

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

RULE REVIEW CHECKLIST
RESUBMITTED RULE

File No. 1485 6/23/ Docket No. 05-0009-0448

RESUBMISSION DATE ~~6/20/88~~ ~~6/15/88~~ ADOPTED W/O HEARING ✓
DATE DUE 7/4/88 ~~6/29/88~~ 7/7/88 EMERGENCY RULE

APPROVED July 1 88 REVISOR APPROVED ✓
DISAPPROVED REVISOR DISAPPROVED
WITHDRAWM FILED W/SEC. STATE
RETURNED TO AGENCY

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no **Does the revision raise significant new legal issues?**

Review date

Rule as adopted (4 copies) only 2 submitted

✓ Supplemental Findings of Fact, Conclusions & Order Adopting

n/a Board's Supplemental Resolution Adopting

Notice of submission to Attorney General } missing p/c 6/22 requesting

Affidavit of Mailing Notice to Attorney General }

earliest approval after 8 days. 7/1

SF-00006-05 (4/86)

DEPARTMENT : ATTORNEY :NERAL

STATE OF MINNESOTA

Office Memorandum

DATE : July 1, 1988

TO : ROSE HERRERA HAMERLINCK
Minnesota Higher Education
Coordinating Board

FROM : CHRISTIE B. ELLER CBE
Assistant Attorney General

PHONE : 6-9421

SUBJECT : In the Matter of the Adopted Rule Relating to Financial Assistance

The above-refernced rule has been approved as to its legality by the Attorney General on June 30, 1988.

Enclosed is the agency's copy of the approved rule. This office has already filed two copies with the Secretary of State who will forward one copy to the Revisor of Statutes. The fourth is being retained by this division of the Attorney General's Office for its records.

Also enclosed are any petitions, requests, submission or comments received by the agency and any extra copies of documents which the agency submitted to the Attorney General.

In order for a permanent rule without a hearing to become effective, your agency must publish a notice of adoption in the State Register in accoradance with Minn. Stat. §14.27. An emergency rule becomes effective five working days after approval by the Attorney General; however, the agency must publish a notice in the State Register in accordance with Minn. Stat. §14.34.

If you have any questions in this regard, please contact me.

CEB:rer

Enclosures

cc: Maryanne Hruby
Executive Director
Legislative Commission to Review
Administrative Rules

Duane Harves
Chief Administrative Law Judge
Office of Administrative Hearings

Higher Education Coordinating Board

Adopted Permanent Rules Relating to Financial Assistance

Rules as Adopted

4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Dependent student.** "Dependent student" means a student who is not an independent student.

Subp. 4. to 8. [Unchanged.]

Subp. 9. **Independent student.** "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subp. 10. and 11. [Unchanged.]

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

Subpart 1. [Unchanged.]

Subp. 2. **Minnesota resident.** "Minnesota resident" means:

A. a student who graduated from a Minnesota high school and has not since established residence in another state; or

B. a dependent student whose parent or legal guardian resides in Minnesota on the date of application; or

C. an independent student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months prior to becoming an eligible student.

Subp. 3. **Eligibility for initial scholarship.** To be eligible for an initial scholarship a student must be an eligible student, as defined in part 4830.0100, subpart 5, except item E, and:

A. to C. [Unchanged.]

Subp. 4. and 5. [Unchanged.]

4830.0600 AWARDS.

Subpart 1. **Monetary awards.** The amount of a scholarship

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or grant-in-aid financial stipend may not exceed an applicant's cost of attendance, as defined in Minnesota Statutes, section 136A.121, subdivision 6, after deducting the following:

A. A contribution by the applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing.

B. For an applicant who is not an independent student, a contribution by the applicant's parents, as determined by a financial need analysis. The parental contribution will be considered in determining the state award.

C. For an applicant who is an independent student, the additional student contribution.

D. An estimate of the amount of a federal Pell grant award for which the applicant is eligible.

Subp. 1a. [Unchanged.]

Subp. 1b. to 1d. [See Repealer.]

Subp. 2. [Unchanged.]

4830.0700 METHOD OF PAYMENT.

Subpart 1. [Unchanged.]

Subp. 2. **Refunds.** A scholarship and grant-in-aid is awarded for full-time attendance at a specified school for the academic year of nine months within a state fiscal year. If a recipient fails to enroll or reduces enrollment, the school must refund the unused portion of the award. Refunds to the board are determined as follows:

A. and B. [Unchanged.]

Subp. 3. [Unchanged.]

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate funds to each school according to the following formula:

A. [Unchanged.]

B. Each school's <u>initial</u> allocation is the school's share divided by the sum of school shares, multiplied by the last year's usage percent, multiplied by 90 percent. Usage percent is defined as follows:

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by Revisor _____

(1) If no final report is received by ~~August 10~~ the first working day after August 9, the usage percentage is 80 percent.

(2) If the final report is received before August 10, the usage percent is the total amount of funds used divided by the last year's allocation.

(3) A refund in excess of $1,000 received after April 1 is multiplied by 150 percent and subtracted from the original allocation to determine the funds used. This amount is divided by the last year's allocation to determine the usage percentage.

C. Each January, the board shall allocate the remaining ten percent of the total part-time grant allocation according to the same formula, except that the last year's percent of usage must not be applied.

"Number of part-time students" means the sum of all enrolled resident, extension, and unclassified part-time students, who are Minnesota residents, and are reported to the board for its annual enrollment survey as lower division, upper division, and vocational students in the fall term of the school year.

"Registration level" is the number of credits (or an equivalent measure) taken by part-time students in the fall term of the school year as reported to the board for its annual enrollment survey, divided by 12 credits (or an equivalent measure).

Subp. 2. to 4. [Unchanged.]

4830.1555 REPORTS OF DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

End of year program activity and student data reports are required by the board. The school must complete and submit the reports and any applicable refunds to the board by the first

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by Revisor _____

working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

4830.1560 SCOPE.

Parts 4830.1560 to 4830.1565 govern state assistance to schools for students who are dislocated rural workers.

4830.1561 ELIGIBLE SCHOOLS.

An eligible school under part 4830.0300 is eligible to receive an allocation of state assistance for students who are dislocated rural workers.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate grant money to eligible schools according to the formula in this subpart. An eligible school's allocation is the school's share, divided by the sum of school shares. An eligible school's share is the number of entering Minnesota resident students enrolled in the last fiscal year, from the school's home county, and contiguous counties. For schools located in Hennepin and Ramsey counties, the following counties are considered contiguous: Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur, Rice, and Goodhue. Students who resided in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county must not be counted in any school's share. A school whose allocation would be less than $500 using this formula must not receive an allocation. Would-be allocations of less than $500 must be reallocated, using this formula, to other schools.

Subp. 2. **Notification.** The board shall notify each school of the amount allocated to it.

Subp. 3. **Accountability.** A participating school is accountable for money disbursed to students for assistance for dislocated rural worker students. The money may be used by students only during the fiscal year of disbursement. If a student does not use a grant because the student does not enroll

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in, or withdraws from, school, the school may use the funds for other eligible students. The school must return unused money to the board.

Subp. 4. **Report; unused funds.** When requested by the board, a school shall report on its use of funds and shall return unused funds. The board shall reallocate unused funds to schools desiring additional funds according to the formula in subpart 1.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

Subpart 1. **Eligibility.** A school shall determine if a student is eligible for a dislocated rural worker assistance grant. To be eligible a student must demonstrate compliance with the requirements in this part.

A. The student must meet the requirements for an eligible student as defined in part 4830.0100, subpart 5, items B, C, E, and F.

B. The student must be enrolled in an adult farm management program, or an occupational ~~training~~ education program. The program cannot be a liberal arts program. The program must prepare the student for available employment within a labor market where the student lives or is willing to move.

C. The student must have applied for all other federal and state financial aid scholarship or grant programs.

D. The student must be able to demonstrate that subitem (1), (2), or (3) applies to the student:

(1) The student or the student's spouse is a worker who has been separated from employment or has notice of separation from employment. The separation must be because of a plant shutdown, an industry slowdown, or because the worker's occupation is obsolete; or be in a region where there has been a decline in the number of persons in the worker's customary occupation. The worker must be unlikely to go to work for the same employer or in the same occupation for a year after the job loss.

