

Sixty-second
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1129

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 chapter 15-18.1 of the North Dakota Century Code,
2 relating to authority of the state board of higher education to provide authorizations to operate
3 private postsecondary educational institutions offering instruction at the associate in arts level or
4 higher and to false academic degrees and accreditation mills; to amend and reenact
5 subsections 1, 4, 7, and 10 of section 15-20.4-01, sections 15-20.4-02 and 15-20.4-02.1,
6 subsections 1, 2, 3, 4, 5, and 8 of section 15-20.4-03, sections 15-20.4-03.1 and 15-20.4-04,
7 subsections 1 and 2 of section 15-20.4-05, sections 15-20.4-06, 15-20.4-08, 15-20.4-09, and
8 15-20.4-13, and subsection 1 of section 15-20.4-14, of the North Dakota Century Code, relating
9 to authority of the state board for career and technical education to provide authorizations to
10 operate private postsecondary career schools offering instruction at the level of no higher than
11 the associate of applied science level; to provide for application; to repeal sections 15-20.4-15,
12 15-20.4-16, 15-20.4-17, and 15-20.4-18 of the North Dakota Century Code, relating to false
13 academic degrees and accreditation mills; and to provide a penalty.

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

15 **SECTION 1.** Chapter 15-18.1 of the North Dakota Century Code is created and enacted as
16 follows:

17 **15-18.1-01. Definitions.**

18 As used in this chapter:

- 19 1. "Authorization to operate" or like term means approval of the board to operate or to
20 contract to operate a private postsecondary educational institution in this state.
- 21 2. "Board" means the state board of higher education.
- 22 3. "Education" or "educational services" or like term includes any class, course, or
23 program of training, instruction, or study.

- 1 4. "Educational credentials" means degrees, diplomas, certificates, transcripts, reports,
2 documents, or letters of designation, marks, appellations, series of letters, numbers, or
3 words which signify, purport, or are generally taken to signify enrollment, attendance,
4 progress, or satisfactory completion of the requirements or prerequisites for education
5 at a postsecondary educational institution operating in this state.
- 6 5. "Entity" includes a company, firm, society, association, partnership, corporation, limited
7 liability company, or trust.
- 8 6. "Postsecondary educational institution" means a private academic, technical, home
9 study, business, professional, or other private school, college, or university, or other
10 private organization or person, operating in this state, offering educational credentials,
11 or offering instruction or educational services, primarily to persons who have
12 completed or terminated their secondary education or who are beyond the age of
13 compulsory high school attendance, for attainment of educational or professional
14 objectives at the associate in arts level or higher.
- 15 7. "To grant" includes awarding, selling, conferring, bestowing, or giving.
- 16 8. "To offer" includes, in addition to its usual meanings, advertising, publicizing, soliciting,
17 or encouraging any person, directly or indirectly, in any form, to perform the act
18 described.
- 19 9. "To operate" an educational institution, or like term, means to establish, keep, or
20 maintain any facility or location in this state where, from, or through which, education
21 is offered or given, or educational credentials are offered or granted, and includes
22 contracting with any person, group, or entity to perform any such act.

23 **15-18.1-02. Exemptions.**

24 The following education and educational schools or institutions are exempt from the
25 provisions of this chapter:

- 26 1. Education sponsored by a bona fide trade, business, professional, or fraternal
27 organization, so recognized by the board, solely for that organization's membership, or
28 offered on a no-fee basis.
- 29 2. Education offered by charitable institutions, organizations, or agencies, so recognized
30 by the board, provided the education is not advertised or promoted as leading toward
31 educational credentials.

