

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

MINNESOTA STATE REGULATIONS

Notice of filing by the Commissioner of Administration

We have received on this date, stamped and filed 2 copies of Rules and Regulations pertaining to the Minnesota Higher Education Coordinating Commission
(Agency or Board)

Regulation No. HECC 501 thru 507 (new)

Subject: Rules + Regulations Governing Administration of Loans to Students

Department of Administration
Publication, Central Services Division
Documents Section
140 Centennial Office Building
St. Paul, Minnesota 55155
Telephone: (612) 296-2874

FILED
RICHARD L. BRUBACHER
Commissioner of Administration
MAR 20 1974 2:45 pm
BY Eda Staudenmaier
AUTH. SIGNATURE EJ

Stamped and filed with the Secretary of State 3-20-74

Rev. 9-72

As Prop.

MINNESOTA HIGHER EDUCATION COORDINATING COMMISSION

Rules and Regulations Governing Administration of Loans to Students as Defined in Minnesota Laws 1973, Chapter 605.

Chapter Five: HECC 501-600

MINNESOTA STATE STUDENT LOAN PROGRAM

HECC 501 - PURPOSE.

The purpose of this chapter is to augment Minnesota Laws, 1973, Chapter 605, sections 1 through 10, establishing a state program of loans to postsecondary students by providing standards, criteria, rules and regulations therefor.

HECC 502 - DEFINITIONS.

The following terms shall have the meaning hereinafter ascribed to them:

(a) "Minnesota State Student Loan Program" is the state program of loans to postsecondary students as defined in Laws, 1973, Chapter 605, sections 1 through 10, hereinafter referred to as the Program.

(b) "Executive Director" is the Executive Director of the Minnesota Higher Education Coordinating Commission.

(c) "Higher Education Act of 1965" is the title given to Public Law 89-329, as amended.

(d) "Federal Insured Student Loan Program" shall refer to that student guaranteed loan program created by the Higher Education Act of 1965, as amended.

(e) "Eligible Institution" as defined in Laws, 1973, Chapter 605, shall be any public educational institution or any private educational institution, in any state, which is approved by the U.S. Commissioner of Education in accordance with requirements set forth in the Higher Education Act of 1965, as amended.

(f) "Eligible student" as defined in Laws, 1973, Chapter 605, shall be any person who is officially registered or accepted for enrollment at an eligible institution in Minnesota or a Minnesota resident who is officially registered as a student or accepted for enrollment at an eligible institution in another state and who meets criteria for student eligibility for the Federal Insured Student Loan Program.

(g) "Minnesota resident" shall be defined as a person who either

1) is dependent upon the financial support of parents or guardians who reside in and are legal residents of the State of Minnesota at the time of application for a loan, or

2) is independent of parental or guardian's financial support and has resided in Minnesota for not less than twelve consecutive months immediately prior to application for a loan.

(h) "School period" shall mean that period between the beginning and ending dates of that block of academic enrollment for which the loan funds will be used.

HECC 503 - CRITERIA FOR APPROVING BORROWERS.

(a) Loans may be approved for students who satisfy the requirements as defined in HECC 502 (f), 503 (b) and 503 (c).

(b) Eligible students who are not Minnesota residents as defined in HECC 502 (g) and who have previously obtained an insured student loan granted or insured by a loan program of another state may be required to submit documentation that they have been unsuccessful in obtaining further loans through that state loan program before they may receive approval to borrow under terms of the Program.

(c) Students who are not Minnesota residents as defined in HECC 502 (g) shall be required to be domiciled in Minnesota for the school period for which the loan is approved.

HECC 504 - AMOUNT AND TERMS OF LOANS.

(a) The maximum loan for any school period and aggregate outstanding principal balance of federal insured student loans shall be those maximums as prescribed by the Higher Education Act of 1965, as amended.

(b) No individual student loan or transaction for which a separate interim note is required shall be made in an amount less than the minimum amount to be established by majority vote of the Commission at an official public meeting of the Commission.

(c) Each loan shall be evidenced by a promissory note and shall bear interest at a rate designated by the Executive Director not to exceed the maximum rate prescribed by the Higher

Education Act of 1965, as amended.

