

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 869

(SENATE AUTHORS: TOMASSONI)

DATE
02/11/2021

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Introduction and first reading
 Referred to Higher Education Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act

1.2 relating to higher education; providing for certain policy changes, including

1.3 restrictions on limiting student access to transcripts and modifications to certain

1.4 grant and loan programs, school accountability provisions, and college savings

1.5 plans; amending Minnesota Statutes 2020, sections 136A.121, subdivision 2;

1.6 136A.125, subdivision 2; 136A.1703; 136A.1704; 136A.246, subdivisions 1, 2,

1.7 3, 4, 6, 7, 8, by adding a subdivision; 136A.63, subdivision 2; 136A.645; 136A.653,

1.8 subdivision 5; 136A.675; 136A.68; 136A.822, subdivision 12; 136A.8225;

1.9 136A.823, by adding a subdivision; 136A.827, subdivisions 4, 8; 136G.05,

1.10 subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 135A;

1.11 repealing Minnesota Statutes 2020, section 136A.823, subdivision 2; Minnesota

1.12 Rules, parts 4830.9050; 4830.9060; 4830.9070; 4830.9080; 4830.9090; 4850.0011,

1.13 subparts 1, 2, 4, 5, 6, 8, 9, 10, 11, 11a, 12, 12a, 13, 14, 15, 16, 17, 18, 19, 20, 21,

1.14 22, 23, 24, 24a, 25, 26, 26a, 28a, 28b, 28c, 28d, 28e, 28f, 29, 30.

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

1.16 Section 1. [135A.144] TRANSCRIPT ACCESS.

1.17 Subdivision 1. **Definitions.** (a) The terms defined in this subdivision apply to this section.

1.18 (b) "Debt" means any money, obligation, claim, or sum, due or owed, or alleged to be

1.19 due or owed, from a student. Debt does not include the fee, if any, charged to all students

1.20 for the actual costs of providing the transcripts.

1.21 (c) "School" means any public institution governed by the Board of Trustees of the

1.22 Minnesota State Colleges and Universities, private postsecondary educational institution

1.23 as defined under 136A.62 or 136A.821, or any public or private entity, responsible for

1.24 providing transcripts to current or former students of an educational institution. Institutions

1.25 governed by the Board of Regents of the University of Minnesota are requested to comply

1.26 with this section.

2.1 (d) "Transcript" means the statement of an individual's academic record, including
2.2 official transcripts or the certified statement of an individual's academic record provided
2.3 by a school, and unofficial transcripts or the uncertified statement of an individual's academic
2.4 record provided by a school.

2.5 Subd. 2. **Prohibited practices.** A school must not:

2.6 (1) refuse to provide a transcript for a current or former student because the student owes
2.7 a debt to the school if any of the following are true:

2.8 (i) the debt owed is less than \$1,000;

2.9 (ii) the student has entered into a payment plan with the school;

2.10 (iii) the transcript request is made by a prospective employer for the student;

2.11 (iv) the student has graduated from the institution in the program during which the debt
2.12 was incurred; or

2.13 (v) the school has sent the debt to collections for repayment;

2.14 (2) condition the provision of the release of a transcript on the payment of a debt, other
2.15 than a fee charged to provide the transcript;

2.16 (3) charge a higher fee for obtaining a transcript or provide less favorable treatment of
2.17 a transcript request because a student owes a debt to the originating school; or

2.18 (4) use transcript issuance as a tool for debt collection before all other possible options
2.19 have been attempted and exhausted.

2.20 Sec. 2. Minnesota Statutes 2020, section 136A.121, subdivision 2, is amended to read:

2.21 Subd. 2. **Eligibility for grants.** (a) An applicant is eligible to be considered for a grant,
2.22 regardless of the applicant's sex, creed, race, color, national origin, or ancestry, under sections
2.23 136A.095 to 136A.131 if the office finds that the applicant:

2.24 (1) is a resident of the state of Minnesota;

2.25 (2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over,
2.26 and has met all requirements for admission as a student to an eligible college or technical
2.27 college of choice as defined in sections 136A.095 to 136A.131;

2.28 (3) has met the financial need criteria established in Minnesota Rules;

2.29 (4) is not in default, as defined by the office, of any federal or state student educational
2.30 loan; and

3.1 (5) is not more than 30 days in arrears in court-ordered child support that is collected or
3.2 enforced by the public authority responsible for child support enforcement or, if the applicant
3.3 is more than 30 days in arrears in court-ordered child support that is collected or enforced
3.4 by the public authority responsible for child support enforcement, but is complying with a
3.5 written payment agreement under section 518A.69 or order for arrearages.

3.6 (b) A student ~~who~~ is entitled to an additional semester or the equivalent of grant eligibility
3.7 if the student withdraws from enrollment:

3.8 (1) for active military service after December 31, 2002, because the student was ordered
3.9 to active military service as defined in section 190.05, subdivision 5b or 5c, ~~or who withdraws~~
3.10 ~~from enrollment;~~

3.11 (2) for a ~~major illness~~ serious health condition, while under the care of a medical
3.12 professional, that substantially limits the student's ability to complete the term ~~is entitled to~~
3.13 ~~an additional semester or the equivalent of grant eligibility;~~ or

3.14 (3) while providing care that substantially limits the student's ability to complete the
3.15 term to the student's spouse, child, or parent who has a serious health condition.

3.16 Sec. 3. Minnesota Statutes 2020, section 136A.125, subdivision 2, is amended to read:

3.17 Subd. 2. **Eligible students.** (a) An applicant is eligible for a child care grant if the
3.18 applicant:

3.19 (1) is a resident of the state of Minnesota or the applicant's spouse is a resident of the
3.20 state of Minnesota;

3.21 (2) has a child 12 years of age or younger, or 14 years of age or younger who is disabled
3.22 as defined in section 125A.02, and who is receiving or will receive care on a regular basis
3.23 from a licensed or legal, nonlicensed caregiver;

3.24 (3) is income eligible as determined by the office's policies and rules, but is not a recipient
3.25 of assistance from the Minnesota family investment program;

3.26 (4) either has not earned a baccalaureate degree and has been enrolled full time less than
3.27 ten semesters or the equivalent, or has earned a baccalaureate degree and has been enrolled
3.28 full time less than ten semesters or the equivalent in a graduate or professional degree
3.29 program;

3.30 (5) is pursuing a nonsectarian program or course of study that applies to an undergraduate,
3.31 graduate, or professional degree, diploma, or certificate;

4.1 (6) is enrolled in at least six credits in an undergraduate program or one credit in a
4.2 graduate or professional program in an eligible institution; and

4.3 (7) is in good academic standing and making satisfactory academic progress.

