

Senator moves to amend S.F. No. 4340 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ONLINE PROGRAM MANAGEMENT COMPANY REQUIREMENTS

Section 1. [135A.195] REQUIREMENTS RELATED TO ONLINE PROGRAM MANAGEMENT COMPANIES.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Contract" means an agreement entered into by an institution of higher education with an online program management company. Contract includes any amendment or addendum to the agreement.

(c) "Institution of higher education" means an institution governed by the Board of Trustees of the Minnesota State Colleges and Universities and the Board of Regents of the University of Minnesota. The Board of Regents of the University of Minnesota is requested to comply with this section.

(d) "Managed programs" means an online course or program that is fully delivered online in a virtual space.

(e) "Online program management company" means a private for-profit third-party entity that enters into a contract with an institution of higher education to provide bundled products and services to develop, deliver, or provide managed programs, when the services provided include recruitment and marketing.

(f) "Tuition sharing" means compensation or payment to an online program management company based on a percentage of revenue or fees collected from managed programs.

Subd. 2. **Contract stipulations.** A contract must not contain any provision that:

(1) includes tuition sharing;

(2) grants the online program management company ownership rights to any or all

2.1 (ii) student assessment and grading;

2.2 (iii) course assessment;

2.3 (iv) admissions requirements;

2.4 (v) appointment of faculty;

2.5 (vi) faculty assessment;

2.6 (vii) decision to award course credit or credential; or

2.7 (viii) institutional governance.

2.8 Subd. 3. **Mandatory contract review and approval.** Prior to being executed, a contract
2.9 must be reviewed and approved by the Board of Trustees for the Minnesota State Colleges
2.10 and Universities. The Board of Regents of the University of Minnesota is requested to
2.11 comply with this section. The review must include an analysis of the contract's compliance
2.12 with subdivision 2 prior to approval.

2.13 Subd. 4. **Reporting requirements.** An institution of higher education that contracts
2.14 with an online program management company shall annually submit to its governing board
2.15 a report documenting enrollment in and revenue generated by managed programs. The
2.16 Board of Regents of the University of Minnesota is requested to comply with this section.

2.17 Subd. 5. **Marketing requirements.** (a) An institution of higher education that retains
2.18 an online program management company to provide marketing services for its academic
2.19 degree programs shall require that:

2.20 (1) the online program management company self-identifies as a third-party entity that
2.21 is separate from the institution at the beginning of any communication with a prospective
2.22 student; and

2.23 (2) any digital or print advertising provided by the online program management company
2.24 for an academic program of the institution includes a clear disclosure of the third-party
2.25 relationship between the online program management company and the institution.

2.26 (b) An institution of higher education that contracts with an online program management

ARTICLE 2

STUDENT PROTECTIONS

Section 1. Minnesota Statutes 2022, section 136A.645, is amended to read:

136A.645 SCHOOL CLOSURE.

(a) When a school intends to cease postsecondary education operations, announces its closure, or is informed by the office that the office anticipates the school's closure due to its registration status or ability to meet criteria for approval under section 136A.65, the school must provide the office:

(1) a notice of closure, including the name of the school, the name of the school owner, an active mailing address and telephone number that the school owner may be reached at after the school physically closes, the name of the school director, and the planned date for termination of postsecondary operations;

(2) a report of all students currently enrolled and all students enrolled within the prior 120 days, including the following information for each student: name, address, school email address, alternate email address, program of study, number of credits completed, number of credits remaining, and enrollment status at closure;

(3) a report of refunds due to any student and the amount due;

(4) a written statement from the school's owner or designee affirming that all recruitment efforts, school marketing, advertisement, solicitation, and enrollment of new students has ceased;

(5) a copy of any communication between the school's accreditors about the school closure;

(6) confirmation that the requirements for student records under section 136A.68 have been satisfied, including:

(i) the planned date for the transfer of the student records;

(ii) confirmation of the name and address of the organization to receive and hold the

(8) copies of any teach-out, transfer, or train-out agreement between the school and a new school for students to be able to complete their studies. A teach-out fulfills the original contract or agreement between the closing school and the student. If a teach-out is arranged for another approved school to do the remaining occupational training, that other school must (i) provide comparable education and training and (ii) agree that students transferring from the closing school pay only what the cost of tuition and fees remain unpaid according to the terms and conditions in the enrollment agreement entered into between the student and the closing school.