(d) Terms and conditions for repayment of loans shall be established by the Executive Director in accordance with provisions of the Federal Insured Student Loan Program.

(e) A loan shall not be approved for any school period in excess of twelve months, except in the case of correspondence study for which the approved loan may not be for any school period in excess of eighteen months.

HECC 505 - DISBURSEMENT OF FUNDS.

(a) The principal amount of an approved loan shall be made payable to the student borrower.

(b) The payment shall be sent to a designated school official as defined in HECC 506 (b) for delivery to the student.

(c) No payment to the student borrower shall be made prior to fourteen days before the beginning of the school period for which the loan is made.

(d) No payment of loan principal to the student borrower shall be made for a school period after that school period has expired.

(e) If, after disbursement, a student borrower does not attend school for the intended school period, the loan shall be declared immediately due and payable.

HECC 506 - ELIGIBLE INSTITUTION RESPONSIBILITIES.

(a) Each eligible institution shall be required to execute an

agreement with the Executive Director prior to the approval of a loan to a student attending that institution. The agreement shall stipulate the institution's responsibilities as prescribed by the Executive Director and shall include, but need not be limited to, those responsibilities described in HECC 506 (b), (c), (d), (e), (f), (g) and (h).

(b) The institution shall designate one school official who shall serve as the institutional representative for purposes defined in the agreement.

(c) The institutional representative shall cause to be completed and shall certify the institutional section of each student loan application under the Program.

(d) The institutional representative shall assist the Commission by providing appropriate loan counseling to students under the Program.

(e) The institutional representative shall assist the Commission in advising each student of his or her obligations and responsibilities when accepting a loan under the Program.

(f) The institutional representative shall transmit loan disbursements from the Program to the student borrowers.

(g) The institutional representative shall promptly notify the Executive Director when a student borrower discontinues at least half-time enrollment at that institution.

(h) The Executive Director may terminate an agreement with an institution when, in the judgment of the Executive Director,

continuation of the agreement is not in the best interest of the Program.

HECC 507 - DELEGATION OF AUTHORITY.

The Executive Director is hereby delegated necessary authority and responsibility for administration of student loans in accordance with these rules, state law and applicable federal laws and regulations, including issuing public information, designing related forms, prescribing application procedures, prescribing procedures and terms for collection and repayment of loans, prescribing terms and conditions and agreements with eligible institutions, approving and disapproving loan applications and granting loans, and establishing such policies and practices as the Executive Director may deem necessary for effective administration in accordance with the purposes and requirements of the Minnesota State Student Loan Program.

HECC 508-600 - RESERVED FOR FUTURE USE.

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the matter of the Proposed Adoption of Rules and Regulations of the Minnesota Higher Education Coordinating Commission governing the Minnesota State Student Loan Program.

BEFORE Richard C. Hawk
Executive Director
Minnesota Higher Education
Coordinating Commission

ORDER FOR HEARING

To effectively implement the Minnesota State Student Loan Program as provided by Chapter 605, Laws of Minnesota, 1973, the Minnesota Higher Education Coordinating Commission deems it necessary to consider adoption of the proposed rules and regulations captioned above pursuant to the authority vested in said Commission by Chapter 605, Laws of Minnesota,1973.

NOW, THEREFORE, IT IS ORDERED this 21st day of September, 1973, that a public hearing on the proposed rules and regulations captioned above be held in the first floor conference room, Capitol Square Building, 550 Cedar Street, St. Paul, Minnesota, on Thursday, October 25, 1973, commencing at 9:30 a.m., and continuing until all representatives of post-secondary educational institutions, associations and other interested groups or persons have had an opportunity to be heard.

IT IS FURTHER ORDERED, that notice of said hearing be given to all representatives of associations or other interested groups or persons who have registered their names with the Secretary of State for that purpose and all persons who are presently members of the Minnesota Legislature.

