

Minnesota Attorney General: Administrative Rules Proceedings

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STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS
ROOM 300 – 1745 UNIVERSITY AVENUE
ST. PAUL, MINNESOTA 55104
(612) 296-6910

February 8, 1978

Mr. Clyde R. Ingle, Executive Director
Minnesota Higher Education Coordinating Bd.
Suite 400 - Capitol Square Building
St. Paul, Minnesota 55101

Re: HECC-78-001-SM

Dear Mr. Ingle:

Enclosed please find the entire record which you submitted to us for review on the issue of substantial change, together with the Report of the Chief Hearing Examiner, pursuant to Minn. Stat. § 15.052, Subd. 3.

Yours very truly,

Duane R. Harves

DUANE R. HARVES
Chief Hearing Examiner

DRH:sh
Encs.

STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS

FOR THE HIGHER EDUCATION COORDINATING BOARD

IN THE MATTER OF THE PROPOSED ADOPTION) OF AMENDMENTS TO RULES OF THE HIGHER) EDUCATION COORDINATING BOARD RELATING) TO THE STATE SCHOLARSHIP AND GRANT-IN-) AID PROGRAM, THE STATE WORK-STUDY PRO-) GRAM, LOANS TO MEDICAL AND OSTEOPATHY) STUDENTS, THE STATE STUDENT LOAN PRO-) GRAM, THE FOREIGN STUDENT ASSISTANCE) PROGRAM, AND THE PROPOSED ADOPTION OF) RULES RELATING TO THE PART-TIME STU-) DENT GRANT PROGRAM.)

REPORT OF THE CHIEF HEARING EXAMINER

WHEREAS, a hearing was held on November 7, 1977, before Steve M. Mihalchick, a Hearing Examiner of the State Office of Hearing Examiners, on the above-entitled matter in compliance with Minn. Stat. § 15.0412, Subd. 4; and

WHEREAS, the Report of Hearing Examiner made pursuant to Minn. Stat. § 15.052, Subd. 3, was issued to the Higher Education Coordinating Board on December 12, 1977; and

WHEREAS, the Higher Education Coordinating Board has now determined to adopt rules pursuant to Minn. Stat. § 15.0412, Subd. 4; and

WHEREAS, the Higher Education Coordinating Board has submitted said rules to the Chief Hearing Examiner for review pursuant to Minn. Stat. § 15.052, Subd. 4, and Rule HE 107; and

WHEREAS, the Chief Hearing Examiner finds that the final proposed rules are not substantially different from those proposed at the public hearing and that the Higher Education Coordinating Board has met all requirements of Minn. Stat. § 15.0412, Subd. 4.

NOW, THEREFORE, upon receipt of this Report, the Higher Education Coordinating Board has the responsibility of submitting the complete hearing record and the rules as adopted by the Board to the Attorney General and to publish in the State Register, all pursuant to Minn. Stat. § 15.0412, Subd. 4.

Dated this 8th day of February, 1978.

Duane R. Harves

DUANE R. HARVES
Chief Hearing Examiner

STATEMENT OF COMPLIANCE WITH

MANUAL OF RULE MAKING PROCEDURES

I, Special Assistant Attorney General Gregory P. Huwe, do hereby declare that I have examined the proposed rules and all related documents and that, based on them and my personal familiarity with the applicable procedures, the Manual of Rule Making Procedures has been followed. Any exceptions are noted below.

Gregory P. Huwe

Special Assistant Attorney General

Dated: February 14, 1978

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

Eileen A. Gaiovnik, being first duly sworn, hereby deposes and says:

That at the City of St. Paul, county and state aforementioned, on the 12th day of December, 1977, she did serve the Report of Hearing Examiner, HECC-78-001-SM

upon Clyde R. Ingle, Executive Director, HECB

by personally handing to Sandra Clark, aide for student aid programs,

said Report of Hearing Examiner.

Eileen A. Gaiovnik

Subscribed and sworn to before
me this 12th day of December, 1977.

Sandra A. Haven

SANDRA A. HAVEN
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
My Comm. Expires July 29, 1983

STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS

FOR THE HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Adoption of Amendments to Rules of the Higher Education Coordinating Board Relating to the State Scholarship and Grant-In-Aid Program, the State Work-Study Program, Loans to Medical and Osteopathy students, the State Student Loan Program, the Foreign Student Assistance Program, and the Proposed Adoption of Rules Relating to the Part-Time Student Grant Program.

REPORT OF HEARING EXAMINER

The above-entitled matter came on for hearing in St. Paul on November 7, 1977, before Steve M. Mihalchick, Hearing Examiner assigned by the Chief Hearing Examiner.

This is a rules hearing pursuant to Minn. Stat. Ch. 15 to determine whether the amendments and new rules captioned above should be adopted.

Appearing for the Higher Education Coordinating Board were Dr. David Laird, Deputy Executive Director; Phil Miller, Coordinator of the State Student Loan Program; Margaret Dean, Coordinator of the State Scholarship and Grant-in-Aid Program; Debra Reckinger, Coordinator of Student Financial Aid Programs and Gregory P. Huwe, Special Assistant Attorney General. The hearing continued until all interested persons had had an opportunity to participate.

Pursuant to Minn. Stat. § 15.0412, subd. 4, this Report shall be available for review to all affected individuals upon request for at least five days.

The Board shall, if it proposes to adopt the rules as originally proposed or amended, submit the complete hearing record, including its Findings and Order, to the Chief Hearing Examiner no earlier than five days subsequent to the receipt of this Report. This submission shall clearly indicate any changes made to the rules as originally proposed, preferably in the format that will be submitted to the State Register for publication. The Chief Hearing Examiner shall complete his review and submit his report

to the Board on the issues of substantial changes in the rule and compliance with Minn. Stat. § 15.0412 within ten calendar days. Thereafter, the Board shall be responsible for filing the rules with the Attorney General and for notifying persons who have indicated that they wish to be notified of such filing.

Based upon all the records and proceedings herein, the Examiner makes the following:

FINDINGS OF FACT

PROCEDURAL REQUIREMENTS

1. On September 7, 1977, the Board filed the following documents with the Chief Hearing Examiner:

(a) A copy of the proposed rules;
(b) The Certificate of the Board's authorizing resolution;
(c) A proposed Notice of Hearing; and
(d) A Statement of the estimated length and number of people attending the hearing.

2. On October 3, 1977, a Notice of Hearing and a copy of the proposed rules were published at 2 State Register 696.

3. On September 30, 1977, the Board mailed the Notice of Hearing to all persons and associations who had registered their names with the Secretary of State for the purpose of receiving such notice.

4. On October 12, 1977, the Board filed the following documents:

(b) The Notice of Hearing as mailed;
(c) The Affidavit of Receipt of the Secretary of State's list;
(d) The Affidavit of Mailing;
(e) The Secretary of State's Certificate;
(f) The Statement of Need;
(g) The Statement of Evidence; and
(h) The names of Board personnel who will represent the agency.

The documents were available for inspection at the Office of Hearing Examiners from the date of filing to the date of the hearing.

5. The record remained open through November 15, 1977 for the receipt of written comments and statements.

STATUTORY AUTHORITY, NEED AND REASONABLENESS

6. With the exceptions noted in the following Findings, the Examiner adopts the Board's Statement of Need as his Findings

demonstrating the Board's statutory authority to adopt the proposed rules and the need for and reasonableness of the rules. The Statement is attached. The Statement was filed 25 days prior to the hearing, copies of it were provided at the hearing, and it was read in its entirety at the hearing. With but one exception, there were no objections to the proposed rules or the justification given.

7. The Statement of Need cites the statutes granting the authority to the Board to adopt the proposed amendments and rules. However, the Statement says that those statutes place the authority in the Executive Director of the Board. That is incorrect; the authority is placed in the Board, itself. By its authorizing resolution (Board's Ex. C), the Board authorized the Executive Director to call the hearing and to perform the administrative acts necessary to the rule adoption procedure. However, the final authority to adopt the rules remains in the Board.

8. Section 2.0803 governs the determination of financial need for eligible students under the part-time student grant program. The concluding paragraph of that rule provides:

> "Eligible students, whose incomes for the base year or the estimated year as provided for herein, are less than or equal to the Urban Family Budget Study, Lower Budget, as established by the U. S. Bureau of Labor Statistics, shall be considered to be financially needy for an award under provisions of this program."

The following table shows one set of those Bureau of Labor Statistics figures for various family sizes as released by the Bureau of Labor Statistics on April 27, 1977. Also shown are the intermediate budget figures:

	Adjusted Gross Income	
	Low Budget	Intermediate Budget
Single Person	3,500	5,650
2-person family	4,840	7,960
3-person family	7,460	12,250
4-person family	9,020	14,850
5-person family	12,750	20,450

9. Because this is a new program, no data is available by which the Board can accurately set the financial need criteria

in order to match the appropriation. It proposed the use of the Bureau of Labor Statistics budget because of its uniformity, national acceptance and annual inflation adjustments. It also noted that the use of this method would minimize application costs and complexity for students.

10. Mr. Orlo Austin of the University of Minnesota Financial Aids Office, argued that the Bureau of Labor Statistics budgets were too inflexible to serve as a criterion, especially in light of the fact that the characteristics of the population to be served by this program are still unknown. He suggested that the income levels should be established by the Board by some other formula considering more factors. In the alternative, he argued that the intermediate budget should be used. The latter proposal had the support of almost every one else involved in the hearing (Pub. Exs. 1, 2, 3 and 4). The intermediate budget is just as inflexible as the lower budget (that is, no provision is made for special hardships or emergencies), but is, in the view of all the public testimony, more realistic.