- 1 3. Postsecondary educational institutions established, operated, and governed by this or
- 2 any other state or its political subdivisions, as determined by the board and any
- 3 educational consortium that includes one or more of the institutions.
- 4 4. Schools of nursing regulated under chapter 43-12.1.
- 5 5. Native American colleges operating in this state, established by federally recognized
- 6 Indian tribes.
- 7 6. Postsecondary educational institutions not operating in this state.
- 8 7. Postsecondary career schools regulated under chapter 15-20.4.
- 9 8. Private four-year institutions chartered or incorporated and operating in the state
- 10 before July 1, 1977, so long as the institutions retain accreditation by national or
- 11 regional accrediting agencies recognized by the United States department of
- 12 education.

13 **15-18.1-03. Voluntary application for authorization to operate.**

14 Although a postsecondary educational institution not operating in this state is exempt from
15 this chapter by section 15-18.1-02, the institution may subject itself to the requirements of this
16 chapter by applying for and being awarded an authorization to operate by the board. An
17 authorization to operate, as applied to a postsecondary educational institution not operating in
18 this state, means approval of the board to offer to students in this state educational services
19 leading to educational credentials.

20 **15-18.1-04. Board powers and duties.**

21 The board has, in addition to the powers and duties now vested in it by law, the following
22 powers and duties to:

- 23 1. Establish and require compliance with minimum standards and criteria for
- 24 postsecondary educational institutions under this chapter. The standards and criteria
- 25 must include quality of education, ethical and business practices, health and safety
- 26 and fiscal responsibility, which applicants for authorization to operate shall meet:
- 27 a. Before such authorization may be issued; and
- 28 b. To continue such authorization in effect.

29 The criteria and standards developed must effectuate the purposes of this
30 chapter, but may not unreasonably hinder legitimate educational innovation.

- 1 2. Prescribe forms and conditions for, receive, investigate as it may deem necessary, and
2 act upon applications for authorization to operate postsecondary educational
3 institutions.
- 4 3. Maintain a list of postsecondary educational institutions authorized to operate in this
5 state under the provisions of this chapter. The list must be available for the information
6 of the public.
- 7 4. Negotiate and enter into interstate reciprocity agreements with similar agencies in
8 other states, if in the judgment of the board such agreements are or will be helpful in
9 effectuating the purposes of this chapter; provided, however, that nothing contained in
10 any such reciprocity agreement may be construed as limiting the board's powers,
11 duties, and responsibilities with respect to independently investigating or acting upon
12 any application for authorization to operate or any application for renewal of such
13 authorization to operate, a postsecondary educational institution, or with respect to the
14 enforcement of any provision of this chapter, or any of the rules adopted hereunder.
- 15 5. Receive and cause to be maintained as a permanent file, copies of academic records
16 specified by the board in the event any postsecondary educational institution required
17 to have an authorization to operate under this chapter proposes to discontinue its
18 operation.
- 19 6. Adopt such rules and procedures necessary or appropriate for the conduct of its work
20 and the implementation of this chapter, and hold such hearings as it may deem
21 advisable in accordance with chapter 28-32, or as required by law in developing such
22 rules and procedures, or in aid of any investigation or inquiry.
- 23 7. Investigate as it may deem necessary, on its own initiative or in response to any
24 complaint lodged with it, any person, group, or entity subject to, or reasonably believed
25 by the board to be subject to, the jurisdiction of this chapter; and in connection
26 therewith to subpoena any persons, books, records, or documents pertaining to such
27 investigation. The board may require answers in writing under oath to questions
28 propounded by the board and may administer an oath or affirmation to any person in
29 connection with any investigation. The board may, after hearing, revoke or suspend
30 authorizations to operate. Subpoenas issued by the board are enforceable by any
31 district court.

1 8. Require fees and bonds from postsecondary educational institutions in such sums and
2 under such conditions as it may establish; provided, that fees established may not
3 exceed the reasonable cost of the service being provided.

4 9. Exercise other powers and duties implied but not enumerated in this section but in
5 conformity with the provisions of this chapter which, in the judgment of the board, are
6 necessary in order to carry out the provisions of this chapter.

