State grants** at \$188.1 million in FY 2018 and \$191.0 million in FY 2019.
 - **Child care grants** at \$6.7 million per year.
 - **State work-study** at \$14.5 million per year.
 - **Interstate tuition reciprocity** at \$11.0 million per year, with transfer authority between years if necessary.

Section

- **Safety officer's survivor grants** at \$100,000 per year, with transfer authority between years, if necessary. This program provides benefits to eligible dependent children and spouses of public safety officers killed in the line of duty.
- **Indian scholarships** at \$3.5 million per year, an increase of \$400,000 per year over the previous biennium. Requires that at least one person with demonstrated competence in American Indian culture and who lives in or near Bemidji be employed to assist students with the American Indian scholarship and other financial aid programs at Bemidji State University.
- **Tribal college grants** at \$150,000 per year. These grants support enrollment of students at tribal colleges that are not members of a federally-recognized tribe. Existing federal grant funding is not available for educational costs associated with enrollment of these students.
- **Intervention for college attendance program grants** at \$671,000 per year, which includes funding to administer the program grants.
- **Student-parent information** at \$122,000 per year.
- **Get Ready!** at \$180,000 per year.
- **Minnesota Education Equity Partnership** at \$45,000 per year.
- **Midwest Higher Education Compact** at \$115,000 per year.
- **United Family Medicine Residency program** at \$501,000 per year, to support up to 21 resident physicians in family practice. The program is intended to train doctors to practice family medicine in underserved urban and rural areas of the state.
- **MnLINK Gateway and Minitex** at \$5.9 million per year.
- **Statewide Longitudinal Education Data System (SLEDS)** at \$882,000 per year.
- **Hennepin County Medical Center** at \$645,000 per year, to support graduate family medical education programs.
- **MNSCU two-year public college program** at \$3.5 million in fiscal year 2018 only. This appropriation funds a pilot program offering select students scholarships to attend two-year colleges in Minnesota. This pilot program was established in the 2015 omnibus higher education bill; when the program was established, the base for fiscal year 2018 was set at \$3,481,000 and the base for fiscal year 2019 was set at \$0.
- **College Possible** at \$250,000 per year. This appropriation is for immediate transfer to the College Possible program, which supports programs encouraging low-income students to attend and graduate from college. The appropriation must be allocated proportionally to students from greater Minnesota and the seven-county metropolitan area, and must only be used for supporting students who plan to attend colleges and universities in Minnesota.
- **Spinal cord and traumatic brain injury research grant program** at \$3.0 million per year. This appropriation is \$2.0 million per year greater than the base amount.

Section

- **Summer academic enrichment program** at \$125,000 per year. This appropriation is \$100,000 per year greater than the base amount.
- **Dual training competency grants; OHE** at \$2 million in both years.
- **Dual training competency grants; DOLI** at \$200,000 per year. This appropriation is for transfer to the Department of Labor and Industry to develop competency standards for the dual training competency grants.
- **Concurrent enrollment courses** at \$340,000 per year. Of this amount, \$225,000 per year is for grants to develop new concurrent enrollment courses; \$115,000 per year is for grants to postsecondary institutions not currently offering concurrent enrollment courses.
- **Campus sexual assault reporting** at \$25,000 per year.
- **Campus sexual violence prevention and response coordinator** at \$150,000 per year. The appropriation is to fund a staff position, trainings, and instructional materials. These resources are intended to provide guidance to postsecondary institutions on the best practices for preventing and responding to campus sexual assault.
- **Addiction medicine graduate fellowship program.** Appropriates \$210,000 in fiscal year 2018 to establish a grant program to support physicians who enroll in an addiction medicine fellowship program. The 2016 omnibus supplemental budget bill established the fellowship program and set the base for the program at \$210,000 in fiscal year 2018 and \$0 in fiscal year 2019.
- **Student and employer connection information system** at \$405,000. The appropriation is for a grant to the Minnesota Chamber Foundation for a web-based job and intern-seeking software tool. The Foundation received a \$500,000 supplemental grant for the tool in the 2016 supplemental budget bill; the base for that program was set at \$405,000 in fiscal year 2018 and thereafter.
- **Emergency assistance for postsecondary students** at \$175,000 per year.
- **Grants to teacher candidates** at \$500,000 per year.
- **Teacher shortage loan forgiveness** at \$200,000 per year.
- **Large animal veterinarian loan forgiveness** at \$375,000 per year. This program was originally established in 2009, and has periodically received one-time appropriations that do not cancel.
- **Agricultural educators loan forgiveness program** at \$50,000 in fiscal year 2018 and \$0 in fiscal year 2019. This appropriation funds a new program established in article 3, section 10.
- **Aviation degree loan forgiveness program** at \$25,000 in both years. This appropriation funds a new program established in article 3, section 9.