4.4 (b) A student ~~who~~ is entitled to an additional semester or the equivalent of grant eligibility
4.5 and will be considered to be in continuing enrollment status upon return if the student
4.6 withdraws from enrollment;

4.7 (1) for active military service after December 31, 2002, because the student was ordered
4.8 to active military service as defined in section 190.05, subdivision 5b or 5c; ~~or;~~

4.9 (2) for a ~~major illness~~ serious health condition, while under the care of a medical
4.10 professional, that substantially limits the student's ability to complete the term ~~is entitled to~~
4.11 ~~an additional semester or the equivalent of grant eligibility and will be considered to be in~~
4.12 ~~continuing enrollment status upon return;~~ or

4.13 (3) while providing care that substantially limits the student's ability to complete the
4.14 term to the student's spouse, child, or parent who has a serious health condition.

4.15 Sec. 4. Minnesota Statutes 2020, section 136A.1703, is amended to read:

4.16 **136A.1703 INCOME-CONTINGENT LOANS.**

4.17 The office ~~shall~~ may administer ~~an~~ income-contingent or income-based loan repayment
4.18 ~~program programs~~ to assist graduates of Minnesota schools in medicine, dentistry, pharmacy,
4.19 ~~chiropractic medicine, public health, and veterinary medicine, and Minnesota residents~~
4.20 ~~graduating from optometry and osteopathic medicine programs~~ provide financial assistance
4.21 for the postsecondary education of eligible students under the provisions of section 136A.15.
4.22 Loans granted to students may be used solely for educational purposes. Applicant data
4.23 collected by the office for this program may be disclosed to a consumer credit reporting
4.24 agency under the same conditions as those that apply to the supplemental loan program
4.25 under section 136A.162. ~~No new applicants may be accepted after June 30, 1995.~~

4.26 Sec. 5. Minnesota Statutes 2020, section 136A.1704, is amended to read:

4.27 **136A.1704 STUDENT LOAN REFINANCING.**

4.28 The office may refinance student and parent loans as provided by this section and on
4.29 other terms and conditions the office prescribes. The office may establish credit requirements
4.30 for borrowers and determine what types of student and parent loans will be eligible for
4.31 refinancing. The refinanced loan need not have been made through a loan program
4.32 administered by the office. Loans shall be made with available funds in the loan capital

5.1 fund under section 136A.1785. ~~The~~ A maximum amount of outstanding loans refinanced
 5.2 under this section may ~~not exceed \$100,000,000~~ be determined by the office. The maximum
 5.3 loan under this section ~~may not exceed \$70,000~~ must be determined annually by the office.
 5.4 In determining the annual limit, the office shall take into consideration funding capacity for
 5.5 the SELF Refi program, delinquency and default loss management, levels of student debt,
 5.6 current financial market conditions, and other considerations to protect the financial stability
 5.7 of the program.

5.8 Sec. 6. Minnesota Statutes 2020, section 136A.246, subdivision 1, is amended to read:

5.9 Subdivision 1. **Program created.** The commissioner shall make grants for the training
 5.10 of employees to achieve the competency standard for an occupation identified by the
 5.11 commissioner of labor and industry under section 175.45 and Laws 2014, chapter 312,
 5.12 article 3, section 21. ~~"Competency standard" has the meaning given in section 175.45,~~
 5.13 ~~subdivision 2.~~ An individual must, no later than the commencement of the training, be an
 5.14 employee of the employer seeking a grant to train that individual.

5.15 Sec. 7. Minnesota Statutes 2020, section 136A.246, is amended by adding a subdivision
 5.16 to read:

5.17 Subd. 1a. **Definitions.** (a) The terms defined in this subdivision apply to this section.

5.18 (b) "Competency standard" has the meaning given in section 175.45, subdivision 2.

5.19 (c) "Eligible training" means training provided by an eligible training provider that:

5.20 (1) includes training to meet one or more identified competency standards;

5.21 (2) is instructor-led for a majority of the training; and

5.22 (3) results in the employee receiving an industry-recognized degree, certificate, or
 5.23 credential.

5.24 (d) "Eligible training provider" means an institution:

5.25 (1) operated by this state or the Board of Regents of the University of Minnesota;

5.26 (2) licensed or registered as a postsecondary institution by the office; or

5.27 (3) exempt from the provisions of sections 136A.822 to 136A.834 or 136A.61 to 136A.71

5.28 as approved by the office.

5.29 (e) "Industry-recognized degrees, certificates, or credentials" means:

5.30 (1) certificates, diplomas, or degrees issued by a postsecondary institution;

- 6.1 (2) registered apprenticeship certifications or certificates;
 6.2 (3) occupational licenses or registrations;
 6.3 (4) certifications issued by, or recognized by, industry or professional associations; and
 6.4 (5) other certifications as approved by the commissioner.

6.5 Sec. 8. Minnesota Statutes 2020, section 136A.246, subdivision 2, is amended to read:

6.6 Subd. 2. **Eligible grantees.** An employer or an organization representing the employer
 6.7 is eligible to apply for a grant to train employees if the employer has an employee who is
 6.8 in or is to be trained to be in an occupation for which a competency standard has been
 6.9 identified and the employee has not attained the competency standard prior to the
 6.10 commencement of the planned training. ~~Training need not address all aspects of a competency~~
 6.11 ~~standard but may address only the competencies of a standard that an employee is lacking.~~
 6.12 ~~An employee must receive an industry-recognized degree, certificate, or credential upon~~
 6.13 ~~successful completion of the training. A grantee must have an agreement with an eligible~~
 6.14 ~~training provider to provide eligible training prior to payment of grant.~~

6.15 Sec. 9. Minnesota Statutes 2020, section 136A.246, subdivision 3, is amended to read:

6.16 Subd. 3. **Eligible training institution or program provider.** ~~The employer must have~~
 6.17 ~~an agreement with a training institution or program to provide the employee competency~~
 6.18 ~~standard training prior to the grant award. The training may be provided by any institution~~
 6.19 ~~or program having trainers qualified to instruct on the competency standard.~~

6.20 The Office of Higher Education and the Department of Labor and Industry must cooperate
 6.21 in maintaining an inventory of degree, certificate, and credential programs that provide
 6.22 training to meet competency standards. The inventory must be posted on each agency's
 6.23 website with contact information for each program by September 1, 2016. The postings
 6.24 must be updated periodically.