7 **15-18.1-05. Institution fee fund.**

8 There is created an institution fee fund into which fees provided to the board upon
9 application for authorization to operate a postsecondary educational institution under section
10 15-18.1-04 must be deposited. The fund and interest earned on the fund may be spent by the
11 board pursuant to legislative appropriation exclusively to carry out the intent and purpose of this
12 chapter. This fund is not subject to section 54-44.1-11.

13 **15-18.1-06. Minimum standards.**

14 All postsecondary educational institutions must be accredited by national or regional
15 accrediting agencies recognized by the United States department of education. The board may
16 additionally require such further evidence and make such further investigation as in its judgment
17 may be necessary. Any postsecondary educational institution operating in this state seeking its
18 first authorization to operate may be issued a provisional authorization to operate on an annual
19 basis until the institution becomes eligible for accreditation by a recognized accrediting agency.
20 Institutions issued a provisional authorization to operate must demonstrate a substantial
21 good-faith showing of progress toward such status. Only upon accreditation may an institution
22 become eligible for a regular authorization to operate.

23 **15-18.1-07. Prohibition.**

24 A person, group, or entity of whatever kind, alone or in concert with others, may not:

25 1. Operate, in this state, a postsecondary educational institution not exempted from the
26 provisions of this chapter, unless said institution has a currently valid authorization to
27 operate issued pursuant to the provisions of this chapter.

28 2. Instruct or educate, or offer to instruct or educate, including advertising or soliciting for
29 such purpose, enroll or offer to enroll, contract or offer to contract with any person for
30 such purpose, or award any educational credential, or contract with any institution or
31 party to perform any such act, at a facility or location in this state unless such person,

1 group, or entity observes and is in compliance with the minimum standards and criteria
2 established by the board pursuant to subsection 1 of section 15-18.1-04, and the rules
3 adopted by the board pursuant to subsection 6 of section 15-18.1-04.

4 3. Use the term "university", "institute", or "college" without authorization to do so from
5 the board.

6 4. Grant, or offer to grant, educational credentials, without authorization to do so from the
7 board.

8 **15-18.1-08. 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 the
11 student in accordance with the following schedule:

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

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

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

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

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

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

1 **15-18.1-09. Cancellation of contract for instrument.**

2 A person has the right for any cause to rescind, revoke, or cancel a contract for educational
3 services at any postsecondary educational institution within seven days after entering into such
4 contract without incurring any tort or contract liability. In such event, the postsecondary
5 educational institution may retain the amount of tuition and other charges as set forth in
6 subsection 1 of section 15-18.1-08.

7 **15-18.1-10. Remedy of defrauded student - Treble damages.**

8 A person defrauded by an advertisement or circular issued by a postsecondary educational
9 institution, or by a person who sells textbooks to the institution or to the pupils thereof, may
10 recover from such institution or person three times the amount paid.

11 **15-18.1-11. Board review.**

12 A person aggrieved by a decision of the board respecting denial or revocation of an
13 authorization to operate, or the placing of conditions thereon, whether on initial application or on
14 application for renewal, and a person aggrieved by the imposition of a penalty by the board
15 under section 15-18.1-13, has the right to a hearing and review of such decision by the board
16 and to judicial review in accordance with chapter 28-32.

17 **15-18.1-12. Violations - Civil penalty.**

18 A person, group, or entity, or an owner, officer, or employee thereof, who violates the
19 provisions of section 15-18.1-07, or who fails or refuses to deposit with the board the records
20 required by the board under this chapter, is subject to a civil penalty not to exceed one hundred
21 dollars for each violation. Each day's failure to comply with the provisions of these sections is a
22 separate violation. Such fine may be imposed by the board in an administrative proceeding or
23 by any court of competent jurisdiction.

24 **15-18.1-13. Violations - Criminal penalty.**

25 A person, group, or entity, or an owner, officer, or employee thereof, who willfully violates
26 the provisions of section 15-18.1-07, or who willfully fails or refuses to deposit with the board
27 the records required by the board under this chapter, is guilty of a class B misdemeanor. The
28 criminal sanctions may be imposed by a court of competent jurisdiction in an action brought by
29 the attorney general of this state or a state's attorney pursuant to section 15-18.1-15.