Section

- **Grants for students with developmental disabilities** at \$200,000 per year. This appropriation funds a new program established in article 3, section 3.
- **Loan Repayment Assistance Program** at \$25,000 in both years for grant to the Loan Repayment Assistance Program of Minnesota. The Loan Repayment Assistance Program of Minnesota is a 501(c)(3) organization that works to reduce the education debt burden of public interest lawyers who represent low-income clients. The grant must be used to provide education debt relief to attorneys with full-time employment providing legal advice or representation to low-income clients—or support services for similar work.
- **Minnesota Life College** at \$1,000,000 per year. The appropriation must be used to provide a grant to Minnesota Life College for need-based scholarships and tuition reduction.
- **Agency Administration** at \$2.6 million per year.

This section allows any balances in the first year to carry forward to the second year, and permits transfer of funds between certain programs, with prior notice to the legislature.

3

Board of Trustees of the Minnesota State Colleges and Universities. Appropriates approximately \$709.7 million in FY 2018 and \$714.6 million in FY 2019 from the general fund, as described below.

- **Central Office and Shared Services Unit** at \$33.0 million per year.
 - MnState is prohibited from renewing the current lease for its central office location and is requested to explore co-locating its central office on an existing campus or campuses.
- **Operations and maintenance** at \$672.5 million in FY 2018 and \$677.4 million in FY 2019.
 - MnState is required to transfer to the applicable MnState institution \$100,000 for each of the institution's campus that is not located in a metropolitan county. An institution may receive no more than a total of \$300,000 under this provision.
 - For the 2017-18 academic year, the Board of Trustees must freeze tuition at state colleges at the 2016-2017 rate. For the 2018-19 academic year, the board must freeze tuition at state universities at the 2017-2018 rate, and reduce tuition at state colleges by at least 1 percent compared to the 2017-18 rate.
 - MnState is requested help improve retention and completion for students of color.
 - This appropriation includes funding specifications for the following programs:
 - \$500,000 per year for **workforce development scholarships** required in article 2, section 16, of the bill.
 - \$200,000 per year for transfer to the **Cook County Higher Education Board** to provide programming and academic support to remote regions in northeast Minnesota.

Section

- \$50,000 per year is developing and teaching **online agricultural courses** in farm business management.
- \$175,000 per year for continuing the **veterans to agriculture pilot program** established in the 2015 higher education omnibus act.
- \$40,000 per year for implementing the **sexual assault policies** required under Minn. Stat. § 135A.15
- \$3.0 million in fiscal year 2018 and \$5.0 million in fiscal year 2019 for upgrading the **Integrated Statewide Record System**.
- \$100,000 in FY 2018 for **Winona State University** to partner with **HealthForce Minnesota** to increase awareness of career opportunities in senior care.
- **Learning Network of Minnesota** at \$4.1 million per year.

4 Board of Regents of the University of Minnesota. Appropriates approximately \$636.9 in FY 2018 and \$638.8 million in FY 2019, as described below.

- **Operations and Maintenance** at \$567.3 million in FY 2018 and \$569.2 million in FY 2019.
 - This appropriation includes funding specifications for the following programs:
 - \$15 million per year for the **medical school** to increase research, improve the school's ranking, attract and retain staff and students, invest in physician training programs in rural and underserved areas, and to translate research discoveries into treatments and cures.
 - \$6.8 million in FY 2018 and \$8.8 million in FY 2019 for **health training restoration** to support faculty physicians, the mobile dental clinic, and expansion of geriatric and family programs.
 - \$1 million per year for **MnDrive** to advance research for cancer care research.
 - \$50,000 in fiscal year 2018 to develop a plan to offer a program for students with **intellectual and developmental disabilities**.
 - \$500,000 per year for the **Morris branch** to cover the costs of tuition waivers for Native American students.
- **Primary Care Education Initiatives** at \$2.1 million per year from the health care access fund.
- **Special appropriations**, as follows:
 - **Agricultural and extension service** at \$42.9 million per year for a number of specified purposes described in the bill, with a required report to the legislature on the status and outcomes of research funded by this appropriation.
 - **Health sciences** at \$9.2 million per year.