(2) The student is a displaced homemaker.

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(3) The student or the student's spouse is a farmer who can demonstrate severe household financial need.

Subp. 2. **Severe household financial need; incorporation by reference.** Severe household financial need is demonstrated by relating the income of the student's household to the income of a same-sized household as found in the most current table of standard maintenance allowance found in the current edition of "Handbook for Financial Aid Administrators" published by the American College Testing Program; 2201 North Dodge Street, P.O. Box 168; Iowa City, Iowa 52243. The table is incorporated by reference, is subject to frequent change, and is available in the handbook in public libraries throughout the state through the Minitex interlibrary loan system. The table is also available separately from the board.

4830.1564 AMOUNT AND TERM OF GRANTS.

Subpart 1. **Financial need.** An eligible school shall award a grant to an eligible student, to the extent allocated funds are available and to the extent the student demonstrates financial need according to a method consistent with the school's financial aid policies and procedures.

Subp. 2. **Amount.** The amount of the grant to a student when combined with the expected or awarded (a) federal, state, institutional, and private grant assistance that the student receives, (b) employer reimbursement, and (c) the expected parent and student contribution resulting from the assessment of financial need under subpart 1, must not exceed the student's direct educational cost as defined in subpart 3.

Subp. 3. **Direct educational cost.** The direct educational cost includes the following:

A. resident tuition and fees at the institution;

B. cost of educational materials;

C. transportation expenses;

D. an allowance for child care expenses; and

E. other expenses allowed by the school.

The direct educational cost must be consistent with the

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school's financial aid policies and procedures.

4830.1565 COLLECT, REPORT DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

4830.2600 REPORTS BY SCHOOL.

The school must collect demographic and program activity data as specified by the board. The school shall provide the board with individual student data upon request.

End-of-year program activity and student data reports are required by the board. The school must complete and submit these reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours;

B. at least 900 clock hours of training for a program at an eligible school using clock hours; or

C. a student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. to 9. [Unchanged.]

Subp. 10. **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower.

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A. A cosigner must be at least 18 years old.

B. A cosigner must be a person or an eligible school.

If the cosigner has no credit history, credit-worthiness shall be determined by the board, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

Subp. 11. to 14. [Unchanged.]

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. to C. [Unchanged.]

D. is not currently in default, as defined by each specific program, of any student educational loan program (GSL, FISL, NDSL, HPL, HEAL, ALAS/SLS, or other state supplemental loan program) at the current or any previous school;

E. to G. [Unchanged.]

H. for those with loans made from the bonds, has at the time of application, an anticipated graduation date no later than November 1, 1992; and

I. [Unchanged.]

Subp. 16. to 24. [Unchanged.]

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of, the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. [Unchanged.]

Subp. 27. **Payout period.** "Payout period" means the time period which begins immediately following the transition period and runs to the earliest of:

A. November 1, 2000, for those with loans made from the bonds; or

B. ten years from the date the student ceases to be an eligible student; or

C. fifteen years from the date of the first loan

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check; or

D. a shorter period negotiated with the borrower.

Subp. 28. to 30. [Unchanged.]

4850.0014 AMOUNT AND TERMS.

Subpart 1. **Loan amounts.** The minimum loan amount from the student educational loan fund is $1,000.

The annual and maximum loan amounts for:

A. an undergraduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual undergraduate borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt (excluding PLUS loans borrowed on the student's behalf) must not exceed the product of the grade level times the annual undergraduate borrowing maximum, except in grade level 05 when the cumulative undergraduate loan debt maximum stays the same as in grade level 04. For example, if the annual undergraduate borrowing maximum in statute was $4,000, the cumulative undergraduate loan debt maximum, by grade level, is:

(1) grade level 1, $ 4,000;

(2) grade level 2, $ 8,000;

(3) grade level 3, $12,000;

(4) grade level 4, $16,000; and

(5) grade level 5, $16,000.

B. a graduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual graduate student borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed the total amount prescribed in Minnesota Statutes for both undergraduate and graduate educations combined. For example, if the stated total borrowing maximum was $25,000, the cumulative graduate student borrowing maximum, by grade level, is:

Approved
by Revisor _____

(6) grade level 6, $25,000;

(7) grade level 7, $25,000;

(8) grade level 8, $25,000; and

(9) grade level 9, $25,000.

Subp. 2. **Two loans in one year.**

A. A student may borrow more than once in the same academic year as long as:

(1) eligibility remains;

(2) the annual borrowing maximum is not exceeded; and

(3) the amount approved is at least $1,000.

B. A student may borrow the annual maximum twice in the same grade level, as long as:

(1) a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; and

(2) the cumulative loan debt maximum for that grade level is not exceeded.

C. A student who advances a grade level in the middle of an academic year may borrow at that new grade level, as long as:

(1) there is no more than one month overlap of loan period; and

(2) the cumulative loan debt maximum for that new grade level is not exceeded.

Subp. 3. **Interest rate.** For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board ~~may~~ must increase or decrease the margin ~~within the limits of law~~.

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The board shall advise borrowers of changes in the margin.

~~For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school.~~ For loans made from sources other than the bonds, the interest rate on the loan will be determined by the board at a margin in excess of the "index rate." The "index rate" is the average rounded to the nearest quarter of one percent of the bond equivalent yield, for auctions of 13-week treasury bills, during the preceding calendar quarter. If the index rate increases or decreases, the interest rate on the loan automatically increases or decreases on the same day without notice to the borrower. The interest rate on the loan cannot increase or decrease more than two percentage points over any four consecutive calendar quarters. The board shall set the margin to reflect the costs of the SELF program. If the board determines that the margin does not reflect the costs of the SELF program, the board must increase or decrease the margin. The board shall advise borrowers of changes in the margin.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. [Unchanged.]

Subp. 2. **Withdrawal and transfer to another eligible school.** If the student fails to complete the loan period at the school where the loan application was certified and transfers to another eligible school, any remaining scheduled disbursements must be canceled. The school must immediately notify the board of any borrower who withdraws for any purpose. The student may apply for any remaining loan eligibility at the other eligible school, assuming the amount approved is at least $1,000.

Subp. 3. and 4. [Unchanged.]

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule:

Approved by Revisor _____

A. During the school period, the board or its agent shall bill borrowers for accrued interest once during each calendar quarter.

B. During the transition period, the board or its agent shall bill borrowers for accrued interest once during each calendar month.

C. During the payout period, borrowers must repay their loans in monthly installments of principal and interest. The interest rate may vary throughout the period. The board or its agent must bill borrowers monthly for amounts due. The sum of the monthly payments must equal the sum of accrued interest plus principal. The monthly payments of principal must be in amounts calculated at the beginning of the repayment period as if two conditions existed. The two conditions are: (1) interest on the loan accrues at a fixed rate equal to the interest rate in effect at the time of the calculation and (2) the loan is payable over its term in equal monthly installments. The borrower must pay a total of at least $600 each year on all of the borrower's SELF loans. If the borrower's spouse also has SELF loans, their combined annual payments on all SELF loans must be at least $600.

D. to H. [Unchanged.]

REPEALER. Minnesota Rules, parts 4830.0600, subparts 1b, 1c, and 1d, are repealed.

Approved by Revisor _____

Office of the Revisor of Statutes

Administrative Rules

TITLE: Adopted Permanent Rules Relating to Financial Assistance

AGENCY: Higher Education Coordinating Board

MINNESOTA RULES: Chapters 4830 and 4850

INCORPORATIONS BY REFERENCE:

Rule Number: 4830.1563, subpart 2

Material Incorporated: Table of standard maintenance allowance found in the current edition of Handbook for Financial Aid Administrators published by the American College Testing Program

APPROVED AS TO FORM AND LEGALITY
July 1 1988
HUBERT ... III
ATTORNEY GENERAL
BY Christine B. Elle
ASSISTANT ATTORNEY GENERAL

The attached rules are approved for filing with the Secretary of State

Richard J. Sands
Senior Assistant Revisor

RECEIVED

JUN 3.

