

PRIVATE CAREER SCHOOLS

136A.82 CITATION.

Sections [136A.82](#) to [136A.834](#) may be cited as the Private Career School Act.

History:

[1999 c 214 art 3 s 1](#); [2015 c 69 art 2 s 46](#)

136A.821 DEFINITIONS.

Subdivision 1. Words, terms and phrases.

The following words, terms and phrases shall have the meanings ascribed to them in this section.

Subd. 2. Office of Higher Education or office.

"Office of Higher Education" or "office" means the Minnesota Office of Higher Education.

Subd. 3. Solicitor.

"Solicitor" means a person who for a salary or for commission, acts as an agent, independent contractor, salesperson, or counselor in recruiting students for a program using any method, at any place except on the actual business premises of the private career school, other than only providing public information at the invitation or permission of a private career school or educational organization.

Subd. 4. Person.

"Person" means any individual, partnership, company, firm, society, trust, association, or corporation or any combination thereof.

Subd. 5. Private career school.

"Private career school" means a person who maintains, advertises, administers, solicits for, or conducts any program at less than an associate degree level; is not registered as a private institution under sections [136A.61](#) to [136A.71](#); and is not specifically exempted by section [136A.833](#).

Subd. 6. Course.

"Course" means any classroom or distance instruction; any subunit of a program; or any combination thereof.

Subd. 7. Multiple location.

"Multiple location" means any site where classes or administrative services are provided to students and that has a street address that is different than the street address found on the private career school's license.

Subd. 8. Placement service.

"Placement service" means a service offered or advertised by a private career school for the purpose of assisting the student in obtaining employment.

Subd. 9. Program.

"Program" means any course or grouping of courses that is advertised or listed in a private career school's catalog, brochures, electronic display, or other publications, or for which the private career school grants a formal recognition.

Subd. 10. Distance education private career school.

"Distance education private career school" means a private career school that establishes, keeps, or maintains a facility or location where a program is offered through distance instruction.

Subd. 11. Distance instruction.

"Distance instruction" means any method of instruction outside the traditional in-classroom instruction, including, but not limited to, the use of the United States mail and other correspondence; Internet and other online computer-based education; or CD-ROM self-instruction.

Subd. 12. Electronic display.

"Electronic display" means text, images, or sound rendered via any electronic device designed to present information, whether generated by the device or transmitted from another source.

Subd. 13. Compliance audit.

"Compliance audit" means an audit of a school's compliance with federal requirements related to its participation in federal Title IV student aid programs or other federal grant programs performed under either Uniform Grant Guidance, including predecessor Federal Circular A-133, or the United States Department of Education's audit guide, Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers.

Subd. 14. Entity.

"Entity" means a specific school or campus location.

Subd. 15. Higher-level entity.

"Higher-level entity" means a corporate parent or ultimate parent company or, in the case of a public school, the larger public system of which an entity is a part.

Subd. 16. Audited financial statements.

"Audited financial statements" means the financial statements of an entity or higher-level entity that have been examined by a certified public accountant or an equivalent government agency for public entities that include (1) an

auditor's report, a statement of financial position, an income statement, a statement of cash flows, and notes to the financial statements or (2) the required equivalents for public entities as determined by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or the Securities and Exchange Commission.

Subd. 17. Review-level engagement.

"Review-level engagement" means a service performed by a certified public accountant that provides limited assurance that there are no material modifications that need to be made to an entity's financial statements in order for them to conform to generally accepted accounting principles. Review-level engagement provides fewer assurances than those reported under audited financial statements.

History:

[1969 c 866 s 1](#); [1973 c 714 s 1,2](#); [1986 c 444](#); [1992 c 513 art 1 s 18,28](#); [1995 c 212 art 3 s 59](#); [1999 c 214 art 3 s 2-8](#); [2005 c 107 art 2 s 60](#); art 3 s 1; [2007 c 144 art 3 s 16,17](#); [2015 c 69 art 2 s 20-22,46](#); [2017 c 89 art 3 s 14-18](#)

136A.822 LICENSURE.

Subdivision 1. Required.

A private career school must not maintain, advertise, solicit for, administer, or conduct any program in Minnesota without first obtaining a license from the office.

Subd. 2. Contract unenforceable.

A contract entered into with a person for a program by or on behalf of a person operating a private career school to which a license has not been issued under sections [136A.821](#) to [136A.833](#), is unenforceable in any action.

Subd. 3. Refunds.

If a contract is deemed unenforceable under subdivision 2, a private career school must refund tuition, fees, and other charges received from a student or on behalf of a student within 30 days of receiving written notification and demand for refund from the office.

Subd. 4. Application.

Application for a license shall be on forms prepared and furnished by the office, and shall include the following and other information as the office may require:

- (1) the title or name of the private career school, ownership and controlling officers, members, managing employees, and director;
- (2) the specific programs which will be offered and the specific purposes of the instruction;
- (3) the place or places where the instruction will be given;
- (4) a listing of the equipment available for instruction in each program;
- (5) the maximum enrollment to be accommodated with equipment available in each specified program;

- (6) the qualifications of instructors and supervisors in each specified program;
- (7) financial documents related to the entity's and higher-level entity's most recently completed fiscal year:
 - (i) annual gross revenues from all sources;
 - (ii) financial statements subjected to a review-level engagement or, if requested by the office, audited financial statements;
 - (iii) a school's most recent compliance audit, if applicable; and
 - (iv) a current balance sheet, income statement, and adequate supporting documentation, prepared and certified by an independent public accountant or CPA;
- (8) copies of all media advertising and promotional literature and brochures or electronic display currently used or reasonably expected to be used by the private career school;
- (9) copies of all Minnesota enrollment agreement forms and contract forms and all enrollment agreement forms and contract forms used in Minnesota; and
- (10) gross income earned in the preceding year from student tuition, fees, and other required institutional charges.

