

Fifty-sixth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1151

Introduced by

Education Committee

(At the request of the State Board for Vocational 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 a voluntary application for an authorization to operate a
3 postsecondary educational institution; to amend and reenact sections 15-20.4-01, 15-20.4-02,
4 15-20.4-03, 15-20.4-04, 15-20.4-05, 15-20.4-09, 15-20.4-10, 15-20.4-11, 15-20.4-12,
5 15-20.4-13, and 15-20.4-14 of the North Dakota Century Code, relating to authorization to
6 operate postsecondary educational institutions and approval of agent permits; and to declare
7 an emergency.

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

9 **SECTION 1. AMENDMENT.** Section 15-20.4-01 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **15-20.4-01. Definitions.** As used in this chapter:

- 12 1. ~~"Agent" means any person owning any interest in, employed by, or representing~~
13 ~~for remuneration, a postsecondary educational institution within or outside this~~
14 ~~state, who, by solicitation in any form made in this state, enrolls or seeks to enroll a~~
15 ~~resident of this state for education offered by such institution, or offers to award~~
16 ~~educational credentials, for remuneration, on behalf of any such institution, or who~~
17 ~~holds himself out to residents of this state as representing a postsecondary~~
18 ~~educational institution for any such purpose.~~
- 19 2. ~~"Agent's permit" means a nontransferable written authorization issued to a natural~~
20 ~~person by the board which allows that person to solicit or enroll any resident of this~~
21 ~~state for education in a postsecondary educational institution.~~
- 22 3. "Authorization to operate" or like term means approval of the board to operate or to
23 contract to operate a postsecondary educational institution in this state.
- 24 4. 2. "Board" means the state board for vocational and technical education.

1 ~~5-~~ 3. "Education" or "educational services" or like term includes, ~~but is not limited to,~~ any
2 class, course, or program of training, instruction, or study.

3 ~~6-~~ 4. "Educational credentials" means degrees, diplomas, certificates, transcripts,
4 reports, documents, or letters of designation, marks, appellations, series of letters,
5 numbers, or words which signify, purport, or are generally taken to signify
6 enrollment, attendance, progress, or satisfactory completion of the requirements or
7 prerequisites for education at a postsecondary educational institution operating in
8 this state.

9 ~~7-~~ 5. "Entity" includes, ~~but is not limited to,~~ any company, firm, society, association,
10 partnership, corporation, limited liability company, and trust.

11 ~~8-~~ 6. "Executive officer" means the director of vocational and technical education.

12 ~~9-~~ 7. "Postsecondary educational institution" includes, ~~but is not limited to,~~ an academic,
13 vocational, technical, home study, business, professional, or other school, college,
14 or university, or other organization or person, operating in this state, offering
15 educational credentials, or offering instruction or educational services (primarily to
16 persons who have completed or terminated their secondary education or who are
17 beyond the age of compulsory high school attendance) for attainment of
18 educational, professional, or vocational objectives.

19 ~~40-~~ 8. "To grant" includes awarding, selling, conferring, bestowing, or giving.

20 ~~44-~~ 9. "To offer" includes, in addition to its usual meanings, advertising, publicizing,
21 soliciting, or encouraging any person, directly or indirectly, in any form, to perform
22 the act described.

23 ~~42-~~ 10. "To operate" an educational institution, or like term, means to establish, keep, or
24 maintain any facility or location in this state where, from, or through which,
25 education is offered or given, or educational credentials are offered or granted, and
26 includes contracting with any person, group, or entity to perform any such act.

27 **SECTION 2. AMENDMENT.** Section 15-20.4-02 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **15-20.4-02. Exemptions.** The following education and educational institutions are
30 exempted from the provisions of this chapter:

- 1 1. Institutions exclusively offering instruction at any or all levels from preschool
- 2 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
- 5 membership, or offered on a no-fee basis.
- 6 3. Education solely avocational or recreational in nature, as determined by the board,
- 7 and institutions offering such education exclusively.
- 8 4. Certain education provided through short-term programs as determined by the
- 9 board.
- 10 5. Education offered by charitable institutions, organizations, or agencies, so
- 11 recognized by the board, provided the education is not advertised or promoted as
- 12 leading toward educational credentials.
- 13 6. Postsecondary educational institutions established, operated, and governed by this
- 14 or any other state or its political subdivisions, as determined by the board and any
- 15 educational consortium that includes one or more of the institutions.
- 16 7. Private four-year institutions chartered or incorporated and operating in the state
- 17 prior to July 1, 1977, so long as the institutions retain accreditation by national or
- 18 regional accrediting agencies recognized by the United States office of education.
- 19 8. Schools of barbering regulated under chapter 43-04.
- 20 9. Schools of cosmetology regulated under chapter 43-11.
- 21 10. Schools of nursing regulated under chapter 43-12.1.
- 22 11. Schools instructing on the manner of conducting games of chance which are
- 23 regulated under chapter 53-06.1.
- 24 12. Schools instructing on the manner of conducting auction sales which are regulated
- 25 under chapter 51-05.1.
- 26 13. Postsecondary educational institutions not operating in this state.

27 **SECTION 3. AMENDMENT.** Section 15-20.4-03 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **15-20.4-03. Board powers and duties.** The board has, in addition to the powers and
30 duties now vested in it by law, the following powers and duties to:

- 1 1. Establish and require compliance with minimum standards and criteria for
2 postsecondary educational institutions under this chapter. The standards and
3 criteria must include quality of education, ethical and business practices, health
4 and safety and fiscal responsibility, which applicants for authorization to operate;
5 ~~or for an agent's permit~~, shall meet:
- 6 a. Before such authorization ~~or permit~~ may be issued; and
7 b. To continue such authorization ~~or permit~~ in effect.
- 8 The criteria and standards developed will effectuate the purposes of this chapter,
9 but will not unreasonably hinder legitimate educational innovation.
- 10 2. Prescribe forms and conditions for, receive, investigate as it may deem necessary,
11 and act upon applications for authorization to operate postsecondary educational
12 institutions ~~and applications for agent's permits. Authorization to operate an~~
13 ~~academic or professional postsecondary educational institution offering~~
14 ~~educational credentials shall be issued only upon approval of the executive officer~~
15 ~~and the commissioner of the board of higher education or his designee.~~
- 16 3. Maintain a list of postsecondary educational institutions ~~and agents~~ authorized to
17 operate in this state under the provisions of this chapter. The list must be available
18 for the information of the public, and must be sent to the superintendents of all
19 school districts, to county superintendents of schools, and to guidance counselors
20 certified by the department of public instruction.
- 21 4. Negotiate and enter into interstate reciprocity agreements with similar agencies in
22 other states, if in the judgment of the board such agreements are or will be helpful
23 in effectuating the purposes of this chapter; provided, however, that nothing
24 contained in any such reciprocity agreement may be construed as limiting the
25 board's powers, duties, and responsibilities with respect to independently
26 investigating or acting upon any application for authorization to operate, or any
27 application for renewal of such authorization to operate, a postsecondary
28 educational institution, ~~or an application for issuance or renewal of any agent's~~
29 ~~permit~~, or with respect to the enforcement of any provision of this chapter, or any
30 of the rules or regulations promulgated hereunder.

- 1 5. Receive and cause to be maintained as a permanent file, copies of academic
2 records specified by the board in the event any postsecondary educational
3 institution now or hereafter operating in this state proposes to discontinue its
4 operation.
- 5 6. Promulgate such rules, regulations, and procedures necessary or appropriate for
6 the conduct of its work and the implementation of this chapter, and to hold such
7 hearings as it may deem advisable in accordance with chapter 28-32 or as
8 required by law in developing such rules, regulations, and procedures, or in aid of
9 any investigation or inquiry.
- 10 7. Investigate as it may deem necessary, on its own initiative or in response to any
11 complaint lodged with it, any person, group, or entity subject to, or reasonably
12 believed by the board to be subject to, the jurisdiction of this chapter; and in
13 connection therewith to subpoena any persons, books, records, or documents
14 pertaining to such investigation. The board may require answers in writing under
15 oath to questions propounded by the board, and may administer an oath or
16 affirmation to any person in connection with any investigation. The board may,
17 after hearing, revoke or suspend authorizations to operate ~~and agent permits~~.
18 Subpoenas issued by the board are enforceable by any district court.
- 19 8. Require fees and bonds from postsecondary educational institutions ~~and agents~~ in
20 such sums and under such conditions as it may establish; provided, that fees
21 established may not exceed the reasonable cost of the service being provided.
- 22 9. Exercise other powers and duties implied but not enumerated in this section but in
23 conformity with the provisions of this chapter which, in the judgment of the board,
24 are necessary in order to carry out the provisions of this chapter.