Minnesota Higher Education
Coordinating Commission

by Richard C. Hawk
Richard C. Hawk, Executive Director

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE OF COMMISSION'S
AUTHORIZING RESOLUTION

I, Barbara Clark, do hereby certify that I am Secretary of the Minnesota Higher Education Coordinating Commission, a Commission duly authorized under laws of Minnesota, and that the following is a true, complete and correct copy of a resolution adopted at a meeting of said Commission duly and properly called and held on the 30th day of August, 1973, and that the same has not been modified or rescinded:

> "RESOLVED, that Richard C. Hawk, Executive Director of the Minnesota Higher Education Coordinating Commission, be and he hereby is granted the authority and directed to call a hearing for the purpose of promulgating rules of the Minnesota Higher Education Coordinating Commission relating to a state student loan program, as authorized by Minnesota Statutes 1973, Chapter 605, as well as perform any and all acts incidental thereto, including without being limited thereto, signing an order for hearing, notice of hearing, statement of need and findings of fact, as well as acting as presiding officer at all hearings, and that such public hearing be conducted in connection with the October meeting of the Commission."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 21st day of September, 1973.

Erwin L. Goldfine

Erwin L. Goldfine, President

Barbara Clark

Barbara Clark, Secretary

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the matter of the Proposed Adoption of Rules and Regulations of the Minnesota Higher Education Coordinating Commission governing the Minnesota State Student Loan Program.

BEFORE Richard C. Hawk
Executive Director
Minnesota Higher Education
Coordinating Commission

NOTICE OF HEARING

Notice is hereby given that a public hearing will be held pursuant to M.S. 1973, Section 15.0412, Subd. 4, on the above entitled matter in the first floor Conference Room, Capitol Square Building, 550 Cedar Street, St. Paul, Minnesota, Thursday, October 25, 1973, commencing at 9:30 a.m., and continuing until all representatives of post-secondary educational institutions, associations and other interested groups or persons have had an opportunity to be heard concerning adoption of the proposed rules and regulations captioned above by submitting either oral or written statements or arguments. Statements or briefs may be submitted to the Commission prior to the hearing without appearing at the hearing.

A copy of the proposed rules and regulations captioned above may be obtained from the Commission at least ten (10) days prior to the date of the hearing. Copies will be available at the door of the Conference Room on the date of the hearing.

Minnesota Higher Education Coordinating Commissio
Suite 400 Capitol Square, 550 Cedar Street
St. Paul, Minnesota 55101

Richard C. Hawk, Executive Director

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the matter of the Proposed Adoption of Rules and Regulations of the Minnesota Higher Education Coordinating Commission governing the Minnesota State Student Loan Program.

CERTIFICATE

I hereby certify that the attached 381 labels constitute the complete list of persons, associations, and other interested groups who as of 8:45 o'clock a.m., this 24th day of September 1973, have requested pursuant to M.S. 1971, Section 15.0412, that their names be placed on file with the Secretary of State for the purpose of receiving notice of public hearing on proposed rules and regulations on the subject captioned above.

SECRETARY OF STATE

Allen D. Erdahl

By Carl Dixon

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the matter of the Proposed Adoption of Rules and Regulations of the Minnesota Higher Education Coordinating Commission governing the Minnesota State Student Loan Program.

AFFIDAVIT OF MAILING

Suzanne Simpson, being first duly sworn, deposes and says:

That on the 24 th day of September, 1973, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice of Hearing by depositing in the United States mail at said City of St. Paul, a true and correct copy thereof, properly enveloped, with postage prepaid, to all persons and associations who have registered their names and addresses with the Secretary of State for that purpose, to all persons who are presently members of the Minnesota Legislature, and to all Student Aid Officers and Presidents of post-secondary educational institutions in Minnesota eligible to participate in the above captioned program of student aid.

Subscribed and sworn to before me
this 24 th day of September, 1973

Suzanne Simpson
Signature of Affiant

Myrtle A. Benson
Notary Public

MYRTLE A. BENSON
Notary Public, Ramsey County, Minnesota
My Commission Expires June 14, 1977.

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the matter of the Proposed Adoption of Rules and Regulations of the Minnesota Higher Education Coordinating Commission governing the Minnesota State Student Loan Program.

BEFORE Richard C. Hawk
Executive Director
Minnesota Higher Education
Coordinating Commission

STATEMENT OF NEED

The above captioned rules and regulations are not amendments to existing rules and regulations of the Minnesota Higher Education Coordinating Commission.