ST. PAUL, MN 55155

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

JUL 1 1988

Joan Anderson Growe

Secretary of State

9:25 AM

APPROVED AS TO FORM AND LEGALITY

_____ 19____

HUBERT H. HUMPHREY, III
ATTORNEY GENERAL

BY_____

ASSISTANT ATTORNEY GENERAL

MINNESOTA
HIGHER EDUCATION
COORDINATING BOARD

SUITE 400
CAPITOL SQUARE
550 CEDAR STREET
SAINT PAUL 55101

(612) 296-3974

MEMORANDUM

TO: CHRISTIE ELLER

FROM: ROSE HERRERA HAMERLINCK

SUBJECT: RULEMAKING

DATE: JUNE 23, 1988

Enclosed you will find the missing documents to complete this round of rulemaking. The Notice of Resubmission was mailed today to the people who requested it.

Please let me know as soon as possible if any more documents are needed.

RECEIVED
JUN 23 88
ATTORNEY GENERAL'S OFFICE
515 TRANSPORTATION
ST

Any written comments submitted to the Attorney General must be submitted simultaneously to:

Rose Herrera Hamerlinck
Minnesota Higher Education Coordinating Board
550 Cedar Street, Suite 400
Saint Paul, MN 55101
Telephone Number: (612) 296-7963

Kathleen M. Kies

Kathleen M. Kies
Acting Executive Director

Dated: 6/23/88

In the Matter of the Proposed Adoption of the Rule of the Minnesota Higher Education Coordinating Board Governing Definitions for Higher Education Programs, Scholarship and Grants-in-Aid, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund.

AFFIDAVIT OF MAILING THE NOTICE OF RESUBMISSION OF RULE ADOPTED WITHOUT PUBLIC HEARING TO THE ATTORNEY GENERAL

STATE OF MINNESOTA)
)ss.
COUNTY OF RAMSEY)

Rosemary Herrera Hamerlinck, being sworn says:

That on the 23rd day of June, 1988, in the City of St. Paul, County of Ramsey, State of Minnesota, I mailed the attached Notice of Submission to the Attorney General by depositing in the State of Minnesota Central Mail System for United States mailing, a copy thereof, with postage prepaid, to all persons and associations who requested notice that the rule in the above-entitled matter has been submitted to the Attorney General.

Rosemary Herrera Hamerlinck
Name

Planning Associate
Title

Katherine A. Fisch

Subscribed and sworn to before me this 23 day of June, 1988.

KATHERINE A. FISCH
NOTARY PUBLIC--MINNESOTA
RAMSEY COUNTY
MY COMM. EXPIRES NOV. 21, 1993

STATE OF MINNESOTA

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Adoption of the Rule of the Minnesota Higher Education Coordinating Board Governing Definitions for Higher Education Programs, Scholarship and Grants-in-Aid, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund.

NOTICE OF RESUBMISSION OF RULE ADOPTED WITHOUT PUBLIC HEARING TO THE ATTORNEY GENERAL

Pursuant to your request and in accordance with Minnesota Statutes, section 14.26:

PLEASE TAKE NOTICE that the above-captioned rule as adopted has been submitted to the Office of the Attorney General on the date of this notice, June 23rd, 1988, for review as to legality and form to the extent form relates to legality. The proposed rule, the rule as adopted, all the notices, the Statement of Need and Reasonableness, all written comments and requests for a hearing received, and other required documents also have been submitted to the Attorney General.

The proposed rule which was published in the State Register and made available to the public on April 4, 1988, has been modified. A copy of the rule as modified is enclosed with this notice.

The rule must be approved or disapproved by the Attorney General within 14 calendar days of the date of submission to the attorney general. You may submit written comments to the attorney general on the legality of the rule. Any comments must be submitted within eight calendar days of the date of submission of the rule to the Attorney General. Your comments must address only the issue of legality of the rule or the legality of the specific parts or subparts of the rule. The attorney general standards for review are set forth in Minnesota rules, part 2010.1000. You may receive a copy of the attorney general decision upon written request to the attorney general. Your comments or request for the decision must be directed to:

The Office of the Attorney General
204 Administration Building
50 Sherburne Avenue
Saint Paul, MN 55155
Telephone Number: (612) 296-1288

MINNESOTA
HIGHER EDUCATION
COORDINATING BOARD

SUITE 400
CAPITOL SQUARE
550 CEDAR STREET
SAINT PAUL 55101

(612) 296-3974

MEMORANDUM

TO: CHRISTIE ELLER

FROM: ROSE HERRERA HAMERLINCK, 296-7963

SUBJECT: SUPPLEMENTAL DOCUMENTS; RULEMAKING

DATE: JUNE 15, 1988

Enclosed please find the Supplemental Findings of Fact, Conclusions and Order Adopting Rule Without Public Hearing, and a copy of the Rule as Adopted as revised by the Revisor's office.

Please let me know if these suffice to complete this rulemaking cycle.

RECEIVED
JUN 15 88
ATTORNEY GENERAL'S OFFICE
515 TRANSPORTATION BLDG.
ST. PAUL, MN 55155

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Adoption of the Rule of the Minnesota Higher Education Coordinating Board, Governing Definitions for Higher Education Programs, Scholarship and Grants-in-Aids, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund.

SUPPLEMENTAL FINDINGS OF FACT, CONCLUSIONS AND ORDER ADOPTING RULE WITHOUT PUBLIC HEARING

This Findings of Fact, Conclusions and Order supplements the Findings of Fact, Conclusions and Order originally submitted to the Attorney General on May 20, 1988. On June 7, 1988 the Higher Education Coordinating Board withdrew the above-entitled rule from consideration by the Attorney General. The above-entitled rule is hereby changed and resubmitted to the Attorney General with the changes noted below because the rule as proposed lacked a standard for establishing an interest rate for the SELF program, for loans made from sources other than the bonds.

Minnesota Rule 4850.0014 - Subp. 3 should read as follows:

Interest rate. For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board ~~may~~ must increase or decrease the margin ~~within limits of law~~. The board shall advise borrowers of changes in the margin.

~~For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school~~.

For loans made from sources other than the bonds, the interest rate on the loan will be determined by the board at a margin in excess of the "index rate." The "index rate" will be the average rounded to the nearest quarter of one percent of the bond equivalent yield, for auctions of 13-week Treasury Bills, during the preceding calendar quarter. If the "index rate" increases or decreases, the interest rate on the loan will automatically increase or decrease on the same day without notice to the borrower. At no time will the interest rate on the loan increase or decrease more than two percentage points over any four consecutive calendar quarters. The "margin" will be determined by the board to reflect the costs of the SELF program. If the board determines that the margin does not reflect the costs of the SELF program, the board must increase or decrease the margin. The board shall advise borrowers of changes in the margin.

Based on the comments and evidence in the record before the agency, I find the following:

The above-entitled rule, with the changes noted herein, is needed and reasonable.

NOW, THEREFORE, IT IS ORDERED that the rule identified as Definitions for Higher Education Programs, Scholarship and Grants-in-Aid, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund, with the changes noted above, is adopted this 15th day of June, 1988, pursuant to the authority vested in me by Minnesota Statutes, 136A.111; 136A.16; 136A.234, and Laws of Minnesota for 1987, Chapter 386, Article 10, Section 6.

David A. Longanecker
Executive Director

Date: June 15, 1988

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Adoption of the Rule of the Minnesota Higher Education Coordinating Board, Governing Definitions for Higher Education Programs, Scholarship and Grants-in-Aids, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund.

NOTICE OF WITHDRAWAL

Notice is hereby given that the Minnesota Higher Education Coordinating Board withdraws the above-entitled rule submitted to the Attorney General on May 20, 1988.