25 **SECTION 4. AMENDMENT.** Section 15-20.4-04 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **15-20.4-04. Minimum standards - Exceptions.** All postsecondary educational
28 institutions must be accredited by national or regional accrediting agencies recognized by the
29 United States department of education. The board may additionally require such further
30 evidence and make such further investigation as in its judgment may be necessary. Any
31 postsecondary educational institution ~~domiciled~~ operating in this state seeking its first

1 authorization to operate may be issued a provisional authorization to operate on an annual
2 basis until the institution becomes eligible for accreditation by a recognized accrediting agency.
3 Upon completion of the accreditation process, the institution shall submit evidence of
4 accreditation, or a substantial good faith showing of progress toward such status. Only upon
5 accreditation shall an institution become eligible for a regular authorization to operate. This
6 section does not apply to ~~nonacademic or nonprofessional~~ postsecondary educational
7 institutions ~~domiciled~~ operating in this state and enrolling ~~a limited number of~~ ten or fewer
8 students ~~as determined by the board~~.

9 **SECTION 5. AMENDMENT.** Section 15-20.4-05 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **15-20.4-05. Prohibition.** ~~No~~ A person, ~~agent,~~ group, or entity of whatever kind, alone
12 or in concert with others, may not:

- 13 1. Operate, in this state, a postsecondary educational institution not exempted from
14 the provisions of this chapter, unless said institution has a currently valid
15 authorization to operate issued pursuant to the provisions of this chapter.
- 16 2. ~~Offer, as or through an agent, enrollment or instruction in, or the granting of~~
17 ~~educational credentials from, a postsecondary educational institution not exempted~~
18 ~~from the provisions of this chapter, whether such institution is within or outside this~~
19 ~~state, unless such agent is a natural person and has a currently valid agent's~~
20 ~~permit issued pursuant to the provisions of this chapter.~~
- 21 3. ~~Accept contracts or enrollment applications from an agent who does not have a~~
22 ~~current permit as required by this chapter.~~
- 23 4. Instruct or educate, or offer to instruct or educate, including advertising or soliciting
24 for such purpose, enroll or offer to enroll, contract or offer to contract with any
25 person for such purpose, or award any educational credential, or contract with any
26 institution or party to perform any such act, at a facility or location in this state;
27 ~~whether such person, agent, group, or entity is located within or without this state,~~
28 unless such person, ~~agent,~~ group, or entity observes and is in compliance with the
29 minimum standards and criteria established by the board pursuant to subsection 1
30 of section 15-20.4-03, and the rules and regulations adopted by the board
31 pursuant to subsection 6 of section 15-20.4-03.

- 1 ~~5-~~ 3. Use the term "university", "institute", or "college" without authorization to do so
2 from the board.
- 3 ~~6-~~ 4. Grant, or offer to grant, educational credentials, without authorization to do so from
4 the board.
- 5 ~~7-~~ 5. Seek to incorporate within the state as a postsecondary educational institution
6 without first obtaining a currently valid authorization to operate from the board,
7 which authorization must be presented to the secretary of state upon application
8 for articles of incorporation.

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

11 **Voluntary application for authorization to operate.** Although a postsecondary
12 educational institution not operating in this state is exempt from this chapter by section
13 15-20.4-02, the institution may subject itself to the requirements of this chapter by applying for
14 and being awarded an authorization to operate by the board. An authorization to operate, as
15 applied to a postsecondary educational institution not operating in this state, means approval of
16 the board to offer to students in this state educational services leading to educational
17 credentials.

18 **SECTION 7. AMENDMENT.** Section 15-20.4-09 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **15-20.4-09. Remedy of defrauded student - Treble damages.** Any person
21 defrauded by ~~a misrepresentation made by an agent of a postsecondary educational institution,~~
22 ~~by any advertisement or circular issued by the a postsecondary educational institution or agent,~~
23 or by any person who sells textbooks to the institution or to the pupils thereof, may recover from
24 such institution, ~~agent,~~ or person three times the amount paid.