The need to adopt those rules and regulations arises because of the establishment by Chapter 605, Laws of Minnesota, 1973, of the Minnesota State Student Loan Program, said laws requiring the Minnesota Higher Education Coordinating Commission to adopt such rules and regulations as are necessary for proper administration of said student loan program.

Minnesota Higher Education
Coordinating Commission

by _____
Richard C. Hawk, Executive Director

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the matter of the Proposed Adoption of Rules and Regulations of the Minnesota Higher Education Coordinating Commission governing the Minnesota State Student Loan Program.

BEFORE Richard C. Hawk
Executive Director
Minnesota Higher Education
Coordinating Commission

FINDINGS OF FACT

Minnesota Statutes 1971, Sections 136A.14 through 136A.17, as amended by Laws of 1973, Chapter 605, direct the Minnesota Higher Education Coordinating Commission to establish and administer a student loan program under the Guaranteed Student Loan Program, enacted by Congress as part of the Higher Education Act of 1965 (P.L. 89-329).

The Minnesota Higher Education Coordinating Commission held hearings on the proposed rules and regulations for the program on the 25th day of October 1973, at 9:30 a.m., in Department of Education Conference Room, 716 Capitol Square Building, 550 Cedar Street, St. Paul, Minnesota, after proper notice required by M.S. 1973, Section 15.0412 was served upon all persons, associations and other interested groups registered with the Secretary of State for that purpose.

At the hearings representatives of the state private colleges and community colleges testified in strong support of the proposed rules and regulations, as did the Minnesota Private College Council.

The testimony also showed the following:

In addition to specific requirements on Federal loan insurance, maintenance of records and reports, collections. and interest and other changes, Federal Regulations require that in order to qualify as a lending institution in the Guaranteed Student Loan Program, the Minnesota State Student Loan Program must

"satisfactorily demonstrate that the procedures it has established for making or purchasing loans covered by this part are in accordance with generally accepted commercial lending practices and that it is able to carry out the duties and responsibilities required of it under this part." (45 CFR 177.1h)

The following items are included in these generally accepted commercial lending practices:

1. Define in writing the enabling legislation, the program and the role of each participant.

2. Specify the criteria used, in addition to Federal Regulations, to determine the eligibility of students.

3. List loan amounts and the terms under which students may borrow.

4. Explain how loan funds will be disbursed.

5. Define the responsibilities of educational institutions in the MSSLP.

The Minnesota Higher Education Coordinating Commission has developed proposed rules and regulations to establish all of these lending practices. Section 501 (PURPOSE) and Section 502 (DEFINITIONS) define the enabling legislation, the program, and the role of each participant. Section 503 (CRITERIA FOR APPROVING BORROWERS) specifies the criteria used to determine student eligibility.

Section 504 (AMOUNT AND TERMS OF LOANS) lists loan amounts and the terms under which students may borrow. Section 505 (DISBURSEMENT OF FUNDS) explains how loan amounts will be disbursed, and Section 506 (ELIGIBLE INSTITUTION RESPONSIBILITIES) defines the responsibilities of educational institutions in the program. Thus the proposed rules and regulations establish the proper lending practices required by Federal regulations.

Minnesota Statutes 1971, Section 136A.15, Subdivision 7, also requires regulations

on student residency and eligibility: "Eligible student" means a student who is officially registered or accepted for enrollment at an eligible institution in Minnesota or a Minnesota resident who is officially registered as a student or accepted for enrollment at an eligible institution in another state."

Section 502 (DEFINITIONS) of the proposed rules and regulations establish the definitions of residency and eligibility required by this Minnesota Statute.

The University of Minnesota noted the increased responsibilities of educational institutions in the program, and, after discussing this issue, the Commission and participants at the hearing agreed that these proposed rules and regulations were the best means to implement the new program.

The United States Office of Education reviewed the regulations and recommended several changes, which were clarifications rather than substantive amendments. After such clarifications were added, U.S.O.E. approved the proposal.

Therefore, with the concurrence of the Minnesota Higher Education Coordinating Commission and the U.S. Office of Education, I find that the proposed rules and regulations are appropriate and essential for the development and implementation of the Minnesota State Student Loan Program.