11. The Board expressed a willingness at the hearing to reconsider its proposed criteria, but expressed some reservations. Using the intermediate budget may result in the appropriated funds being used up without being equitably distributed among all eligible students. The Board also pointed out that the prevailing philosophy at this time is that grants should be provided to the most needy persons, and that loans should be provided to the less needy. Contrary arguments were presented at the hearing. For example, Robert Matuska of Mankato State University, in a letter to Mr. Austin, stated:

> "Since very little data is available on the income level of persons who would benefit from this program, I believe it would be better to use the higher budget. This assures greater fund utilization and appears more realistic compared to our current economy. At, or below, Intermediate Budget level it would appear necessary for tuition and fee support in order to pursue a part-time post-secondary. Also, the adoption of the higher level could be changed in future years should this result in funding demands which exceed available allocations. Given no concrete data of the financial situation of part-time students as defined by the rules and regulations, it would appear more practical to adopt the higher income level thus maximizing fund utilization." (Pub. Ex. 1)

Fran Van Slyke-Zaslofsky, who also argued in favor of using the intermediate budget, stated:

> "It is admirable that the HECB, in selecting the Bureau of Labor Statistics Urban Family Budget, Lower Budget purports to meet the needs of lower income students, but their needs have largely been met by Basic Educational Opportunity Grant funds and other programs geared to low-income students. Since BEOG can be used for programs which involve enrollment for a minimum of 6 credits per quarter and there is no shortage of funds, in essence, the Minnesota Part-time Student Grant Program would serve only those low-income students who take 5 or less credits per quarter--a very small number.
>
> "Actually, the need extends well beyond low-income students. In testifying before the Legislature and in written documentation of the need for tuition aid for part-time students during the past two sessions, a good case was made for including lower middle and some middle income students in the funding. These students are often so financially pressed meeting basic living expenses that there is no discretionary income whatsoever for education or for anything else. They see thousands of others receiving benefits for which they themselves cannot quality--tuition grants, daycare, medical assistance, and perhaps AFDC--living as well or better than they are. At the other end of the spectrum, they see upper middle and upper income people living obviously much better than they. They pay proportionately the largest share of taxes, and if they are beginning to feel cynical and disenfranchised, it is not without good reason." (Pub. Ex. 2)

12. Everyone agrees that there is insufficient data at this point to establish the income eligibility levels with any great accuracy. In a year or so, that data will be available, and the Board will be able to amend this rule appropriately. Until that time, the criteria must be set based on educated guesses. Therefore, the Examiner finds that setting the criteria at either the lower budget or intermediate budget levels is within the realm of reasonableness shown by available data.

CONCLUSIONS

1. Due, timely and adequate notice of the hearing was properly served and published by the Board. All other substantive and procedural requirements have been fulfilled.

2. The Board has demonstrated its statutory authority to adopt the proposed amendments and rules.

3. The Board has demonstrated the need for and reasonableness of the proposed amendments and rules by an affirmative presentation of facts.

RECOMMENDATION

The Hearing Examiner recommends that the Board reconsider the income eligibility criteria established in § 2.0803 in light of the testimony and evidence presented at the hearing and that the amendments and rules be adopted.

Dated this 12th day of December, 1977.

The attached Statement of Need is a part of this Report.

STEVE M. MIHALCHICK
Hearing Examiner

STATE OF MINNESOTA
HIGHER EDUCATION COORDINATING BOARD

IN THE MATTER OF THE PROPOSED AMENDMENTS OF THE)
HIGHER EDUCATION COORDINATING BOARD RELATING TO)
THE STATE SCHOLARSHIP AND GRANT-IN-AID PROGRAM,)
THE STATE WORK-STUDY PROGRAM, LOANS TO MEDICAL) FINDINGS OF FACT
AND OSTEOPATHY STUDENTS, THE STATE STUDENT LOAN)
PROGRAM, THE FOREIGN STUDENT ASSISTANCE PROGRAM,)
AND THE ADOPTION OF THE RULES RELATING TO THE)
PART-TIME STUDENT GRANT PROGRAM)

The above-titled matter came on for hearing before Steve M. Mihalchick Hearing Examiner of the Office of Hearing Examiner of the State of Minnesota on the 7th day of November, 1977, which hearing was held in Room 57, State Office Building, Wabasha Street and Park Avenue, in St. Paul, Minnesota, after proper notice required by Minn. Stat., 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 reviewed all of the testimony, having considered all of the evidence adduced, having considered the Report of the Hearing Examiner, and upon all of the testimony and proceedings herein, and applicable statutory standards or criteria, having withheld action on the proposed rules for the required period of time after receipt of the Report of Hearing Examiner, I find the following:

1. That the findings of fact of the hearing examiner accurately reflect the facts of the record.
2. That, as testified to at the rules hearing and noted in the Hearing Examiner's report, sufficient data is unavailable at this time upon which to establish income eligibility criteria with a high degree of accuracy. A reasonable framework for operation of the part-time grant program is required for this biennium during which data may be gathered to evaluate and assess the effectiveness of the program.
3. That a uniform standard which allows for annual inflation adjustments is necessary.
4. That, as noted in testimony, adherence to the lower budget levels, as established by the U. S. Bureau of Labor Statistics, will result in limiting the potential group of applicants to an extent that total utilization of funds may not be achieved.
5. That Board philosophy regarding disbursement of grant assistance to the most financially needy students, as noted in testimony, must be adhered to.
6. That a compromise between the lower budget levels and the intermediate budget levels, as established by the U. S. Bureau of Labor Statistics, will provide a reasonable framework for this biennium, a uniform standard for disbursement, annual inflation adjustments, and adherence to Board philosophy.
7. That the recommended reconsideration of the income eligibility criteria established in § 2.0803 by the hearing examiner is reasonable in light of the testimony and evidence presented at the hearing. This reconsideration has resulted in the following findings of fact:

a. That the intermediate budget level, 1-person family, as established by the U. S. Bureau of Labor Statistics, be the maximum allowable income for determination of financial need for financially independent, single students with no dependents.

b. That the intermediate budget level, 2-person family, as established by the U. S. Bureau of Labor Statistics, be the maximum allowable income for determination of financial need for students of a two person family.

c. That the intermediate budget level, 3-person family, as established by the U. S. Bureau of Labor Statistics, be the maximum allowable income for determination of financial need for students of a three person family.

d. That the lower budget level, 5-person family, as established by the U. S. Bureau of Labor Statistics, be the maximum allowable income for determination of financial need for students of a 4 or more person family.

e. That the eligibility criteria for the 1977-78 academic year based on this compromise between the lower and intermediate budget levels, as established by the U. S. Bureau of Labor Statistics, is:

1-person family	$ 5,650
2-person family	$ 7,960
3-person family	$12,250
4-or-more-person family	$12,750

8. In addition, based on the memorandum dated January 13, 1978 from Special Assistant Attorney General Gregory P. Huwe to Clyde R. Ingle, the sentence in § 2.0307 (b) reading "The school will verify that each student who works for a handicapped person or a person over 65 years of age is insured against liability while so employed" is removed from the Rules. The Attorney General believes the Board should not require evidence of liability insurance in this single program when the issues of insurance generally are the purview of the individual system or campus.

January 25, 1978
Date

CLYDE R. INGLE
EXECUTIVE DIRECTOR
HIGHER EDUCATION COORDINATING BOARD

STATE OF MINNESOTA
HIGHER EDUCATION COORDINATING BOARD

IN THE MATTER OF THE PROPOSED AMENDMENTS OF THE HIGHER EDUCATION COORDINATING BOARD RELATING TO THE STATE SCHOLARSHIP AND GRANT-IN-AID PROGRAM, THE STATE WORK-STUDY PROGRAM, LOANS TO MEDICAL AND OSTEOPATHY STUDENTS, THE STATE STUDENT LOAN PROGRAM, THE FOREIGN STUDENT ASSISTANCE PROGRAM, AND THE ADOPTION OF THE RULES RELATING TO THE PART-TIME STUDENT GRANT PROGRAM	ORDER ADOPTING RULES

The above-entitled matter came on for hearing before Steve M. Mihalchick, Hearing Examiner of the Office of Hearing Examiner of the State of Minnesota on the 7th day of November, 1977, which hearing was held in 57 State Office Building, Wabasha and Park Street, in St. Paul, Minnesota, after proper notice required by Minn. Stat., 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 reviewed all of the testimony, having considered all of the evidence adduced, having considered the Report of the Hearing Examiner, having made my Findings of Fact, and upon all of the testimony and proceedings herein, and applicable statutory standards or criteria, having withheld action on the proposed rules for the required period of time after receipt of the Hearing Examiner's Findings, and having confirmed the need for the above-captioned rules and the reasonableness thereof.

Now, therefore, it is ordered that these rules identified as 5 MCAR § 2.0101 - 2.0108, 5 MCAR § 2.0301 - 2.0607, and 5 MCAR § 2.0801 - 2.0806, attached hereto as "Exhibit A," are adopted this 26th day of January, 1978, pursuant to authority vested in me by Resolution of the Higher Education Coordinating Board dated January 26, 1978, and by Minn. Stat. § 136A.03.

CLYDE R. INGLE
Executive Director
Higher Education Coordinating Board

CERTIFICATE OF BOARD'S AUTHORIZING RESOLUTION

I, Judy Hamilton, do hereby certify that I am secretary of the Minnesota Higher Education Coordinating Board, a board 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 the Board duly and properly called and held on the 25th day of August, 1977, that a quorum was present at said meeting, that a majority of those present voted for the resolution, and that said resolution is set forth in the minutes of said meeting and has not been rescinded or modified.

"RESOLVED, that Clyde R. Ingle, the Executive Director of the Minnesota Higher Education Coordinating Board, be and hereby is granted the authority and directed to call a hearing for the purpose of promulgating rules of the Minnesota Higher Education Coordinating Board governing the Part-Time Student Grant Program as authorized by Minnesota Laws, 1977, Chapter 384, Sections 17 and 18, to be codified as Minnesota Statutes 136A.132 et seq., and revised rules of the Minnesota Higher Education Coordinating Board governing the Scholarship and Grant-in-Aid Program as authorized by Minnesota Statutes 136A.09 et seq. (1976), the Minnesota State Work Study Program as authorized by Minnesota Statutes 136A.231 et seq. (1976), the Loans to Medical and Osteopathy Students Program as authorized by Minnesota Statutes 147.30 et seq. (1976), the Minnesota State Student Loan Program as authorized by Minnesota Statutes 136A.14-143, 136A.15 et seq. (1976), and the Minnesota Foreign Student Assistance Program as authorized by Minnesota Statutes 136A.143 et seq. (1976), as well as perform any and all acts incidental thereto, including but without being limited thereto, signing an order for hearing and notice of hearing as well as securing a hearing examiner for all hearings."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 25th day of August, 1977.