June 7th 1988
Date

David A. Longanecker
David A. Longanecker
Executive Director

per Kathleen McKie

RULE REVIEW CHECKLIST

File No. 1485 ___ Docket 05-0009-0448

DATE RECEIVED 5/24/88 ADOPTED W/O HEARING ✓

REVIEW DATE 6/2/88 EMERGENCY RULE ___

DUE DATE 6/7/88 ✓

REVISOR APPROVED ___

APPROVED ___ REVISOR DISAPPROVED ___

DISAPPROVED ___ FILED W/SEC. STATE ___

WITHDRAWN 6/7/88 RETURNED TO AGENCY ___

✓ Rule as adopted (4 copies)

___ ~~Notice to Solicit Outside Information/Opinion (if applicable)~~

___ ~~Date published in State Register~~

___ ~~Comments~~

___ ~~Petition for Adoption of a Rule (if applicable)~~

✓ Board's Authorizing Resolution

3/22/88 Date adopted

✓ Proposed rule

yes Revisor's Certificate

✓ Notice of Intent to Adopt Rule

136A.111, 136A.16, Minn Laws 1987 ch 386 Art 10 § 6 + 136A.234 Statutory Authority

No Small Business Statement

No Expenditure of public money statement

yes Signature

✓ Statement of Need and Reasonableness (if applicable)

No Small Business Statement

No Fees - § 16A.128

✓ Affidavit of Mailing Notice of Intent to Adopt Rule

3/31/88 Date (30)/25 days before adoption

Called Notice attached

___ ~~Copy of rule or summary attached~~

✓ Publication in State Register

4/4/88 Date (30)/25 days before adoption

✓ Resolution Adopting

5/19/88 Date adopted

✓ Findings of FAct, Conclusions & Order Adopting

5/19/88 Date

✓ Written requests, submissions or comments

✓ Declaration of attorney

Laura Matson Name of SAAG representing agency

✓ Notice of Submission to Attorney General (if applicable)

CL ✓ Affidavit of Mailing Notice to Attorney General (if applicable)

Higher Education Coordinating Board

Adopted Permanent Rules Relating to Financial Assistance

Rules as Adopted

4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Dependent student.** "Dependent student" means a student who is not an independent student.

Subp. 4. to 8. [Unchanged.]

Subp. 9. **Independent student.** "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subp. 10. and 11. [Unchanged.]

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

Subpart 1. [Unchanged.]

Subp. 2. **Minnesota resident.** "Minnesota resident" means:

A. a student who graduated from a Minnesota high school and has not since established residence in another state; or

B. a dependent student whose parent or legal guardian resides in Minnesota on the date of application; or

C. an independent student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months prior to becoming an eligible student.

Subp. 3. **Eligibility for initial scholarship.** To be eligible for an initial scholarship a student must be an eligible student, as defined in part 4830.0100, subpart 5, except item E, and:

A. to C. [Unchanged.]

Subp. 4. and 5. [Unchanged.]

4830.0600 AWARDS.

Subpart 1. **Monetary awards.** The amount of a scholarship

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or grant-in-aid financial stipend may not exceed an applicant's cost of attendance, as defined in Minnesota Statutes, section 136A.121, subdivision 6, after deducting the following:

A. A contribution by the applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing.

B. For an applicant who is not an independent student, a contribution by the applicant's parents, as determined by a financial need analysis. The parental contribution will be considered in determining the state award.

C. For an applicant who is an independent student, the additional student contribution.

D. An estimate of the amount of a federal Pell grant award for which the applicant is eligible.

Subp. 1a. [Unchanged.]

Subp. 1b. to 1d. [See Repealer.]

Subp. 2. [Unchanged.]

4830.0700 METHOD OF PAYMENT.

Subpart 1. [Unchanged.]

Subp. 2. **Refunds.** A scholarship and grant-in-aid is awarded for full-time attendance at a specified school for the academic year of nine months within a state fiscal year. If a recipient fails to enroll or reduces enrollment, the school must refund the unused portion of the award. Refunds to the board are determined as follows:

A. and B. [Unchanged.]

Subp. 3. [Unchanged.]

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate funds to each school according to the following formula:

A. [Unchanged.]

B. Each school's <u>initial</u> allocation is the school's share divided by the sum of school shares, multiplied by the last year's usage percent, multiplied by 90 percent. Usage percent is defined as follows:

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(1) If no final report is received by ~~August 10~~ the first working day after August 9, the usage percentage is 80 percent.

(2) If the final report is received before August 10, the usage percent is the total amount of funds used divided by the last year's allocation.

(3) A refund in excess of $1,000 received after April 1 is multiplied by 150 percent and subtracted from the original allocation to determine the funds used. This amount is divided by the last year's allocation to determine the usage percentage.

C. Each January, the board shall allocate the remaining ten percent of the total part-time grant allocation according to the same formula, except that the last year's percent of usage must not be applied.

"Number of part-time students" means the sum of all enrolled resident, extension, and unclassified part-time students, who are Minnesota residents, and are reported to the board for its annual enrollment survey as lower division, upper division, and vocational students in the fall term of the school year.

"Registration level" is the number of credits (or an equivalent measure) taken by part-time students in the fall term of the school year as reported to the board for its annual enrollment survey, divided by 12 credits (or an equivalent measure).

Subp. 2. to 4. [Unchanged.]

4830.1555 REPORTS OF DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

End of year program activity and student data reports are required by the board. The school must complete and submit the reports and any applicable refunds to the board by the first

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working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

4830.1560 SCOPE.

Parts 4830.1560 to 4830.1565 govern state assistance to schools for students who are dislocated rural workers.

4830.1561 ELIGIBLE SCHOOLS.

An eligible school under part 4830.0300 is eligible to receive an allocation of state assistance for students who are dislocated rural workers.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate grant money to eligible schools according to the formula in this subpart. An eligible school's allocation is the school's share, divided by the sum of school shares. An eligible school's share is the number of entering Minnesota resident students enrolled in the last fiscal year, from the school's home county, and contiguous counties. For schools located in Hennepin and Ramsey counties, the following counties are considered contiguous: Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur, Rice, and Goodhue. Students who resided in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county must not be counted in any school's share. A school whose allocation would be less than $500 using this formula must not receive an allocation. Would-be allocations of less than $500 must be reallocated, using this formula, to other schools.

Subp. 2. **Notification.** The board shall notify each school of the amount allocated to it.

Subp. 3. **Accountability.** A participating school is accountable for money disbursed to students for assistance for dislocated rural worker students. The money may be used by students only during the fiscal year of disbursement. If a student does not use a grant because the student does not enroll

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in, or withdraws from, school, the school may use the funds for other eligible students. The school must return unused money to the board.

Subp. 4. **Report; unused funds.** When requested by the board, a school shall report on its use of funds and shall return unused funds. The board shall reallocate unused funds to schools desiring additional funds according to the formula in subpart 1.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

Subpart 1. **Eligibility.** A school shall determine if a student is eligible for a dislocated rural worker assistance grant. To be eligible a student must demonstrate compliance with the requirements in this part.

A. The student must meet the requirements for an eligible student as defined in part 4830.0100, subpart 5, items B, C, E, and F.

B. The student must be enrolled in an adult farm management program, or an occupational ~~training~~ education program. The program cannot be a liberal arts program. The program must prepare the student for available employment within a labor market where the student lives or is willing to move.

C. The student must have applied for all other federal and state financial aid scholarship or grant programs.

D. The student must be able to demonstrate that subitem (1), (2), or (3) applies to the student:

(1) The student or the student's spouse is a worker who has been separated from employment or has notice of separation from employment. The separation must be because of a plant shutdown, an industry slowdown, or because the worker's occupation is obsolete; or be in a region where there has been a decline in the number of persons in the worker's customary occupation. The worker must be unlikely to go to work for the same employer or in the same occupation for a year after the job loss.

(2) The student is a displaced homemaker.

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(3) The student or the student's spouse is a farmer who can demonstrate severe household financial need.

Subp. 2. **Severe household financial need; incorporation by reference.** Severe household financial need is demonstrated by relating the income of the student's household to the income of a same-sized household as found in the most current table of standard maintenance allowance found in the current edition of "Handbook for Financial Aid Administrators" published by the American College Testing Program; 2201 North Dodge Street, P.O. Box 168; Iowa City, Iowa 52243. The table is incorporated by reference, is subject to frequent change, and is available in the handbook in public libraries throughout the state through the Minitex interlibrary loan system. The table is also available separately from the board.

4830.1564 AMOUNT AND TERM OF GRANTS.

Subpart 1. **Financial need.** An eligible school shall award a grant to an eligible student, to the extent allocated funds are available and to the extent the student demonstrates financial need according to a method consistent with the school's financial aid policies and procedures.

Subp. 2. **Amount.** The amount of the grant to a student when combined with the expected or awarded (a) federal, state, institutional, and private grant assistance that the student receives, (b) employer reimbursement, and (c) the expected parent and student contribution resulting from the assessment of financial need under subpart 1, must not exceed the student's direct educational cost as defined in subpart 3.