Minnesota Higher Education
Coordinating Commission

By _____
Richard C. Hawk, Executive Director

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE OF COMMISSION'S
ADOPTION OF RULES RESOLUTION

I, Barbara Clark, do hereby certify that I am Secretary of the Minnesota Higher Education Coordinating Commission, a Commission duly authorized under the laws of the State of Minnesota, and that the following is a true, complete and correct copy of a resolution adopted at a meeting of said Commission duly and properly called and held on the 12th day of December, 1973; that a quorum was present at said meeting; that said resolution is set forth in the minutes of said meeting and has not been modified or rescinded.

> "RESOLVED, that the rules and regulations relating to the Minnesota State Student Loan Program be and they hereby are approved and adopted, pursuant to authority vested in us by Chapter 605, Laws of Minnesota, 1973, and that Richard C. Hawk, executive director of the Minnesota Higher Education Coordinating Commission, be and hereby is authorized to sign an order adopting those rules and regulations."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 12th day of December, 1973.

Erwin L. Goldfine

Erwin L. Goldfine, President

Barbara Clark

Barbara Clark, Secretary

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the matter of the Proposed Adoption of Rules and Regulations of the Minnesota Higher Education Coordinating Commission governing the Minnesota State Student Loan Program.

BEFORE Richard C. Hawk
Executive Director
Minnesota Higher Education
Coordinating Commission

ORDER ADOPTING RULES

The above entitled matter came on for hearing before the Minnesota Higher Education Coordinating Commission on the 25th day of October, 1973, at 9:30 a.m., in Department of Education Conference Room, 716 Capitol Square Building, 550 Cedar Street, St. Paul, Minnesota, after proper notice required by M.S. 1973, Section 15.0412 was served upon all persons, associations and other interested groups registered with the Secretary of State for that purpose.

After affording interested persons an opportunity to present written and oral data, statements and arguments, having heard all of the testimony, having considered all of the evidence adduced and upon the records, files and proceedings herein, and applicable statutory standards and criteria, and having confirmed the need for the above captioned rules and regulations,

NOW, THEREFORE, IT IS ORDERED that these rules and regulations identified as HECC 501 - 507 are adopted this 13th day of December, 1973, pursuant to the authority vested in me by a resolution of the Minnesota Higher Education Coordinating Commission at its meeting of December 12th, 1973.

Minnesota Higher Education
Coordinating Commission

by _____
Richard C. Hawk, Executive Director

TRANSCRIPT OF A PUBLIC HEARING

Held Thursday, October 25, 1973
in the Capitol Square Building
Room 716
550 Cedar Street
St. Paul, Minnesota

In the matter of proposed adoption of Rules and Regulations of the Minnesota Higher Education Coordinating Commission governing the Minnesota State Student Loan Program

Mr. Goldfine: This is a notice of a hearing, state of Minnesota, county of Ramsey, in the matter of proposed adoption of rules and regulations of the Minnesota Higher Education Coordinating Commission governing the Minnesota State Student Loan Program before Richard C. Hawk, Executive Director, Minnesota Higher Education Coordinating Commission. A notice of hearing is hereby given that a public hearing will be held pursuant to M.S. 1973 Section 15.0412, Subdivision 4, on the above entitled matter in the first floor conference room, Capitol Square Building, 550 Cedar Street, St. Paul, Minnesota, Thursday, October 25, 1973, commencing at 9:30 a.m. and continuing until all representatives of post-secondary educational institutions, associations and other interested groups or persons have had an opportunity to be heard concerning the adoption of the proposed rules and regulations captioned above by submitting either oral or written statements or arguments. Statements may be submitted to the Commission prior to the hearing without appearing at the hearing. A copy of the proposed rules and regulations captioned above may be obtained from the Commission at least 10 days prior to the date of the hearing. Copies will be available at the door of the conference room on the date of the hearing. -The Minnesota Higher Education Coordinating Commission, Suite 400, Capitol Square, 550 Cedar Street, St. Paul, 55101, Richard C. Hawk, executive director. Dick, have they been informed downstairs of the meeting place being changed? Those desiring to appear at the hearing in person to give oral testimony, we would appreciate it if you would give us your name and institution you represent. With that preliminary, I suppose we're ready. Is anybody interested in appearing now? As far as I know, we have received only one piece of written - two pieces.