25 **SECTION 8. AMENDMENT.** Section 15-20.4-10 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **15-20.4-10. Board review.** Any person aggrieved by a decision of the board
28 respecting denial or revocation of an authorization to operate, ~~or of an agent's permit,~~ or the
29 placing of conditions thereon, whether on initial application or on application for renewal, and
30 any person aggrieved by the imposition of a penalty by the board under section 15-20.4-12, has

1 the right to a hearing and review of such decision by the board and to judicial review in
2 accordance with chapter 28-32.

3 **SECTION 9. AMENDMENT.** Section 15-20.4-11 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **15-20.4-11. Violations - Civil penalty.** Any person, group, or entity, or any owner,
6 officer, ~~agent~~, or employee thereof, who violates the provisions of section 15-20.4-05, or who
7 fails or refuses to deposit with the board the records required by the board under this chapter,
8 is subject to a civil penalty not to exceed one hundred dollars for each violation. Each day's
9 failure to comply with the provisions of said sections is a separate violation. Such fine may be
10 imposed by the board in an administrative proceeding or by any court of competent jurisdiction.

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

13 **15-20.4-12. Violations - Criminal penalty.** Any person, group, or entity, or any owner,
14 officer, ~~agent~~, or employee thereof, who willfully violates the provisions of section 15-20.4-05,
15 or who willfully fails or refuses to deposit with the board the records required by the board
16 under this chapter, is guilty of a class B misdemeanor. The criminal sanctions may be imposed
17 by a court of competent jurisdiction in an action brought by the attorney general of this state or
18 a state's attorney pursuant to section 15-20.4-14.

19 **SECTION 11. AMENDMENT.** Section 15-20.4-13 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **15-20.4-13. Jurisdiction of courts - Service of process.** Any postsecondary
22 educational institution not exempt from this chapter, ~~whether or not a resident of or having~~
23 which has a place of business in this state, and which instructs or educates, or offers to instruct
24 or educate, enrolls or offers to enroll, or contracts or offers to contract, to provide instructional
25 or educational services in this state, whether such instruction or services are provided in person
26 or by correspondence, to a resident of this state, or which offers to award or awards any
27 educational credentials to a resident of this state, submits such institution, and if a natural
28 person ~~his~~, the person's personal representative, to the jurisdiction of the courts of this state,
29 concerning any claim for relief arising therefrom, and for the purpose of enforcement of this
30 chapter by injunction pursuant to section 15-20.4-14. Service of process upon any such
31 institution subject to the jurisdiction of the courts of this state may be made by personally

1 serving the summons upon the defendant within or outside this state, in the manner prescribed
2 by the North Dakota Rules of Civil Procedure, with the same force and effect as if the summons
3 had been personally served within this state. Nothing contained in this section limits or affects
4 the right to serve any process as prescribed by the North Dakota Rules of Civil Procedure.

5 **SECTION 12. AMENDMENT.** Section 15-20.4-14 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **15-20.4-14. Enforcement - Injunction.**

- 8 1. The attorney general of this state, or the state's attorney of any county in which a
9 postsecondary educational institution ~~or an agent thereof~~ is found, at the request
10 of the board or on ~~his~~ the attorney general's own motion, may bring any
11 appropriate action or proceeding (including injunctive proceedings, or criminal
12 proceedings pursuant to section 15-20.4-12) in any court of competent jurisdiction
13 for the enforcement of the provisions of this chapter.
- 14 2. Whenever it appears to the board that any person, ~~agent~~, group, or entity is, is
15 about to, or has been violating any of the provisions of this chapter or any of the
16 lawful rules, regulations, or orders of the board, the board may, on its own motion
17 or on the written complaint of any person, file a petition for injunction in the name
18 of the board in any court of competent jurisdiction in this state against such person,
19 group, or entity, for the purpose of enjoining such violation or for an order directing
20 compliance with the provisions of this chapter, and all rules, regulations, and
21 orders issued hereunder. It is not necessary that the board allege or prove that it
22 has no adequate remedy at law. The right of injunction provided in this section is
23 in addition to any other legal remedy which the board has, and is in addition to any
24 right of criminal prosecution provided by law; provided, however, the board may
25 not obtain a temporary restraining order without notice to the person, group, or
26 entity affected. The existence of board action with respect to alleged violations of
27 this chapter does not operate as a bar to an action for injunctive relief pursuant to
28 this section.

29 **SECTION 13. EMERGENCY.** This Act is declared to be an emergency measure.