1 **15-18.1-14. Jurisdiction of courts - Service of process.**

2 A postsecondary educational institution not exempt from this chapter, which has a place of
3 business in this state, and which instructs or educates, or offers to instruct or educate, enrolls or
4 offers to enroll, or contracts or offers to contract, to provide instructional or educational services
5 in this state, whether such instruction or services are provided in person or by correspondence,
6 to a resident of this state, or which offers to award or awards any educational credentials to a
7 resident of this state, submits such institution, and if a natural person, the person's personal
8 representative, to the jurisdiction of the courts of this state, concerning any claim for relief
9 arising therefrom, and for the purpose of enforcement of this chapter by injunction pursuant to
10 section 15-18.1-15. Service of process upon an institution subject to the jurisdiction of the
11 courts of this state may be made by personally serving the summons upon the defendant within
12 or outside this state, in the manner prescribed by the North Dakota Rules of Civil Procedure,
13 with the same force and effect as if the summons had been personally served within this state.
14 Nothing contained in this section limits or affects the right to serve any process as prescribed by
15 the North Dakota Rules of Civil Procedure.

16 **15-18.1-15. Enforcement - Injunction.**

- 17 1. The attorney general of this state, or the state's attorney of any county in which a
18 postsecondary educational institution is found, at the request of the board or on the
19 attorney general's own motion, may bring any appropriate action or proceeding,
20 including injunctive proceedings, or criminal proceedings pursuant to section
21 15-18.1-13, in any court of competent jurisdiction for the enforcement of the provisions
22 of this chapter.
- 23 2. Whenever it appears to the board that a person, group, or entity is, is about to, or has
24 been violating any of the provisions of this chapter or any of the lawful rules or orders
25 of the board, the board may, on its own motion or on the written complaint of any
26 person, file a petition for injunction in the name of the board in any court of competent
27 jurisdiction in this state against such person, group, or entity, for the purpose of
28 enjoining such violation or for an order directing compliance with the provisions of this
29 chapter, and all rules and orders issued hereunder. It is not necessary that the board
30 allege or prove that it has no adequate remedy at law. The right of injunction provided
31 in this section is in addition to any other legal remedy which the board has, and is in

1 addition to any right of criminal prosecution provided by law; provided, however, the
2 board may not obtain a temporary restraining order without notice to the person,
3 group, or entity affected. The existence of board action with respect to alleged
4 violations of this chapter does not operate as a bar to an action for injunctive relief
5 pursuant to this section.

6 **15-18.1-16. Unlawful to issue, manufacture, or use false academic degrees - Penalty.**

- 7 1. It is unlawful for a person to knowingly advertise to sell, issue, or manufacture a false
8 academic degree. A person that violates this subsection is guilty of a class C felony.
9 This subsection does not apply to a newspaper, television or radio station, or other
10 commercial medium that is not the source of the advertisement.
- 11 2. a. It is unlawful for an individual to knowingly use or claim to have a false academic
12 degree:
13 (1) To obtain employment;
14 (2) To obtain a promotion or higher compensation in employment;
15 (3) To obtain admission to an institution of higher learning; or
16 (4) In connection with any business, trade, profession, or occupation.
- 17 b. An individual who violates this subsection is guilty of a class A misdemeanor.
- 18 3. As used in this section, "false academic degree" means a document such as a degree
19 or certification of completion of a degree, coursework, or degree credit, including a
20 transcript, that provides evidence or demonstrates completion of a course of
21 instruction or coursework that results in the attainment of a rank or level of associate
22 or higher which is issued by a person that is not a duly authorized institution of higher
23 learning.
- 24 4. As used in this section, "duly authorized institution of higher learning" means an
25 institution that:
26 a. Has accreditation recognized by the United States secretary of education or has
27 the foreign equivalent of such accreditation;
28 b. Has an authorization to operate under this chapter or under chapter 15-20.4;
29 c. Operates in this state, and is exempt from this chapter under section 15-18.1-02
30 or is exempt from chapter 15-20.4 under section 15-20.4-02;
31 d. Does not operate in this state and is:

- 1 (1) Licensed by the appropriate state agency; and
- 2 (2) An active applicant for accreditation by an accrediting body recognized by
- 3 the United States secretary of education; or
- 4 e. Has been found by the state board of higher education or the state board for
- 5 career and technical education to meet standards of academic quality
- 6 comparable to those of an institution located in the United States that has
- 7 accreditation recognized by the United States secretary of education to offer
- 8 degrees of the type and level claimed.

9 **15-18.1-17. Unlawful to use degree or certificate when coursework not completed -**

10 **Penalty.**

- 11 1. An individual may not knowingly use a degree, certificate, diploma, transcript, or other
- 12 document purporting to indicate that the individual has completed an organized
- 13 program of study or completed courses when the individual has not completed the
- 14 organized program of study or the courses as indicated on the degree, certificate,
- 15 diploma, transcript, or document:
- 16 a. To obtain employment;
- 17 b. To obtain a promotion or higher compensation in employment;
- 18 c. To obtain admission to an institution of higher learning; or
- 19 d. In connection with any business, trade, profession, or occupation.
- 20 2. An individual who violates this section is guilty of a class A misdemeanor.

21 **15-18.1-18. Consumer protection - False academic degrees.**

22 The North Dakota university system, in collaboration with the state board for career and

23 technical education, shall provide via internet web sites, information to protect students,

24 businesses, and others from persons that issue, manufacture, or use false academic degrees.

25 **15-18.1-19. Unlawful to operate accreditation mill - Penalty.**

- 26 1. A person may not operate an accreditation mill in North Dakota.
- 27 2. As used in this section:
- 28 a. "Accreditation mill" means an accrediting entity that is not recognized by the
- 29 United States department of education, the state board of higher education, or
- 30 the state board for career and technical education.

1 b. "Operate" includes to use an address, telephone number, facsimile number, or
2 other contact point located in North Dakota.

3 3. A person that violates this section is guilty of a class C felony.

4 **SECTION 2. AMENDMENT.** Subsections 1, 4, 7, and 10 of section 15-20.4-01 of the North
5 Dakota Century Code are amended and reenacted as follows:

6 1. "Authorization to operate" or like term means approval of the board to operate or to
7 contract to operate a private postsecondary educational institution career school in this
8 state.

9 4. "Educational credentials" means degrees, diplomas, certificates, transcripts, reports,
10 documents, or letters of designation, marks, appellations, series of letters, numbers, or
11 words which signify, purport, or are generally taken to signify enrollment, attendance,
12 progress, or satisfactory completion of the requirements or prerequisites for education
13 at a postsecondary educational institution career school operating in this state.

14 7. "~~Postsecondary educational institution~~ career school" ~~includes an academic,~~ means a
15 private vocational, technical, home study, business, professional, or other private
16 school; or college, ~~or university,~~ or other private organization or person, operating in
17 this state, offering educational credentials, or offering instruction or educational
18 services, (primarily to persons who have completed or terminated their secondary
19 education or who are beyond the age of compulsory high school attendance), for
20 attainment of educational, professional, or vocational objectives at a level no higher
21 than the associate of applied science level.

22 10. "To operate" ~~an educational institution~~ a career school, or like term, means to establish,
23 keep, or maintain any facility or location in this state where, from, or through which,
24 education is offered or given, or educational credentials are offered or granted, and
25 includes contracting with any person, group, or entity to perform any such act.