Subd. 5. Certification.

Each application shall be signed and certified to under oath by the proprietor if the applicant is a proprietorship, by the managing partner if the applicant is a partnership, or by the authorized officers of the applicant if the applicant is a corporation, association, company, firm, society or trust.

Subd. 6. Bond.

- (a) No license shall be issued to any private career school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.
- (b)(1) The amount of the surety bond shall be ten percent of the preceding year's net income from student tuition, fees, and other required institutional charges collected, but in no event less than \$10,000, except that a private career school may deposit a greater amount at its own discretion. A private career school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision. A private career school that operates at two or more locations may combine net income from student tuition, fees, and other required institutional charges collected for all locations for the purpose of determining the annual surety bond requirement. The net tuition and fees used to determine the amount of the surety bond required for a private career school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the private career school by the students recruited from Minnesota.
- (2) A person required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board, except not including those schools licensed exclusively in order to participate in state grants or SELF loan financial aid programs, shall be required to provide a school bond of \$10,000.
- (c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the

bond shall not exceed the principal sum deposited by the private career school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of management and budget a sum equal to the amount of the required surety bond in cash, an irrevocable letter of credit issued by a financial institution equal to the amount of the required surety bond, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a private career school to post and maintain the required surety bond or deposit under paragraph (d) may result in denial, suspension, or revocation of the school's license.

Subd. 7. Resident agent.

Private career schools located outside the state of Minnesota that offer, advertise, solicit for, or conduct any program within the state of Minnesota shall first file with the secretary of state a sworn statement designating a resident agent authorized to receive service of process. The statement shall designate the secretary of state as resident agent for service of process in the absence of a designated agent. If a private career school fails to file the statement, the secretary of state is designated as the resident agent authorized to receive service of process. The authorization shall be irrevocable as to causes of action arising out of transactions occurring prior to the filing of written notice of withdrawal from the state of Minnesota filed with the secretary of state.

Subd. 8. Minimum standards.

A license shall be issued if the office first determines:

(1) that the applicant has a sound financial condition with sufficient resources available to:

(i) meet the private career school's financial obligations;

(ii) refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the private career school or in the event of any justifiable claims for refund against the private career school by the student body;

(iii) provide adequate service to its students and prospective students; and

(iv) maintain and support the private career school;

(2) that the applicant has satisfactory facilities with sufficient tools and equipment and the necessary number of work stations to prepare adequately the students currently enrolled, and those proposed to be enrolled;

(3) that the applicant employs a sufficient number of qualified teaching personnel to provide the educational programs contemplated;

(4) that the private career school has an organizational framework with administrative and instructional personnel to provide the programs and services it intends to offer;

(5) that the quality and content of each occupational course or program of study provides education and adequate preparation to enrolled students for entry level positions in the occupation for which prepared;

(6) that the premises and conditions where the students work and study and the student living quarters which are owned, maintained, recommended, or approved by the applicant are sanitary, healthful, and safe, as evidenced by certificate of occupancy issued by the municipality or county where the private career school is physically situated, a fire inspection by the local or state fire marshal, or another verification deemed acceptable by the office;

(7) that the contract or enrollment agreement used by the private career school complies with the provisions in section [136A.826](#);

(8) that contracts and agreements do not contain a wage assignment provision or a confession of judgment clause; and

(9) that there has been no adjudication of fraud or misrepresentation in any criminal, civil, or administrative proceeding in any jurisdiction against the private career school or its owner, officers, agents, or sponsoring organization.

Subd. 9. Fees and terms of license.

An application for an initial license under sections [136A.821](#) to [136A.833](#) shall be accompanied by a nonrefundable application fee as provided in section [136A.824](#) that is sufficient to recover, but not exceed, the administrative costs of the office.

All licenses shall expire one year from the date issued by the office, except as provided in section [136A.823](#).

Subd. 10. Catalog, brochure, or electronic display.

Before a license is issued to a private career school, the private career school shall furnish to the office a catalog, brochure, or electronic display including:

(1) identifying data, such as volume number and date of publication;

(2) name and address of the private career school and its governing body and officials;

(3) a calendar of the private career school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;

(4) the private career school policy and regulations on enrollment including dates and specific entrance requirements for each program;

(5) the private career school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;

(6) the private career school policy and regulations about standards of progress for the student including the grading system of the private career school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the private career school, and conditions of reentrance for those dismissed for unsatisfactory progress;

(7) the private career school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;

(8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;

(9) the private career school policy and regulations, including an explanation of section [136A.827](#), about refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;

(10) a description of the available facilities and equipment;

- (11) a course outline syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;
- (12) the private career school policy and regulations about granting credit for previous education and preparation;
- (13) a notice to students relating to the transferability of any credits earned at the private career school to other institutions;
- (14) a procedure for investigating and resolving student complaints; and
- (15) the name and address of the office.

A private career school that is exclusively a distance education school is exempt from clauses (3) and (5).

Subd. 11. Placement records.