Subp. 3. **Direct educational cost.** The direct educational cost includes the following:

A. resident tuition and fees at the institution;

B. cost of educational materials;

C. transportation expenses;

D. an allowance for child care expenses; and

E. other expenses allowed by the school.

The direct educational cost must be consistent with the

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school's financial aid policies and procedures.

4830.1565 COLLECT, REPORT DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

4830.2600 REPORTS BY SCHOOL.

The school must collect demographic and program activity data as specified by the board. The school shall provide the board with individual student data upon request.

End-of-year program activity and student data reports are required by the board. The school must complete and submit these reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours;

B. at least 900 clock hours of training for a program at an eligible school using clock hours; or

C. a student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. to 9. [Unchanged.]

Subp. 10. **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower.

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A. A cosigner must be at least 18 years old.

B. A cosigner must be a person or an eligible school.

If the cosigner has no credit history, credit-worthiness shall be determined by the board, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

Subp. 11. to 14. [Unchanged.]

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. to C. [Unchanged.]

D. is not currently in default, as defined by each specific program, of any student educational loan program (GSL, FISL, NDSL, HPL, HEAL, ALAS/SLS, or other state supplemental loan program) at the current or any previous school;

E. to G. [Unchanged.]

H. for those with loans made from the bonds, has at the time of application, an anticipated graduation date no later than November 1, 1992; and

I. [Unchanged.]

Subp. 16. to 24. [Unchanged.]

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of, the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. [Unchanged.]

Subp. 27. **Payout period.** "Payout period" means the time period which begins immediately following the transition period and runs to the earliest of:

A. November 1, 2000, for those with loans made from the bonds; or

B. ten years from the date the student ceases to be an eligible student; or

C. fifteen years from the date of the first loan

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check; or

D. a shorter period negotiated with the borrower.

Subp. 28. to 30. [Unchanged.]

4850.0014 AMOUNT AND TERMS.

Subpart 1. **Loan amounts.** The minimum loan amount from the student educational loan fund is $1,000.

The annual and maximum loan amounts for:

A. an undergraduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual undergraduate borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt (excluding PLUS loans borrowed on the student's behalf) must not exceed the product of the grade level times the annual undergraduate borrowing maximum, except in grade level 05 when the cumulative undergraduate loan debt maximum stays the same as in grade level 04. For example, if the annual undergraduate borrowing maximum in statute was $4,000, the cumulative undergraduate loan debt maximum, by grade level, is:

(1) grade level 1, $ 4,000;

(2) grade level 2, $ 8,000;

(3) grade level 3, $12,000;

(4) grade level 4, $16,000; and

(5) grade level 5, $16,000.

B. a graduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual graduate student borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed the total amount prescribed in Minnesota Statutes for both undergraduate and graduate educations combined. For example, if the stated total borrowing maximum was $25,000, the cumulative graduate student borrowing maximum, by grade level, is:

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(6) grade level 6, $25,000;

(7) grade level 7, $25,000;

(8) grade level 8, $25,000; and

(9) grade level 9, $25,000.

Subp. 2. **Two loans in one year.**

A. A student may borrow more than once in the same academic year as long as:

(1) eligibility remains;

(2) the annual borrowing maximum is not exceeded; and

(3) the amount approved is at least $1,000.

B. A student may borrow the annual maximum twice in the same grade level, as long as:

(1) a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; and

(2) the cumulative loan debt maximum for that grade level is not exceeded.

C. A student who advances a grade level in the middle of an academic year may borrow at that new grade level, as long as:

(1) there is no more than one month overlap of loan period; and

(2) the cumulative loan debt maximum for that new grade level is not exceeded.

Subp. 3. **Interest rate.** For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board ~~may~~ must increase or decrease the margin ~~within the limits of law~~.

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The board shall advise borrowers of changes in the margin.

~~For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school.~~ For loans made from sources other than the bonds, the interest rate on the loan will be determined by the board at a margin in excess of the "index rate." The "index rate" is the average rounded to the nearest quarter of one percent of the bond equivalent yield, for auctions of 13-week treasury bills, during the preceding calendar quarter. If the index rate increases or decreases, the interest rate on the loan automatically increases or decreases on the same day without notice to the borrower. The interest rate on the loan cannot increase or decrease more than two percentage points over any four consecutive calendar quarters. The board shall set the margin to reflect the costs of the SELF program. If the board determines that the margin does not reflect the costs of the SELF program, the board must increase or decrease the margin. The board shall advise borrowers of changes in the margin.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. [Unchanged.]

Subp. 2. **Withdrawal and transfer to another eligible school.** If the student fails to complete the loan period at the school where the loan application was certified and transfers to another eligible school, any remaining scheduled disbursements must be canceled. The school must immediately notify the board of any borrower who withdraws for any purpose. The student may apply for any remaining loan eligibility at the other eligible school, assuming the amount approved is at least $1,000.

Subp. 3. and 4. [Unchanged.]

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule:

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A. During the school period, the board or its agent shall bill borrowers for accrued interest once during each calendar quarter.

B. During the transition period, the board or its agent shall bill borrowers for accrued interest once during each calendar month.

C. During the payout period, borrowers must repay their loans in monthly installments of principal and interest. The interest rate may vary throughout the period. The board or its agent must bill borrowers monthly for amounts due. The sum of the monthly payments must equal the sum of accrued interest plus principal. The monthly payments of principal must be in amounts calculated at the beginning of the repayment period as if two conditions existed. The two conditions are: (1) interest on the loan accrues at a fixed rate equal to the interest rate in effect at the time of the calculation and (2) the loan is payable over its term in equal monthly installments. The borrower must pay a total of at least $600 each year on all of the borrower's SELF loans. If the borrower's spouse also has SELF loans, their combined annual payments on all SELF loans must be at least $600.

D. to H. [Unchanged.]

REPEALER. Minnesota Rules, parts 4830.0600, subparts 1b, 1c, and 1d, are repealed.

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Higher Education Coordinating Board

Adopted Permanent Rules Relating to Financial Assistance

Rules as Adopted

4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Dependent student.** "Dependent student" means a student who is not an independent student.

Subp. 4. to 8. [Unchanged.]

Subp. 9. **Independent student.** "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subp. 10. and 11. [Unchanged.]

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

Subpart 1. [Unchanged.]

Subp. 2. **Minnesota resident.** "Minnesota resident" means:

A. a student who graduated from a Minnesota high school and has not since established residence in another state; or

B. a dependent student whose parent or legal guardian resides in Minnesota on the date of application; or

C. an independent student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months prior to becoming an eligible student.

Subp. 3. **Eligibility for initial scholarship.** To be eligible for an initial scholarship a student must be an eligible student, as defined in part 4830.0100, subpart 5, except item E, and:

A. to C. [Unchanged.]

Subp. 4. and 5. [Unchanged.]

4830.0600 AWARDS.

Subpart 1. **Monetary awards.** The amount of a scholarship

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or grant-in-aid financial stipend may not exceed an applicant's cost of attendance, as defined in Minnesota Statutes, section 136A.121, subdivision 6, after deducting the following:

A. A contribution by the applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing.

B. For an applicant who is not an independent student, a contribution by the applicant's parents, as determined by a financial need analysis. The parental contribution will be considered in determining the state award.

C. For an applicant who is an independent student, the additional student contribution.

D. An estimate of the amount of a federal Pell grant award for which the applicant is eligible.

Subp. 1a. [Unchanged.]

Subp. 1b. to 1d. [See Repealer.]

Subp. 2. [Unchanged.]

4830.0700 METHOD OF PAYMENT.

Subpart 1. [Unchanged.]

Subp. 2. **Refunds.** A scholarship and grant-in-aid is awarded for full-time attendance at a specified school for the academic year of nine months within a state fiscal year. If a recipient fails to enroll or reduces enrollment, the school must refund the unused portion of the award. Refunds to the board are determined as follows:

A. and B. [Unchanged.]

Subp. 3. [Unchanged.]

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate funds to each school according to the following formula:

A. [Unchanged.]

B. Each school's <u>initial</u> allocation is the school's share divided by the sum of school shares, multiplied by the last year's usage percent, multiplied by 90 percent. Usage percent is defined as follows:

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(1) If no final report is received by ~~August 10~~ the first working day after August 9, the usage percentage is 80 percent.