James Weeks, financial aids counselor, Concordia College - Moorhead - and I'm here instead of Mr. James Hausmann, president of the state association, but I'm not representing that association. I have no questions, except for a few comments. I see nothing in the program as proposed that really creates any more financial burden on the financial aid officers than is already now under the present program

James Weeks, cont'd: going to banks. We still have to meet with the student. The student comes to us first when he wants financial aid. He doesn't go to his banker. We have to talk to him anyway. I think one thing that would expedite the program tremendously is that the Commission or whoever will run the program would provide the various colleges and institutions with the proper written material that we could, for example, provide an explanation of the loan itself and the income contingents and things like that that we can give the student without explaining to him and have him sign, and things like that, and have us properly prepared to begin the loan program when it will begin in the spring. And again, other than that, I see no undue burden put on us by the state program that again isn't through the current program in the banks.

Carl Kroening: I have a question - that the basic education opportunity grant has an application form that you pick up at the post office. You've seen that form. Are you thinking of something like that?

James Weeks: Not so much the application forms as general information and advertising type forms and documents that, I guess I'm really not speaking a part of our college because we meet with the student individually and explain it to him and things like that. But at some colleges that is not possible, the number of students, the amount of the loans just makes that impossible. So to make available to all institutions the explanations of the loan for the institutions themselves but more for the students so that they know exactly what the loan is, how to get it, where - who to see first, what happens after that.

Carl Kroening: I'm confused. One time you talked to me you said the information to the institution, that is, to the financial aid officer, that answers the questions the student would have. Is that what you want?

James Weeks: Yes, plus information for the students. Both we want. I think most financial aid officers in institutions will know what the loan is about and what the proper actions are to take, but some may not and to provide them with that information so that it can go smoothly once it begins. But I think the main point is that the students know exactly what is going on, either through the Commission itself or through the institution, you know, that we are provided with documents that we can show the students and say this is what this loan is - please read this over here and sign here stating that you understand it, or something to that effect.

Mr. Goldfine: Any further questions? Thank you for appearing. Are there any others?

Virgil Rose, financial aid director, Anoka Area Vocational-Technical Institute - I also very much favor the plan. I agree as previously stated that the is at least I see no additional administrative hassles with it. There are a couple things that I would like to point out that I definitely agree and one is that checks come to institutions. Now from some banks now they do not, and that's unfortunate and I think you would find that to be something that you would find detrimental from the administrative viewpoint to the state. One big question is qhen administrators of financial aid programs meet with bankers is the lack of communication between them and us, and I think two things - if you send the check to the institution it insures you that that student is showing up where he said he would. He will be there for a reasonable amount of time to get it, and also, something that we can send back to keep in contact with that individual student. Otherwise, as proposed, I see that the program has a lot to offer, especially for those of us in the AVTI's who find that even when banks were relatively open to the program, which was before August, some still had questions regarding students

Virgil Rose, cont'd: going to AVTI's because they were one and two year programs and this may well help us more than the other institutions. But I feel it has a lot to offer our students, which is getting to be a large number of students in the institutions.

Carl Kroening: Do you concur in what the other gentleman just said about information available to the institution and information in some kind of application addendum form?

Virgil Rose: In some ways, I guess I wasn't exactly sure what he meant. I think the program - my understanding is that this will parallel what we're doing now very closely for the program. It will be a slightly different format maybe, but for the most part pretty similar. I think basically maybe more coverage should be given - the fact that it is available - especially now a lot of students have the feeling that the federally insured loan is not available because the banks are saying that to them and so maybe in that sense, yes, that we should be getting the word out that the money is again available to you. As far as the application blanks and those things, I guess my feeling is no. Maybe that is because in my institution I,like him, get a chance to meet with each student coming and get a chance to talk with each one applying and so I feel that if he knows it is available, it is important, yes. But I guess as far as applications being sent out, maybe not. Some may apply for this before they apply for another program which would be more beneficial - work study, basic grants, something like these.