Emil E. Erickson
President

Judy Hamilton
Secretary

Board's Exhibit No. C
File No.
Date 9/1/77

CERTIFICATE OF BOARD'S
ADOPTION OF RULES RESOLUTION

I, Jack Lynch, do hereby certify that I am secretary of the Higher Education Coordinating Board, a board 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 the Higher Education Coordinating Board duly and properly called and held on the twenty-sixth day of January, 1978; that a quorum was present at said meeting, that a majority of those present voted for the resolution; that said resolution is set forth in the minutes of said meeting and has not been rescinded or modified.

> Resolved, that the rules relating to the Scholarship and Grant-In-Aid Program, the State Work-Study Program, Loans to Medical and Osteopathy Students, the State Student Loan Program, the Foreign Student Assistance Program, and the Part-Time Student Grant Program be and they hereby are approved and adopted as recommended in Findings of Fact, dated January 25, 1978, by Clyde R. Ingle, pursuant to authority vested in us by Minn. Stat. § 136A.16 and that Clyde R. Ingle, Executive Director of the Higher Education Coordinating Board, be and hereby is authorized to sign an order adopting those rules.

In Witness Whereof, I have hereunto subscribed my name this twenty-sixth day of January, 1978.

Jack Lynch

JACK LYNCH, Secretary
Higher Education Coordinating Board

Emil A Erickson

Attested to by
EMIL A. ERICKSON, President
Higher Education Coordinating Board

AFFIDAVIT

Sandra L. Clark, being duly sworn on oath deposes and says:

1) That she is an employee of the Minnesota Higher Education Coordinating Board.

2) That on the 29th day of September, 1977, she went to the Secretary of State's office for the State of Minnesota and requested a current list of all representatives of associations or other interested groups or persons who had registered their names with the Secretary of State for the purpose of obtaining notices of public hearings relating to the promulgation of rules pursuant to M. S. 15.0412.

3) That on the 29th day of September, 1977, in response to the above request, the Secretary of State provided her with such a list, a copy of which is attached hereto and incorporated by reference.

Further affiant sayeth not.

Sandra L. Clark

Subscribed and sworn to before me
this 29th day of Sept 1977.

Robert A. Frink

Notary Public,
Ramsey County, Minnesota
My Commission expires Nov. 21, 1981.

RECEIVED
SEP 15 1977
OFFICE OF HEARING EXAMINERS

STATE OF MINNESOTA

HIGHER EDUCATION COORDINATING BOARD

IN THE MATTER OF THE PROPOSED AMENDMENTS OF THE HIGHER EDUCATION COORDINATING BOARD RELATING TO THE STATE SCHOLARSHIP AND GRANT-IN-AID PROGRAM, THE STATE WORK-STUDY PROGRAM, LOANS TO MEDICAL AND OSTEOPATHY STUDENTS, THE STATE STUDENT LOAN PROGRAM, THE FOREIGN STUDENT ASSISTANCE PROGRAM, AND THE ADOPTION OF THE RULES RELATING TO THE PART-TIME STUDENT GRANT PROGRAM	ORDER FOR HEARING

IT IS HEREBY ORDERED that a public hearing on the above-captioned rules be held in the State Office Building, Room 57 (ground floor), Wabasha Street, St. Paul, Minnesota on November 7, 1977, commencing at 9:30 a.m. and continuing until all persons have had opportunity to be heard.

IT IS FURTHER ORDERED that a Notice of Hearing be mailed to all persons or representatives of associations or other interested groups who have registered their names with the Secretary of State for that purpose.

IT IS FURTHER ORDERED that the Notice of Hearing be published in the State Register.

Clyde R. Ingle

CLYDE R. INGLE
EXECUTIVE DIRECTOR

September 15, 1977

Board's Exhibit No. E
File No.
Date

STATE OF MINNESOTA

HIGHER EDUCATION COORDINATING BOARD

RECEIVED
SEP 7 1977
OFFICE OF HEARING EXAMINERS

IN THE MATTER OF THE PROPOSED AMENDMENTS OF RULES OF THE HIGHER EDUCATION COORDINATING BOARD RELATING TO THE STATE SCHOLARSHIP AND GRANT-IN-AID PROGRAM, THE STATE WORK-STUDY PROGRAM, LOANS TO MEDICAL AND OSTEOPATHY STUDENTS, THE STATE STUDENT LOAN PROGRAM, THE FOREIGN STUDENT ASSISTANCE PROGRAM, AND THE ADOPTION OF RULES RELATING TO THE PART-TIME STUDENT GRANT PROGRAM

NOTICE OF HEARING

Notice is hereby given that a public hearing in the above-entitled matters will be held pursuant to Minn. Stat. § 15.0412, Subd. 4, in the State Office Building, Room 57 (ground floor), Wabasha Street, St. Paul, Minnesota on November 7, 1977, commencing at 9:30 a.m. and continuing until all persons have had an opportunity to be heard.

All interested or affected persons will have the opportunity to participate concerning the amendments to the existing rules and the adoption of the proposed new rules. Statements may be made orally and written materials may be submitted, whether or not an appearance is made at the hearings, by mail to Steve Mihalchick, Room 300, 1745 University Avenue, St. Paul, Minnesota 55104, telephone (612) 296-8112, either before, during, or within 5 working days (or for a longer period not to exceed 20 calendar days if ordered by the Hearing Examiner) after the closing of the public hearing.

NOTICE

All persons have the right to be notified of the date on which the Hearing Examiner's Report will be available, after which date the agency may not take any final action on the rules for a period of five working days. All persons have the right to be informed of the date on which the hearing record has been submitted to the Attorney General by the Agency. If you desire to be so notified, you may do so by so indicating at the hearing or by written request sent to the Hearing Examiner prior to the close of the record.

Notice is hereby given that 25 days prior to the first hearing date, a Statement of Need and Summary of Evidence will be available for review at the Office of Hearing Examiners. Copies of this document will be available for review at the hearing.

Copies of the proposed amendments to the existing rules and the new rules are now available, and one free copy may be obtained by writing the Higher Education Coordinating Board, 901 Capitol Square Building, 550 Cedar Street, St. Paul, Minnesota 55101. Copies will be available at the hearing.

Statutory authority to adopt the proposed amendments is contained in Minn. Stat. § 136A.111, Subd 2; Minn. Stat. § 147.30-33, as amended. Statutory authority to adopt the newly proposed procedures relating to the Part-Time Student Grant Program is contained in Laws of Minnesota, 1977, Chapter 384, Section 17.

Board's Exhibit No. B
File No.
Date

The proposed amendments to the State Scholarship and Grant-In-Aid Program procedures, if adopted, would clarify existing rules which have led to confusion; conform the rules to legislative changes; provide an expanded definition of residency for purposes of program participation; and eliminate the provisions relating to unusual financial difficulties awards.

The proposed amendments to the State Work-Study Program procedures, if adopted, would clarify existing rules which have led to confusion; conform the rules to legislative changes; clarify the allocation formula; and eliminate error in method of computing financial need.

The proposed amendments to the Loans to Medical and Osteopathy Students procedures, if adopted, would clarify existing rules which have led to confusion; and conform the rules to legislative changes.

The proposed amendments to the State Student Loan Program procedures, if adopted, would clarify existing rules which have led to confusion and conform the rules to changes in federal legislation relating to the Higher Education Act of 1965.

The proposed amendments to the Foreign Student Assistance Program, if adopted, wouls clarify existing rules which have led to confusion; conform the rules to legislative changes; and clarify the allocation formula.

The proposed rules relating to the Part-Time Student Grant Program, if adopted, would provide definition of eligible applicant; specify method for determination of recipients; provide the basis for and definition of the allocation method; clarify amount and term of awards; and provide for institutional accountability.

Please be advised that Minnesota Statutes, Chapter 10A, requires each lobbyist to register with the Ethical Practices Board within five days after he commences lobbying. Lobbying includes attempting to influence rule making by communicating or urging others to communicate with public officials. A lobbyist is generally any individual who spends more than $250 per year for lobbying or any individual who is engaged for pay or authorized to spend money by another individual or association and who spends more than $250 per year or five hours per month at lobbying. The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota 55155, phone (612) 296-5615.

CLYDE R. INGLE
Executive Director

STATE OF MINNESOTA
HIGHER EDUCATION COORDINATING BOARD

RECEIVED
OCT 12 1977
OFFICE OF HEARING EXAMINERS

IN THE MATTER OF THE PROPOSED AMENDMENTS OF THE HIGHER EDUCATION COORDINATING BOARD RELATING TO THE STATE SCHOLARSHIP AND GRANT-IN-AID PROGRAM, THE STATE WORK-STUDY PROGRAM, LOANS TO MEDICAL AND OSTEOPATHY STUDENTS, THE STATE STUDENT LOAN PROGRAM, THE FOREIGN STUDENT ASSISTANCE PROGRAM, AND THE ADOPTION OF RULES RELATING TO THE PART-TIME STUDENT GRANT PROGRAM

STATEMENT OF NEED

The above captioned rules, except those pertaining to the Part-Time Student Grant Program, are amendments to the existing rules of the Higher Education Coordinating Board. The last time the above captioned rules, pertaining to the State Scholarship and Grant-in-Aid Program, the State Work-Study Program, and Loans to Medical and Osteopathy Students, were amended was November 6, 1975. The last time the above captioned rules pertaining to the State Student Loan Program were amended was March 20, 1974. The last time the above captioned rules pertaining to the Foreign Student Assistance Program were amended was October 22, 1974.

The above captioned rules pertaining to the Part-Time Student Grant Program, are not amendments to existing rules of the Higher Education Coordinating Board.

The Executive Director of the Minnesota Higher Education Coordinating Board is granted the authority to promulgate rules governing the Part-Time Student Grant Program as authorized by Minnesota Laws, 1977, Chapter 384, Sections 17 and 18, to be codified as Minnesota Statutes 136A.132 et seq., and revised rules governing the State Scholarship and Grant-in-Aid Program as authorized by Minnesota Statutes 136A.09 et seq. (1976), the State Work-Study Program as authorized by Minnesota Statutes 136A.231 et seq. (1976), the Loans to Medical and Osteopathy Students Program as authorized by Minnesota Statutes 147.30 et. seq. (1976), the State Student Loan Program as authorized by Minnesota Statutes 136A.14-143, 136A.15 et seq. (1976), and the Foreign Student Assistance Program as authorized by Minnesota Statutes 136A.143 et seq. (1976).

The need to adopt these rules arises because of legislative changes and the need to clarify existing rules which have led to confusion.