(2) If the final report is received before August 10, the usage percent is the total amount of funds used divided by the last year's allocation.

(3) A refund in excess of $1,000 received after April 1 is multiplied by 150 percent and subtracted from the original allocation to determine the funds used. This amount is divided by the last year's allocation to determine the usage percentage.

C. Each January, the board shall allocate the remaining ten percent of the total part-time grant allocation according to the same formula, except that the last year's percent of usage must not be applied.

"Number of part-time students" means the sum of all enrolled resident, extension, and unclassified part-time students, who are Minnesota residents, and are reported to the board for its annual enrollment survey as lower division, upper division, and vocational students in the fall term of the school year.

"Registration level" is the number of credits (or an equivalent measure) taken by part-time students in the fall term of the school year as reported to the board for its annual enrollment survey, divided by 12 credits (or an equivalent measure).

Subp. 2. to 4. [Unchanged.]

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The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

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working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

4830.1560 SCOPE.

Parts 4830.1560 to 4830.1565 govern state assistance to schools for students who are dislocated rural workers.

4830.1561 ELIGIBLE SCHOOLS.

An eligible school under part 4830.0300 is eligible to receive an allocation of state assistance for students who are dislocated rural workers.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate grant money to eligible schools according to the formula in this subpart. An eligible school's allocation is the school's share, divided by the sum of school shares. An eligible school's share is the number of entering Minnesota resident students enrolled in the last fiscal year, from the school's home county, and contiguous counties. For schools located in Hennepin and Ramsey counties, the following counties are considered contiguous: Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur, Rice, and Goodhue. Students who resided in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county must not be counted in any school's share. A school whose allocation would be less than $500 using this formula must not receive an allocation. Would-be allocations of less than $500 must be reallocated, using this formula, to other schools.

Subp. 2. **Notification.** The board shall notify each school of the amount allocated to it.

Subp. 3. **Accountability.** A participating school is accountable for money disbursed to students for assistance for dislocated rural worker students. The money may be used by students only during the fiscal year of disbursement. If a student does not use a grant because the student does not enroll

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in, or withdraws from, school, the school may use the funds for other eligible students. The school must return unused money to the board.

Subp. 4. **Report; unused funds.** When requested by the board, a school shall report on its use of funds and shall return unused funds. The board shall reallocate unused funds to schools desiring additional funds according to the formula in subpart 1.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

Subpart 1. **Eligibility.** A school shall determine if a student is eligible for a dislocated rural worker assistance grant. To be eligible a student must demonstrate compliance with the requirements in this part.

A. The student must meet the requirements for an eligible student as defined in part 4830.0100, subpart 5, items B, C, E, and F.

B. The student must be enrolled in an adult farm management program, or an occupational ~~training~~ education program. The program cannot be a liberal arts program. The program must prepare the student for available employment within a labor market where the student lives or is willing to move.

C. The student must have applied for all other federal and state financial aid scholarship or grant programs.

D. The student must be able to demonstrate that subitem (1), (2), or (3) applies to the student:

(1) The student or the student's spouse is a worker who has been separated from employment or has notice of separation from employment. The separation must be because of a plant shutdown, an industry slowdown, or because the worker's occupation is obsolete; or be in a region where there has been a decline in the number of persons in the worker's customary occupation. The worker must be unlikely to go to work for the same employer or in the same occupation for a year after the job loss.

(2) The student is a displaced homemaker.

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(3) The student or the student's spouse is a farmer who can demonstrate severe household financial need.

Subp. 2. **Severe household financial need; incorporation by reference.** Severe household financial need is demonstrated by relating the income of the student's household to the income of a same-sized household as found in the most current table of standard maintenance allowance found in the current edition of "Handbook for Financial Aid Administrators" published by the American College Testing Program; 2201 North Dodge Street, P.O. Box 168; Iowa City, Iowa 52243. The table is incorporated by reference, is subject to frequent change, and is available in the handbook in public libraries throughout the state through the Minitex interlibrary loan system. The table is also available separately from the board.

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Subpart 1. **Financial need.** An eligible school shall award a grant to an eligible student, to the extent allocated funds are available and to the extent the student demonstrates financial need according to a method consistent with the school's financial aid policies and procedures.

Subp. 2. **Amount.** The amount of the grant to a student when combined with the expected or awarded (a) federal, state, institutional, and private grant assistance that the student receives, (b) employer reimbursement, and (c) the expected parent and student contribution resulting from the assessment of financial need under subpart 1, must not exceed the student's direct educational cost as defined in subpart 3.

Subp. 3. **Direct educational cost.** The direct educational cost includes the following:

A. resident tuition and fees at the institution;

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E. other expenses allowed by the school.

The direct educational cost must be consistent with the

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The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

4830.2600 REPORTS BY SCHOOL.

The school must collect demographic and program activity data as specified by the board. The school shall provide the board with individual student data upon request.

End-of-year program activity and student data reports are required by the board. The school must complete and submit these reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours;

B. at least 900 clock hours of training for a program at an eligible school using clock hours; or

C. a student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. to 9. [Unchanged.]

Subp. 10. **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower.

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A. A cosigner must be at least 18 years old.

B. A cosigner must be a person or an eligible school.

If the cosigner has no credit history, credit-worthiness shall be determined by the board, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

Subp. 11. to 14. [Unchanged.]

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. to C. [Unchanged.]

D. is not currently in default, as defined by each specific program, of any student educational loan program (GSL, FISL, NDSL, HPL, HEAL, ALAS/SLS, or other state supplemental loan program) at the current or any previous school;

E. to G. [Unchanged.]

H. for those with loans made from the bonds, has at the time of application, an anticipated graduation date no later than November 1, 1992; and

I. [Unchanged.]

Subp. 16. to 24. [Unchanged.]

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of, the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. [Unchanged.]

Subp. 27. **Payout period.** "Payout period" means the time period which begins immediately following the transition period and runs to the earliest of:

A. November 1, 2000, for those with loans made from the bonds; or

B. ten years from the date the student ceases to be an eligible student; or

C. fifteen years from the date of the first loan

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check; or

D. a shorter period negotiated with the borrower.

Subp. 28. to 30. [Unchanged.]

4850.0014 AMOUNT AND TERMS.

Subpart 1. **Loan amounts.** The minimum loan amount from the student educational loan fund is $1,000.

The annual and maximum loan amounts for:

A. an undergraduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual undergraduate borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt (excluding PLUS loans borrowed on the student's behalf) must not exceed the product of the grade level times the annual undergraduate borrowing maximum, except in grade level 05 when the cumulative undergraduate loan debt maximum stays the same as in grade level 04. For example, if the annual undergraduate borrowing maximum in statute was $4,000, the cumulative undergraduate loan debt maximum, by grade level, is:

(1) grade level 1, $ 4,000;

(2) grade level 2, $ 8,000;

(3) grade level 3, $12,000;

(4) grade level 4, $16,000; and

(5) grade level 5, $16,000.

B. a graduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual graduate student borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed the total amount prescribed in Minnesota Statutes for both undergraduate and graduate educations combined. For example, if the stated total borrowing maximum was $25,000, the cumulative graduate student borrowing maximum, by grade level, is:

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(6) grade level 6, $25,000;

(7) grade level 7, $25,000;

(8) grade level 8, $25,000; and

(9) grade level 9, $25,000.

Subp. 2. **Two loans in one year.**

A. A student may borrow more than once in the same academic year as long as:

(1) eligibility remains;

(2) the annual borrowing maximum is not exceeded; and

(3) the amount approved is at least $1,000.

B. A student may borrow the annual maximum twice in the same grade level, as long as:

(1) a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; and

(2) the cumulative loan debt maximum for that grade level is not exceeded.

C. A student who advances a grade level in the middle of an academic year may borrow at that new grade level, as long as:

(1) there is no more than one month overlap of loan period; and

(2) the cumulative loan debt maximum for that new grade level is not exceeded.

Subp. 3. **Interest rate.** For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board ~~may~~ must increase or decrease the margin ~~within the limits of law~~.

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The board shall advise borrowers of changes in the margin.

