

Subject Office of Higher Education (OHE) Policy and Technical Bill

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Overview

H.F. 3392 is the Office of Higher Education (OHE) policy and technical bill. Among other changes, the bill:

- Adds language establishing the Tribal Nations Education Committee.
- Makes several regulatory changes related to OHE's registration of degree-granting schools and licensing of private career schools.
- Makes several changes to the Minnesota college savings program statutes to account for changes in federal law.

Article 1: Office of Higher Education

Section	Description
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1	Definitions.
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Adds to the state campus sexual assault law a definition of "incident." An incident is limited to a single report of sexual assault, regardless of the number of complainants, respondents, or whether the identity of a party is known by the institution.

2	Office name.
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Clarifies that the Office of Higher Education is also known as the Minnesota Office of Higher Education.

3	Student Advisory Council.
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Removes references to the Minnesota Career College Association in the Student Advisory Council statutes. Requires that the student on the council that is enrolled in a private for-profit institution be elected by students enrolled in private career schools.

4	Postsecondary education of American Indians.
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Subd. 1. Definitions. Defines "Tribal Nations Education Committee" to mean a committee established through tribal directive that OHE seeks consultation with

Section	Description
	<p>on matters relating to educating Minnesota’s American Indian postsecondary students.</p> <p>Subd. 2. American Indian community involvement. Requires OHE to provide for the maximum involvement of the Tribal Nations Education Committee in establishing programs and formulating policies related to the postsecondary involvement of Minnesota’s American Indian students.</p> <p>Subd. 3. Consultation with Tribal Nations Education Committee. Requires OHE to consult with the Tribal Nations Education Committee on matters related to the postsecondary involvement of Minnesota’s American Indian students. Permits OHE to consult individual tribal nations.</p>
5	<p>FAFSA completion goal.</p> <p>Requires OHE, the Department of Education, and the Minnesota Association of Secondary School Principals to set an annual goal for the percentage of Minnesota high school seniors completing the Free Application for Federal Student Aid (FAFSA).</p>
6	<p>Unpaid student account balances.</p> <p>Forbids a postsecondary institution receiving state financial aid from withdrawing a student from class or suspending a student due to an unpaid student account balance.</p>
7	<p>Child care grant for graduate and professional postsecondary institutions.</p> <p>Allows postsecondary institutions offering only graduate or professional degrees to participate in OHE’s Child Care Grant Program.</p>
8, 10 - 11	<p>Teacher shortage area definition.</p> <p>Assigns the Professional Educator Licensing and Standards Board the responsibility to define teacher shortage areas. Under current law the Department of Education defines the areas. The areas must be defined based on the teacher supply and demand report and other surveys conducted by the board that provide indicators for teacher supply and demand.</p>
9	<p>SELF loan amounts.</p> <p>Permits OHE to determine loan limits for the SELF loan program. Requires OHE to define borrowing maximums based on program enrollment.</p>
12	<p>Loan forgiveness.</p> <p>Removes the five recipient cap from the Large Animal Veterinarian Loan Forgiveness Program.</p>

Section	Description
13	<p>Mandatory predispute arbitration clauses; degree-granting schools.</p> <p>Requires degree-granting schools to not require mandatory predispute arbitration clauses with students.</p>
14	<p>Conditional approval.</p> <p>OHE has the authority to grant a degree-granting school a one-year conditional approval while the school applies for accreditation. This language limits that authority to schools physically located in Minnesota.</p>
15	<p>Revocation and suspension of degree-granting schools.</p> <p>Requires OHE to give written notice and reasons before revoking, suspending, or refusing to renew registration or approval of a school's degree.</p> <p>Permits OHE to revoke or suspend approval of a degree-granting school if the school:</p> <ul style="list-style-type: none">▪ Used fraudulent, coercive or dishonest practices.▪ Demonstrated incompetence, untrustworthiness, or financial irresponsibility.▪ Was administratively or judicially determined to have committed fraud or a material violation of law involving state, local, or federal funds.
16	<p>Exemption.</p> <p>Exempts degree-granting programs from OHE regulation if they are offered by a religious organization or church, primarily designed for persons who seek to learn the faith and beliefs of the organization, and intended to prepare the students to enter a vocation closely related to the faith.</p>
17	<p>Limitation.</p> <p>Clarifies that the religious exemption for degree-granting schools does not extend to programs that are marketed or represented to students as nonreligious or to prepare students for a vocation not related to the faith.</p>
18	<p>Scope.</p> <p>Clarifying the scope of the religious exemption for degree-granting schools.</p>
19	<p>Minimum standards.</p> <p>Requires private career schools to not require mandatory predispute arbitration clauses with students.</p>
20	<p>Proration.</p> <p>Removes the requirement that a student give written notice when informing a private career school that the student intends to cancel the program. Students would</p>

Section	Description
	receive prorated tuition under this provision even if they give nonwritten notice of cancellation.
21	Revocation and suspension of private career schools. Permits OHE to revoke or suspend approval of a private career school if the school: <ul style="list-style-type: none">▪ Used fraudulent, coercive, or dishonest practices.▪ Demonstrated incompetence, untrustworthiness, or financial irresponsibility. Was administratively or judicially determined to have committed fraud or a material violation of law involving state, local, or federal funds.
22	Application for exemptions. Allows a private career school to apply for a religious exemption for only some of its programs.
23	Exemption. Exempts private career school programs from OHE regulation if they are offered by a religious organization or church, primarily designed for persons who seek to learn the faith and beliefs of the organization, and intended to prepare the students to enter a vocation closely related to the faith.
24	Limitations. Clarifies that the religious exemption for degree-granting schools does not extend to programs that are marketed or represented to students as nonreligious or to prepare students for a vocation not related to the faith.
25	Race and ethnicity data collection report. Requires OHE report to the legislature on a strategy for collecting detailed race and ethnicity data within postsecondary education.
26	Repealer. Repeals language requiring postsecondary institutions offering concurrent enrollment courses to report survey data to OHE.