Specifically, changes to 5 MCAR § 2.0101 are needed to clarify statutory citation. An addition to 5 MCAR § 2.0102 (a) is proposed to specify that determination of post-secondary institutions eligible for participation in the State Scholarship and Grant-in-Aid Program is not arbitrary but based upon criteria mandated by the legislature. Minn. Stat. Section 136A.121, Subd. 1 (1976) mandates that 'qualified applicants' are eligible to compete for a scholarship. The change to 5 MCAR § 2.0102 (b) is needed to clarify statutory citation and to indicate that this definition of 'academic standards' is included to define 'qualified applicants'. The substitution of the words "the applicant's" for the word 'his' is needed to bring this definition into uniformity with others in this chapter. Changes to 5 MCAR § 2.0102 (c) are needed to clarify statutory citation and to indicate that this definition of 'standards' is included to define the 'standards' mentioned in Minn. Stat. Section 136A.121, Subd. 1 (1976). Substitution of the word 'initial' for the word 'original' is needed to correct an error in the rules. The term 'initial' is consistently

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used for the program and is the term cited in the Statute. The inclusion of reference to February 15 as the earliest allowable deadline is necessitated by a legislative change mandating that the application deadline date may not be prior to February 15 of any year.

A definition of educational costs is provided to clarify 5 MCAR § 2.0104. Education costs figures are an integral part of the needs analysis process used in the State Scholarship and Grant-in-Aid Programs and provide a consistent, objective base for the determination of financial need. This definition serves to clearly identify costs included in this program.

Sections (e) and (f) of 5 MCAR § 2.0102 are redefined in the new rule, 5 MCAR § 2.0103 in order to incorporate additional classes of eligible applicants provided for in the legislation. Section (a) of 5 MCAR § 2.0103 reflects current legislation which combined transfer students with initial applicants and further increased the eligible pool for initial awards by including second-year students and those enrolled in a nursing program. 5 MCAR § 2.0103 (a) serves to define these four catagories of initial applicants. Subsections (1) and (2), together, establish eligibility as initial applicants for all students who have completed one academic year or less while subsection (3) establishes eligibility for transfer students. Section 19 of Minnesota Laws 1977, Chapter 384, required the inclusion of the Nursing Grant Program, formerly under the administration of the State Board of Nursing, in the State Grant-in-Aid Program. Subsection (4) serves to define those qualified under this provision. Section (b) of 5 MCAR § 2.0103 serves to provide a definition of renewal applicants as provided by Statute, delineating those upper-classmen recently added to the pool of eligible applicants from those upper-class students traditionally eligible to receive assistance for study beyond the first year by virtue of having received assistance in the past.

Citizenship was eliminated by the recent legislation as a criteria for eligibility, necessitating a change to 5 MCAR § 2.0105. Section (a) of 5 MCAR § 2.0105 is rewritten to coincide with criteria used in uniform methodology, a nationally recognized system for financial needs analysis, and the system utilized by the State Scholarship and Grant-in-Aid Program. The phrase 'immediately prior to the application date' is added to 5 MCAR § 2.0105 (b) to eliminate confusion over the period of residency required. 5 MCAR § 2.0105 (c) is required by the change in legislation concerning citizenship.

The change from 'Monetary scholarships' to 'Financial stipends accompanying scholarship and grant-in-aid awards' in 5 MCAR § 2.0107 (a) is needed for clarification. "Monetary scholarships" is a previously undefined, unused term; "Financial stipends . . . . " is the termination utilized by Statute. The sentence explaining the relationship of the BEOG award and the state award is necessitated by a legislative change requiring that no more than 75% of an applicant's need be met by a combination of these two awards. The explanation of the effect of gift assistance on the state award is included to provide clarification. The change of 5 MCAR § 2.0107 (b) is needed to improve readability. Section (c) of 5 MCAR § 2.0107 is incorporated in Section (a) and, therefore, eliminated.

The change to Section (a) of 5 MCAR § 2.0108 is for clarification of statutory citation. 5 MCAR § 2.0109 (formerly HECB 108) was originally based upon an inclusion of funds for emergency awards in an appropriation bill. Legislative history indicated that this provision was temporary only, lasting until the end of the biennium for which the funds were appropriated. Consquently, this rule is now eliminated.

Concerning the State Work-Study Program, changes to 5 MCAR § 2.0301 and 5 MCAR § 2.0302 (a) and (d) are needed to clarify statutory citation.

The word 'eligible' is added to the definition for eligible student (5 MCAR § 2.0302 (c)) to bring this regulation into compliance with the Statute. Pursuant to federal law, the Federally Insured Student Loan Program will now be known as the Guaranteed Student Loan Program in Minnesota, necessitating a change to 5 MCAR § 2.0302 (e). The definition of eligible employers is expanded by recent legislation to include handicapped persons and persons over 65 years of age. Section (f) of 5 MCAR § 2.0302 is re-written to include these two groups of eligible employers. Section (g) of this rule is modified to clearly indicate the relationships between this section and section (d) of 5 MCAR § 2.0302. The definition of the allocation formula is moved from 5 MCAR § 2.0305 to (i) to be included with all other definitions.

Changes to 5 MCAR § 2.0303 are necessitated by a legislative change which allows a student to drop to part-time status after entering the Work-Study Program while a full-time student. Since scholarship and grant awards are included in the calculation of the student's financial need, the subtraction of scholarship and grant awards as specified in 5 MCAR § 2.0304 resulted in the subtraction of this gift assistance twice. Elimination of this clause eliminates the duplication.

5 MCAR § 2.0305 serves to clearly identify Board and institution responsibilities regarding allocation of funds and are based on legislative changes.

The legislation removes the need to utilize 50% of an institution's allocation for off-campus employment while stipulating that each institution make a 'reasonable attempt' to place students outside the institution. Modifications to 5 MCAR § 2.0306 reflect these legislative changes. Legislative changes also resulted in modifications to section (b) of 5 MCAR § 2.0306 which now provide a means for reallocation of unused funds.

The addition of handicapped persons and persons over the age of 65 as eligible employers necessitated changes to 5 MCAR § 2.0307 concerning employers' responsibilities.

Concerning Loans to Medical and Osteopathy Students, changes to 5 MCAR § 2.0401 are needed to clarify statutory citation.

"Student in good standing" replaces "Good standing of the student" for readability. Section (e) of 5 MCAR § 2.0402 is modified to conform to statute wherein length of service is limited to five years. The substitution of the phrase 'an area in need of medical doctors or osteopaths' for 'a rural area of medical need' is made throughout this chapter to clarify that the 'area' under discussion is that defined by 5 MCAR § 2.0402 (c).

The loan amount and cumulative loan amount for students is increased by the legislation, necessitating changes to 5 MCAR § 2.0405 (a). Similarly, legislative changes to service requirements result in the re-writing of 5 MCAR § 2.0405 (c), the additional of 5 MCAR § 2.0405 (d), and the subsequent re-numbering of remaining section of the rule.

The additional of the phrase 'in good standing' to 5 MCAR § 2.0406 (b) is necessary to conform to Statute. The re-numbering change in 5 MCAR § 2.0407 is the result of the re-writing and re-numbering of 5 MCAR § 2.0405.

Concerning the State Student L[redacted] Program, changes to 5 MCAR § [redacted]501 and 5 MCAR § 2.0502 (a), (e), and (f) are needed to clarify statutory citation. '20 U.S.C. 1071 et seq.' is redundant and is eliminated from 5 MCAR § 2.0502 (c). Pursuant to federal law, the Federally Insured Student Loan Program will now be known as the Guaranteed Student Loan Program in Minnesota, necessitating changes to 5 MCAR § 2.0502 (d) and (f) and 5 MCAR § 2.0504 (d). 5 MCAR § 2.0503 (c) is modified to reflect more accurately eligibility requirements for participation in the program. Since the State Student Loan Program is now affiliated with the Guaranteed Student Loan Program, regulations of the state guarantee agency (the Higher Education Assistance Foundation) prevail, necessitating changes to 5 MCAR § 2.0504 (e).

Concerning the Foreign Student Assistance Program, changes to 5 MCAR § 2.0601 are needed to clarify statutory citation, as are changes to 5 MCAR § 2.0602 (a) and (c) and 5 MCAR § 2.0604 (a) and (e). Throughout this chapter references such as 'as defined in HECB 602 (g) are eliminated to improve readability. The word 'student' is added to 5 MCAR § 2.0602 (i) to clarify that total resources are those defined in 5 MCAR § 2.0602 (h). The definition for 'participating institution' (5 MCAR § 2.0602 (1)) is modified for clarification of the rule. The definition of allocation formula is moved from 5 MCAR § 2.0605 to 5 MCAR § 2.0602 (m) to be included with all other definitions. The words 'and further' are added to 5 MCAR § 2.0603 to clarify the rule. 5 MCAR § 2.0605 serves to clearly identify Board and institution responsibilities regarding allocation of funds and are based on legislative changes.

The proposed rules concerning the Part-Time Student Grant Program are needed to clarify how the program, authorized by Statute, will be implemented by the Board. 5 MCAR § 2.0802 (a) defines eligibility of participating institutions and is prescribed by legislation. The residency requirement, defined in 5 MCAR § 2.0802 (b), is included to provide uniformity with other grant assistance programs administered by the Board. Subsection 2 of Section (b) of this rule is required by the legislation. The Board proposes subsection 3 of Section (b) in order to provide assistance to part-time students who are unable to qualify for other types of gift assistance and whose educational plans are adversely affected as a result. Since the Statute limits assistance to tuition and fees, a student having these costs paid for by other sources does not qualify for aid under this program. Subsection 4 of Section (b) reflects this statutory limitations. The legislation stipulates that awards shall be for a "single term". The definition provided by 5 MCAR § 2.0802 (c) is the standard definition of single term used for financial aid programs. The legislation provides that funds shall be allocated among eligible institutions according to a formula which takes into account the number of part-time students enrolled in each institution. The definition provided by 5 MCAR § 2.0802 (d) is based upon annual enrollment surveys conducted by the Board. The definitions of "base year" and "estimated year" (5 MCAR § 2.0802 e and f) are those standard definitions used throughout the financial aid community. 5 MCAR § 2.0802 (g) is included to provide identification.

The legislation specifies that recipients shall be chosen by the institution according to procedures established by the Board; 5 MCAR § 2.0803 defines these procedures. The Lower Budget of the Urban Family Budget Study, as established by the U.S. Bureau of Labor Statistics, is proposed because of its uniformity, national acceptance, and annual inflation adjustments. This method of establishing need will minimize application costs and complexity for students.