26 **SECTION 3. AMENDMENT.** Section 15-20.4-02 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **15-20.4-02. Exemptions.**

29 The following education and educational schools or institutions are exempted from the
30 provisions of this chapter:

- 1 1. ~~Institutions~~Schools or institutions exclusively offering instruction at any or all levels
- 2 from preschool through the twelfth grade.
- 3 2. Education sponsored by a bona fide trade, business, professional, or fraternal
- 4 organization, so recognized by the board, solely for that organization's membership, or
- 5 offered on a no-fee basis.
- 6 3. Education solely avocational or recreational in nature, as determined by the board,
- 7 and schools or institutions offering such education exclusively.
- 8 4. Certain education provided through short-term programs as determined by the board.
- 9 5. Education offered by charitable schools or institutions, organizations, or agencies, so
- 10 recognized by the board, provided the education is not advertised or promoted as
- 11 leading toward educational credentials.
- 12 6. ~~Postsecondary educational institutions established, operated, and governed by this or~~
- 13 ~~any other state or its political subdivisions, as determined by the board and any~~
- 14 ~~educational consortium that includes one or more of the institutions.~~
- 15 7. ~~Private four-year institutions chartered or incorporated and operating in the state prior~~
- 16 ~~to July 1, 1977, so long as the institutions retain accreditation by national or regional~~
- 17 ~~accrediting agencies recognized by the United States office of education.~~
- 18 8. Schools of barbering regulated under chapter 43-04.
- 19 9.7. Schools of cosmetology regulated under chapter 43-11.
- 20 10. Schools of nursing regulated under chapter 43-12.1.
- 21 11.8. Native American colleges operating in this state, established by federally recognized
- 22 Indian tribes.
- 23 12.9. ~~Postsecondary educational institutions~~career schools not operating in this state.
- 24 10. Postsecondary educational institutions regulated under chapter 15-18.1.

25 **SECTION 4. AMENDMENT.** Section 15-20.4-02.1 of the North Dakota Century Code is

26 amended and reenacted as follows:

27 **15-20.4-02.1. Voluntary application for authorization to operate.**

28 Although a postsecondary ~~educational institution~~career school not operating in this state is

29 exempt from this chapter by section 15-20.4-02, the ~~institutions~~school may subject itself to the

30 requirements of this chapter by applying for and being awarded an authorization to operate by

31 the board. An authorization to operate, as applied to a postsecondary ~~educational~~

1 ~~institution~~career school not operating in this state, means approval of the board to offer to
2 students in this state educational services leading to educational credentials.

3 **SECTION 5. AMENDMENT.** Subsections 1, 2, 3, 4, 5, and 8 of section 15-20.4-03 of the
4 North Dakota Century Code are amended and reenacted as follows:

5 1. Establish and require compliance with minimum standards and criteria for
6 postsecondary ~~educational institutions~~career schools under this chapter. The
7 standards and criteria must include quality of education, ethical and business
8 practices, health and safety and fiscal responsibility, which applicants for authorization
9 to operate shall meet:

10 a. Before such authorization may be issued; and

11 b. To continue such authorization in effect.

12 The criteria and standards developed will effectuate the purposes of this chapter, but
13 will not unreasonably hinder legitimate educational innovation.

14 2. Prescribe forms and conditions for, receive, investigate as it may deem necessary, and
15 act upon applications for authorization to operate postsecondary ~~educational-~~
16 ~~institutions~~career schools.

17 3. Maintain a list of postsecondary ~~educational institutions~~career schools authorized to
18 operate in this state under the provisions of this chapter. The list must be available for
19 the information of the public.

20 4. Negotiate and enter into interstate reciprocity agreements with similar agencies in
21 other states, if in the judgment of the board such agreements are or will be helpful in
22 effectuating the purposes of this chapter; provided, however, that nothing contained in
23 any such reciprocity agreement may be construed as limiting the board's powers,
24 duties, and responsibilities with respect to independently investigating or acting upon
25 any application for authorization to operate, or any application for renewal of such
26 authorization to operate, a postsecondary ~~educational institution~~career school, or with
27 respect to the enforcement of any provision of this chapter, or any of the rules or
28 regulations promulgated hereunder.