- (a) Before a license is reissued to a private career school that offers, advertises or implies a placement service, the private career school shall file with the office for the past year and thereafter at reasonable intervals determined by the office, a certified copy of the private career school's placement record, containing a list of graduates, a description of their jobs, names of their employers, and other information as the office may prescribe.
- (b) Each private career school that offers a placement service shall furnish to each prospective student, upon request, prior to enrollment, written information concerning the percentage of the previous year's graduates who were placed in the occupation for which prepared or in related employment.

Subd. 12. Permanent records.

A private career school licensed under sections [136A.82](#) to [136A.834](#) and located in Minnesota shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A private career school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include school transcripts, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a private career school shall submit a plan that meets the following requirements:

- (1) at least one copy of the records must be held in a secure, fireproof depository;
- (2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;
- (3) an alternative method, approved by the office, of complying with clauses (1) and (2) must be established if the private career school ceases to exist; and
- (4) a continuous surety bond or irrevocable letter of credit issued by a financial institution must be filed with the office in an amount not to exceed \$20,000 if the private career school has no binding agreement approved by the office, for preserving student records. The bond or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover, maintain, digitize, and destroy academic records.

Subd. 13. Private career schools licensed by another state agency or board.

A private career school required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name or licensed for the purpose of participating in state financial aid under chapter 136A, and which is also licensed by another state agency or board shall be required to satisfy only the requirements of subdivisions 4, clauses (1), (2), (3), (5), (7), (8), and (10); 5; 6, paragraph (b), clause (2); 8, clauses (1), (4), (7), (8), and (9); 9; 10; and 12. If a school is licensed to participate in state financial aid under this chapter, the school must follow the refund policy in section [136A.827](#), even if that section conflicts with the refund policy of the licensing agency or board. A distance education private career school located in another state, or a school licensed to recruit Minnesota residents for attendance at a school outside of this state, or a school licensed by another state agency as its primary licensing body, may continue to use the school's name as permitted by its home state or its primary licensing body.

History:

[1969 c 866 s 5](#); [1971 c 781 s 1,2](#); [1973 c 714 s 3-9](#); [1980 c 559 s 1](#); [1Sp1985 c 11 s 67-70](#); [1986 c 444](#); [1989 c 329 art 12 s 4](#); [1990 c 562 art 3 s 9,10](#); [1991 c 265 art 8 s 10](#); [1992 c 513 art 1 s 27](#); [1Sp1993 c 2 art 2 s 21](#); [1995 c 212 art 3 s 43,59](#); [1996 c 366 s 2](#); [1999 c 214 art 3 s 9-18](#); [2003 c 112 art 2 s 50](#); [2005 c 107 art 2 s 60](#); art 3 s 2-6; [2007 c 144 art 3 s 18-23](#); [2008 c 298 s 21,22](#); [2009 c 101 art 2 s 109](#); [2010 c 364 s 19-21](#); [2015 c 69 art 2 s 23,46](#); [2017 c 89 art 3 s 19-22](#)

136A.823 LICENSE RENEWAL.

Subdivision 1. Application.

Application for renewal of a license must be made at least 60 days before expiration of the current license on a form provided by the office. A renewal application shall be accompanied by a nonrefundable fee as provided in section [136A.824](#) that is sufficient to recover, but does not exceed, the administrative costs of the office.

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.

History:

[1999 c 214 art 3 s 19](#); [2005 c 107 art 3 s 7](#); [2010 c 364 s 22](#); [2015 c 69 art 2 s 24,46](#)

136A.824 FEES.

Subdivision 1. Initial licensure fee.

The office processing fee for an initial licensure application is:

- (1) \$2,500 for a private career school that will offer no more than one program during its first year of operation;
- (2) \$750 for a private career school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, or licensed exclusively in order to participate in state grant or SELF loan financial aid programs; and
- (3) \$2,500, plus \$500 for each additional program offered by the private career school, for a private career school during its first year of operation.

Subd. 2. Renewal licensure fee; late fee.

(a) The office processing fee for a renewal licensure application is:

- (1) for a private career school that offers one program, the license renewal fee is \$1,150;
- (2) for a private career school that offers more than one program, the license renewal fee is \$1,150, plus \$200 for each additional program with a maximum renewal licensing fee of \$2,000;
- (3) for a private career school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, the license renewal fee is \$750; and
- (4) for a private career school licensed by another state agency and also licensed with the office exclusively in order to participate in state student aid programs, the license renewal fee is \$750.

(b) If a license renewal application is not received by the office by the close of business at least 60 days before the expiration of the current license, a late fee of \$100 per business day, not to exceed \$3,000, shall be assessed.

Subd. 3. Program addition fee.

The office processing fee for adding a program to those that are currently offered by the private career school is \$500 per program.

Subd. 4. Visit or consulting fee.

If the office determines that a fact-finding visit or outside consultant is necessary to review or evaluate any new or revised program, the office shall be reimbursed for the expenses incurred related to the review as follows:

- (1) \$400 for the team base fee or for a paper review conducted by a consultant if the office determines that a fact-finding visit is not required;
- (2) \$300 for each day or part thereof on site per team member; and
- (3) the actual cost of customary meals, lodging, and related travel expenses incurred by team members.

Subd. 5. Modification fee.

The fee for modification of any existing program is \$100 and is due if there is:

(1) an increase or decrease of 25 percent or more, from the original date of program approval, in clock hours, credit hours, or calendar length of an existing program;

(2) a change in academic measurement from clock hours to credit hours or vice versa; or

(3) an addition or alteration of courses that represent a 25 percent change or more in the objectives, content, or methods of delivery.