6.25 Sec. 10. Minnesota Statutes 2020, section 136A.246, subdivision 4, is amended to read:

6.26 Subd. 4. **Application.** Applications must be made to the commissioner on a form provided
 6.27 by the commissioner. The commissioner must, to the extent possible, make the application
 6.28 form as short and simple to complete as is reasonably possible. The commissioner shall
 6.29 establish a schedule for applications and grants. The application must include, without
 6.30 limitation:

- 6.31 (1) the projected number of employee trainees;

7.1 (2) the number of projected employee trainees who graduated from high school or passed
 7.2 the commissioner of education-selected high school equivalency test in the current or
 7.3 immediately preceding calendar year;

7.4 (3) the competency standard for which training will be provided;

7.5 (4) the credential the employee will receive upon completion of training;

7.6 (5) the name and address of the eligible training institution or program and a signed
 7.7 statement by the institution or program that it is able and agrees to provide the training
 7.8 provider;

7.9 (6) the period of the training; and

7.10 (7) the cost of the training charged by the eligible training institution or program and
 7.11 certified by the institution or program provider. The cost of training includes tuition, fees,
 7.12 and required books and materials.

7.13 An application may be made for training of employees of multiple employers either by
 7.14 the employers or by an organization on their behalf.

7.15 Sec. 11. Minnesota Statutes 2020, section 136A.246, subdivision 6, is amended to read:

7.16 Subd. 6. **Employer match.** A large employer must pay for at least 25 percent of the
 7.17 eligible training institution's or program's provider's charge for the eligible training to the
 7.18 training institution or program provider. For the purpose of this subdivision, a "large
 7.19 employer" means a business with more than \$25,000,000 in annual gross revenue in the
 7.20 previous calendar year.

7.21 Sec. 12. Minnesota Statutes 2020, section 136A.246, subdivision 7, is amended to read:

7.22 Subd. 7. **Payment of grant.** (a) The commissioner shall pay the grant to the employer
 7.23 after the employer presents satisfactory evidence to the commissioner that the employer
 7.24 has paid the eligible training institution or program provider.

7.25 (b) If an employer demonstrates that it is not able to pay for the training in advance, the
 7.26 commissioner shall make grant payments directly to the eligible training institution or
 7.27 program provider.

7.28 (c) An eligible grantee must have an agreement with an eligible training provider to
 7.29 provide eligible training prior to payment of the grant.

8.1 Sec. 13. Minnesota Statutes 2020, section 136A.246, subdivision 8, is amended to read:

8.2 Subd. 8. **Grant amounts.** ~~(a)~~ The maximum grant for an application is \$150,000. A
8.3 grant may not exceed \$6,000 per year for a maximum of four years per employee.

8.4 ~~(b) An employee who is attending an eligible institution must apply for Pell and state~~
8.5 ~~grants as a condition of payment for training that employee under this section.~~

8.6 Sec. 14. Minnesota Statutes 2020, section 136A.63, subdivision 2, is amended to read:

8.7 Subd. 2. **Sale of an institution.** Within 30 days of a change of its ownership a school
8.8 must submit a registration renewal application, all usual and ordinary information and
8.9 materials for an initial registration, and applicable registration fees for a new institution.
8.10 For purposes of this subdivision, "change of ownership" means a merger or consolidation
8.11 with a corporation; a sale, lease, exchange, or other disposition of all or substantially all of
8.12 the assets of a school; the transfer of a controlling interest of at least 51 percent of the
8.13 school's stock; the school enters receivership; or a change in the nonprofit or for-profit status
8.14 of a school.

8.15 Sec. 15. Minnesota Statutes 2020, section 136A.645, is amended to read:

8.16 **136A.645 SCHOOL CLOSURE.**

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

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

8.25 (2) a report of all students currently enrolled and all students enrolled within the prior
8.26 120 days, including the following information for each student: name, address, school e-mail
8.27 address, alternate e-mail address, program of study, number of credits completed, number
8.28 of credits remaining, and enrollment status at closure;

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

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

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

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

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

9.9 (ii) confirmation of the name and address of the organization to receive and hold the
 9.10 student records; and

9.11 (iii) the official at the organization receiving the student records who is designated to
 9.12 provide official copies of records or transcripts upon request;

9.13 (7) academic information, including the school's most recent catalog, all course syllabi,
 9.14 and faculty credential information; and

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

9.23 (b) Without limitation as to other circumstance, a school shall be deemed to have ceased
 9.24 operations when the school:

9.25 (1) has an unscheduled nonemergency closure or cancellation of classes for more than
 9.26 24 hours without prior notice to the office;

9.27 (2) announces it is closed or closing; ~~or~~

9.28 (3) files for bankruptcy; or

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

9.31 (c) When a school is deemed to have ceased operations, the office shall provide the
 9.32 school a reasonable time to correct student records and grant credentials. After that time,

10.1 the office must revoke the school's registration. This revocation is not appealable under
 10.2 section 136A.65, subdivision 8.

10.3 Sec. 16. Minnesota Statutes 2020, section 136A.653, subdivision 5, is amended to read:

10.4 Subd. 5. **Regionally Higher Learning Commission accredited institutions in**
 10.5 **Minnesota.** (a) A ~~regionally accredited~~ postsecondary institution accredited by the Higher
 10.6 Learning Commission or its successor with its primary physical location in Minnesota is
 10.7 exempt from the provisions of sections 136A.61 to 136A.71, including related fees, when
 10.8 it creates new or modifies existing:

10.9 (1) majors, minors, concentrations, specializations, and areas of emphasis within approved
 10.10 degrees;

10.11 (2) nondegree programs within approved degrees;

10.12 (3) underlying curriculum or courses;

10.13 (4) modes of delivery; and

10.14 (5) locations.

10.15 (b) The institution must annually notify the commissioner of the exempt actions listed
 10.16 in paragraph (a) and, upon the commissioner's request, must provide additional information
 10.17 about the action.

10.18 (c) The institution must notify the commissioner within 60 days of a program closing.

10.19 (d) Nothing in this subdivision exempts an institution from the annual registration and
 10.20 degree approval requirements of sections 136A.61 to 136A.71.

10.21 Sec. 17. Minnesota Statutes 2020, section 136A.675, is amended to read:

10.22 **136A.675 RISK ANALYSIS.**

10.23 **Subdivision 1. Standard development and usage.** (a) To screen and detect whether an
 10.24 institution may not be financially or administratively responsible, the office shall develop
 10.25 ~~a set of financial and programmatic evaluation metrics to aid in the detection of the failure~~
 10.26 ~~or potential failure of a school to meet the standards established under sections 136A.61 to~~
 10.27 ~~136A.71~~ nonfinancial indicators. ~~These metrics shall include indicators of financial stability,~~
 10.28 ~~changes in the senior management or the financial aid and senior administrative staff of an~~
 10.29 ~~institution, changes in enrollment, changes in program offerings, and changes in faculty~~
 10.30 ~~staffing patterns.~~ The development of financial standards and nonfinancial indicators shall

11.1 use industry standards as benchmarks guidance. ~~The development of the nonfinancial~~
11.2 ~~standards shall include a measure of trends and dramatic changes in trends or practice.~~

11.3 (b) Annually, the agency office must specify the metrics and standards for each area and
11.4 provide a copy of the financial and nonfinancial indicators to each registered institution and
11.5 post them a list of reviewed indicators on the agency office website.