Exemptions to the use of base year for the determination of awards are those standard exemptions recognized by the Basic Education Opportunity Grant Program and will provide the ability to serve emergency needs of students. This rule also provides for institutional responsibilities in the collection and reporting of specified data; such data is necessary to

assess the population being served by the program.

5 MCAR § 2.0804 is a clarification of legislative requirements.

For the purpose of allocating funds as authorized by the legislation, the formula given in 5 MCAR § 2.0805 (a) is established. 5 MCAR § 2.0805 Sections (b) through (g) specify procedures for the proper administration of these funds.

5 MCAR § 2.0806 provides the delegation of authority to the Executive Director which is necessary for the administration of the program.

Clyde R. Ingle
EXECUTIVE DIRECTOR

Adopted January 26, 1978

HIGHER EDUCATION
COORDINATING BOARD

RULES AND REGULATIONS

5 MCAR § 2.0101 - 2.0108

CHAPTER ONE: SCHOLARSHIPS AND GRANTS-IN-AID

§ 2.0101 Purpose. The purpose of this chapter is to augment Minnesota ~~Laws 1975, Chapter 433 and Minnesota Statutes 1974, 136A.09 through 136A.131, as amended by Minnesota Laws 1975, Chapter 390~~, Statutes 136A.09 et seq., as amended ,(hereinafter "Statutes"), establishing a state program of student scholarships and student grants-in-aid by providing standards, criteria, rules and regulations therefor.

§ 2.0102 Definitions. The following terms shall have the meaning hereinafter ascribed to them.

(a) "Eligible institution" shall be any post-secondary institution which has been determined by the Board pursuant to standards set forth in Statutes to qualify for attendance by a scholarship or grant recipient for any given academic year. Annually, by resolution, the Board shall adopt a list of such institutions so qualifying.

(b) "Academic standards" as ~~required by Minn. Stat. 1974, 136A.101, Subd. 6~~ used to determine "Qualified Applicants", defined in Statutes shall be the applicant's ranking in ~~his~~ the applicant's class based upon ~~his~~ the applicant's cumulative scholastic record in senior high school through the junior year as determined by ~~his~~ the applicant's secondary school administration in each local school district.

(c) "Standards" as ~~required by Minn. Stat. 1974, 136A.121, Subd. 1 (4)~~ used in Statutes to determine eligibility of applicants shall be the ordered rank as determined by the applicant's high school rank converted to a percentile ranking at the end of six semesters or the junior year.

(d) "Application date" shall be that date set each year by the Board by resolution by which all applications for ~~original~~ initial or renewal scholarships and grants-in-aid shall be filed. The application date shall not be prior to February 15 of any given year, and shall be at least 30 days following the date of the adoption of the list of eligible institutions.

(e) "Educational costs" shall include tuition and required fees, room and board, books, and miscellaneous expenses.

~~(e)--"Eligible applicants" as defined by Minn. Stat. 1974, 136A.121, Subd. 1 and Subd. 2 shall include those who will enter an eligible college or university as beginning first-year students notwithstanding any previous post-secondary education but who were not enrolled as full-time students during the twelve months immediately preceding application for financial assistance under terms of Minn. Stat. 1974, 136A.09 through 136A.131.~~

~~(f) "Transfer students" as defined Minn. Stat. 1974, in 136A.121 Subd. 2 (3) shall include students who will have completed at least one academic year of study in an eligible junior college at the time of transfer to an eligible senior college or university.~~

§ 2.0103 Definition of Eligible Applicants.

(a) Applicants eligible for initial awards as provided for in Statutes shall include:

(1) Those who will enter an eligible institution as beginning full-time, first-year students notwithstanding any previous post-secondary education.

(2) Those who will attend an eligible institution as full-time second-year students who did not receive a scholarship or grant-in-aid for their first year of post-secondary education.

(3) Those students who will have completed at least one academic year of study in an eligible community or junior institution at the time of transfer to an eligible

senior institution as full-time students and who have not previously received a scholarship or a grant-in-aid.

(4) Those who will be enrolled full-time in an eligible institution in a nursing education program leading to licensure as a registered nurse or a licensed practical nurse, as defined in Minnesota Statutes, Section 148.171 et seq. (1976).

(b) Applicants eligible for renewals as provided for in Statutes shall include those who have previously qualified for and been acknowledged by the eligible institution as having received a scholarship or grant-in-aid.

§ 2.0104 Determination of Financial Need. The determination of financial need shall take into account educational costs and shall be made by the American College Testing Program, Iowa City, Iowa, subject to the review and approval of the Board.

§ 2.0105 Determination of Residency ~~and Citizenship~~ Requirements. Residency ~~and citizenship~~ requirements as prescribed in ~~Minn. Stat. 1974, 136A.121, Subd. 1 (1) and (2)~~ Statutes, shall be determined by the Board as provided herein and shall apply to the recipient's status as of the application date. ~~as defined herein.~~

~~(a) Applicants who are dependent upon parental or guardian's financial support shall be considered to be domiciled with parents or guardian and residency so determined.~~

(a) Applicants who reside with, receive support from, or are claimed as tax exemptions by their parents or guardians in the years prior to, during, or following the academic year for which application is made shall be considered to be domiciled with such parents or guardian and a resident of the state where so domiciled.

(b) Applicants who are adjudged to be independent of parental or guardian's financial support shall be considered as residents of the State of Minnesota for purposes of the Minnesota State Scholarship and Grant-in-Aid Programs provided that they have resided in the State of Minnesota for not less than twelve consecutive

months immediately prior to the application date for purposes other than that of obtaining an education.

(c) Applicants who are not citizens of the United States must be permanent residents of the United States.

§ 2.0106 Delegation of Authority. The Executive Director to the Board is hereby delegated the authority and responsibility for issuance of public information, designing of application forms, prescribing of procedures for submission of application for scholarship and grant-in-aid, and for the selection of qualified recipients of scholarship and grant-in-aid benefits.

(a) All scholarship candidates shall be ranked according to standards. ~~defined in HEGB 102.~~ Stipends in amounts determined by the financial needs analysis ~~described in HEGB 103~~ shall be assigned to candidates on the scholarship list in descending order of rank until available funds are exhausted.

(b) All grant-in-aid candidates shall be ranked according to their available financial resources, or their ability to pay for necessary expenses incurred in pursuing full-time study at an eligible institution on the basis of information provided to the Board by the American College Testing Program. Stipends in amounts so determined by the financial needs analysis described in 5 MCAR § 2.0104 shall be assigned to candidates on the grant-in-aid list in ascending order of their available financial resources or their ability to pay for educational costs until available funds are exhausted.

(c) The Executive Director shall periodically advise and report to the Board on the status of the student aid programs.

§ 2.0107 Nature of Scholarships and Grants-in-Aid

(a) ~~Monetary scholarships~~ Financial stipends accompanying scholarship and grant-in aid awards shall be those prescribed by ~~Minn. Stat. 1974, 136A.121, Subd. 3 (2), as amended by Minn. Laws 1975, Ch. 390,~~ Statutes, ranging from a minimum of $100 to a maximum of $1,100 but shall not exceed one-half of the applicant's demonstrated

financial need. In those cases where the combination of the BEOG for which an applicant is eligible and the state scholarship or grant-in-aid for which the applicant is eligible exceeds 75% of the applicant's demonstrated financial need, the state scholarship or grant-in-aid shall be reduced so that the combination of the two awards does not exceed 75% of the applicant's demonstrated financial need. The state scholarship or grant-in-aid will be further reduced if additional gift assistance, in combination with the BEOG and state scholarship or grant-in-aid, exceeds 100% of the applicant's demonstrated financial need.

(b) Honorary scholarships shall be those granted to all applicants who have no financial need but rank equally with or above the last monetary scholarship recipient according to standards, ~~defined in HEGB 102 (e)~~ or who have not requested a financial stipend but who otherwise have qualified.

~~(c) Grants in aid shall range from a minimum of $100 to a maximum of $1,100 but shall not exceed one half of the applicant's demonstrated financial need.~~

§ 2.0108 Method of Payment

(a) After monetary scholarships and grants-in-aid have been determined, the Executive Director shall cause to be remitted to the eligible institution of the applicant's choice for the account of such recipient the amount so awarded. Each institution shall apply such designated amount to the recipient's educational costs in the order designated in ~~Minn. Stat. 1974, 136A.121 Subd. 3 (11), as amended by Minn. Laws 1975, Ch. 399,~~ Statutes, prorated for each school term of the academic year. The institution shall notify the recipient of such application of funds.

(b) Any unused portion of a scholarship or grant-in-aid recipient's stipend shall be remitted or refunded by the institution to the Board's scholarship or grant-in-aid account, and such remitted funds shall be available for reassignment to other qualified candidates as defined herein.

(c) Recipients of scholarships or grants-in-aid who change their choice of institution after a stipend has been offered, but prior to the opening of the fall term, shall have the amount of the stipend reduced in cases where such change causes the recipient's need to decrease. In cases where such change causes the recipient's need to increase, upward adjustment of the stipend shall be contingent on availability of funds.

(d) Scholarships and grants-in-aid shall be awarded for full-time attendance at a specified institution for the academic year commencing with the fall term. A recipient of a scholarship or grant-in-aid stipend who ceases to be a full-time student at the institution for which the award was made shall forfeit the unused portion of the stipend.

(e) Each institution shall maintain discrete accounts for scholarship and grant-in-aid funds and refunds or remittances to the Board shall be made by separate warrants for scholarships and grants-in-aid. Each institution shall provide such accounting information for each recipient as may from time to time be required by the Board.

~~S 2.0109--Unusual Financial Difficulties Awards.--Notwithstanding any other rule in this chapter, pursuant to Minn. Laws 1975, Ch. 433 Sec. 10, each eligible institution may recommend to the Board students who did not receive an award for the first year of post-secondary education and who show evidence of unusual financial difficulties after the first year.--The Board shall make up to five percent of the monies allocated for first year grants in aid available for the purposes of this section.--Each eligible institution shall be allowed to recommend to the Board the number of students equivalent to five percent of the number of their first year grant in aid recipients for the previous academic year.--Insofar as applicable, the conditions, criteria, terms, and amounts of awards made to students under this section shall be.~~

~~the same as prescribed for other recipients in the grant in aid program except that the application date prescribed in 5 MCAR § 2.0102 (d) shall not apply to potential recipients under this section.~~

5 MCAR § 2.0301 - 2.0310

CHAPTER THREE: WORK-STUDY GRANTS

§ 2.0301 Purpose. The purpose of this chapter is to augment Minnesota ~~Laws 1975, Chapter 433 and Minnesota Statutes 1974, Sections 136A.231 through 136A.234, as amended by Laws 1975, Chapter 430,~~ Statutes 136A.231 et seq., as amended (hereinafter "Statutes"), establishing a state program of Work-Study Grants by providing standards, criteria, rules and regulations therefor.