Section

Of this appropriation, \$346,000 per year is to support up to 12 resident physicians at the St. Cloud Hospital family practice residency program. The remainder of the appropriation is for the rural physician associates program, the Veterinary Diagnostic Laboratory, health sciences research, dental care, and the Biomedical Engineering Center.

- **Institute of Technology** at \$1.1 million per year for the Geological Survey and the talented youth mathematics program.
- **System Special** at \$6.2 million per year for general research, the Labor Education Service, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.
 - Of this amount, \$1 million per year is for the Natural Resources Research Institute to invest in applied research for economic development.
- **University of Minnesota and Mayo Foundation Partnership** at approximately \$8 million per year. Of this amount, \$7.5 million per year is for direct and indirect expenses associated with the collaborative research partnership between the University and the Mayo Foundation on biotechnology and medical genomics. \$500,000 per year is to award competitive grants to conduct research in to the **prevention, treatment causes, and cures of Alzheimer's disease** and other dementias.
- The Academic Health Center is estimated to receive funding of **\$22.25 million each year from the dedication of a portion of cigarette taxes.**

5 Mayo Clinic. Appropriates approximately \$1.35 million in each year from the general fund, as described below.

- **Medical school**, at \$665,000 per year, to pay a capitation each year for students who are residents of Minnesota. The appropriation is intended to increase the number of doctors practicing in rural areas.
- **Family practice and graduate residency program**, at \$686,000 per year, to pay stipend support for up to 27 residents each year.

Section

Article 2: Higher Education Policy

Overview

Article 2 contains policy provisions related to the Office of Higher Education, Minnesota State, and the University of Minnesota.

- 1 **Collective bargaining.** Encourages MnState and the University to seek fiscal balance in contract negotiations with collective bargaining units.
- 2 **Biennial budget proposals.** Requires MnState and the University to include in their biennial budget proposals to the legislature: an explanation of material changes in expenditures compared to the prior fiscal year; data on consulting contracts for which the system paid more than \$500,000 in the two most recent fiscal years; and aggregate data on students, mandatory fees, employees, facilities, administrative costs, and operating budgets.
- 3 **Mandatory student activity fees prohibited.** Prohibits MnState from imposing on students any mandatory fee funding student programs, activities, or groups. This prohibition does not extend to mandatory fees that fund instructional, academic, administrative, or health services. The university is requested to adopt policies implementing the section. If it does not, net revenue from any prohibited fee may be deducted from the university's base appropriation in the first year of the next biennium.
- 4 **Information to pregnant students and student parents.** Requires all public and regionally-accredited private colleges and universities to provide to student parents and pregnant students a fact sheet including the student's legal rights and a list of resources available to the student.
- 5 **Developmental education reporting.** Requires the commissioner of higher education to publish on its web site data regarding students who graduated from a Minnesota high school in previous year, are enrolled in public postsecondary institution in Minnesota, and have taken supplemental or developmental education course at the postsecondary levels. Requires the data to be disaggregated by race, ethnicity, free or reduced lunch eligibility, and age.
- 6 **Assigned family responsibility.** Reduces by four percentage points the assigned family responsibility for dependent students, independent students with children, and independent children without children.
- 7 **Grants for students with intellectual and developmental disabilities.** Establishes a grant program at the Office of Higher Education (OHE) for students with intellectual and developmental disabilities. Grants through the program would be equal to the student's tuition and fees, minus any Pell and state grants the student receives.

To be eligible for a grant through the program, a student must meet the eligibility requirement for the state grant program, be enrolled in a postsecondary institution eligible for the state grant program, have an intellectual disability, and be enrolled in a comprehensive transition and postsecondary (CTP) program. The bill defines "intellectual disability" and "comprehensive transition and postsecondary" program based upon the definitions in federal regulations.