11.6 (c) The agency office shall use regularly reported data submitted to the federal
11.7 government or other regulatory or accreditation agencies wherever possible. The agency
11.8 may require more frequent data reporting by an institution to ascertain whether the standards
11.9 are being met.

11.10 (d) The office must use the indicators in this subdivision to screen for whether the
11.11 institution is at risk of being unable to meet the standards established under sections
11.12 136A.646; 136A.64, subdivision 3; 136A.65, subdivisions 1a and 4, paragraph (a), clauses
11.13 (1), (2), (3), and (7); and 136A.685 and those violations may prevent the institution from
11.14 meeting its financial obligations or completing its academic terms for the next 18 months.

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

11.18 (b) Notice is required for the following events related to revenue, debt, and cash flow:

11.19 (1) the institution has defaulted on a debt payment or covenant and has not received a
11.20 waiver of the violation from the financial institution within 60 days;

11.21 (2) for institutions with a federal composite score of less than 1.5, the institution's owner
11.22 withdraws equity that directly results in a composite score of less than 1.0, unless the
11.23 withdrawal is a transfer between affiliated entities included in a common composite score;

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

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

11.27 (5) the institution receives written notification that it violated the United States
11.28 Department of Education's revenue requirement under United States Code , title 20, section
11.29 1094(a)(24), as amended; or

11.30 (6) the institution receives written notification by the United States Department of
11.31 Education that it has fallen below minimum financial standards and that its continued
11.32 participation in Title IV is conditioned upon satisfying either the Zone Alternative, Code

12.1 of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit
12.2 Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c).

12.3 (c) Notice is required for the following events related to accreditation and licensing:

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

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

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

12.12 (d) Notice is required for the following events related to securities:

12.13 (1) the Securities and Exchange Commission: (i) issues an order suspending or revoking
12.14 the registration of the institution's securities or (ii) suspends trading of the institution's
12.15 securities on any national securities exchange;

12.16 (2) the national securities exchange on which the institution's securities are traded notifies
12.17 the institution that it is not in compliance with the exchange's listing requirements and the
12.18 institution's securities are delisted; or

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

12.21 (e) Notice is required for the following events related to criminal and civil investigations:

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

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

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

12.29 Subd. 3. **Determination procedures.** (a) If the office: (1) identifies a potential risk under
12.30 subdivision 1, paragraph (d); (2) receives notification from an institution under subdivision
12.31 2; or (3) identifies other exigent circumstances impacting or at the institution that may deny
12.32 students a reasonable opportunity to complete their education program at the institution or

13.1 through an alternate institution with minimal disruption, the office shall conduct a systematic
13.2 evaluation under this paragraph to make a preliminary determination of whether action
13.3 under paragraph (e) is necessary. The systematic evaluation must, to the extent practicable,
13.4 be a collaboration between the office and the institution. The office must request additional
13.5 context and information from the institution that demonstrates the administrative and financial
13.6 responsibility of the institution. If the institution may not be financially or administratively
13.7 responsible, a contingency plan must be implemented either collaboratively or as part of a
13.8 final determination under paragraph (e), clause (4).

13.9 (b) The office shall provide notice in writing to the institution of the preliminary
13.10 determination. The notice shall provide the analysis used by the office to make the
13.11 determination, a request for the institution to provide additional context and information
13.12 that demonstrates the administrative and financial responsibility of the institution not provided
13.13 under paragraph (a), any potential action the office may take under paragraph (e), and a
13.14 deadline for responding to the notice. The institution shall have not less than ten business
13.15 days to respond to the preliminary determination.

13.16 (c) The response from the institution to provide additional context and information must
13.17 be written and may include a collaborative consultation with the office. In its response, the
13.18 institution shall provide additional context, financial data, and other information, including
13.19 but not limited to evidence of sound business practices, institutional financial health,
13.20 compliance with the requirements of sections 136A.61 to 136A.71, or sufficient and timely
13.21 plans to cure any noncompliance or to manage financial health and risk.

13.22 (d) If the institution does not respond to the office's notice and request for additional
13.23 context and information within the time required, the office's preliminary determination
13.24 shall become final and the office may take any of the actions specified in the notice required
13.25 by paragraph (e). If the institution responds to the office's notice, the office must reevaluate
13.26 the preliminary determination. The office shall use the additional context and information
13.27 provided by the institution to make a final determination and determine which actions under
13.28 paragraph (e), if any, are necessary to mitigate risk to students and state financial aid under
13.29 this chapter. The office shall provide the institution notice of the final determination and
13.30 the actions required under paragraph (e).

13.31 (e) The office may use a final determination to:

13.32 (1) revoke, suspend, or refuse to renew registration, approval of an institution's degree,
13.33 or use of a regulated term in its name under section 136A.65, subdivision 8;

14.1 (2) require periodic monitoring and submission of reports on the institution's
 14.2 administrative and financial responsibility to ascertain whether compliance and financial
 14.3 risk improves;

14.4 (3) require periodic collaborative consultations with the institution on noncompliance
 14.5 of sections 136A.61 to 136A.71, or how the institution is managing financial health and
 14.6 risk;

14.7 (4) require the institution to submit contingency plans such as teach-out plans or transfer
 14.8 pathways for students;

14.9 (5) prohibit the institution from accepting tuition and fee payments made through cash,
 14.10 alternative loans, or the equivalent, prior to the add/drop period of the current period of
 14.11 instruction;

14.12 (6) prohibit the institution from enrolling new students;

14.13 (7) initiate alternative processes and communications with students enrolled at the
 14.14 institution;

14.15 (8) require a surety bond under section 136A.646; or

14.16 (9) submit institution closure information under section 136A.645.

14.17 Subd. 4. **Data classification.** Data under this section shall be classified as financial
 14.18 records under section 136A.64, subdivision 2.

14.19 Sec. 18. Minnesota Statutes 2020, section 136A.68, is amended to read:

14.20 **136A.68 RECORDS.**

14.21 (a) A registered school shall maintain a permanent record for each student for 50 years
 14.22 from the last date of the student's attendance. A registered school offering distance instruction
 14.23 to a student located in Minnesota shall maintain a permanent record for each Minnesota
 14.24 student for 50 years from the last date of the student's attendance. Records include a student's
 14.25 academic transcript, documents, and files containing student data about academic credits
 14.26 earned, courses completed, grades awarded, degrees awarded, and periods of attendance.

14.27 (b) A registered school shall maintain records required for professional licensure in
 14.28 Minnesota that are not included in paragraph (a) for ten years from the last date of the
 14.29 student's attendance or the number of years required by an institutional or programmatic
 14.30 accreditor, whichever is greater.

