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S.F. No. 4340 – Requirements enforcement related to higher education institution contracts with online program management companies - as proposed to be amended by the A-2

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Article 1 imposes requirements on postsecondary institutions that contract with online program management companies (OPMs) to provide online courses and other services.

Subd 1 defines the terms “contract,” “institution of higher education,” “managed programs,” “online program management company,” and “tuition sharing.”

Subd 2 prohibits contracts between an institution and an OPM that include tuition sharing, granting the OPM ownership rights to intellectual property, patentable discoveries, and faculty inventions, and granting the OPM authority over curriculum development and assessment, faculty appointment, and institutional governance.

Subd 3 requires the governing board to review a contract prior to execution. The review must analyze the contract’s compliance with subdivision 2. The University of Minnesota is required to comply with this section.

Subd 4 requires an institution to submit annually to its governing board a report on enrollment in and revenue generated by the managed programs. The University of Minnesota is requested to comply with this section.

Subd 5 imposes requirements on an OPM if it is retained to provide marketing services. The institution shall make a list of online programs supported by the OPM publicly available on its website.

This section is effective July 1, 2024, and applies to contracts entered into on or after that date.

Article 2 Student Protections

Sections 1-4 modify the Minnesota Private and Out-of-State Public Postsecondary Education Act

Section 1 (136A.645) requires a school to provide the information listed in this section to the Office of Higher Education (OHE) when a school intends to cease a degree or nondegree program, or the program loses federal financial aid eligibility.

Sections 2 and 5 (136A.65, subd 4) prohibit a private or out-of-state public school and a private career school, respectively, from using a nondisclosure agreement or contract restricting a student's ability to disclose information about a school's actions or conduct that would be allowed under the student complaint process in existing law.

Section 3 provides authority to the OHE to revoke, suspend, or refuse approval of a school nondegree program.

Section 4 requires an institution to notify the OHE if one or more of its programs loses federal financial aid eligibility for failing to satisfy federal gainful employment requirements.