Section

- 8 and 9** **Child care grant program changes.** Makes two changes to the Child Care Grant Program's parameters.
1. To be eligible for the program under current law, a resident student must not have earned a degree at the level of the student's current course of study, and must have been enrolled full-time at that level for at most eight semesters or the equivalent. The bill increases the eight semester limit to ten semesters for both undergraduate and graduate students.
 2. Under current law, the maximum grant is \$2,800. The bill increases this number to \$3,000. This has the effect of increasing the award amounts for all grant recipients, as well as slightly increasing the number of students who would potentially be eligible for a grant.
- 10** **Teacher Candidate Grants.** Expands eligibility for grants to teachers in shortage areas to teacher candidates belonging to underrepresented racial or ethnic groups.
- 11** **Aviation degree loan forgiveness program.** Establishes a loan forgiveness program at OHE for aircraft technicians and pilots who complete postsecondary degrees in Minnesota
- Subd. 1. Definitions.** Defines the following terms as follows:
- "Qualified aircraft technician" means an individual who earned an associate's or bachelor's degree from a Minnesota postsecondary institution and who obtained an aviation mechanic's certificate from the Federal Aviation Administration.
 - "Qualified education loan" means a government, commercial, or foundation loan used by an individual to pay for actual costs paid for tuition to a postsecondary institution located in Minnesota for a professional flight training degree.
 - "Qualified pilot" means an individual who earned an associate's or bachelor's degree from a Minnesota postsecondary institution and who is in the process of obtaining or has obtained an airline transport pilot certificate.
- Subd. 2. Creation of account.** Establishes an aviation degree loan forgiveness program account. Requires the commissioner to use funds from the account to administer the program. Stipulates that appropriations to the account do not cancel.
- Subd. 3. Eligibility.** Establishes eligibility requirements for the program. To qualify, an individual must be a qualified pilot with qualified education loans and submit an application to OHE. Requires applicants to agree to a service obligation in accordance with subdivision 4.
- Subd. 4. Service obligation.** Requires a participant to verify that the participant is employed in a position that fulfills the service obligation. Requires the commissioner any amounts paid to a participant who does not fulfill the service requirement.
- Subd. 5. Loan forgiveness.** Permits the commissioner to select eligible applicants within the limits of available funding. Specifies the amount of loan forgiveness as follows:

Section

- For a qualified pilot \$5,000 or the remaining balance on the individual's qualified loans.
- For a qualified aircraft technician \$3,000 or the remaining balance on the individual's qualified loans.

Prohibits an individual from receiving loan forgiveness through the program more than five times.

Establishes a process for disbursing awards directly to recipients. Requires a recipient to prove that the award amount was applied to the individual's qualified education loans.

Subd. 6. Rules. Requires OHE to adopt rules governing the program.

12 Agricultural education loan forgiveness program. Establishes a loan forgiveness program at the Office of Higher Education (OHE) for agricultural educators.

Subd. 1. Definitions. Defines terms for the purposes of the section.

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

(c) Defines "qualified teacher" as a licensed teacher who is employed in a non-administrative position teaching agricultural education in any grade from 5 through 12 at a Minnesota school, and who completed undergraduate or graduate program in agricultural education at a Minnesota college or university approved to prepare persons for teacher licensure.

(d) Defines "school" as: (1) a school or program offered by a school district or group of districts; (2) a tribal contract school eligible for state aid for tribal contract or grant schools; (3) a charter school; or (4) a private school.

Subd. 2. Account; appropriation. Establishes an account for the program in the special revenue fund. Appropriates money in the account to OHE.

Subd. 3. Eligibility. Establishes eligibility criteria. To qualify for the program, an individual must be a qualified teacher with qualified education loans, and must apply in the form and manner specified by OHE. Requires applicants to agree to a service obligation in accordance with subdivision 4.

Subd. 5. Service obligation. Requires a participant to verify that the participant is employed in a position that fulfills the service obligation. Requires the commissioner any amounts paid to a participant who does not fulfill the service requirement.

Subd. 4. Loan forgiveness. (a) Authorizes OHE to select eligible applicants, within the limits of available funding. Stipulates that applicants must secure their own qualified loans.

(b) Requires OHE to make annual disbursements to a participant of \$3,000 for each year the participant meets the eligibility requirements. If the participant's loan balance

Section

is less than \$3,000, the disbursement is limited to the loan balance. Limits an individual to receiving five awards.

(c) Requires an award recipient to verify that the award was applied towards a qualified education loan.