(b) When a school intends to cease a degree or nondegree program, announce the closure of a degree or nondegree program, is informed by the office that the office anticipates the program's closure due to the program's registration status or its ability to meet criteria for approval under section 136A.65, or the program loses eligibility in federal financial aid under title IV of the Higher Education Act of 1965, Public Law 89-329, as amended, the school must provide to the office:

(1) a notice of closure, including the name of the degree or nondegree program, the name and contact information of the program chair, and the planned date for termination of the degree or nondegree program;

(2) a report of all students currently enrolled and all students enrolled within the prior 120 days in the degree or nondegree program, including the following information for each student: name, address, school email address, alternate email address, program of study, number of credits completed, number of credits remaining, and enrollment status at closure of the program if the program is terminated due to loss of eligibility in the federal Pell Grant program;

(3) a written statement from the school's owner or designee affirming that all recruitment efforts, school marketing, advertisement, solicitation, and enrollment of new students in the degree or nondegree program has ceased;

(4) academic information, including the degree or nondegree program's most recent catalog, all course syllabi, and faculty credential information; and

5.1 to the terms and conditions in the enrollment agreement entered into between the student
5.2 and the closing school if the program is terminated due to loss of eligibility in the federal
5.3 Pell Grant program.

5.4 ~~(b)~~ (c) Without limitation as to other circumstance, a school shall be deemed to have
5.5 ceased operations when the school:

5.6 (1) has an unscheduled nonemergency closure or cancellation of classes for more than
5.7 24 hours without prior notice to the office;

5.8 (2) announces it is closed or closing;

5.9 (3) files for bankruptcy; or

5.10 (4) fails to complete a renewal application when required under section 136A.63,
5.11 subdivision 2.

5.12 ~~(e)~~ (d) When a school is deemed to have ceased operations, the office shall provide the
5.13 school a reasonable time to correct student records and grant credentials. After that time,
5.14 the office must revoke the school's registration. This revocation is not appealable under
5.15 section 136A.65, subdivision 8.

5.16 Sec. 2. Minnesota Statutes 2022, section 136A.65, subdivision 4, is amended to read:

5.17 Subd. 4. **Criteria for approval.** (a) A school applying to be registered and to have its
5.18 degree or degrees and name approved must substantially meet the following criteria:

5.19 (1) the school has an organizational framework with administrative and teaching personnel
5.20 to provide the educational programs offered;

5.21 (2) the school has financial resources sufficient to meet the school's financial obligations,
5.22 including refunding tuition and other charges consistent with its stated policy if the institution
5.23 is dissolved, or if claims for refunds are made, to provide service to the students as promised,
5.24 and to provide educational programs leading to degrees as offered;

5.25 (3) the school operates in conformity with generally accepted accounting principles
5.26 according to the type of school;

(7) the school uses only publications and advertisements which are truthful and do not give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school, its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment;

(8) the school's compensated recruiting agents who are operating in Minnesota identify themselves as agents of the school when talking to or corresponding with students and prospective students;

(9) the school provides information to students and prospective students concerning:

(i) comprehensive and accurate policies relating to student admission, evaluation, suspension, and dismissal;

(ii) clear and accurate policies relating to granting credit for prior education, training, and experience and for courses offered by the school;

(iii) current schedules of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

(iv) policies regarding refunds and adjustments for withdrawal or modification of enrollment status; and

(v) procedures and standards used for selection of recipients and the terms of payment and repayment for any financial aid program;

(10) the school must not withhold a student's official transcript because the student is in arrears or in default on any loan issued by the school to the student if the loan qualifies as an institutional loan under United States Code, title 11, section 523(a)(8)(b); ~~and~~

(11) the school has a process to receive and act on student complaints; and

(12) the school must not use nondisclosure agreements or other contracts restricting a student's ability to disclose information in connection with school actions or conduct that would be covered under section 136A.672.

(b) An application for degree approval must also include:

- 7.1 (vi) projected enrollment for a period of five years;
- 7.2 (vii) the curriculum required for the degree, including course syllabi or outlines;
- 7.3 (viii) statement of academic and administrative mechanisms planned for monitoring the
- 7.4 quality of the proposed degree;
- 7.5 (ix) statement of satisfaction of professional licensure criteria, if applicable;
- 7.6 (x) documentation of the availability of clinical, internship, externship, or practicum
- 7.7 sites, if applicable; and
- 7.8 (xi) statement of how the degree fulfills the institution's mission and goals, complements
- 7.9 existing degrees, and contributes to the school's viability.

7.10 Sec. 3. Minnesota Statutes 2022, section 136A.65, subdivision 8, is amended to read:

7.11 Subd. 8. **Disapproval of registration; appeal.** (a) By giving written notice and reasons

7.12 to the school, the office may:

- 7.13 (1) revoke, suspend, or refuse to renew school registration;
- 7.14 (2) revoke, suspend, or refuse approval of a school's degree or nondegree program; and
- 7.15 (3) revoke, suspend, or refuse approval of the use of a regulated term in its name.