~~For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school.~~ For loans made from sources other than the bonds, the interest rate on the loan will be determined by the board at a margin in excess of the "index rate." The "index rate" is the average rounded to the nearest quarter of one percent of the bond equivalent yield, for auctions of 13-week treasury bills, during the preceding calendar quarter. If the index rate increases or decreases, the interest rate on the loan automatically increases or decreases on the same day without notice to the borrower. The interest rate on the loan cannot increase or decrease more than two percentage points over any four consecutive calendar quarters. The board shall set the margin to reflect the costs of the SELF program. If the board determines that the margin does not reflect the costs of the SELF program, the board must increase or decrease the margin. The board shall advise borrowers of changes in the margin.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. [Unchanged.]

Subp. 2. **Withdrawal and transfer to another eligible school.** If the student fails to complete the loan period at the school where the loan application was certified and transfers to another eligible school, any remaining scheduled disbursements must be canceled. The school must immediately notify the board of any borrower who withdraws for any purpose. The student may apply for any remaining loan eligibility at the other eligible school, assuming the amount approved is at least $1,000.

Subp. 3. and 4. [Unchanged.]

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule:

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A. During the school period, the board or its agent shall bill borrowers for accrued interest once during each calendar quarter.

B. During the transition period, the board or its agent shall bill borrowers for accrued interest once during each calendar month.

C. During the payout period, borrowers must repay their loans in monthly installments of principal and interest. The interest rate may vary throughout the period. The board or its agent must bill borrowers monthly for amounts due. The sum of the monthly payments must equal the sum of accrued interest plus principal. The monthly payments of principal must be in amounts calculated at the beginning of the repayment period as if two conditions existed. The two conditions are: (1) interest on the loan accrues at a fixed rate equal to the interest rate in effect at the time of the calculation and (2) the loan is payable over its term in equal monthly installments. The borrower must pay a total of at least $600 each year on all of the borrower's SELF loans. If the borrower's spouse also has SELF loans, their combined annual payments on all SELF loans must be at least $600.

D. to H. [Unchanged.]

REPEALER. Minnesota Rules, parts 4830.0600, subparts 1b, 1c, and 1d, are repealed.

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Office of the Revisor of Statutes

Administrative Rules

TITLE: Adopted Permanent Rules Relating to Financial Assistance

AGENCY: Higher Education Coordinating Board

MINNESOTA RULES: Chapters 4830 and 4850

INCORPORATIONS BY REFERENCE:

Rule Number: 4830.1563, subpart 2

Material Incorporated: Table of standard maintenance allowance found in the current edition of Handbook for Financial Aid Administrators published by the American College Testing Program

The attached rules are approved for filing with the Secretary of State

Richard J. Sands
Senior Assistant Revisor

Higher Education Coordinating Board

Adopted Permanent Rules Relating to Financial Assistance

Rules as Adopted

4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Dependent student.** "Dependent student" means a student who is not an independent student.

Subp. 4. to 8. [Unchanged.]

Subp. 9. **Independent student.** "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subp. 10. and 11. [Unchanged.]

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

Subpart 1. [Unchanged.]

Subp. 2. **Minnesota resident.** "Minnesota resident" means:

A. a student who graduated from a Minnesota high school and has not since established residence in another state; or

B. a dependent student whose parent or legal guardian resides in Minnesota on the date of application; or

C. an independent student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months prior to becoming an eligible student.

Subp. 3. **Eligibility for initial scholarship.** To be eligible for an initial scholarship a student must be an eligible student, as defined in part 4830.0100, subpart 5, except item E, and:

A. to C. [Unchanged.]

Subp. 4. and 5. [Unchanged.]

4830.0600 AWARDS.

Subpart 1. **Monetary awards.** The amount of a scholarship

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or grant-in-aid financial stipend may not exceed an applicant's cost of attendance, as defined in Minnesota Statutes, section 136A.121, subdivision 6, after deducting the following:

A. A contribution by the applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing.

B. For an applicant who is not an independent student, a contribution by the applicant's parents, as determined by a financial need analysis. The parental contribution will be considered in determining the state award.

C. For an applicant who is an independent student, the additional student contribution.

D. An estimate of the amount of a federal Pell grant award for which the applicant is eligible.

Subp. 1a. [Unchanged.]

Subp. 1b. to 1d. [See Repealer.]

Subp. 2. [Unchanged.]

4830.0700 METHOD OF PAYMENT.

Subpart 1. [Unchanged.]

Subp. 2. **Refunds.** A scholarship and grant-in-aid is awarded for full-time attendance at a specified school for the academic year of nine months within a state fiscal year. If a recipient fails to enroll or reduces enrollment, the school must refund the unused portion of the award. Refunds to the board are determined as follows:

A. and B. [Unchanged.]

Subp. 3. [Unchanged.]

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate funds to each school according to the following formula:

A. [Unchanged.]

B. Each school's <u>initial</u> allocation is the school's share divided by the sum of school shares, multiplied by the last year's usage percent, multiplied by 90 percent. Usage percent is defined as follows:

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(1) If no final report is received by ~~August 10~~ the first working day after August 9, the usage percentage is 80 percent.

(2) If the final report is received before August 10, the usage percent is the total amount of funds used divided by the last year's allocation.

(3) A refund in excess of $1,000 received after April 1 is multiplied by 150 percent and subtracted from the original allocation to determine the funds used. This amount is divided by the last year's allocation to determine the usage percentage.

C. Each January, the board shall allocate the remaining ten percent of the total part-time grant allocation according to the same formula, except that the last year's percent of usage must not be applied.

"Number of part-time students" means the sum of all enrolled resident, extension, and unclassified part-time students, who are Minnesota residents, and are reported to the board for its annual enrollment survey as lower division, upper division, and vocational students in the fall term of the school year.

"Registration level" is the number of credits (or an equivalent measure) taken by part-time students in the fall term of the school year as reported to the board for its annual enrollment survey, divided by 12 credits (or an equivalent measure).

Subp. 2. to 4. [Unchanged.]

4830.1555 REPORTS OF DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

End of year program activity and student data reports are required by the board. The school must complete and submit the reports and any applicable refunds to the board by the first

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working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

4830.1560 SCOPE.

Parts 4830.1560 to 4830.1565 govern state assistance to schools for students who are dislocated rural workers.

4830.1561 ELIGIBLE SCHOOLS.

An eligible school under part 4830.0300 is eligible to receive an allocation of state assistance for students who are dislocated rural workers.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate grant money to eligible schools according to the formula in this subpart. An eligible school's allocation is the school's share, divided by the sum of school shares. An eligible school's share is the number of entering Minnesota resident students enrolled in the last fiscal year, from the school's home county, and contiguous counties. For schools located in Hennepin and Ramsey counties, the following counties are considered contiguous: Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur, Rice, and Goodhue. Students who resided in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county must not be counted in any school's share. A school whose allocation would be less than $500 using this formula must not receive an allocation. Would-be allocations of less than $500 must be reallocated, using this formula, to other schools.

Subp. 2. **Notification.** The board shall notify each school of the amount allocated to it.

Subp. 3. **Accountability.** A participating school is accountable for money disbursed to students for assistance for dislocated rural worker students. The money may be used by students only during the fiscal year of disbursement. If a student does not use a grant because the student does not enroll

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in, or withdraws from, school, the school may use the funds for other eligible students. The school must return unused money to the board.

Subp. 4. **Report; unused funds.** When requested by the board, a school shall report on its use of funds and shall return unused funds. The board shall reallocate unused funds to schools desiring additional funds according to the formula in subpart 1.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

Subpart 1. **Eligibility.** A school shall determine if a student is eligible for a dislocated rural worker assistance grant. To be eligible a student must demonstrate compliance with the requirements in this part.

A. The student must meet the requirements for an eligible student as defined in part 4830.0100, subpart 5, items B, C, E, and F.

B. The student must be enrolled in an adult farm management program, or an occupational ~~training~~ education program. The program cannot be a liberal arts program. The program must prepare the student for available employment within a labor market where the student lives or is willing to move.

C. The student must have applied for all other federal and state financial aid scholarship or grant programs.

D. The student must be able to demonstrate that subitem (1), (2), or (3) applies to the student:

(1) The student or the student's spouse is a worker who has been separated from employment or has notice of separation from employment. The separation must be because of a plant shutdown, an industry slowdown, or because the worker's occupation is obsolete; or be in a region where there has been a decline in the number of persons in the worker's customary occupation. The worker must be unlikely to go to work for the same employer or in the same occupation for a year after the job loss.