29 5. Receive and cause to be maintained as a permanent file, copies of academic records
30 specified by the board in the event any postsecondary ~~educational institution~~career

1 school required to have an authorization to operate under this chapter proposes to
2 discontinue its operation.

3 8. Require fees and bonds from postsecondary ~~educational institutions~~ career schools in
4 such sums and under such conditions as it may establish; provided, that fees
5 established may not exceed the reasonable cost of the service being provided.

6 **SECTION 6. AMENDMENT.** Section 15-20.4-03.1 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15-20.4-03.1. Authorization** ~~Career school~~ fee fund.

9 There is created ~~an authorization~~ a career school fee fund into which fees provided to the
10 board upon application for authorization to operate a postsecondary ~~educational-~~
11 ~~institution~~ career school under section 15-20.4-03 must be deposited. The fund and interest
12 earned on the fund may be spent by the board pursuant to legislative appropriation exclusively
13 to carry out the intent and purpose of this chapter. This fund is not subject to section 54-44.1-11.

14 **SECTION 7. AMENDMENT.** Section 15-20.4-04 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **15-20.4-04. Minimum standards - Exceptions.**

- 17 1. All postsecondary ~~educational institutions~~ career schools must be accredited by
18 national or regional accrediting agencies recognized by the United States department
19 of education. The board may additionally require such further evidence and make such
20 further investigation as in its judgment may be necessary. Any postsecondary
21 ~~educational institution~~ career school operating in this state seeking its first authorization
22 to operate may be issued a provisional authorization to operate on an annual basis
23 until the ~~institutions~~ school becomes eligible for accreditation by a recognized
24 accrediting agency. ~~Institutions~~ Schools issued a provisional authorization to operate
25 must demonstrate a substantial good-faith showing of progress toward such status.
26 Only upon accreditation shall ~~an institution~~ a school become eligible for a regular
27 authorization to operate.
- 28 2. This section does not apply to postsecondary ~~educational institutions~~ career schools
29 operating in this state that do not grant degrees and that offer mainly hands-on training
30 in low census occupations, as determined by the board. "Degree" as used in this
31 subsection means a document that provides evidence or demonstrates completion of

1 a course of instruction that results in the attainment of a rank or level of associate or
2 higher.

3 **SECTION 8. AMENDMENT.** Subsections 1 and 2 of section 15-20.4-05 of the North Dakota
4 Century Code are amended and reenacted as follows:

- 5 1. Operate, in this state, a postsecondary ~~educational institution~~career school not
6 exempted from the provisions of this chapter, unless said ~~institution~~school has a
7 currently valid authorization to operate issued pursuant to the provisions of this
8 chapter.
- 9 2. Instruct or educate, or offer to instruct or educate, including advertising or soliciting for
10 such purpose, enroll or offer to enroll, contract or offer to contract with any person for
11 such purpose, or award any educational credential, or contract with any
12 ~~institution~~school or party to perform any such act, at a facility or location in this state
13 unless such person, group, or entity observes and is in compliance with the minimum
14 standards and criteria established by the board pursuant to subsection 1 of section
15 15-20.4-03, and the rules and regulations adopted by the board pursuant to
16 subsection 6 of section 15-20.4-03.

17 **SECTION 9. AMENDMENT.** Section 15-20.4-06 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **15-20.4-06. Refund of tuition fees.**

- 20 1. Postsecondary ~~educational institutions~~career schools shall refund tuition and other
21 charges, other than a reasonable application fee, when written notice of cancellation is
22 given by the student in accordance with the following schedule:
 - 23 a. When notice is received prior to, or within seven days after completion of the first
24 day of instruction, or after receipt of the first correspondence lesson by the
25 ~~institution~~school, all tuition and other charges must be refunded to the student.
 - 26 b. When notice is received prior to, or within thirty days after completion of the first
27 day of instruction, or prior to the completion of one-fourth of the educational
28 services, all tuition and other charges except twenty-five percent thereof must be
29 refunded to the student.
 - 30 c. When notice is received upon or after completion of one-fourth of the educational
31 services, but prior to the completion of one-half of the educational services, all

1 tuition and other charges except fifty percent thereof must be refunded to the
2 student.