Subd. 6. Solicitor permit fee.

The solicitor permit fee is \$350 and must be paid annually.

Subd. 7. Multiple location fee.

Private career schools wishing to operate at multiple locations must pay:

(1) \$250 per location, for locations two to five; and

(2) an additional \$100 for each location over five.

Subd. 8. Student transcript fee.

The fee for a student transcript requested from a closed private career school whose records are held by the office is \$15, with a maximum of five transcripts per request.

Subd. 9. Public office documents; copies.

The rate for copies of any public office document shall be 50 cents per page.

History:

[2005 c 107 art 3 s 8](#); [2007 c 144 art 3 s 24](#); [2010 c 215 art 2 s 14](#); [2015 c 69 art 2 s 25](#),46

136A.825 PERMITS FOR SOLICITORS.

Subdivision 1. Required.

A solicitor representing a private career school must obtain a solicitor's permit from the office before soliciting students to enroll in the private career school. Such permit shall expire one year following the date of issuance. Application for renewal of permit shall be made annually.

Subd. 2. Application for permit.

(a) The application for the permit shall state the full name, address, previous employment, and such other information concerning the solicitor applicant as the office may require.

(b) The application shall have attached to it a certified affidavit signed by a private career school official and the solicitor attesting to the fact that the applicant has been furnished a copy, has read and has knowledge of the provisions of this chapter and Minnesota Rules.

Subd. 3. Refusal of permit.

No permit shall be issued to any solicitor unless such solicitor files with the office a continuous corporate surety bond in the sum of \$2,000 conditioned upon the faithful performance of all contracts and agreements with the students made by the solicitor. Such bonds shall run to the state of Minnesota and to any person who may have cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the solicitor with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum of \$2,000. The surety of any such bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation. In lieu of bond, the solicitor may deposit with the commissioner of management and budget the sum of \$2,000.

Subd. 4. Additional permits.

A solicitor representing more than one private career school must obtain a separate permit for each private career school represented; however when a solicitor represents private career schools having a common ownership, only one permit shall be required.

Subd. 5. Fee.

The initial and renewal application for each permit shall be accompanied by a nonrefundable fee under section [136A.824](#).

Subd. 6. Contract; validity.

Any contract entered into by a solicitor for a licensed private career school shall be unenforceable in any action brought thereon if the solicitor does not hold a valid permit as required by this section.

History:

[1969 c 866 s 6](#); [1971 c 781 s 3](#); [1973 c 714 s 10,11](#); [1Sp1985 c 11 s 71,72](#); [1989 c 329 art 12 s 5](#); [1991 c 265 art 8 s 11](#); [1992 c 513 art 1 s 27](#); [1Sp1993 c 2 art 2 s 22,23](#); [1995 c 212 art 3 s 59](#); [1996 c 366 s 3](#); [1999 c 214 art 3 s 20](#); [2003 c 112 art 2 s 50](#); [2005 c 107 art 3 s 9](#); [2009 c 101 art 2 s 109](#); [2015 c 69 art 2 s 26,46](#)

136A.826 INFORMATION TO STUDENTS.

Subdivision 1. Catalog, brochure, or electronic display.

A private career school or its agent must provide the catalog, brochure, or electronic display required in section [136A.822, subdivision 10](#), to a prospective student in a time or manner that gives the prospective student at least five days to read the catalog, brochure, or electronic display before signing a contract or enrollment agreement or before being accepted by a private career school that does not use a written contract or enrollment agreement.

Subd. 2. Contract information.

A contract or enrollment agreement used by a private career school must include at least the following:

(1) the name and address of the private career school, clearly stated;

- (2) a clear and conspicuous disclosure that the agreement is a legally binding instrument upon written acceptance of the student by the private career school unless canceled under section [136A.827](#);
- (3) the private career school's cancellation and refund policy that shall be clearly and conspicuously entitled "Buyer's Right to Cancel";
- (4) a clear statement of total cost of the program including tuition and all other charges;
- (5) the name and description of the program, including the number of hours or credits of classroom instruction, or distance instruction, that shall be included; and
- (6) a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address, e-mail address, or phone number of the seller to which the notice should be sent or delivered.

The contract or enrollment agreement must not include a wage assignment provision or a confession of judgment clause.

Subd. 3. Contract copies.

Immediately upon signing of the enrollment agreement or the contract by a prospective student, the private career school or agent shall furnish to the prospective student an exact duplicate copy of the enrollment agreement or contract.

History:

[1999 c 214 art 3 s 21](#); [2007 c 144 art 3 s 25](#); [2015 c 69 art 2 s 27,46](#); [2017 c 89 art 3 s 23](#)

136A.827 REFUNDS.

Subdivision 1. Student.

For the purposes of this section, "student" means the party to the contract, whether the party is the student, the student's parent or guardian, or other person on behalf of the student.

Subd. 1a. Notice; right to refund.

Every private career school shall notify each student, in writing, of acceptance or rejection. In the event that the student is rejected by the private career school, all tuition, fees and other charges shall be refunded.

Subd. 1b. Short-term programs.

Licensed private career schools conducting programs not exceeding 40 hours in length shall not be required to make a full refund once a program has commenced and shall be allowed to prorate any refund based on the actual length of the program as stated in the private career school catalog or advertisements and the number of hours attended by the student.

Subd. 2. Private career schools using written contracts.