7.16 (b) Reasons for revocation or suspension of registration or approval may be for one or

7.17 more of the following reasons:

- 7.18 (1) violating the provisions of sections 136A.61 to 136A.71;
- 7.19 (2) providing false, misleading, or incomplete information to the office;
- 7.20 (3) presenting information about the school which is false, fraudulent, misleading,
- 7.21 deceptive, or inaccurate in a material respect to students or prospective students;
- 7.22 (4) refusing to allow reasonable inspection or to supply reasonable information after a
- 7.23 written request by the office has been received;
- 7.24 (5) failing to have enrollment within the last two years at the school; or

(c) Reasons for revocation or suspension of registration or approval under paragraph (a), clause (2), may be for one or more of the following reasons:

(1) the degree or nondegree program does not meet the provisions of sections 136A.61 to 136A.71;

(2) providing false, misleading, or incomplete information to the office about the degree or nondegree program;

(3) presenting information about the degree or nondegree program which is false, fraudulent, misleading, deceptive, or inaccurate in a material respect to students or prospective students;

(4) refusing to allow reasonable inspection or to supply reasonable information about the degree or nondegree program after a written request by the office has been received;

(5) failing to have any enrollment within two years of a program's approval, except for programs that require extensive approval processes by the United States Department of Education, or the program's institutional or programmatic accreditor; or

(6) the program loses eligibility in federal financial aid under title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

~~(e)~~ (d) Any order refusing, revoking, or suspending a school's registration, approval of a school's degree, or use of a regulated term in the school's name is appealable in accordance with 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 action of the office. If a school has been operating and its registration has been revoked, suspended, or refused by the office, the order is not effective until the final determination of the appeal, unless immediate effect is ordered by the court.

Sec. 4. Minnesota Statutes 2022, section 136A.675, subdivision 2, is amended to read:

Subd. 2. **Additional reporting.** (a) In addition to the information required for the indicators in subdivision 1, an institution must notify the office within ten business days if any of the events in paragraphs (b) to (e) occur.

(3) the United States Department of Education requires a 25 percent or greater Letter of Credit, except when the Letter of Credit is imposed due to a change of ownership;

(4) the United States Department of Education requires Heightened Cash Monitoring 2;

(5) the institution receives written notification that it violated the United States Department of Education's revenue requirement under United States Code, title 20, section 1094(a)(24), as amended; ~~or~~

(6) the institution receives written notification by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV is conditioned upon 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); or

(7) the institution receives written notification by the United States Department of Education that one or more of its programs has lost eligibility in federal financial aid under title IV of the Higher Education Act of 1965, Public Law 89-329, as amended, for failing federal Financial Value Transparency and Gainful Employment requirements under Code of Federal Regulations, title 34, parts 600 and 668.

(c) Related to accreditation and licensing, notice is required if:

(1) the institution receives written notification of probation, warning, show-cause, or loss of institutional accreditation;

(2) the institution receives written notification that its institutional accreditor lost federal recognition; or

(3) the institution receives written notification that it has materially violated state authorization or institution licensing requirements in a different state that may lead to or has led to the termination of the institution's ability to continue to provide educational programs or otherwise continue to operate in that state.

(d) Related to securities, notice is required if:

(1) the Securities and Exchange Commission (i) issues an order suspending or revoking

10.1 (3) the Securities and Exchange Commission is not in timely receipt of a required report
10.2 and did not issue an extension to file the report.

10.3 (e) Related to criminal and civil investigations, notice is required if:

10.4 (1) the institution receives written notification of a felony criminal indictment or charges
10.5 of the institution's owner;

10.6 (2) the institution receives written notification of criminal indictment or charges of the
10.7 institution's officers related to operations of the institution; or

10.8 (3) there has been a criminal, civil, or administrative adjudication of fraud or
10.9 misrepresentation in Minnesota or in another state or jurisdiction against the institution or
10.10 its owner, officers, agents, or sponsoring organization.

10.11 Sec. 5. Minnesota Statutes 2022, section 136A.828, is amended by adding a subdivision
10.12 to read:

10.13 Subd. 7. **Nondisclosure agreements.** No private career school shall use nondisclosure
10.14 agreements or other contracts restricting a student's ability to disclose information in
10.15 connection with school actions or conduct that would be covered under section 136A.8295."

10.16 Amend the title accordingly