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

5 2. The provisions of this section do not prejudice the right of any student to recovery in
6 an action against any postsecondary ~~educational institution~~career school for breach of
7 contract or fraud.

8 3. A postsecondary ~~educational institution~~career school may implement a refund
9 schedule that deviates from subsection 1 if the proposed refund schedule is more
10 favorable to the student than the schedule described in subsection 1.

11 **SECTION 10. AMENDMENT.** Section 15-20.4-08 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **15-20.4-08. Cancellation of contract for instrument.**

14 Any person has the right for any cause to rescind, revoke, or cancel a contract for
15 educational services at any postsecondary ~~educational institution~~career school within seven
16 days after entering into such contract without incurring any tort or contract liability. In such
17 event, the postsecondary ~~educational institution~~career school may retain the amount of tuition
18 and other charges as set forth in subsection 1 of section 15-20.4-06.

19 **SECTION 11. AMENDMENT.** Section 15-20.4-09 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **15-20.4-09. Remedy of defrauded student - Treble damages.**

22 Any person defrauded by any advertisement or circular issued by a postsecondary
23 ~~educational institution~~career school, or by any person who sells textbooks to the
24 ~~institutions~~school or to the pupils thereof, may recover from such ~~institutions~~school or person
25 three times the amount paid.

26 **SECTION 12. AMENDMENT.** Section 15-20.4-13 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **15-20.4-13. Jurisdiction of courts - Service of process.**

29 Any postsecondary ~~educational institution~~career school not exempt from this chapter, which
30 has a place of business in this state, and which instructs or educates, or offers to instruct or
31 educate, enrolls or offers to enroll, or contracts or offers to contract, to provide instructional or

1 educational services in this state, whether such instruction or services are provided in person or
2 by correspondence, to a resident of this state, or which offers to award or awards any
3 educational credentials to a resident of this state, submits such ~~institutions~~school, and if a natural
4 person, the person's personal representative, to the jurisdiction of the courts of this state,
5 concerning any claim for relief arising therefrom, and for the purpose of enforcement of this
6 chapter by injunction pursuant to section 15-20.4-14. Service of process upon any such
7 ~~institutions~~school subject to the jurisdiction of the courts of this state may be made by personally
8 serving the summons upon the defendant within or outside this state, in the manner prescribed
9 by the North Dakota Rules of Civil Procedure, with the same force and effect as if the summons
10 had been personally served within this state. Nothing contained in this section limits or affects
11 the right to serve any process as prescribed by the North Dakota Rules of Civil Procedure.

12 **SECTION 13. AMENDMENT.** Subsection 1 of section 15-20.4-14 of the North Dakota
13 Century Code is amended and reenacted as follows:

14 1. The attorney general of this state, or the state's attorney of any county in which a
15 postsecondary ~~educational institution~~career school is found, at the request of the
16 board or on the attorney general's own motion, may bring any appropriate action or
17 proceeding, (including injunctive proceedings, or criminal proceedings pursuant to
18 section 15-20.4-12), in any court of competent jurisdiction for the enforcement of the
19 provisions of this chapter.

20 **SECTION 14. APPLICATION.** The state board for career and technical education shall
21 administer the provisions of sections 2 through 13 of this Act, relating to providing authorizations
22 to operate private postsecondary career schools offering instruction at a level no higher than an
23 associate of applied science, within the limits of the budget requested by the department. The
24 department may not add any full-time equivalent positions to assist with the administration of
25 these provisions.

26 **SECTION 15. REPEAL.** Sections 15-20.4-15, 15-20.4-16, 15-20.4-17, and 15-20.4-18 of
27 the North Dakota Century Code are repealed.