15.1 (c) To preserve permanent records, a school shall submit a plan that meets the following
15.2 requirements:

15.3 (1) at least one copy of the records must be held in a secure, fireproof depository or
15.4 duplicate records must be maintained off site in a secure location and in a manner approved
15.5 by the office;

15.6 (2) an appropriate official must be designated to provide a student with copies of records
15.7 or a transcript upon request;

15.8 (3) an alternative method approved by the office of complying with clauses (1) and (2)
15.9 must be established if the school ceases to exist; and

15.10 (4) if the school has no binding agreement approved by the office for preserving student
15.11 records, a continuous surety bond or an irrevocable letter of credit issued by a financial
15.12 institution must be filed with the office in an amount not to exceed \$20,000. The bond or
15.13 irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure,
15.14 the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover,
15.15 maintain, digitize, and destroy academic records.

15.16 Sec. 19. Minnesota Statutes 2020, section 136A.822, subdivision 12, is amended to read:

15.17 Subd. 12. **Permanent student records.** (a) A private career school licensed under
15.18 sections 136A.82 to 136A.834 and located in Minnesota shall maintain a permanent student
15.19 record for each student for 50 years from the last date of the student's attendance. A private
15.20 career school licensed under this chapter and offering distance instruction to a student located
15.21 in Minnesota shall maintain a permanent record for each Minnesota student for 50 years
15.22 from the last date of the student's attendance. Records include school transcripts, documents,
15.23 and files containing student data about academic credits earned, courses completed, grades
15.24 awarded, degrees awarded, and periods of attendance.

15.25 (b) A private career school licensed under sections 136A.82 to 136A.834 and located
15.26 in Minnesota shall maintain a permanent student record required for professional licensure
15.27 in Minnesota for each student for ten years from the last date of the student's attendance or
15.28 the number of years required by an institutional or programmatic accreditor, whichever is
15.29 greater. A private career school licensed under this chapter and offering distance instruction
15.30 to a student located in Minnesota shall maintain records required for professional licensure
15.31 in Minnesota that are not included in paragraph (a) for each Minnesota student for ten years
15.32 from the last date of the student's attendance or the number of years required by an
15.33 institutional or programmatic accreditor, whichever is greater. Records include school

16.1 transcripts, documents, and files containing student data about academic credits earned,
16.2 courses completed, grades awarded, degrees awarded, and periods of attendance.

16.3 To preserve permanent student records, a private career school shall submit a plan that
16.4 meets the following requirements:

16.5 (1) at least one copy of the records must be held in a secure, fireproof depository;

16.6 (2) an appropriate official must be designated to provide a student with copies of records
16.7 or a transcript upon request;

16.8 (3) an alternative method, approved by the office, of complying with clauses (1) and (2)
16.9 must be established if the private career school ceases to exist; and

16.10 (4) a continuous surety bond or irrevocable letter of credit issued by a financial institution
16.11 must be filed with the office in an amount not to exceed \$20,000 if the private career school
16.12 has no binding agreement approved by the office, for preserving student records. The bond
16.13 or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school
16.14 closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve,
16.15 recover, maintain, digitize, and destroy academic records.

16.16 Sec. 20. Minnesota Statutes 2020, section 136A.8225, is amended to read:

16.17 **136A.8225 SCHOOL CLOSURE.**

16.18 (a) When a school intends to cease postsecondary education operations, announces its
16.19 closure, or is informed by the office that the office anticipates the school's closure due to
16.20 its licensure status or ability to meet criteria for approval under section 136A.822, subdivision
16.21 8, the school must provide the office:

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

16.26 (2) a report of all students currently enrolled and all students enrolled within the prior
16.27 120 days, including the following information for each student: name, address, school e-mail
16.28 address, alternate e-mail address, program of study, number of credits completed, number
16.29 of credits remaining, and enrollment status at closure;

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

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

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

17.6 (6) confirmation that the requirements for student records under section 136A.822,
 17.7 subdivision 12, have been satisfied, including:

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

17.9 (ii) confirmation of the name and address of the organization to receive and hold the
 17.10 student records; and

17.11 (iii) the official at the organization receiving the student records who is designated to
 17.12 provide official copies of records or transcripts upon request;

17.13 (7) academic information, including the school's most recent catalog, all course syllabi,
 17.14 and faculty credential information; and

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

17.23 (b) Without limitation as to other circumstance, a school shall be deemed to have ceased
 17.24 operations when the school:

17.25 (1) has an unscheduled nonemergency closure or cancellation of classes for more than
 17.26 24 hours without prior notice to the office;

17.27 (2) announces it is closed or closing; ~~or~~

17.28 (3) files for bankruptcy; or

17.29 (4) fails to complete a renewal application when required under section 136A.823,
 17.30 subdivision 3.

17.31 (c) When a school is deemed to have ceased operations, the office shall provide the
 17.32 school a reasonable time to correct student records and grant credentials. After that time,

18.1 the office must revoke the school's license. This revocation is not appealable under section
18.2 136A.829, subdivision 2.

18.3 Sec. 21. Minnesota Statutes 2020, section 136A.823, is amended by adding a subdivision
18.4 to read:

18.5 Subd. 3. **Change of ownership.** Within 30 days of a change of ownership, a school must
18.6 submit a registration renewal application, the information and materials for an initial
18.7 registration under section 136A.822, subdivision 4, and the applicable registration fees for
18.8 a new institution under section 136A.824, subdivision 1. For purposes of this subdivision,
18.9 "change of ownership" means: a merger or consolidation with a corporation; a sale, lease,
18.10 exchange, or other disposition of all or substantially all of the assets of a school; the transfer
18.11 of a controlling interest of at least 51 percent of the school's stock; entering into receivership;
18.12 or a change in the nonprofit or for-profit status of a school.

18.13 Sec. 22. Minnesota Statutes 2020, section 136A.827, subdivision 4, is amended to read:

18.14 Subd. 4. **Proration.** (a) When a student has been accepted by a private career school
18.15 and gives notice of cancellation after the program of instruction has begun, but before
18.16 completion of 75 percent of the program, the amount charged for tuition, fees and all other
18.17 charges shall be prorated based on the number of days in the term as a portion of the total
18.18 charges for tuition, fees and all other charges. An additional 25 percent of the total cost of
18.19 the program may be added but shall not exceed \$100. After completion of 75 percent of the
18.20 program, no refunds are required. the student is entitled to a refund if, at the last documented
18.21 date of attendance, the student has not completed at least 75 percent of the entire program
18.22 of instruction. For purposes of this subdivision, program of instruction is calculated under
18.23 paragraph (c) or (d). Program of instruction does not mean one term, a payment period, a
18.24 module, or any other portion of the entire instructional program.