§ 2.0302 Definitions. The following terms shall have the meaning hereinafter ascribed to them:

(a) "Minnesota State Work-Study Program" is the state work-study program for post-secondary students as provided for in Minnesota ~~Laws 1975, Chapter 433 and Minnesota Statutes 1974, Sections 136A.231 through 136A.234, as amended by Laws 1975, Chapter 430,~~ Statutes, hereinafter referred to as the program.

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

(c) "Eligible student" means a Minnesota resident enrolled or intending to enroll full-time in a Minnesota eligible post-secondary institution

(d) "Eligible post-secondary institution" shall be any post-secondary institution eligible for participation in the Minnesota State Scholarship and Grant Program ~~pursuant to Minnesota Laws 1975, Chapter 433 and Minnesota Statutes, Sections 136A.09 through 136A.131 (1974), as amended by Minnesota Laws 1975, Chapter 390.~~ as defined in Minnesota Statutes 136A.101.

(e) "Financial need" shall be the amount of monetary assistance necessary for the student to meet post-secondary education costs but in no event shall exceed an amount

equal to the amount of loan on which the student would be eligible to receive interest benefits from the ~~Federal Insured~~ Guaranteed Student Loan Program as determined by the school of attendance.

(f) "Eligible employer" means: ~~any eligible post-secondary institution and any non-profit, non-sectarian agency located in the State of Minnesota.~~

(1) any participating educational institution,

(2) any non-profit, non-sectarian agency located in the State of Minnesota,

(3) any handicapped person who has a physical or mental impairment which substantially limits one or more life activities and who could benefit from student assistance in or about the home residence, or

(4) any person over 65 years of age who could benefit from student assistance in or about the home residence.

(g) "School" shall mean the eligible post-secondary institution ~~of post-secondary education~~ in which the student is enrolled or intends to enroll.

(h) "Full-time equivalent fall term enrollment" shall be that enrollment which is determined by the Board in its annual enrollment survey in the year prior to the academic year for which program funds are allocated.

(i) "Allocation formula" shall be defined as the full-time equivalent fall term enrollment for each participating school divided by the full-time equivalent fall term enrollment for all participating schools, multiplied by current appropriations for the program as provided for by the Minnesota Legislature.

§ 2.0303 Criteria for Selection. ~~Each student shall apply to the school for participation in the program. The student must be an eligible student as defined in HECB 202-(3) and must be a full-time student as defined by the school.~~ Each eligible student must apply to the school for participation in the program and must be a full-time student, as defined

by the school, when selected for participation. Students shall be selected for participation in the program by the school on the basis of student financial need. ~~as defined in HECB 302 (c).~~

§ 2.0304 Amount and Terms of Awards. The maximum a student may earn under this program shall be the amount of the student's financial need. ~~less all scholarship and grant dollars awarded to the student for that academic year.~~ Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the Federal College Work-Study Program. Minimum pay rates will be determined by applicable federal or state law.

§§ 2.0305 Allocation of Funds. ~~Funds shall be allocated to participating schools according to procedures prescribed by the Executive Director. The allocation formula for the program shall be as follows:~~

~~The full-time equivalent fall term enrollment for each participating school divided by the full time equivalent fall term enrollment for all participating schools, times the appropriation as provided for by the Minnesota Legislature.~~

(a) Annually the Board shall notify eligible institutions of the funds available for allocation that year.

(b) Upon receipt of notification by the Board, eligible institutions wishing to participate shall submit to the Board:

(1) a written Request for Participation in the program for that year, and

(2) an estimate of the amount of funds necessary at that institution to meet expected financial needs of eligible students.

(c) Upon receipt of institutional Request for Participation the Board shall calculate each institution's allocation according to the allocation formula.

(d) If the estimate of funds by each participating institution is less than the amount which would be allocated to that institution under the allocation formula, the Board shall allocate to the institution funds equal to the institution's estimate.

(e) If the institution's estimate of need exceeds the allocation determined by the allocation formula, the Board shall allocate additional funds to the institution to utilize funds remaining from the earlier allocations to institutions whose estimates of need are less than the amount determined under the allocation formula.

§§ 2.0306 School Responsibilities

(a) Each participating school shall be accountable for any funds disbursed to students under the provisions of the rules and regulations. ~~Not more than 50 percent of the institution's work-study allocation shall be used to employ students by the schools under the provisions of this program.~~ At each participating school, if funds disbursed to students employed by eligible employers other than the participating institution are significantly less than such utilization at other participating institutions in the program, the Executive Director may require the institution to document its efforts to place these students under the program. The percent of the school's work-study allocation provided to graduate students shall not exceed the percentage of graduate students in the total enrollment at the participating school.

(b) Any allocated funds shall be used only during the fiscal year of disbursement. ~~and any unused funds shall be remitted to the Board.~~ During the year, funds which the school determines will not be used shall immediately be remitted to the Board for re-allocation to other schools.

(c) Student earnings shall be paid to the student according to Federal regulations governing the payment of earnings to students under the Federal Work-Study Program.

(d) The school shall report to the Executive Director information on the program using the same formats and timetable the school uses to report activity under the Federal Work-Study Program to the U.S. Office of Education.

§ 2.0307 Employer Responsibilities

(a) Not less than 20 percent of the amount earned by the student under the state Work-Study Program shall be paid by the eligible employer. ~~The employer shall maintain appropriate pay and/or time records and shall certify to the school the student's pay rate and number of hours worked for the period of employment.~~

(b) The school and the employer shall incorporate in the work contract provisions for pay and time records, payroll, and workers compensation.

(c) Time records shall be signed by both the student and the student's employment supervisor.

§ 2.0308 Contracts and Work Agreements. Prior to a student's beginning work, the school and the eligible employer shall sign a written contract agreeing to abide by the regulations of the Minnesota State Work-Study Program and affirming the eligibility of the employer. For each student, the school and the employer shall sign a work agreement documenting the nature of the work, number of hours the student is to be employed, the rate of pay per hour, the percentage of the student's earnings to be paid by the employer, and the maximum payment to be paid by the employer.

All contracts and work agreements signed by schools and employers shall be subject to review and approval by the Executive Director.

§ 2.0309 Supervision. The school with the employer shall develop a program of supervision for each work-study assignment which is consistent with the nature of the assignment and the needs of the individual student. A description of the program of supervision shall be filed with the Executive Director and shall be subject to review and approval.

§ 2.0310 Delegation of Authority. The Executive Director is hereby delegated necessary authority and responsibility for administration of the work-study awards in accordance with these rules, state law, and applicable federal laws and regulations, including issuing public information, prescribing application procedures, prescribing terms and conditions and agreements with eligible institutions and eligible employers, 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 Work-Study Program.

~~MINNESOTA-HIGHER-EDUCATION-COORDINATING-BOARD RULES-AND-REGULATIONS-COVERING-ADMINISTRATION OF-LOANS-TO-MEDICAL-AND-OSTEOPATHY-STUDENTS PURSUANT-TO-MINNESOTA-STATUTES,-SECTIONS-147.30 147.33-(1974),-AS-AMENDED-BY-MINNESOTA-LAWS-1975, CHAPTER-390.~~

5 MCAR § 2.0401 - 2.0407

CHAPTER FOUR: LOANS TO MEDICAL AND OSTEOPATHY STUDENTS

§ 2.0401 Purpose. The purpose of this chapter is to augment Minnesota Statutes, Sections 147.30 ~~-147.33-(1974),~~ et seq., as amended ~~by-Minnesota-Laws-1975, Chapter-390-~~(hereinafter "Statutes"), establishing a state program of loans to medical and osteopathy students by providing standards, criteria, rules and regulations therefor:

§ 2.0402 Definitions. The following terms shall have the meaning hereinafter ascribed to them:

(a) "Accredited medical school" shall be any medical school accredited by the Liaison Committee on Medical Education, as founded by the American Medical Association and the Association of American Medical Colleges and as recognized by the United States Office of Education.

(b) "Accredited school of osteopathy" shall be one whose graduates are eligible for licensure in Minnesota.

(c) "Area in need of medical doctors or osteopaths" shall be a rural community in Minnesota where the health care needs of its residents are not fully met by available physicians and/or osteopaths. Annually, by resolution, the Board shall adopt a list of such areas based upon recommendations of the Minnesota State Board of Medical Examiners and other agencies concerned with planning health care of Minnesota residents.

(d) ~~"Good-standing-of-the-student"~~ "Student in good standing" shall mean that the student is attending full-time in an approved school of medicine or osteopathy

and is making satisfactory progress toward completion of academic and internship requirements according to standards of the institution the student is attending.

(e) "Eighteen months of each initial or renewal period of the loan" shall mean eighteen months times the number of years the student received funds from the program up to a maximum of 5 years.

(f) "Service requirement" shall mean the number of months the student must practice in ~~a-rural-area-of-medical-need~~ an area in need of medical doctors or osteopaths in order to satisfy the loan cancellation provisions of the program.

§ 2.0403 Criteria for Selection

(a) Priority will be given to applicants with financial need. The applicant's need for loan assistance provided by the terms of this act shall be determined by the Board which shall take into account educational costs and financial resources available to the student.

(b) In selecting medical students priority shall be given to students enrolled in schools in Minnesota.

(c) Once selected, program participants are eligible to borrow from the program each academic year until graduation from medical or osteopathy school.

§ 2.0404 Delegation of Authority. The Executive Director of the Board is hereby delegated the authority and responsibility for issuance of public information, designing of application forms, prescribing of procedures for submission of applications for loans and for the selection of qualified recipients of loans provided by the terms of this act.

(a) Completed applications shall be reviewed, ranked, and forwarded by representatives of participating schools of medicine and osteopathy to the State Board of Medical Examiners.

