

Sixty-first  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2080

Introduced by

Education Committee

(At the request of the State Board for Career and Technical Education)

1 A BILL for an Act to create and enact a new section to chapter 15-20.4 of the North Dakota  
2 Century Code, relating to the operation of accreditation mills; to amend and reenact section  
3 15-20.4-02, subsection 3 of section 15-20.4-03, subsection 1 of section 15-20.4-04, section  
4 15-20.4-06, and subsection 1 of section 15-20.4-15 of the North Dakota Century Code, relating  
5 to authorizations to operate postsecondary educational institutions and false academic  
6 degrees; to repeal section 15-20.4-07 of the North Dakota Century Code, relating to negotiation  
7 of promissory instruments by postsecondary educational institutions; and to provide a penalty.

8 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

9 **SECTION 1. AMENDMENT.** Section 15-20.4-02 of the North Dakota Century Code is  
10 amended and reenacted as follows:

11 **15-20.4-02. Exemptions.** The following education and educational institutions are  
12 exempted from the provisions of this chapter:

- 13 1. Institutions exclusively offering instruction at any or all levels from preschool  
14 through the twelfth grade.
- 15 2. Education sponsored by a bona fide trade, business, professional, or fraternal  
16 organization, so recognized by the board, solely for that organization's  
17 membership, or offered on a no-fee basis.
- 18 3. Education solely avocational or recreational in nature, as determined by the board,  
19 and institutions offering such education exclusively.
- 20 4. Certain education provided through short-term programs as determined by the  
21 board.
- 22 5. Education offered by charitable institutions, organizations, or agencies, so  
23 recognized by the board, provided the education is not advertised or promoted as  
24 leading toward educational credentials.

6. Postsecondary educational institutions established, operated, and governed by this or any other state or its political subdivisions, as determined by the board and any educational consortium that includes one or more of the institutions.
7. Private four-year institutions chartered or incorporated and operating in the state prior to July 1, 1977, so long as the institutions retain accreditation by national or regional accrediting agencies recognized by the United States office of education.
8. Schools of barbering regulated under chapter 43-04.
9. Schools of cosmetology regulated under chapter 43-11.
10. Schools of nursing regulated under chapter 43-12.1.
11. ~~Schools instructing on the manner of conducting games of chance which are regulated under chapter 53-06.1~~ Native American colleges operating in this state, established by federally recognized Indian tribes.
12. ~~Schools instructing on the manner of conducting auction sales which are regulated under chapter 51-05.1.~~
13. ~~Postsecondary educational institutions not operating in this state.~~

**SECTION 2. AMENDMENT.** Subsection 3 of section 15-20.4-03 of the North Dakota Century Code is amended and reenacted as follows:

3. Maintain a list of postsecondary educational institutions authorized to operate in this state under the provisions of this chapter. The list must be available for the information of the public ~~and must be sent to the superintendents of all school districts, county superintendents of schools, and guidance counselors certified by the department of public instruction.~~

**SECTION 3. AMENDMENT.** Subsection 1 of section 15-20.4-04 of the North Dakota Century Code is amended and reenacted as follows:

1. All postsecondary educational institutions must be accredited by national or regional accrediting agencies recognized by the United States department of education. The board may additionally require such further evidence and make such further investigation as in its judgment may be necessary. Any postsecondary educational institution operating in this state seeking its first authorization to operate may be issued a provisional authorization to operate on an annual basis until the institution becomes eligible for accreditation by a recognized

1 accrediting agency. ~~Upon completion of the accreditation process, the institution~~  
2 ~~shall submit evidence of accreditation, or~~ Institutions issued a provisional  
3 authorization to operate must demonstrate a substantial good-faith showing of  
4 progress toward such status. Only upon accreditation shall an institution become  
5 eligible for a regular authorization to operate.

6 **SECTION 4. AMENDMENT.** Section 15-20.4-06 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **15-20.4-06. Refund of tuition fees.**

9 1. Postsecondary educational institutions shall refund tuition and other charges, other  
10 than a reasonable application fee, when written notice of cancellation is given by  
11 the student in accordance with the following schedule:

12 ~~4-~~ a. When notice is received prior to, or within seven days after completion of the  
13 first day of instruction, or after receipt of the first correspondence lesson by  
14 the institution, all tuition and other charges must be refunded to the student.

15 ~~2-~~ b. When notice is received prior to, or within thirty days after completion of the  
16 first day of instruction, or prior to the completion of one-fourth of the  
17 educational services, all tuition and other charges except twenty-five percent  
18 thereof must be refunded to the student.

19 ~~3-~~ c. When notice is received upon or after completion of one-fourth of the  
20 educational services, but prior to the completion of one-half of the educational  
21 services, all tuition and other charges except fifty percent thereof must be  
22 refunded to the student.

23 ~~4-~~ d. When notice is received upon or after the completion of fifty percent of the  
24 educational services, no tuition or other charges may be refunded to the  
25 student.

26 2. The provisions of this section do not prejudice the right of any student to recovery  
27 in an action against any postsecondary educational institution for breach of  
28 contract or fraud.

29 3. A postsecondary educational institution may implement a refund schedule that  
30 deviates from subsection 1 if the proposed refund schedule is more favorable to  
31 the student than the schedule described in subsection 1.

1           **SECTION 5. AMENDMENT.** Subsection 1 of section 15-20.4-15 of the North Dakota  
2 Century Code is amended and reenacted as follows:

- 3           1. It is unlawful for a person to knowingly advertise to sell, issue, or manufacture a  
4           false academic degree. A person that violates this subsection is guilty of a class C  
5           felony. This subsection does not apply to a newspaper, television or radio station,  
6           or other commercial medium that is not the source of the advertisement.

7           **SECTION 6.** A new section to chapter 15-20.4 of the North Dakota Century Code is  
8 created and enacted as follows:

9           **Unlawful to operate accreditation mill - Penalty.**

- 10          1. A person may not operate an accreditation mill in North Dakota.  
11          2. As used in this section:  
12           a. "Accreditation mill" means an accrediting entity that is not recognized by the  
13           United States department of education or the state board for career and  
14           technical education.  
15           b. "Operate" includes to use an address, telephone number, facsimile number,  
16           or other contact point located in North Dakota.  
17          3. A person that violates this section is guilty of a class C felony.

18          **SECTION 7. REPEAL.** Section 15-20.4-07 of the North Dakota Century Code is  
19 repealed.