18.25 (b) A notice of cancellation from a student under this subdivision must be confirmed in
18.26 writing by the private career school and mailed to the student's last known address. The
18.27 confirmation from the school must state that the school has withdrawn the student from
18.28 enrollment, and if this action was not the student's intent, the student must contact the school.

18.29 (c) The length of a program of instruction for a program that has a defined calendar start
18.30 and end date that does not change after the program has begun equals the number of days
18.31 from the first scheduled date of the program through the last scheduled date of the program.
18.32 The first step in calculating the completion percentage is dividing the number of calendar
18.33 days from the first date of the program through the student's last documented date of

19.1 attendance by the length of the program of instruction. The result must be truncated after
 19.2 the first digit following the decimal point. This is the completion percentage. If the
 19.3 completion percentage is less than 75 percent, the private career school may retain:

19.4 (1) tuition, fees, and charges equal to the total of tuition, fees, and charges multiplied
 19.5 by the completion percentage; plus

19.6 (2) the initial program application fees, not to exceed \$50; plus

19.7 (3) the lesser of (i) 25 percent of the total tuition or (ii) \$100.

19.8 (d) The length of a program of instruction for a program that is measured in clock hours
 19.9 equals the number of clock hours the student was scheduled to attend. The first step in
 19.10 calculating the completion percentage is dividing the number of clock hours that the student
 19.11 actually attended by the length of the program of instruction. The result must be truncated
 19.12 after the first digit following the decimal point. This is the completion percentage. If the
 19.13 completion percentage is less than 75 percent, the private career school may retain:

19.14 (1) tuition, fees, and charges equal to the total of tuition, fees, and charges multiplied
 19.15 by the completion percentage; plus

19.16 (2) the initial program application fees, not to exceed \$50; plus

19.17 (3) the lesser of (i) 25 percent of the total tuition or (ii) \$100.

19.18 Sec. 23. Minnesota Statutes 2020, section 136A.827, subdivision 8, is amended to read:

19.19 **Subd. 8. Cancellation occurrence.** ~~Written notice of cancellation shall take place on~~
 19.20 ~~the date the letter of cancellation is postmarked or, in the cases where the notice is hand~~
 19.21 ~~carried, it shall occur on the date the notice is delivered to the private career school. Notice~~
 19.22 of cancellation shall be the date a student notifies a private career school of the student's
 19.23 intention to withdraw or otherwise leave the program of study. The student may notify the
 19.24 private career school by any means and may not be required to provide a written notice.
 19.25 The private career school may require a student to provide the student's notification only
 19.26 to specific offices or personnel at the school as long as this requirement is documented as
 19.27 part of the "Student's Right to Cancel" in all places that the information appears, including
 19.28 on the private career school's website. The date of the notice of cancellation may or may
 19.29 not be the same date as the student's last documented date of attendance. If a student has
 19.30 not attended class for a period of ~~21~~ 14 consecutive days without contacting the private
 19.31 career school to ~~indicate an intent to continue in the private career school~~ provide notice of
 19.32 cancellation or otherwise ~~making~~ make arrangements concerning the absence, the student

20.1 is considered to have withdrawn from the private career school for all purposes as of the
20.2 student's last documented date of attendance.

20.3 Sec. 24. Minnesota Statutes 2020, section 136G.05, subdivision 10, is amended to read:

20.4 Subd. 10. **Data.** (a) Account owner data, account data, and data on beneficiaries of
20.5 accounts are private data on individuals or nonpublic data as defined in section 13.02, except
20.6 that the names and addresses of the beneficiaries of accounts that receive matching grants
20.7 are public unless the data qualifies for the exception in paragraph (b).

20.8 (b) Account owner data may be used by the office in cooperation with the Department
20.9 of Revenue for the purposes of research and analysis to evaluate the plan in order to make
20.10 ongoing informed decisions regarding the administration of the plan.

20.11 Sec. 25. **REPEALER.**

20.12 (a) Minnesota Statutes 2020, section 136A.823, subdivision 2, is repealed.

20.13 (b) Minnesota Rules, parts 4830.9050; 4830.9060; 4830.9070; 4830.9080; 4830.9090;
20.14 and 4850.0011, subparts 1, 2, 4, 5, 6, 8, 9, 10, 11, 11a, 12, 12a, 13, 14, 15, 16, 17, 18, 19,
20.15 20, 21, 22, 23, 24, 24a, 25, 26, 26a, 28a, 28b, 28c, 28d, 28e, 28f, 29, and 30, are repealed.

136A.823 LICENSE RENEWAL.

Subd. 2. **Conditions.** The office shall adopt rules establishing the conditions for renewal of a license. The conditions shall permit two levels of renewal based on the record of the private career school. A private career school that has demonstrated the quality of its program and operation through longevity and performance in the state may renew its license based on a relaxed standard of scrutiny. A private career school that has been in operation in Minnesota for a limited period of time or that has not performed adequately on performance indicators shall renew its license based on a strict standard of scrutiny. The office shall specify minimum longevity standards and performance indicators that must be met before a private career school may be permitted to operate under the relaxed standard of scrutiny. The performance indicators used in this determination shall include, but not be limited to: regional or national accreditation, loan default rates, placement rate of graduates, student withdrawal rates, audit results, student complaints, and school status with the United States Department of Education. Private career schools that meet the requirements established in rule shall be required to submit a full relicensure report once every four years, and in the interim years will be exempt from the requirements of section 136A.822, subdivision 4, clauses (4), (5), and (8), and Minnesota Rules, parts 4880.1700, subpart 6; and 4880.2100, subpart 4.

4830.9050 SCOPE.

Parts 4830.9050 to 4830.9090 govern state grants used as a match to the National Service Scholars Program of the Corporation for National Service.

4830.9060 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 4830.9050 to 4830.9090, the terms defined in this part have the meanings given them.

Subp. 2. **Certificate of eligibility.** "Certificate of eligibility" means the certificate issued by the Minnesota Office of Higher Education to a student for proof of eligibility for a Minnesota National Service Scholars Matching Grant after the office receives written notification from the National Service Scholars Program that the student has been awarded a National Service Scholarship.

Subp. 3. **Commissioner.** "Commissioner" means the commissioner of the Minnesota Office of Higher Education.

Subp. 4. **Eligible institution.** "Eligible institution" means a postsecondary institution that is an eligible institution as defined in part 4830.0300, subparts 1 and 2, and Minnesota Statutes, section 136A.101, subdivision 4.

Subp. 5. **Minnesota National Service Scholars Matching Grant.** "Minnesota National Service Scholars Matching Grant" means the award amount under Laws 1997, chapter 183, article 2, section 19.