(b) The Board of Medical Examiners shall evaluate the respective qualifications of applicants and present its recommendations to the Board for its final review and approval.

§ 2.0405 Amount and Terms of Loans

(a) The amount of a loan shall not exceed ~~$5,000~~ $6,000 for any given academic year nor ~~$20,000~~ $24,000 in total to any one student.

(b) Each loan shall be evidenced by a promissory note payable on demand to the State of Minnesota and such note shall bear interest at the rate of eight (8) percent per annum from the date of execution until paid or otherwise discharged in accordance with terms of this act.

~~(c) Each recipient of a loan provided under Minnesota Laws 1975, Chapter 390, shall be required to agree in writing to practice medicine or osteopathy for a period not less than 18 months of each year the student received funds from the program, or five years, whichever is less, in a rural community in Minnesota designated by the Board as an area in need of medical doctors or osteopaths as defined in HECB 402 (c), and shall further agree that such practice shall begin not later than three (3) months after being certified as qualified to practice medicine or osteopathy in Minnesota except as otherwise provided in HECB 405 (d).~~

(c) Each recipient of a loan provided under Statutes shall be required to agree in writing to practice medicine or osteopathy as follows:

(1) If the recipient first received assistance from the program before July 1, 1975, the recipient must practice in an area in need of medical doctors or osteopaths for three (3) years.

(2) Recipients receiving assistance from the program for the first time after July 1, 1975, must practice in an area in need of medical doctors or osteopaths for a period not less than 18 months for each year the student received funds from the program or for a period of 5 years, whichever is less.

(d) Recipients who agree to practice in an area in need of medical doctors or osteopaths shall begin not later than three (3) months after being certified as qualified to practice medicine or osteopathy in Minnesota except as otherwise provided in 5 MCAR § 2.0405 (e).

~~(d)~~ (e) After the recipient of a loan provided by this act has been certified by the State Board of Medical Examiners as qualified to practice medicine or osteopathy in Minnesota, he may, upon proper application to the Board, be granted deferment of his obligation for a period not exceeding four (4) years for the purpose of advanced specialized study or for service in the armed forces of the United States.

~~(e)~~ (f) The recipient of a loan provided by terms of this act shall be considered to have discharged the full amount of his obligation, both principal and interest of loans, upon certification of satisfactory completion of required medical practice as defined in 5 MCAR § 2.0405 (c).

~~(f)~~ (g) If the recipient of a loan provided by this act fails to fulfill his agreement to practice medicine or osteopathy as set forth in 5 MCAR § 2.0405 (c) the full amount of his loan obligations, both principal and interest, shall become due and payable upon demand.

§ 2.0406 Method of Payment

(a) Upon approval of a loan under terms of this act and after the promissory note and service agreement have been executed in accordance with requirements set forth in 5 MCAR § 2.0405 (b) and (c), respectively, the Executive Director of the Board shall cause to be remitted to the loan recipient the principal amount of the loan.

(b) Pursuant to terms of this act, a loan may be granted for full-time attendance at an approved school of medicine or osteopathy for a specified academic term. A recipient of a loan obtained under provisions of this act who ceases to be a full-time student, in good standing, at an approved school of medicine or osteopathy for any reason shall be required to repay to the Board the entire amount of his loan obligations, both principal and interest, upon demand.

§ 2.0407 Reserve Fund. The Board shall be required to maintainna reserve fund. Loan obligations forgiven in accordance with 5 MCAR § 2.0405 ~~(e)~~ (f) and any

uncollectible loans made in accordance with the terms of this act shall be charged to the reserve fund and the loan fund credited for the amount so charged.

5 MCAR § 2.0501 - 2.0507

CHAPTER FIVE: MINNESOTA STATE STUDENT LOAN PROGRAM

§ 2.0501 Purpose. The purpose of this chapter is to augment Minnesota ~~Laws, 1973, Chapter 605, sections 1 through 10,~~ Statutes 136A.14-143, 136A.15 et seq., as amended, (hereinafter "Statutes"), establishing a state program of loans to post-secondary students by providing standards, criteria, rules and regulations therefor.

§ 2.0502 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 post-secondary students as ~~defined in Laws, 1973, Chapter 605, sections 1 through 10,~~ provided for in Statutes, hereinafter referred to as the Program.

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

(c) "Higher Education Act of 1965" is the title given to Title IV, Part B, of Public Law 89-329, as amended ~~(20 U.S.C. 1071 et seq.)~~.

(d) "~~Federal Insured~~ Guaranteed 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,~~ referred to in Statutes, 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,~~ Statutes, 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~~ Guaranteed 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.

§ 2.0503 Criteria for Approving Borrowers

(a) Loans may be approved for students who satisfy the requirements as defined in 5 MCAR § 2.0502 (f), 5 MCAR § 2.0503 (b) and (c).

(b) Eligible students who are not Minnesota residents as defined in 5 MCAR § 2.0502 (g) and who have previously obtained an insured student loan from a lender in another state may be required to submit documentation that they have been unsuccessful in obtaining further loans through that loan program before they may receive approval to borrow under terms of the Program.

(c) Students who are not Minnesota residents as defined in 5 MCAR § 2.0502 (g) shall ~~be required to be~~ not be eligible for a loan unless domiciled in Minnesota for the school period for which the loan is approved.

§ 2.0504 Amount and Terms of Loans

(a) The maximum loan for any school period and aggregate outstanding principal balance of 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 promissory note is required shall be made in an amount less than the minimum amount to be established by majority vote of the Board at an official public meeting of the Board.

(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~~ Guaranteed Student Loan Program.

(e) A loan shall not be approved for any school period in excess of one academic year as ~~defined~~ required by ~~federal regulations.~~ the Higher Education Assistance Foundation.

§ 2.0505 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 5 MCAR § 2.0506 (b) for delivery to the student.

(c) No payment to the student borrower shall be made prior to twenty-one 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.

§ 2.0506 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 5 MCAR § 2.0506 (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 Board by providing loan counseling to students under the Program.

(e) The institutional representative shall assist the Board 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.

§ 2.0507 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, 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.

5 MCAR § 2.0601 - 2.0607

CHAPTER SIX: MINNESOTA FOREIGN STUDENT ASSISTANCE PROGRAM

§ 2.0601 Purpose. The purpose of the chapter is to augment Minnesota ~~Laws, 1974, Chapter 492, sections 1 through 5,~~ Statutes 136A.143 et seq., as amended (hereinafter "Statutes"), establishing a state program of financial assistance to post-secondary students by providing standards, criteria, rules and regulations therefor.

§ 2.0602 Definitions. The following terms shall have the meaning hereinafter ascribed to them:

(a) "Minnesota Foreign Student Assistance Program" is the state program of financial assistance to post-secondary foreign students as ~~defined~~ provided for in ~~Laws, 1974, Chapter 492, sections 1 through 5,~~ Statutes, hereinafter referred to as the Program.

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

(c) "Eligible institution" ~~as defined in Laws, 1974, Chapter 492,~~ shall be any public or private institution of higher education in Minnesota which is eligible for the state grant-in-aid program as defined in Minnesota Statutes, ~~Chapter 136A,~~ 136A.101, Subd. 4 and 5 MCAR § 2.0102 (a) and which has foreign students enrolled.

(d) "Foreign student" shall be defined as a person who possesses a student visa as established by the U. S. Immigration and Naturalization Service.

(e) "Resident status" shall be defined as that status assigned to a student by a public institution for the purpose of paying in-state tuition fees.

(f) "Full-time equivalent fall term enrollment" shall be defined as that enrollment which is determined by the Board in its annual enrollment survey in the year prior to

the academic year for which Program funds are allocated.

(g) "Total cost of education" shall be defined as the institutional budget established for the state grant-in-aid program adjusted to include out-of-state tuition fee.

(h) "Total student resources" shall be defined as the sum of the family contribution, student income, other financial aid received, any and all other resources which are available to the student to pay for the cost of education.

(i) "Financial need" shall be defined as the difference between the total cost of education ~~as defined in HECB 602 (g)~~ which is paid by the student and the total student resources ~~as defined in HECB 602 (h)~~ available to the student to meet that cost.

(j) "Unexpected financial needs" shall be defined as those needs which any reasonable person could not anticipate and plan for by reading standard printed cost quotations in various institutional publications or any unanticipated loss of resources.

(k) "Student family" shall be defined as the student, the student's spouse, the student's dependents, the student's parents, the student's brothers and sisters, or any other legal relative of the student.

(l) "Participating institution" shall be defined as any eligible institution ~~as defined in HECB 602 (c) which formally applies for funds in accordance with procedures prescribed by the Executive Director,~~ which applies for participation in the Program in accordance with the procedures prescribed in 5 MCAR § 2.0605.

(m) "Allocation Formula" shall be defined as the full-time equivalent fall term enrollment for each participating institution multiplied by the cost of education divided by the sum of the products for all participating institutions times the appropriation as provided for by the Minnesota Legislature.

§ 2.0603 Criteria for Determining Student Recipients

(a) Resident status may be authorized ~~as defined in HECB 602 (c)~~ by an eligible institution ~~as defined in HECB 602 (c)~~ for any foreign student ~~as defined in HECB 620 (d)~~ who has been domiciled in Minnesota for at least one year immediately prior to application, provided that the institution documents the financial need of the student ~~as defined in HECB 602 (i)~~ according to procedures prescribed by the Executive Director, and further provided that the total number of these residencies shall not exceed one-half of one percent of total full-time equivalent fall term enrollment of the institution. ~~as defined in HECB 602 (f).~~

(b) Funds may be awarded by an eligible institution ~~as defined in HECB 602 (c)~~ for any foreign student ~~as defined in HECB 602 (d)~~ provided that the institution documents the unexpected financial need of the student ~~as defined in HECB 602 (j)~~ according to procedures prescribed by the Executive Director.

(c) Eligible institutions ~~as defined in HECB 602 (c)~~ shall have the authority to grant resident status ~~as defined in HECB 602 (c)~~ to any foreign student ~~as defined in HECB 602 (d)~~ who is a recipient of scholarship or grant funds contributed by Minnesota individuals, organizations or corporations in sufficient amounts to cover such resident tuition fees provided that the institution documents that the scholarship or grant funds did not originate from the student or any member of the student's family. ~~as defined in HECB 602 (k).~~

§ 2.0604 Terms of Loans and Grants

(a) Each eligible institution ~~as defined in HECB 602 (c)~~ shall be authorized and be responsible for informing any foreign student who receives funds ~~under any section of Laws, 1974,~~ pursuant to the Program that the funds are provided initially as a loan and

will not be converted to a grant until the student submits evidence that the student has returned to his home country within one year of completion of the student's education and has not returned to the United States for five years as permanent resident.