- 13 Regionally accredited institutions in Minnesota.** Exempts regionally accredited degree-granting postsecondary institutions certain from OHE requirements. The requirements relate to approval of majors, minors, concentrations, specializations, areas of emphasis, curriculum or courses, locations, and fees. Requires the covered institution to notify the commissioner annually when they perform the actions covered by the exemption. Requires a regionally accredited degree-granting postsecondary institution to notify the commissioner within 60 days of closing.
- 14 Private institutions; adjudication of fraud or misrepresentation.** Current law prohibits OHE from providing registration, degree approval, or name approval to a private, degree-granting postsecondary institution if there is a criminal, civil, or administrative adjudication of fraud or misrepresentation against the school.
- The report removes this prohibition and instead gives OHE the discretion to revoke or deny an application for registration, degree approval, or name approval if the school received an adjudication of fraud or misrepresentation. The report also permits the commissioner to revoke degree approval for a particular academic program rather than the school if the adjudication of fraud or misrepresentation was related to a particular academic program.
- 15 Membership.** Adds two members to the existing 12-member advisory council for the Spinal Cord and Traumatic Brain Injury Research Program. The two new members must be a veteran with a traumatic brain injury and a representative of Gillette Children's Specialty Healthcare. The new board positions are created by splitting two existing council positions into two parts.
- 16 Workforce development scholarships.** Establishes a scholarship program administered by MnState to incentivize students to enter high-demand occupations.
- Subd. 1. Program established.** Establishes the scholarship program at MnState.
- Subd. 2. Scholarship awards.** Scholarships shall be for \$2,500, distributed evenly over two academic terms.
- Subd. 3. Program eligibility.** To qualify for a scholarship a student must: qualify for resident tuition; take at least nine credits at a state college; and study either: advanced manufacturing, agriculture, health care services, or information technology.
- Subd. 4. Renewal; cap.** A student may receive the scholarship more than once, but an individual's total lifetime award may not exceed \$5,000.
- Subd. 5. Administration.** Requires MnState to establish an application process for the program. Preference may be given based on financial need.
- Subd. 6. Report required.** Imposes an annual reporting requirement on the status of the program.

Section

- 17 University of Minnesota program for students with intellectual and developmental disabilities (IDDs).** The University is requested to offer a program for students with IDDs beginning in the 2018-2019 academic year.
- Subd. 1. Program required.** Requests the University to offer an academic program for students with IDDs at the Morris campus.
- Subd. 2. Enrollment and admissions.** The program must seek to enroll 15 students per academic year. The program must award a credential to a student upon completion.
- Subd. 4. Curriculum and activities.** The program must provide a full-time, two-year residential college experience. Specific curriculum requirements are also enumerated.
- Subd. 5. Reporting.** Imposes an annual reporting requirement on the status of the program.
- 18 Fetal tissue research.** Imposes requirements on the University for research involving fetal tissue.
- Subd. 1. Definitions.** Defines applicable terms.
- Subd. 2. Approval by the Fetal Tissue Research Committee (FTR).** Requires researchers to get approval from the FTR before conducting research involving fetal tissue. In evaluating research proposals, the FTR must consider whether alternatives to fetal tissue would be sufficient for the research. FTR decisions are subject to review by the University's Institutional Review Board.
- Subd. 3. Legislative report.** Requires the University to report to the legislature regarding fetal tissue research projects.
- Subd. 4. Education on compliance.** Requests the University to conduct education programs for researchers on applicable laws and policies regarding fetal tissue research.
- 19 and 20 Psychology licensing exemption for teachers and students.** Creates an exemption from Board of Psychology licensing requirements for:
- Psychology teachers and researchers who are employed by secondary, postsecondary, and post-graduate institutions, and who do not provide clinical services to clients; and
 - Psychology students who are engaged in a supervised practicum or internship, or post-doctoral supervised psychological employment.
- 21 County scholarship program.** Authorizes counties to establish a county scholarship program funded by any unencumbered mineral royalties or any law imposing a tax upon severed mineral values. The scholarship must be used at a two-year MnState institution within the county.
- 22 University of Minnesota base adjustment.** Adjusts the University's base appropriation for fiscal years 2018 to 2040. The original adjustment passed in 2014 estimated the amount needed to repay the University for bonds sold under its authority; this adjustment is to recapture the excess appropriation now that the actual payment amounts are known.