Carl Kroening: I have some confusion in my mind. Last year we were talking about tuition, and we were talking about tuition for a vocational-technical school, and of course, the complaint we had, you know, was that you can't get this stuff to the student because they can't ____ or they won't read it, and it's very difficult to get the people to know about the program and they didn't have the personnel, and

Carl Kroening, cont'd: this sort of thing. It seems to me what he said would promote and encourage students to be able to read and find out about the program, and I was wondering from the kind of testimony I heard last year, now what you're saying is why you wouldn't stress the idea of having readable material to the student.

Virgil Rose: I guess I would want to see what constituted readable first, not to be facetious, but the basic grant - they sent out everything and I found a lot of very confused students and I guess if it is something done well, great, get it out and get a lot of it out, but I guess that was my point for saying make the basic grant available to them. We've got this available to you, but go see, maybe a high school counselor or financial aid person. I think that may cause less confusion on the part of the students and if that contradicts entirely what you heard before I guess every one of us contradicts each other.

Mr. Hawk; Mr. Chairman, it seems to me the testimony is entirely consistent in that in both instances we're hearing a plea for basic information which would first of all make the students aware of the program and direct the student as to his steps if he wishes to participate in the program and I guess in effect we would have something that would give enough information about the program so that the student understands what it is, make him aware of the fact that it is available and tell him he needs to see his student financial aid officer in order to initiate an application to be consistent with you --

Mr. Goldfine: I'm concerned after reading this morning's Minneapolis Tribune and after seeing the statement made there about the fact that the tuition - that the loan program is down so badly in the state and there is so much discouragement, I mean with the private lending institutions down 50% and in the same paper it said something about higher tuition costs is keeping students away, and I am just wondering - that we really must make an effort to counteract this because

Mr. Goldfine, cont'd:
the publicity, the negative publicity from both aspects, the higher tuition rate and the private lending institution negative publicity - the staff is certainly aware of the problem. Any further questions? If not, thank you very much. Are there any others in the audience who would like to submit any statement or materials? Mr. Hawk, would you want to make a matter of record, the two pieces of correspondence?

Mr. Hawk: Mr. Chairman, the first correspondence came from Paul H. Cashman, vice president of the University of Minnesota. Mr. Cashman raises some concern - he raised a concern with respect to the timing of the hearing in view of the fact that student aid officers are, many of them are attending the workshop today. We are aware of the conflict of that with the Commission date, and I would for the record, indicate that an approach to the rules and regulations was reviewed with the student financial aid advisory committee prior to putting the proposed regulations into final form and we have been in continuous contact with the president of the association in order to be alerted to any concerns which may be felt. Most student aid officers have had the opportunity to submit any additional written material that they wish to, and of course, they will have an additional 20 days to submit anything. Secondly, Mr. Cashman addresses the problem of cost on the institution with respect to the program. It is our assessment, and I think this is consistent with the testimony from Mr. Weeks that the responsibilities of the institution or the workload of the institution remains essentially the same as the State Student Loan Program as it is presently under the Federally Insured Student Loan Program when the student goes to the bank and I would, as a matter of record, for the hearing also submit with your approval a copy of the federal guidelines on responsibilities of the educational institutions so there can be made an actual comparison of the responsibilities other than _____. I think this is not to deny the fact that the costs to the institution are substantial regardless of whether it is a state program