Article 2: Minnesota College Savings Plan

Article 2 makes changes to the law governing the Minnesota college savings plan, Minnesota's section 529 plan. Most of these changes are to account for recent changes to federal law.

The main federal provisions the article responds to are:

- Permitting qualified distributions for:
 - Up to \$10,000 of K-12 tuition expenses.
 - Apprenticeship program expenses.
 - Student loan payments for the beneficiary or the beneficiary’s sibling.
- Permitting rollovers to Achieving a Better Life Experience (ABLE) Accounts

Section	Description
1	Name clarification. Clarifies that the Minnesota college savings plan is also known as the Minnesota 529 college savings plan.
2	Apprenticeship expenses definition. Defines “apprenticeship expenses” for the purposes of the plan.
3	Contribution definition. Includes recontributions, as defined under federal law, as a contribution for the purposes of the plan.
4	Disabled definition. Defines “disabled” for the purposes of the plan.
5	Distribution definition. Modifies distribution definition to allow qualified distributions to be sent to third parties.
6	Dormant account definition. Eliminates requirement that account statements be mailed and returned as undeliverable when determining if an account is dormant.
7	IRS Publication 970 definition. Defines “IRS Publication 970” for the purposes of the plan.
8	K-12 expenses definition. Defines “K-12 expenses” as \$10,000 of K-12 tuition expenses, as is permitted as a qualified distribution under federal law.
9	K-12 school definition. Defines “K-12 school” for the purposes of the plan.
10	Technical change. Fixes a broken cross-reference.

Section	Description
11	Nonqualified distribution. Defines nonqualified distribution as a taxable distribution not subject to the additional federal tax.
12	Qualified distribution definition. Updates the definition of “qualified distribution” to include student loan repayments for a beneficiary’s sibling.
13	Qualified distribution for other than K-12 expenses definition. Defines “qualified distribution for other than K-12 expenses” for the purposes of the plan.
14	Qualified education loan repayment definition. Defines “qualified education loan repayment” for the purposes of the plan.
15	Qualified higher education expenses definition. Updates the definition of qualified higher education expenses to allow K-12 expenses, apprenticeship expenses, and student loan repayments for beneficiaries and their siblings. These changes conform to recent changes to federal tax law.
16	Qualified rollover distribution definition. Permits rollover contributions to ABLE accounts.
17	Scholarship definition. Defines “scholarship” to include fellowship grants paid to individuals to aid in the pursuit of research or study.
18	Taxable distribution definition. Defines “taxable distribution” as a nonqualified distribution and “taxable distributions not subject to the additional federal tax.”
19	Taxable distributions not subject to the additional federal tax definition. Defines “taxable distribution not subject to the additional federal tax” as a distribution under which the earnings portion of the distribution is subject to federal tax but is not subject to additional federal tax.
20	Accounts-type plan. Includes K-12 tuition, apprenticeship expenses, and qualified education loans as an expense that may be saved for under the plan.

Section	Description
21	<p>Matching grants; taxable distributions.</p> <p>Updates language governing matching grants to match the new definition of taxable distribution.</p>
22	<p>Technical change.</p> <p>Changes reference from “program” to “plan.”</p>
23	<p>Data sharing.</p> <p>Permits plan data sharing with the Department of Revenue for the purpose of research and analysis to evaluate the plan.</p>
24	<p>Maximum account balance.</p> <p>Deletes obsolete language related to the repealed matching grant program.</p>
25	<p>Ownership of matching grant funds.</p> <p>Requires that matching grant funds be used for qualified distributions other than K-12 expenses.</p>
26	<p>Forfeiture of matching grants.</p> <p>Requires beneficiaries with taxable distributions not subject to additional federal tax to forfeit matching grants, if the beneficiary received scholarships that cover 100% of the beneficiary’s qualified higher education expenses.</p> <p>Requires account owners who close an account by making a contribution for K-12 expenses to forfeit matching grants.</p> <p>Requires account owners who make a partially taxable distribution to proportionally forfeit matching grants.</p> <p>Requires account owners who make a qualified distribution for K-12 expenses to forfeit matching grants.</p>
27	<p>Qualified distribution methods.</p> <p>Strikes language allowing qualified distributions in the form of a check.</p> <p>Permits payments to the owner or beneficiary if the distribution is for K-12 expenses.</p> <p>Permits payments directly to third parties.</p> <p>Permits matching grant distributions to be used only for qualified expenses other than K-12 expenses.</p>

Section	Description
	Requires account owners who make a qualified distribution for K-12 expenses to forfeit matching grants.
28	Minor trust accounts. Permits rollovers to ABLE accounts.
29	Repealer. Repeals the definition of “adjusted gross income.” Repeals outdated language related to the matching grant program.



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