(a) Notwithstanding anything to the contrary, a private career school that uses a written contract or enrollment agreement shall refund all tuition, fees and other charges paid by a student, if the student gives notice of cancellation within five business days after the day on which the contract was executed regardless of whether the program has started.

(b) When a student has been accepted by the private career school and has entered into a contractual agreement with the private career school and gives notice of cancellation following the fifth business day after the date of execution of contract, but before the start of the program in the case of resident private career schools, or before the first lesson has been serviced by the private career school in the case of distance education private career schools, all tuition, fees and other charges, except 15 percent of the total cost of the program but not to exceed \$50, shall be refunded to the student.

Subd. 3. Notice; amount.

(a) A private career school shall refund all tuition, fees and other charges paid by a student if the student gives notice of cancellation within five business days after the day on which the student is accepted by the private career school regardless of whether the program has started.

(b) When a student has been accepted by the private career school and gives notice of cancellation following the fifth business day after the day of acceptance by the private career school, but before the start of the program, in the case of resident private career schools, or before the first lesson has been serviced by the private career school, in the case of distance education private career schools, all tuition, fees and other charges, except 15 percent of the total cost of the program but not to exceed \$50, shall be refunded to the student.

Subd. 4. Proration.

When a student has been accepted by a private career school and gives written notice of cancellation after the program of instruction has begun, but before completion of 75 percent of the program, the amount charged for tuition, fees and all other charges shall be prorated based on the number of days in the term as a portion of the total charges for tuition, fees and all other charges. An additional 25 percent of the total cost of the program may be added but shall not exceed \$100. After completion of 75 percent of the program, no refunds are required.

Subd. 5. Equipment and supplies.

The fair market retail price, if separately stated in the catalog and contract or enrollment agreement, of equipment or supplies furnished to the student, which the student fails to return in condition suitable for resale, and which may reasonably be resold, within ten business days following cancellation may be retained by the private career school and may be deducted from the total cost for tuition, fees and all other charges when computing refunds.

An overstatement of the fair market retail price of any equipment or supplies furnished the student shall be considered inconsistent with this provision.

Subd. 6. Time of refund.

Each private career school shall acknowledge in writing any valid notice of cancellation within ten business days after the receipt of such notice and within 30 business days shall refund to the student any amounts due and arrange for termination of the student's obligation to pay any sum in excess of that due under the cancellation and refund policy.

Subd. 7. Limitation.

A private career school cannot make its refund policy conditional upon compliance with the school's regulations or rules of conduct.

Subd. 8. Cancellation occurrence.

Written notice of cancellation shall take place on the date the letter of cancellation is postmarked or, in the cases where the notice is hand carried, it shall occur on the date the notice is delivered to the private career school. If a student has not attended class for a period of 21 consecutive days without contacting the private career school to indicate an intent to continue in the private career school or otherwise making arrangements concerning the absence, the student is considered to have withdrawn from the private career school for all purposes as of the student's last documented date of attendance.

Subd. 9. Date of execution.

The date of execution of the contract or enrollment agreement shall be presumed to be the date of delivery of the notice of acceptance; and if delivered by mail, the postmark date of the letter of acceptance.

Subd. 10. Instrument not to be negotiated.

A private career school shall not negotiate any promissory instrument received as payment of tuition or other charge prior to completion of 50 percent of the program, except that prior to that time, instruments may be transferred by assignment to purchasers who shall be subject to all defenses available against the private career school named as payee.

Subd. 11. Cancellation of enrollment.

If a student's enrollment in a private career school is canceled for any reason, the private career school shall notify any agency known to the private career school to be providing financial aid to the student of the cancellation within 30 days.

Subd. 12. Closed private career school.

In the event a private career school closes for any reason during a term and interrupts and terminates classes during that term, all tuition for the term shall be refunded to the students or the appropriate state or federal agency or private lender that provided any funding for the term and any outstanding obligation of the student for the term is canceled.

History:

[1973 c 714 s 12](#); [1980 c 559 s 2,3](#); [1986 c 444](#); [1996 c 366 s 4](#); [1999 c 214 art 3 s 22-28](#); [2005 c 107 art 3 s 10-14](#); [2007 c 144 art 3 s 26,27](#); [2015 c 69 art 2 s 28-38,46](#); [2017 c 89 art 3 s 24,25](#)

136A.828 PROHIBITIONS.

Subdivision 1. Disclosure required; advertisement restricted.

Private career schools, agents of private career schools, and solicitors may not advertise or represent in writing or orally that the private career school is approved or accredited by the state of Minnesota, except that any private career school, agent, or solicitor may represent in advertisements and shall disclose in catalogues, applications, and

enrollment materials that the private career school is duly licensed by the state by prominently displaying the following statement:

"(Name of private career school) is licensed as a private career school with the Minnesota Office of Higher Education pursuant to Minnesota Statutes, sections [136A.821](#) to [136A.832](#). Licensure is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions."

Subd. 2. Unlawful designation.

No private career school organized after November 15, 1969, shall apply to itself either as a part of its name or in any other manner the designation of "college" or "university." Operating private career schools now using such designation may continue use thereof.

Subd. 3. False statements.

(a) A private career school, agent, or solicitor shall not make, or cause to be made, any statement or representation, oral, written or visual, in connection with the offering or publicizing of a program, if the private career school, agent, or solicitor knows or reasonably should have known the statement or representation to be false, fraudulent, deceptive, substantially inaccurate, or misleading.

(b) Other than opinion-based statements or puffery, a school shall only make claims that are evidence-based, can be validated, and are based on current conditions and not on conditions that are no longer relevant.