Mr. Hawk, cont'd: or it's a program involving private lenders and I think we should interpret his concern relating to the program in general and not specifically to the state administration of the program. Mr. Cashman also raises a question with respect to the definition of "promptly" in terms of the institution advising the state agency with respect to the changing statua of the student and he proposes reporting on a semi-annual basis. The basis as a result of our discussions thus far with the officials from the U.S. Office of Education indicate that a semi-annual basis will not be sufficient in order for us to get the contract from the U.S. Office of Education to have the loans insured. I'm not sure precisely how we resolved that except it seems to us that semi-annual reporting is not realistic in terms of the requirements of the U.S. Office of Education. He then addresses the issue of the point of time in which funds will actually be supplied to the student and he makes a specific suggestions that the funds be supplied to the student 21 days instead of the proposed 14 days beginning the autumn term. Finally, he's concerned about the provisions of 506A on institutional responsibility which provides some latitude for the executive director with respect to the requirements of the institutions and he suggests a public review situation with respect to that. I think I should make it clear that the intent of that particular provision - the intent of that provision is to place the Commission in a position to impose upon the institutions any and all responsibilities which are required by the U.S. Office of Education in order to meet the student eligibility requirements in order to have in effect an acceptable contract with the U.S. Office of Education. We're in a situation where we are attempting to contain that contract. The rules and regulations are a basis for obtaining that contract from the U.S. Office of Education. We have some concern that too much restriction in Commission procedure with respect to implementing any requirements with the U.S. Office of Education may feel necessary could jeopardize our position in negotiating that contract. So, at the staff level, we have some concern about making that too

Mr. Hark, cont'd: restrictive. I both, Mr. Chairman, reported that essentially the points in his letter and also a comment _____. The second letter comes from Dr. Edgar Carlson, executive director, Minnesota Private College Council and he raises the question of whether or not the local aid officers is as extensive as originally planned or has this been curtailed, and I'm not entirely sure how to respond to that question. THere's no change in our concept of rules and regulations have been drafted. The intent of the regulations is to involve as-extensively as possible student financial aid officers in the institutions. The assumption is that all applications will be submitted to the student financial aid officer and that every institution will enter into an agreement with the Commission and certifying that institutional responsibilities with respect to counseling of students in the providing of information to the Commission in order that a loan could be executed. So, I guess we don't see any differences as originally planned - I'm not sure otherwise, Mr. Chairman, as to how to respond to the question.

Mr. Goldfine: Okay. Are there any comments by the members of the Commission?

Mr. Hamerlinck: I didn't get most of this information until ten minutes to 5 last night. I took the long route this morning and ended out at Normandale Junior College where these financial aid prople are meeting and spent some time there with my own financial aid man, and in regard to the vice president of the University, Cashman, we share some of these concerns but perhaps not so deeply. In terms of the regulations for operating, those of you out here who already operate programs know that you must have an established handbook of procedures. You already know that you must have accounting procedures, and out of Chicago office you can ask for program review and they will indeed tell you whether or not those procedures are accurate and consequently, what they demand. So I see no problem there that these are out of line with what is already requested as Mr. Hawk stated. I'm rather intrigued by his recommendation of compensating the institution. You know, the Veteran's Administratio

Mr. Hamerlinck:cont'd: - Uncle Sam does compensate the institution per veteran - what is it, do you recall is the dollar amount something like $11 per veteran - I think we're handling the paperwork. I'm not suggesting it, because we don't submit that request for fund. Uncle Sam gives it and I don't even know where he gets the information. And I almost feel that to request 3/4 of 1% of the amount borrowed by the student, the book work would just be compounded again and I think it would again get into more of a hassle. I do have to agree with the gentleman and the financial aid officer - that is what he is paid for - that's what he is paid to do. This will, however, increase his effort. When I looked at our own situation, that financial aid meeting is a two-day meeting. It's going to cost a lot of time and money on the part of the people but if we're going to serve them with the student loan program, we're going to have to have experts in your institutions. So I have no particular quarrel, but I did want you to know that I tried to get some information from the people, and I feel there might be other reactions from that meeting out there. I don't know.

Mr. Goldfine: Do you think that - I don't know what the legality of it is, but I assume it wouldn't be in violation of the hearing - you're suggesting an additional hearing now - I don't think that that is necessary.

Mr. Kroening: Mr. Chairman, as I understand it they have some 20 days to respond. This will give this conference any time that they wish to submit this to us. Now my only question is that are those people aware of that?

Mr. Hawk: Well, at least the members of that group who serve on our student aid advisory committee are aware of that. We can take additional - if Mr. Cashman is aware of it - I did talk with him yesterday about his letter and we can take additional efforts to make sure that everyone does understand that.

Mr. Goldfine: All right, is there any further discussion? If not, is there anybody in the audience who wishes to make any further statements? If not, we'll close the hearing and notify those that they have 20 days to submit in writing any additional statements or written statements.