(b) Each eligible institution ~~as defined in HECB 602 (c)~~ shall be responsible for establishing sound procedures for loan principal and interest collection including the execution of a promissory note and disclosure of finance charges at the time of making of each loan.

(c) Each loan shall be evidenced by a promissory note and shall bear interest at a rate of 8 percent simple from the time of the making of the loan.

(d) Each loan and accrued interest shall be payable to and upon demand of the eligible institution ~~as defined in HECB 602 (c)~~ in the event that the student does not satisfy the requirements in 5 MCAR § 2.0604 (a).

(e) Any loan and interest amounts collected by any institution under the ~~provisions of Laws 1974, Chapter 492, section 2,~~ Program shall revert back to the Board.

(f) The eligible institutions ~~as defined in HECB 602 (c)~~ shall provide reasonable reports as are requested by the Executive Director.

§ 2.0605 Allocation Formula

~~(a) Funds provided under Laws, 1974, Chapter 492, section 2, shall be allocated to individual participating institutions as defined in HECB 602 (l) as follows:~~

~~Full time equivalent fall term enrollment as defined in HECB 602 (f) for each participating institution multiplied by the cost of edueation as defined in HECB 602 (g) divided by the sum of the products for all participating institutions times the appropriation as provided for by the Minnesota Legislature.~~

(a) Annually the Board shall notify eligible institutions of the funds available for allocation that year.

(b) Upon receipt of notification by the Board, eligible institutions wishing to participate shall submit to the Board:

(1) a written Request for Participation in the Program for that year, and

(2) an estimate of the amount of the funds necessary at that institution to meet expected financial needs of eligible foreign students.

(c) Upon receipt of institutional Request for Participation the Board shall calculate each institutions allocation according to the allocation formula.

(d) If the estimate of funds by each participating institution is less than the amount which would be allocated to that institution under the allocation formula, the Board shall allocate to the institution funds equal to the institution's estimate.

(e) If the institution's estimate of need exceeds the allocation determined by the allocation formula, the Board shall allocate additional funds to the institution to utilize funds remaining from the earlier allocations to institutions whose estimates of need are less than the amount determined under the allocation formula.

§ 2.0606 Disbursement of Funds

(a) Funds shall be disbursed to participating institutions according to procedures prescribed by the Executive Director.

(b) Any disbursed funds shall be for use only during the fiscal year of disbursement and any unused funds shall be remitted to the Board according to procedures prescribed by the Executive Director.

(c) Each participating institution shall be accountable for any funds disbursed to students under the provisions of these rules and regulations.

§§ 2.0607 Delegation of Authority. The Executive Director is hereby delegated necessary authority and responsibility for administration of the Program 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 for agreements with eligible institutions, approving and disapproving applications, 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 Foreign Student Assistance Program.

5 MCAR § 2.0801 - 2.0806

CHAPTER EIGHT: PART-TIME STUDENT GRANT PROGRAM

§ 2.0801 Purpose. The purpose of this chapter is to augment Minnesota Laws, 1977, Chapter 384, sections 17 and 18, as amended, to be codified as Minnesota Statutes § 136A.132 et seq., establishing a state program of part-time student grants by providing standards, criteria, rules and regulations therefore.

§ 2.0802 Definitions. The following terms shall have the meaning hereinafter ascribed to them:

(a) "Eligible institution" shall be any post-secondary institution in Minnesota which is eligible for the state grant-in-aid program as defined in Minnesota Statutes 136A.101, Subdivision 4 (1976) and 5 MCAR § 2.0102 (a).

(b) "Eligible student" shall be any student:

(1) who is a Minnesota resident as provided herein:

(a) Applicants who reside with, receive support from, or are claimed as tax exemptions by their parents or guardians in the years prior to, during, or following the academic year for which application is made shall be considered to be domiciled with such parents or guardian and a resident of the state where so domiciled;

(b) Applicants who are adjudged to be independent of parental or guardian's financial support shall be considered as residents of the State of Minnesota for purposes of this program provided that they have resided in the State of Minnesota for not less than twelve consecutive months immediately prior to making application for purposes other than that of obtaining an education, and

(2) who is granted formal admission to and enrolled in good standing or accepted for enrollment in an eligible institution less than full time, pursuing

a program of course of study leading to a recognized degree, diploma, or certificate, and

(3) who is not eligible for other state or federal educational gift assistance, and

(4) whose tuition and fees are not to be paid or reimbursed by other sources.

(c) "Single term" shall be a quarter or semester or its equivalent, as determined by the eligible institution.

(d) "Part-time fall term enrollment" shall be the total of all resident and extension part-time students reported as lower division, upper division, graduate, professional, and vocational for each eligible institution, as determined by the Board in its annual enrollment survey in the year prior to the academic year for which program funds are allocated.

(e) "Base year" shall be the tax year prior to the academic year for which aid is requested.

(f) "Estimated year" shall be the tax year subsequent to the base year.

(g) "Executive Director" is the Executive Director of the Minnesota Higher Education Coordinating Board.

§ 2.0803 Determination of Financial Need. Each eligible institution shall be required to solicit demographic, educational, and financial data from eligible students requesting funds under this program as specified by the Board prior to each academic year for the purpose of determining financial need. Annually, all eligible institutions shall make available upon request of the Board reports of all such data collected. Determination of financial need shall be based on base year income. In the following circumstances, estimated year income may provide the basis for determination of financial need if:

(a) A parent or spouse who provided income in the base year died during the

base year or the estimated year;

(b) A parent or spouse who provided income in the base year has experienced a complete loss of all employment for at least ten weeks in the estimated year;

(c) A parent or spouse who provided income in the base year has been unable to pursue normal income-producing activities in the estimated year for at least ten weeks, due to either disability occurring in the base year or the estimated year or a natural disaster that occurred in the estimated year;

(d) A parent or eligible student has become separated or divorced during the estimated year; or

(e) The eligible student who was employed for an average of 35 hours per week for at least 30 weeks in the base year is no longer employed on a full-time basis in the estimated year.

An eligible student shall be considered to be financially needy for an award under the provisions of this program if: there are fewer than four persons in the student's family and its income for the base year or the estimated year as provided herein is no greater than the U. S. Bureau of Labor Statistics Urban Family Budget Study, Intermediate Budget for families of the size of the student's family; or if there are four or more persons in the student's family and its income for the base year or the estimated year as provided herein is no greater than the U. S. Bureau of Labor Statistics Urban Family Budget Study, Lower Budget for a 5-person family.

§ 2.0804 Amount and Terms of Awards. Awards shall be granted to those eligible students adjudged to be financially needy as defined in 5 MCAR § 2.0803 but in no case shall the award amount exceed the cost of resident tuition and fees at the eligible institution or the cost of resident tuition and fees for an equivalent program at the University of Minnesota, whichever is less. Awards shall be for a single term and shall not be automatically renewable. Re-application may be made for each term in which aid is desired.

§ 2.0805 Allocation and Disbursement of Funds

(a) Funds shall be allocated to eligible institutions according to the following formula:

Part-time fall term enrollment divided by the total part-time fall term enrollment for all eligible institutions multiplied by the then-current appropriation as provided for by the Minnesota Legislature.

(b) Annually, the Board shall notify each eligible institution of the amount of funds allocated according to the formula specified in 5 MCAR § 2.0805 (a).

(c) Periodically, each eligible institution shall inform the Board of funds needed to meet commitments. Funds will be disbursed accordingly to the amount allocated by the formula specified in 5 MCAR § 2.0805 (a).

(d) Periodically, at the request of the Board, each eligible institution shall inform the Board of anticipated utilization of funds. Unused funds shall be released by the eligible institution and shall be available for reallocation, according to the formula defined in 5 MCAR § 2.0805 (a), to eligible institutions desiring additional funds.

(e) Each eligible institution shall be accountable for any funds disbursed to eligible students under the provisions of the rules and regulations.

(f) Any allocated funds shall be used only during the fiscal year of disbursement and may be applied to any single term.

(g) Each eligible institution shall be responsible for refunds of unused tuition and fees necessitated by the withdrawal of any students. The eligible institution may apply any refunded amounts to other eligible students or remit such funds to the Board.

§ 2.0806 Delegation of Authority. The Executive Director is hereby delegated necessary authority and responsibility for administration of the Part-time Student Grant Program in accordance with these rules, state law and applicable federal laws and regulations, including issuing public information, designing

related forms, prescribing application procedures, prescribing terms and conditions and agreements with eligible institutions, 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 Part-Time Student Grant Program.

APPROVED AS TO FORM AND LEGALITY

MAR 24 1978 19____

WARREN SPANNAUS, ATTORNEY GENERAL

BY /s/ Michael B. Miller

SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
MAR 24 1978
Joan Anderson Growe
Secretary of State

3:30 P.M.

RECEIVED
OCT 12 1977
OFFICE OF HEARING
EXAMINERS

State of Minnesota

HIGHER EDUCATION COORDINATING BOARD

IN THE MATTER OF THE PROPOSED AMENDMENTS OF THE)
HIGHER EDUCATION COORDINATING BOARD RELATING TO)
THE STATE SCHOLARSHIP AND GRANT-IN-AID PROGRAM,) AFFIDAVIT OF MAILING
THE STATE WORK-STUDY PROGRAM, LOANS TO MEDICAL)
AND OSTEOPATHY STUDENTS, THE STATE STUDENT LOAN)
PROGRAM, THE FOREIGN STUDENT ASSISTANCE PROGRAM,)
AND THE ADOPTION OF RULES RELATING TO THE PART-)
TIME STUDENT GRANT PROGRAM)

Kathryn A. Fisch, being first duly sworn, deposes and says: That on the 30th day of September, 1977, 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 at the addresses listed on the attached Certificate of the Secretary of State.

Kathryn A. Fisch

Subscribed and sworn to before me this

6th day of October, 1977.

Luana Vadnais

Notary Public,

Ramsey County, Minnesota

My Commission expires 6/16/84.

LUANA VADNAIS
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
My Comm. Expires June 16, 1984

Board's Exhibit No. J
File No.
Date