(c) A school shall not guarantee or imply the guarantee of employment.

(d) A school shall not guarantee or advertise any certain wage or imply earnings greater than the prevailing wage for entry-level wages in the field of study for the geographic area unless advertised wages are based on verifiable wage information from graduates.

(e) If placement statistics are used in advertising or other promotional materials, the school must be able to substantiate the statistics with school records. These records must be made available to the office upon request. A school is prohibited from reporting the following in placement statistics:

(1) a student required to receive a job offer or start a job to be classified as a graduate;

(2) a graduate if the graduate held a position before enrolling in the program, unless graduating enabled the graduate to maintain the position or the graduate received a promotion or raise upon graduation;

(3) a graduate who works less than 20 hours per week; and

(4) a graduate who is not expected to maintain the position for at least 180 days.

(f) A school shall not use endorsements, commendations, or recommendations by a student in favor of a school except with the consent of the student and without any offer of financial or other material compensation. Endorsements may be used only when they portray current conditions.

(g) A school may advertise that the school or its programs have been accredited by an accrediting agency recognized by the United States Department of Education or the Council for Higher Education Accreditation, but shall not advertise any other accreditation unless approved by the office. The office may approve an institution's advertising of accreditation that is not recognized by the United States Department of Education or the Council for Higher Education if that accreditation is industry specific. Clear distinction must be made when the school is in candidacy or application status versus full accreditation.

(h) A school may advertise that financial aid is available, including a listing of the financial aid programs in which the school participates, but federal or state financial aid shall not be used as a primary incentive in advertisement, promotion, or recruitment.

(i) A school may advertise placement or career assistance, if offered, but shall not use the words "wanted," "help wanted," or "trainee," either in the headline or the body of the advertisement.

(j) A school shall not be advertised under any "help wanted," "employment," or similar classification.

(k) A school shall not falsely claim that it is conducting a talent hunt, contest, or similar test.

(l) The commissioner, at any time, may require a retraction of a false, misleading, or deceptive claim. To the extent reasonable, the retraction must be published in the same manner as the original claim.

Subd. 4. Acceptance of contracts.

No private career school shall accept contracts, enrollment agreements or enrollment applications from an agent or solicitor who does not have a current permit.

Subd. 5. Improbable program completion or employment.

A private career school, agent, or solicitor shall not enroll a prospective student when it is obvious that the prospective student is unlikely to successfully complete a program or is unlikely to qualify for employment in the vocation or field for which the preparation is designed unless this fact is affirmatively disclosed to the prospective student. If a prospective student expresses a desire to enroll after such disclosure, a disclaimer may be obtained by the private career school. The disclaimer shall be signed by the student and shall state substantially one or both of the following: "I am fully aware that it is unlikely I will be able to successfully complete the program" and "I am fully aware of the improbability or impossibility that I will qualify for employment in the vocation or field for which the program was designed."

Subd. 6. Financial aid payments.

(a) All private career schools must collect, assess, and distribute funds received from loans or other financial aid as provided in this subdivision.

(b) Student loans or other financial aid funds received from federal, state, or local governments or administered in accordance with federal student financial assistance programs under title IV of the Higher Education Act of 1965, as amended, United States Code, title 20, chapter 28, must be collected and applied as provided by applicable federal, state, or local law or regulation.

(c) Student loans or other financial aid assistance received from a bank, finance or credit card company, or other private lender must be collected or disbursed as provided in paragraphs (d) and (e).

(d) Loans or other financial aid payments for amounts greater than \$3,000 must be disbursed:

(1) in two equal disbursements, if the term length is more than four months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class with the remainder to be disbursed halfway through the term; or

(2) in three equal disbursements, if the term length is more than six months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class, one-third of the way through the term, and two-thirds of the way through the term.

(e) Loans or other financial aid payments for amounts less than \$3,000 may be disbursed as a single disbursement on the first day a student attends class, regardless of term length.

(f) No private career school may enter into a contract or agreement with, or receive any money from, a bank, finance or credit card company, or other private lender, unless the private lender follows the requirements for disbursements provided in paragraphs (d) and (e).

(g) No private career school may withhold an official transcript for arrears or default on any loan made by the private career school to a student if the loan qualifies as an institutional loan under United States Code, title 11, section 523(a)(8)(b).

History:

[1969 c 866 s 8](#); [1973 c 714 s 13-15](#); [1Sp1985 c 11 s 73](#); [1986 c 444](#); [1992 c 513 art 1 s 27](#); [1995 c 212 art 3 s 59](#); [1999 c 214 art 3 s 29,30](#); [2005 c 107 art 2 s 60](#); art 3 s 15,16; [2007 c 144 art 3 s 28](#); [2008 c 298 s 23](#); [2010 c 364 s 23](#); [2015 c 69 art 2 s 39,46](#); [2017 c 89 art 3 s 26](#)

136A.829 REVOCATION OF LICENSE OR PERMIT.

Subdivision 1. Grounds.

The office may, after notice and upon providing an opportunity for a hearing, under chapter 14 if requested by the parties adversely affected, refuse to issue, refuse to renew, revoke, or suspend a license or solicitor's permit for any of the following grounds:

- (1) violation of any provisions of sections [136A.821](#) to [136A.833](#) or any rule adopted by the office;
- (2) furnishing to the office false, misleading, or incomplete information;
- (3) presenting to prospective students information relating to the private career school that is false, fraudulent, deceptive, substantially inaccurate, or misleading;
- (4) refusal to allow reasonable inspection or supply reasonable information after written request by the office;
- (5) the existence of any circumstance that would be grounds for the refusal of an initial or renewal license under section [136A.822](#).