4830.9070 ELIGIBLE RECIPIENT.

To be eligible for a Minnesota National Service Scholars Matching Grant, a student must:

- A. be enrolled in an eligible institution;
 - B. receive a national service scholarship from the Corporation for National Service;
- and
- C. provide a copy of the certificate of eligibility to the eligible institution.

4830.9080 INSTITUTIONAL REQUEST AND DISBURSEMENT OF FUNDS FOR GRANTS.

Subpart 1. **Institutional request.** After verifying a student's eligibility, the eligible institution must submit a written request to the commissioner for payment of the Minnesota National Service Scholars Matching Grant for the student. A copy of the student's certificate of eligibility must accompany the institution's request for payment. The request for payment must verify that the student has received a national service scholarship, indicate the name and address of the postsecondary institution enrolled in by the student, and the academic term for which the award will be used.

Subp. 2. **Deadline.** The request for grant money must be received by the commissioner no later than the last day of classes for the fiscal year for which grant money is requested.

Subp. 3. **Disbursement of funds.** An institution must not disburse matching grant money unless the student is attending or has completed an academic term during the fiscal year for which the student received a national service scholarship.

Subp. 4. **Refunds.** A matching grant award is made for a student's attendance at a specific institution for a term or terms within the state fiscal year. If a recipient fails to attend, the institution must refund the entire award to the commissioner. If a recipient withdraws before completing the term, the institution must determine if a refund is due to the commissioner. Refunds to the office are determined by:

APPENDIX
Repealed Minnesota Rules: 21-00180

A. calculating the percentage that the matching grant represents of the student's total financial aid package for the applicable term, excluding funds received from federal Title IV programs, United States Code, title 20, sections 1070-1099;

B. calculating the total tuition refund amount using the refund calculation required of schools participating in federal Title IV programs;

C. subtracting the federal aid programs' refund amount from item B to determine the remaining tuition refund amount; and

D. multiplying the percentage in item A by the amount calculated in item C to determine the amount to be refunded to the matching grant program.

Refunded money is available to the commissioner for awards to other eligible students.

4830.9090 PAYMENTS TO INSTITUTIONS.

Subpart 1. **Time of payment.** The commissioner shall send a Minnesota National Service Scholars Matching Grant for an eligible student to the eligible institution within 30 days of receipt of a request for payment.

Subp. 2. **Withholding payment.** The commissioner shall withhold payment for a student until the eligible institution's request for payment is complete and the student's eligibility is verified.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours; or

B. at least 900 clock hours of training for a program at an eligible school using clock hours.

A student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. **Anticipated graduation date.** "Anticipated graduation date" means the date indicated by the eligible school at the time the student applies for a SELF loan, as the date that the student will graduate given the enrolled program and normal satisfactory academic progress.

Subp. 4. **Capitalized interest.** "Capitalized interest" means accrued interest that is added to the outstanding loan principal.

Subp. 5. **Certificate or degree.** "Certificate" or "degree" means a written or printed statement of the fact that the holder has met the eligible school's minimum requirements for completion, and certifies a minimum mastery of the subject matter for a particular academic or vocational program.

Subp. 6. **Certification.** "Certification" means an eligible school verifies and documents the identity, eligible enrollment, satisfactory academic progress, and cost of attendance of the borrower; performs the "maximum effort" test; and calculates the maximum allowable SELF loan eligibility and recommends a specific loan amount. The school also shall determine whether or not the student is in default of previous loans through:

A. checking loan history at the school;

B. checking an available financial aid transcript from a school previously attended by a borrower who is a transfer student; and

C. using any other information reasonably available to the school about the student's prior student loan history, written, verbal, or electronic.

APPENDIX
Repealed Minnesota Rules: 21-00180

Subp. 8. **Cost of attendance.** "Cost of attendance" includes:

- A. tuition and fees charged for the loan period;
- B. room and board charged for the loan period, or a reasonable allowance as determined by the school, for off-campus living; and
- C. a reasonable allowance as determined by the school for books, supplies, transportation, and personal expenses.

Subp. 9. **Creditworthy cosigner.** "Creditworthy cosigner" means one who, based on either information provided by a national credit bureau or information available to the office, has:

- A. no account balances discharged through bankruptcy;
- B. no garnishments, attachments, foreclosure, repossession, or suit;
- C. no more than \$300 combined total in unsatisfied credit or unsatisfied payment obligations including, but not limited to, charged-off loans, credit, medical, utility accounts, collection items, and tax or mechanics liens;
- D. no more than five percent of total credit bureau balances past due, unless the amount past due is \$300 or less;
- E. no current delinquency on any loan payments to the office;
- F. no defaulted loan with the office which has not been paid in full in accordance with the requirements of the office; and
- G. a required credit score, if established, under part 4850.0013.

Subp. 10. **Cosigners.** All SELF borrowers shall have a creditworthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). A cosigner must:

- A. be a person at least 24 years old or if a sibling (sister, brother, half-sister, half-brother, stepsister, or stepbrother) of the borrower be at least 18 years old;
- B. agree to the release of information to a consumer credit reporting agency, as described in part 4850.0012, subpart 4; and
- C. permanently reside in the United States.

Subp. 11. **Default.** "Default" means the condition that exists if the borrower fails to perform any of the conditions of the promissory note.

Subp. 11a. **Default date.** "Default date" means the date the loan is submitted by the office to the loan servicer as a default due to failure to comply with the required terms of the promissory note.

Subp. 12. **Delinquency.** "Delinquency" means the condition that exists when a borrower's scheduled payment of principal or interest or both is not received by the commissioner or the office's agent by the due date.

Subp. 12a. **Commissioner.** "Commissioner" means the commissioner of the office, or office staff who perform duties as assigned by the commissioner.

Subp. 13. **Due diligence.** "Due diligence" means the use of practices by the office in making, servicing, and collecting of SELF loans that are at least as extensive and forceful as those generally practiced by financial institutions for consumer loans.

Subp. 14. **Eligible school.** "Eligible school" means a school that meets the requirements for an eligible institution as defined in Minnesota Statutes, section 136A.155, and either:

APPENDIX
Repealed Minnesota Rules: 21-00180

A. signs an institutional loan participation agreement with the commissioner that lists the duties and responsibilities of both the school and the commissioner; or

B. is designated by the office as a maintenance-only school. The office shall designate a school as a maintenance-only school if the school participates in the National Student Clearinghouse and the school is not certifying new SELF loans. Maintenance-only schools allow eligible students, as reported by the National Student Clearinghouse, to continue in the in-school period.

