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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 234

01/20/2015 Authored by Hilstrom, Norton, Nelson and Barrett
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to higher education; establishing certain duties for private for-profit
1.3 postsecondary schools; requiring certain disclosures; proposing coding for new
1.4 law as Minnesota Statutes, chapter 141A.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[141A.01] DEFINITIONS.**

1.7 Subdivision 1. **Words; terms; phrases.** The following words, terms, and phrases
1.8 have the meanings given them for purposes of sections 141A.01 to 141A.05.

1.9 Subd. 2. **Admissions visit.** "Admissions visit" means any in-person meeting,
1.10 or if an in-person meeting does not occur, a telephone conversation or real-time
1.11 online communication, between a student and a representative of a private for-profit
1.12 postsecondary school's admissions department during which the representative presents
1.13 information and answers questions about the school and the student is given an opportunity
1.14 to apply for or enroll in one of the school's programs.

1.15 Subd. 3. **Employment in the field of study.** "Employment in the field of study"
1.16 means a job specified in the name, or directly related to the subject, of the student's program,
1.17 but does not include a job for which training in the program is not required or necessary
1.18 to adequately perform the job. Part-time employment, temporary positions, employment
1.19 lasting less than three months, and unpaid positions shall not be considered employment in
1.20 the field of study. The school bears the burden of showing that a job is employment in the
1.21 field of study. For purposes of this subdivision, part-time employment means a position
1.22 that regularly requires an employee to work no more than 32 hours per week.

2.1 Subd. 4. **Expected graduation time.** "Expected graduation time" means the length
2.2 of time a full-time student will take to graduate if the student successfully completes
2.3 all program requirements.

2.4 Subd. 5. **Graduate.** "Graduate" means a student who has satisfied all academic and
2.5 nonacademic requirements for graduation from a program and is eligible to receive or has
2.6 received the appropriate certificate or degree.

2.7 Subd. 6. **Graduating program class.** "Graduating program class" means all
2.8 program classes that have been taught for the expected graduation time.

2.9 Subd. 7. **Private for-profit postsecondary school or school.** "Private for-profit
2.10 postsecondary school" or "school" means any person, whether located in Minnesota or
2.11 in any other state or country, who conducts, holds itself out as conducting, or offers to
2.12 conduct any program at the certificate, associate, baccalaureate, or graduate level to a
2.13 student for which a fee or tuition is charged whether conducted in person, by mail,
2.14 online through the Internet, or by any other method. The definition of "private for-profit
2.15 postsecondary school" shall not include the following:

2.16 (1) public and private nonprofit postsecondary institutions;

2.17 (2) schools, classes, courses, or programs listed in section 141.35, clauses (4) to
2.18 (6), (8) to (13), (15), and (16);

2.19 (3) schools engaged exclusively in the teaching of purely vocational, recreational, or
2.20 remedial subjects as determined by the Minnesota Office of Higher Education;

2.21 (4) classes, courses, or programs providing 16 or fewer clock hours of instruction
2.22 that are not part of the curriculum for an occupation or entry-level employment; and

2.23 (5) religious schools to the same extent that they are exempt pursuant to section
2.24 141.37.

2.25 Subd. 8. **Program.** "Program" means any training or education that is advertised or
2.26 listed in a school's catalog, brochures, Web site, or other publications for which the school
2.27 grants a certificate or degree upon successful completion.

2.28 Subd. 9. **Program class.** "Program class" means the group of students who enrolled
2.29 in and began taking courses in a particular program during the same enrollment term.

2.30 Subd. 10. **Program graduate job placement rate.** "Program graduate job
2.31 placement rate" means the number of program graduates during a calendar year for whom
2.32 the school has verified employment in the field of study divided by the total number of
2.33 program graduates during the same calendar year.

2.34 Subd. 11. **Program graduation rate.** "Program graduation rate" means the number
2.35 of students in a graduating program class who graduated within the expected graduation
2.36 time, divided by the total number of students in the program class.

3.1 Subd. 12. **Program withdrawal rate.** "Program withdrawal rate" means the number
 3.2 of students in a graduating program class who withdrew from the program within one year
 3.3 of enrollment, divided by the total number of students in a graduating program class.

3.4 Subd. 13. **School graduate job placement rate.** "School graduate job placement
 3.5 rate" means the number of school graduates during a calendar year for whom the school
 3.6 has verified employment in the field of study, divided by the total number of school
 3.7 graduates during the same calendar year.

3.8 Subd. 14. **Student.** "Student" means any individual physically located in the state
 3.9 of Minnesota who inquires about, applies for, or enrolls in any program at the certificate,
 3.10 associate, baccalaureate, or graduate level for which a fee or tuition is charged whether
 3.11 conducted in person, by mail, through the Internet, or by any other method.

3.12 Sec. 2. **[141A.02] AFFIRMATIVE DUTIES.**

3.13 Subdivision 1. **Compliance.** A private for-profit postsecondary school shall comply
 3.14 with this section.

3.15 Subd. 2. **Duty to act in the student's best interest.** A private for-profit
 3.16 postsecondary school shall at all times act in a student's best interest and in the utmost
 3.17 good faith toward a student.

3.18 Subd. 3. **Duty to determine suitability.** In recommending to a student any program
 3.19 offered or conducted by a private for-profit postsecondary school, the school must have
 3.20 reasonable grounds to believe that the recommendation is suitable for that particular
 3.21 student and must make reasonable inquires to determine suitability. The suitability of a
 3.22 recommended program will be determined by reference to the totality of the particular
 3.23 student's circumstances including, but not limited to:

3.24 (1) the likelihood the student will qualify for and obtain employment in the field of
 3.25 study for which the program is designed including, but not limited to, consideration of the
 3.26 program's accreditation or approval by trade or professional organizations; and

3.27 (2) the likelihood that the salary or income from employment in the field of study
 3.28 for which the program is designed will be sufficient for the student to successfully meet
 3.29 student loan obligations, if any, incurred in order to pay for the program.