Subd. 2. Appeal.

Any order refusing, revoking, or suspending a private career school's license or a solicitor's permit is appealable in accordance with chapter 14. Where a private career school has been operating and its license 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.

Subd. 3. Powers and duties.

The office shall have (in addition to the powers and duties now vested therein by law) the following powers and duties:

- (a) To negotiate and enter into interstate reciprocity agreements with similar agencies in other states, if in the judgment of the office such agreements are or will be helpful in effectuating the purposes of Laws 1973, chapter 714;

(b) To grant conditional private career school license for periods of less than one year if in the judgment of the office correctable deficiencies exist at the time of application and when refusal to issue private career school license would adversely affect currently enrolled students;

(c) The office may upon its own motion, and shall upon the verified complaint in writing of any person setting forth fact which, if proved, would constitute grounds for refusal or revocation under Laws 1973, chapter 714, investigate the actions of any applicant or any person or persons holding or claiming to hold a license or permit. However, before proceeding to a hearing on the question of whether a license or permit shall be refused, revoked or suspended for any cause enumerated in subdivision 1, the office shall grant a reasonable time to the holder of or applicant for a license or permit to correct the situation. If within such time the situation is corrected and the private career school is in compliance with the provisions of sections [136A.82](#) to [136A.834](#), no further action leading to refusal, revocation, or suspension shall be taken.

History:

[1969 c 866 s 9](#); [1973 c 714 s 16,17](#); [1982 c 424 s 130](#); [1983 c 247 s 61](#); [1985 c 248 s 70](#); [1986 c 444](#); [1992 c 513 art 1 s 27](#); [1995 c 212 art 3 s 59](#); [1996 c 366 s 5](#); [1999 c 214 art 3 s 31](#); [2005 c 107 art 3 s 17](#); [2015 c 69 art 2 s 40,46](#)

136A.8295 STUDENT COMPLAINTS.

Subdivision 1. Authority.

The office has the authority to review and take appropriate action on student complaints from schools covered under the provisions of sections [136A.822](#) to [136A.834](#).

Subd. 2. Complaint.

A complaint must be in writing, be signed by a student, and state how the school's policies and procedures or sections [136A.822](#) to [136A.834](#) were violated. Student complaints shall be limited to complaints that occurred within six years from the date the concern should have been discovered with reasonable effort and after the student has utilized the school's internal complaint process. Students do not have to utilize a school's internal complaint process before the office has authority when the student is alleging fraud or misrepresentation. The office shall not investigate grade disputes, student conduct proceedings, disability accommodation requests, and discrimination claims, including Title IX complaints.

Subd. 3. Investigation.

The office shall initiate an investigation upon receipt of a complaint within the authority of subdivision 2. A school involved in an investigation shall be informed of the alleged violations and the processes of the investigation. A school involved in an investigation shall respond to the alleged violations and provide requested documentation to the office. Upon completion of an investigation, the office shall inform the school and the student of the investigation outcome.

Subd. 4. Penalties.

If violations are found, the office may require remedial action by the school or assign a penalty under section [136A.832](#). Remedial action may include student notification of violations, adjustments to the school's policies and procedures, and tuition or fee refunds to impacted students.

Subd. 5. Appeals.

Any order requiring remedial action by the school or assigning a penalty under section [136A.832](#) is appealable in accordance with chapter 14. The request for an appeal must be made in writing to the office within 30 days of the date the school is notified of the action of the office. The court shall award costs and reasonable attorney fees in a contested chapter 14 hearing to the office if: (1) the office substantially prevails on the merits in an action brought under this section; and (2) the school has a net income from student tuition, fees, and other required institutional charges collected from the last fiscal year of \$1,000,000 or greater.

History:

[2017 c 89 art 3 s 27](#)

136A.83 INSPECTION.

(a) The office or a delegate may inspect the instructional books and records, classrooms, dormitories, tools, equipment and classes of any private career school or applicant for license at any reasonable time. The office may require the submission of audited financial statements. The office or a delegate may inspect the financial books and records of the private career school. In no event shall such financial information be used by the office to regulate or set the tuition or fees charged by the private career school.

(b) Data obtained from an inspection of the financial records of a private career school or submitted to the office as part of a license application or renewal are nonpublic data as defined in section [13.02, subdivision 9](#). Data obtained from inspections may be disclosed to other members of the office, to law enforcement officials, or in connection with a legal or administrative proceeding commenced to enforce a requirement of law.

History:

[1969 c 866 s 10](#); [1973 c 714 s 18](#); [1986 c 444](#); [1992 c 513 art 1 s 27](#); [1995 c 212 art 3 s 59](#); [1999 c 227 s 13](#); [2005 c 107 art 3 s 18](#); [2015 c 69 art 2 s 41,46](#); [2017 c 89 art 3 s 28](#)

136A.831 INJUNCTION.

Upon application of the attorney general the district courts shall have jurisdiction to enjoin any violation of sections [136A.821](#) to [136A.833](#).

History:

[1969 c 866 s 11](#); [1999 c 214 art 3 s 32](#); [2015 c 69 art 2 s 46](#)

136A.832 PENALTY.