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. is enrolled in an eligible school in Minnesota, or is a Minnesota resident enrolled in an eligible school in another state or United States territory as defined in Minnesota Statutes, section 136A.155;

B. is enrolled at least half time in a program leading to a certificate, associate, baccalaureate, masters, doctorate, or other professional degree;

C. is making satisfactory academic progress as defined in Minnesota Statutes, section 136A.101, subdivision 10;

D. is not currently in default, as defined by each specific program, of any student educational loan program (Stafford Loan, GSL, FISL, NDSL, Perkins, HPL, HEAL, ALAS/SLS, or other similar federal, state, private, or institutional student loan program) at the current or any previous school;

E. is not currently delinquent in payment of interest or principal on an outstanding SELF loan;

F. has a creditworthy cosigner;

G. demonstrates financial eligibility by meeting the "maximum effort" test; and

H. has agreed to the release of information to a consumer credit reporting agency, as listed in part 4850.0012, subpart 4.

Subp. 16. **Enrolled student.** "Enrolled student" means a student who has registered for and begun the loan period at the eligible school.

Subp. 17. **Financial aid.** "Financial aid" includes all money flowing to the student that is contingent upon the student's enrollment at the eligible school.

Subp. 18. **Forbearance.** "Forbearance" means permitting the temporary halt of payments, allowing an extension of time for making payments, or accepting smaller payments than were scheduled.

Subp. 19. **Full-time student.** "Full-time student" means one who is enrolled in an eligible school and who carries a full-time postsecondary level, vocational or academic workload as determined by the eligible school, ending in a certificate or degree.

Subp. 20. **Grade level.** "Grade level" means the relative position of an eligible student in a degree or certificate granting program.

Subp. 21. **Graduate student.** "Graduate student" means a student who is pursuing a program, or has a baccalaureate degree and is enrolled in courses which are normally part of a program, leading to a graduate or professional degree or certificate at an eligible school; and has successfully completed the equivalent of at least three years of full-time study at an eligible school either prior to entrance into the program or as part of the program itself.

Subp. 22. **Half-time student.** "Half-time student" means one who is enrolled in an eligible school and carrying a half-time academic workload as determined by the eligible school that amounts to at least one-half the workload of a full-time certificate or degree seeking student. In eligible schools utilizing clock hours, half-time enrollment includes programs requiring at least 300 clock hours.

APPENDIX
Repealed Minnesota Rules: 21-00180

Subp. 23. **In-school period.** "In-school period" means the period that the eligible student is enrolled on at least a half-time basis in an eligible school.

Subp. 24. **Late charge.** "Late charge" means a charge, not to exceed \$20, that is assessed against borrowers each time a payment of principal, interest, or both is not paid to the commissioner within 15 days after the due date.

Subp. 24a. **Loan forgiveness.** "Loan forgiveness" means the obligation of the borrower and the cosigner to repay the SELF loan is forgiven due to the death or total and permanent disability of the borrower.

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of, the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. **Maximum effort.** To have used "maximum effort" means that the student has applied for and exhausted all eligibility for other forms of financial aid (except work-study, federal student loans covered under Code of Federal Regulations, title 34, part 674, the federal Perkins Loan Program, Code of Federal Regulations, title 34, part 682, the federal Family Education Loan Program or FFEL, Code of Federal Regulations, title 34, part 685, the William D. Ford federal Direct Loan Program, or other similar federal student loan, and HEAL) before applying for a SELF loan. Financial aid administrators must include any financial aid that has been awarded or is expected to be awarded to the student for the loan period.

Subp. 26a. **Office.** "Office" means the Minnesota Office of Higher Education or its predecessors or successors.

Subp. 28a. **SELF II loans.** "SELF II loans" means SELF loans where the interest rate on the loan is determined by the commissioner at a margin in excess of the SELF II index rate. The SELF II index rate is the average rounded to the nearest quarter of one percent of the bond equivalent yield, for auctions of 13-week treasury bills, during the calendar quarter immediately preceding the interest rate adjustment date.

Subp. 28b. **SELF III loans.** "SELF III loans" means SELF loans where the interest rate on the loan is determined by the commissioner at a margin in excess of a SELF III index rate. The SELF III initial index rate is the arithmetic average rounded to the nearest tenth of one percent of the three-month London Interbank Offered Rates (LIBOR) rate during the calendar quarter immediately preceding the interest rate adjustment date. The LIBOR rate is determined by the British Banker's Association. Where terms can be obtained for issuance of SELF loans at a rate favorable to borrowers, the commissioner may establish other indexes or utilize a fixed rate as provided for in the promissory note.

Subp. 28c. **SELF IV loans.** "SELF IV loans" means SELF loans where the interest rate on the loan is determined by the commissioner at a margin in excess of a SELF IV index rate. The SELF IV initial index rate is the arithmetic average rounded to the nearest tenth of one percent of the three-month London Interbank Offered Rates (LIBOR) rate during the calendar quarter immediately preceding the interest rate adjustment date. The LIBOR rate is determined by the British Banker's Association. The commissioner may establish other indexes or utilize a fixed rate or maximum rate as provided for in the promissory note.

Subp. 28d. **SELF V loans.** "SELF V loans" means SELF loans where the interest rate on the loan is determined by the commissioner at a margin in excess of a SELF V index rate or is a fixed rate. The SELF V initial index rate is the arithmetic average rounded to the nearest tenth of one percent of the three-month London Interbank Offered Rates (LIBOR) rate during the calendar quarter immediately preceding the interest rate adjustment date. The LIBOR rate is determined by the British Banker's Association. The commissioner may establish other indexes or utilize a fixed rate or maximum rate as provided for in the promissory note.

APPENDIX
Repealed Minnesota Rules: 21-00180

Subp. 28e. **Temporary total disability.** "Temporary total disability" means a disability resulting from an injury or illness that is expected to last at least four months and that interferes with the borrower's ability to make loan payments. A borrower has a temporary total disability if a doctor of medicine or osteopathic medicine, legally authorized to practice in a state, certifies that the borrower is unable to work and earn money because of an injury or illness expected to last at least four months. A borrower is not considered to have a temporary total disability on the basis of a condition that existed at the time the loan was made.

Subp. 28f. **Total and permanent disability.** "Total and permanent disability" means a disability resulting from an injury or illness that is expected to continue indefinitely or result in death, that interferes with the borrower's ability to make loan payments because the borrower is unable to work or earn money, as certified by a doctor of medicine or osteopathic medicine, legally authorized to practice in a state. A borrower is not considered totally and permanently disabled on the basis of a condition that existed at the time the loan was made.

Subp. 29. **Transition period.** "Transition period" means a 12-month period immediately following graduation or termination of enrollment. Borrowers may extend the transition period, if permitted by the terms of the promissory note, an additional period not to exceed 24 months. During the transition period, borrowers are billed for interest only.

Subp. 30. **Undergraduate student.** "Undergraduate student" means a student who is not a graduate student.