Section

- 23** **Developmental education reform.** Requires MnState to create a system-wide plan to reform their developmental education offerings. The plan must be implemented by the start of the 2020-2021 academic year.
- 24** **Greater Minnesota outreach and recruitment.** Requests the University to develop an outreach and recruitment plan for students from greater Minnesota.
- 25** **Legislative auditor review of fetal tissue research at the University of Minnesota.** Requests the Legislative Auditor to perform a comprehensive review of fetal tissue research activities at the University.
- 26** **State grant report.** Requires the commissioner of higher education to report to the legislature on the amount of funding necessary for the State Grant Program to fully meet the financial aid needs of lower- and middle-income Minnesota college students based upon the program's shared responsibility design.
- 27** **University of Minnesota Tuition.** Requests the University to adopt tuition schedules for its Twin Cities campus that would move rates toward the median among the flagship campuses of other public Big Ten universities.
- 28** **Living and miscellaneous expense allowance.** For the state grant program, establishes the allowance for living and miscellaneous expenses (LME) at \$9,320.
- 29** **Ongoing appropriation.** Clarifies that any funds appropriated under a 2016 law for grants to teachers in shortage areas and carried forward to the 2018-2019 biennium may be used for any of the purposes authorized under the amended version of the program (teacher candidate grants).

Article 3: Office of Higher Education Agency Policy

Overview

Article 3 contains provisions from the Office of Higher Education's agency bill, with modifications.

- 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, sex offenses—incest, 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.

Section

- 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** Defines “entity” for the purposes of state laws governing the registration of degree-granting private postsecondary institutions.
- 5** **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.
- 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 private educational data, and second to reimburse tuition and fee costs to certain students. Describes which students will receive priority for refunds.
- 6** **Accreditation; requirement.** Requires that a private, degree-granting institution have both institutional accreditation and programmatic accreditation. Current law only requires the school be accredited.
- Prohibits a school from offering a degree unless the program has institutional accreditation by an agency recognized by the U.S. Department of Education for eligibility to participate in federal financial aid. Requires a program undergoing program accreditation to inform OHE of any site visits and provide the staff the opportunity to attend the visits, excluding exit interviews.
- 7** **Criteria for approval.** Requires private, degree-granting institutions to use accounting principles according to the type of school.
- 8** **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.
- 9** **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 percent of an

Section

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.

10 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 percent of an existing program. Requires a school that reapplies for an exemption to submit its application 90 days before the current exemption expires.

11 Registration representations. Clarifies the language of an existing disclosure requirement for private, degree-granting institutions.

12 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. Limits student complaints to those that occurred in the previous six years from the date the concern should have been discovered with reasonable effort and after utilizing the school's internal complaint process. Allows complaints related to fraud or misrepresentation even if the student has not used the school's internal complaint process. Prohibits OHE from investigating grade disputes, student conduct proceedings, disability accommodation request, and discrimination claims.

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. Requires complaints to be filed after utilizing the school's internal complaint process, except in cases of fraud and misrepresentation. Prohibits OHE from investigating complaints related to grade disputes, student conduct proceedings, disability accommodation requests, or discrimination claims.

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.

Section

Subd. 5. Contested case hearing. Permits a school or OHE to appeal a decision regarding a complaint in a contested case hearing governed by Chapter 14. Permits a prevailing party to recover costs, disbursement, and reasonable attorney fees.

13 **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.

14 to 18 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 10 percent of the preceding year’s 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.** Makes a conforming change due to changes made in section 24.

Requires a school that participates in state financial aid programs to comply with the existing policy on refunds, even if the school is licensed by another state agency or board.

23 to 25 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.

26 **False statements.** Regulates the advertising of private career schools. Requires that, other than opinion-based statements or puffery, 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.

Section

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. Permits OHE to pre-approve advertisement of accreditors other than the Department of Education and Council on Higher Education Accreditation.

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.
- 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. To the extent reasonable, the retraction must be published in the same manner as the original claim.

27

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. Requires complaints to be filed after utilizing the school’s internal complaint process, except in cases of fraud and misrepresentation. Prohibits OHE from investigating complaints related to grade disputes, student conduct proceedings, disability accommodation requests, or discrimination claims.

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

Section

include notifying students of violations, adjustments to school policies and procedures, and tuition or fee refunds to impacted students.

- 28** **Inspection.** Permits OHE to require a private career school or an applicant for licensure to submit audited financial statements.
- 29** **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 percent 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.
- 30** **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 percent of an existing program. Requires a school that reapplies for an exemption to submit its application 90 days before the current exemption expires.
- 31** **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.