3.30 Subd. 4. **Preparation and availability of graduation, withdrawal, and job**
 3.31 **placement rate disclosures.** Within 180 days from the end of each calendar year, the
 3.32 school must prepare and make available to students program graduate job placement rates,
 3.33 program graduation rates, program withdrawal rates, and school graduate job placement
 3.34 rates.

4.1 Sec. 3. **[141A.03] TRANSFERABILITY OF CREDIT AND PROGRAMMATIC**
 4.2 **ACCREDITATION DISCLOSURES.**

4.3 Subdivision 1. Transferability of credit disclosure for a nationally accredited
 4.4 **school.** During a student's first admissions visit and immediately before the time of
 4.5 enrollment, a nationally accredited school shall clearly and conspicuously provide the
 4.6 following disclosure to students both orally and in a free-standing document using at
 4.7 least 16-point font:

4.8 "The credits or degree you earn at [Name of School] are unlikely to transfer to
 4.9 community colleges, state colleges, or nonprofit universities."

4.10 Subd. 2. Transferability of credit disclosure for a regionally accredited school.
 4.11 During a student's first admissions visit and immediately before the time of enrollment,
 4.12 a regionally accredited school shall clearly and conspicuously provide the following
 4.13 disclosure to students both orally and in a free-standing document using at least 16-point
 4.14 font:

4.15 "The credits or degree you earn at [Name of School] may not transfer to other
 4.16 colleges or universities.

4.17 The only colleges and universities that [Name of School] guarantees will accept all
 4.18 of [Name of School]'s credits and degrees are as follows:

4.19 [List of all colleges and universities that the School guarantees will accept all credits
 4.20 and degrees from the School]"

4.21 Subd. 3. Programmatic accreditation disclosure. During a student's first
 4.22 admissions visit and immediately before the time of enrollment, the school shall clearly
 4.23 and conspicuously disclose to the student, both orally and in a free-standing document
 4.24 using at least 16-point font, whether or not the program is accredited. If the program is not
 4.25 accredited, the school must clearly and conspicuously disclose to the student, both orally
 4.26 and in a free-standing document using at least 16-point font, the effect, if any, the lack of
 4.27 programmatic accreditation may have on the ability of the student to obtain mandatory
 4.28 licensure, voluntary certifications, sit for relevant licensure or certification examinations,
 4.29 or obtain employment in the field of study for which the program was designed. A school
 4.30 is not required to make this disclosure for programs for which programmatic accreditation
 4.31 is not available.

4.32 Sec. 4. **[141A.04] GRADUATION, WITHDRAWAL, AND GRADUATE JOB**
 4.33 **PLACEMENT RATE DISCLOSURES.**

4.34 Subdivision 1. Graduation and withdrawal rate disclosures. During a student's
 4.35 first admissions visit and immediately before the time of enrollment, the school shall

5.1 clearly and conspicuously provide the following disclosures to students both orally and
 5.2 in a free-standing document using at least 16-point font:

5.3 "PROGRAM GRADUATION RATE - The expected time for a full-time Student to
 5.4 graduate from the [Name of Program] Program is [Expected graduation time]. [Program
 5.5 graduation rate] percent of Students who enrolled in the [Name of Program] Program
 5.6 in [enrollment year of the most recent Graduating program class] graduated within the
 5.7 expected time. [Program graduation rate] percent of full-time Students who enrolled in
 5.8 the [Name of Program] Program in [enrollment year of the second most recent Graduating
 5.9 program class] graduated within the expected time.

5.10 PROGRAM WITHDRAWAL RATE - [Program withdrawal rate] percent of
 5.11 full-time Students who enrolled in the [Name of Program] Program in [enrollment year of
 5.12 the most recent Graduating program class] withdrew from the Program within one year of
 5.13 enrollment. [Program withdrawal rate] percent of full-time Students who enrolled in the
 5.14 [Name of Program] Program in [enrollment year of the second most recent Graduating
 5.15 program class] withdrew from the Program within one year of enrollment."

5.16 Subd. 2. Graduate job placement rate disclosures. During a student's first
 5.17 admissions visit and immediately before the time of enrollment, the school shall clearly
 5.18 and conspicuously provide the following disclosure both orally and in a free-standing
 5.19 document using at least 16-point font:

5.20 "SCHOOL GRADUATE JOB PLACEMENT RATE. In [last calendar year],
 5.21 [number of School Graduates] graduated from [Name of School] and [School graduate
 5.22 job placement rate] percent of those Graduates obtained employment in their field of
 5.23 study. In [second to last calendar year], [number of School Graduates] graduated from
 5.24 [Name of School] and [School graduate job placement rate] percent of those Graduates
 5.25 obtained employment in their field of study.

5.26 PROGRAM GRADUATE JOB PLACEMENT RATE. In [last calendar year],
 5.27 [number of Program Graduates] graduated from [Name of Program] and [Program
 5.28 graduate job placement rate] percent of those Graduates obtained employment in their
 5.29 field of study. In [second to last calendar year], [number of Program Graduates] graduated
 5.30 from [Name of Program] and [Program graduate job placement rate] percent of those
 5.31 Graduates obtained employment in their field of study."

5.32 Sec. 5. [141A.05] VIOLATIONS.

5.33 A violation of sections 141A.01 to 141A.04 shall be considered a violation for
 5.34 purposes of section 8.31.