The commissioner may assess fines for violations of sections [136A.821](#) to [136A.834](#). Each day's failure to comply with sections [136A.821](#) to [136A.834](#) shall be a separate violation and fines shall not exceed \$500 per day per violation. Amounts received under this section must be deposited in the special revenue fund and are appropriated to the office for the purposes of sections [136A.821](#) to [136A.834](#).

History:

[1969 c 866 s 12](#); [1971 c 23 s 13](#); [1973 c 714 s 19](#); [1Sp1985 c 11 s 74](#); [1999 c 214 art 3 s 33](#); [2007 c 144 art 3 s 29](#); [2013 c 99 art 2 s 29](#); [2015 c 69 art 2 s 42,46](#)

136A.833 EXEMPTIONS.

Subdivision 1. Application for exemptions.

A school that seeks an exemption from the provisions of sections [136A.822](#) to [136A.834](#) must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

Subd. 2. Exemption reasons.

Sections [136A.821](#) to [136A.832](#) shall not apply to the following:

- (1) public postsecondary institutions;
- (2) postsecondary institutions registered under sections [136A.61](#) to [136A.71](#);
- (3) private career schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;
- (4) private schools complying with the requirements of section [120A.22, subdivision 4](#);
- (5) courses taught to students in a valid apprenticeship program taught by or required by a trade union;
- (6) private career schools exclusively engaged in training physically or mentally disabled persons for the state of Minnesota;
- (7) private career schools licensed by boards authorized under Minnesota law to issue licenses except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;
- (8) private career schools and educational programs, or training programs, contracted for by persons, firms, corporations, government agencies, or associations, for the training of their own employees, for which no fee is charged the employee;
- (9) private career schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names unless the private career school used "academy" or "institute" in its name prior to August 1, 2008;
- (10) classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;
- (11) programs in the fine arts provided by organizations exempt from taxation under section [290.05](#) and registered with the attorney general under chapter 309. For the purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the office may seek the advice and recommendation of the Minnesota Board of the Arts;
- (12) classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, that have been approved by a legislatively or judicially established board or agency

responsible for regulating the practice of the profession, and that are offered exclusively to an individual practicing the profession;

(13) classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;

(14) classes, courses, or programs providing 16 or fewer clock hours of instruction that are not part of the curriculum for an occupation or entry level employment except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;

(15) classes, courses, or programs providing instruction in personal development, modeling, or acting;

(16) training or instructional programs, in which one instructor teaches an individual student, that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment;

(17) private career schools with no physical presence in Minnesota, as determined by the office, engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions if the distance education instruction does not include internships, externships, field placements, or clinical placements for residents of Minnesota; and

(18) private career schools providing exclusively training, instructional programs, or courses where tuition, fees, and any other charges for a student to participate do not exceed \$100.

History:

[1969 c 866 s 15](#); [1973 c 714 s 20](#); [1977 c 59 s 1](#); [1980 c 559 s 4](#); [1989 c 209 art 1 s 13](#); art 2 s 1; [1990 c 562 art 3 s 11](#); [1992 c 513 art 1 s 27](#); [1995 c 212 art 3 s 59](#); [1998 c 397 art 11 s 3](#); [1999 c 214 art 3 s 34](#); [2005 c 56 s 1](#); [2005 c 107 art 3 s 19](#); [2007 c 144 art 3 s 30](#); [2008 c 298 s 24](#); [2012 c 270 s 11](#); [2013 c 99 art 2 s 20](#); [2015 c 69 art 2 s 43,46](#); [2017 c 89 art 3 s 29](#)

136A.834 EXEMPTION; RELIGIOUS SCHOOLS.

Subdivision 1. Exemption.

Any private career school or any department or branch of a private career school:

(1) which is substantially owned, operated, or supported by a bona fide church or religious organization;

(2) whose programs are primarily designed for, aimed at, and attended by persons who sincerely hold or seek to learn the particular religious faith or beliefs of that church or religious organization; and

(3) whose programs are primarily intended to prepare its students to become ministers of, to enter into some other vocation closely related to, or to conduct their lives in consonance with the particular faith of that church or religious organization,

is exempt from the provisions of sections [136A.821](#) to [136A.832](#).

Subd. 2. Limitations.

(a) An exemption shall not extend to any private career school, department or branch of a private career school, or program of a private career school which through advertisements or solicitations represents to any students or

prospective students that the school, its aims, goals, missions, purposes, or programs are different from those described in subdivision 1.

(b) An exemption shall not extend to any private career school which represents to any student or prospective student that the major purpose of its programs is to:

(1) prepare the student for a vocation not closely related to that particular religious faith; or

(2) provide the student with a general educational program recognized by other private career schools or the broader educational, business, or social community as being substantially equivalent to the educational programs offered by private career schools or departments or branches of private career schools which are not religious in nature and are not exempt from sections [136A.82](#) to [136A.834](#) and from rules adopted under sections [136A.82](#) to [136A.834](#).

Subd. 3. Scope.

Nothing in sections [136A.82](#) to [136A.834](#) or the rules adopted under them shall be interpreted as permitting the office to determine the truth or falsity of any particular set of religious beliefs.

Subd. 4. Descriptive language required.

Any certificate, diploma, degree, or other formal recognition awarded upon completion of any religiously exempt program shall include such descriptive language as to make the religious nature of the award clear.

Subd. 5. Application.

A school that seeks an exemption from the provisions of sections [136A.82](#) to [136A.834](#) must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

History:

[2007 c 144 art 3 s 31](#); [2015 c 69 art 2 s 46](#); [2017 c 89 art 3 s 30](#)