(2) The student is a displaced homemaker.

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(3) The student or the student's spouse is a farmer who can demonstrate severe household financial need.

Subp. 2. **Severe household financial need; incorporation by reference.** Severe household financial need is demonstrated by relating the income of the student's household to the income of a same-sized household as found in the most current table of standard maintenance allowance found in the current edition of "Handbook for Financial Aid Administrators" published by the American College Testing Program; 2201 North Dodge Street, P.O. Box 168; Iowa City, Iowa 52243. The table is incorporated by reference, is subject to frequent change, and is available in the handbook in public libraries throughout the state through the Minitex interlibrary loan system. The table is also available separately from the board.

4830.1564 AMOUNT AND TERM OF GRANTS.

Subpart 1. **Financial need.** An eligible school shall award a grant to an eligible student, to the extent allocated funds are available and to the extent the student demonstrates financial need according to a method consistent with the school's financial aid policies and procedures.

Subp. 2. **Amount.** The amount of the grant to a student when combined with the expected or awarded (a) federal, state, institutional, and private grant assistance that the student receives, (b) employer reimbursement, and (c) the expected parent and student contribution resulting from the assessment of financial need under subpart 1, must not exceed the student's direct educational cost as defined in subpart 3.

Subp. 3. **Direct educational cost.** The direct educational cost includes the following:

A. resident tuition and fees at the institution;

B. cost of educational materials;

C. transportation expenses;

D. an allowance for child care expenses; and

E. other expenses allowed by the school.

The direct educational cost must be consistent with the

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school's financial aid policies and procedures.

4830.1565 COLLECT, REPORT DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

4830.2600 REPORTS BY SCHOOL.

The school must collect demographic and program activity data as specified by the board. The school shall provide the board with individual student data upon request.

End-of-year program activity and student data reports are required by the board. The school must complete and submit these reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours;

B. at least 900 clock hours of training for a program at an eligible school using clock hours; or

C. a student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. to 9. [Unchanged.]

Subp. 10. **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower.

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A. A cosigner must be at least 18 years old.

B. A cosigner must be a person or an eligible school.

If the cosigner has no credit history, credit-worthiness shall be determined by the board, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

Subp. 11. to 14. [Unchanged.]

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. to C. [Unchanged.]

D. is not currently in default, as defined by each specific program, of any student educational loan program (GSL, FISL, NDSL, HPL, HEAL, ALAS/SLS, or other state supplemental loan program) at the current or any previous school;

E. to G. [Unchanged.]

H. for those with loans made from the bonds, has at the time of application, an anticipated graduation date no later than November 1, 1992; and

I. [Unchanged.]

Subp. 16. to 24. [Unchanged.]

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of, the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. [Unchanged.]

Subp. 27. **Payout period.** "Payout period" means the time period which begins immediately following the transition period and runs to the earliest of:

A. November 1, 2000, for those with loans made from the bonds; or

B. ten years from the date the student ceases to be an eligible student; or

C. fifteen years from the date of the first loan

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check; or

D. a shorter period negotiated with the borrower.

Subp. 28. to 30. [Unchanged.]

4850.0014 AMOUNT AND TERMS.

Subpart 1. **Loan amounts.** The minimum loan amount from the student educational loan fund is $1,000.

The annual and maximum loan amounts for:

A. an undergraduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual undergraduate borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt (excluding PLUS loans borrowed on the student's behalf) must not exceed the product of the grade level times the annual undergraduate borrowing maximum, except in grade level 05 when the cumulative undergraduate loan debt maximum stays the same as in grade level 04. For example, if the annual undergraduate borrowing maximum in statute was $4,000, the cumulative undergraduate loan debt maximum, by grade level, is:

(1) grade level 1, $ 4,000;

(2) grade level 2, $ 8,000;

(3) grade level 3, $12,000;

(4) grade level 4, $16,000; and

(5) grade level 5, $16,000.

B. a graduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual graduate student borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed the total amount prescribed in Minnesota Statutes for both undergraduate and graduate educations combined. For example, if the stated total borrowing maximum was $25,000, the cumulative graduate student borrowing maximum, by grade level, is:

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(6) grade level 6, $25,000;

(7) grade level 7, $25,000;

(8) grade level 8, $25,000; and

(9) grade level 9, $25,000.

Subp. 2. **Two loans in one year.**

A. A student may borrow more than once in the same academic year as long as:

(1) eligibility remains;

(2) the annual borrowing maximum is not exceeded; and

(3) the amount approved is at least $1,000.

B. A student may borrow the annual maximum twice in the same grade level, as long as:

(1) a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; and

(2) the cumulative loan debt maximum for that grade level is not exceeded.

C. A student who advances a grade level in the middle of an academic year may borrow at that new grade level, as long as:

(1) there is no more than one month overlap of loan period; and

(2) the cumulative loan debt maximum for that new grade level is not exceeded.

Subp. 3. **Interest rate.** For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board may increase or decrease the margin within the limits of law. The

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board shall advise borrowers of changes in the margin.

For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. [Unchanged.]

Subp. 2. **Withdrawal and transfer to another eligible school.** If the student fails to complete the loan period at the school where the loan application was certified and transfers to another eligible school, any remaining scheduled disbursements must be canceled. The school must immediately notify the board of any borrower who withdraws for any purpose. The student may apply for any remaining loan eligibility at the other eligible school, assuming the amount approved is at least $1,000.

Subp. 3. and 4. [Unchanged.]

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule:

A. During the school period, the board or its agent shall bill borrowers for accrued interest once during each calendar quarter.

B. During the transition period, the board or its agent shall bill borrowers for accrued interest once during each calendar month.

C. During the payout period, borrowers must repay their loans in monthly installments of principal and interest. The interest rate may vary throughout the period. The board or its agent must bill borrowers monthly for amounts due. The sum of the monthly payments must equal the sum of accrued interest plus principal. The monthly payments of principal must be in amounts calculated at the beginning of the repayment period as if two conditions existed. The two conditions are: (1)

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interest on the loan accrues at a fixed rate equal to the interest rate in effect at the time of the calculation and (2) the loan is payable over its term in equal monthly installments. The borrower must pay a total of at least $600 each year on all of the borrower's SELF loans. If the borrower's spouse also has SELF loans, their combined annual payments on all SELF loans must be at least $600.

D. to H. [Unchanged.]

REPEALER. Minnesota Rules, parts 4830.0600, subparts 1b, 1c, and 1d, are repealed.

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Higher Education Coordinating Board

Adopted Permanent Rules Relating to Financial Assistance

Rules as Adopted

4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Dependent student.** "Dependent student" means a student who is not an independent student.

Subp. 4. to 8. [Unchanged.]

Subp. 9. **Independent student.** "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subp. 10. and 11. [Unchanged.]

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

Subpart 1. [Unchanged.]

Subp. 2. **Minnesota resident.** "Minnesota resident" means:

A. a student who graduated from a Minnesota high school and has not since established residence in another state; or

B. a dependent student whose parent or legal guardian resides in Minnesota on the date of application; or

C. an independent student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months prior to becoming an eligible student.

Subp. 3. **Eligibility for initial scholarship.** To be eligible for an initial scholarship a student must be an eligible student, as defined in part 4830.0100, subpart 5, except item E, and:

A. to C. [Unchanged.]

Subp. 4. and 5. [Unchanged.]

4830.0600 AWARDS.

Subpart 1. **Monetary awards.** The amount of a scholarship

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or grant-in-aid financial stipend may not exceed an applicant's cost of attendance, as defined in Minnesota Statutes, section 136A.121, subdivision 6, after deducting the following:

A. A contribution by the applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing.

B. For an applicant who is not an independent student, a contribution by the applicant's parents, as determined by a financial need analysis. The parental contribution will be considered in determining the state award.

C. For an applicant who is an independent student, the additional student contribution.

D. An estimate of the amount of a federal Pell grant award for which the applicant is eligible.

Subp. 1a. [Unchanged.]

Subp. 1b. to 1d. [See Repealer.]

Subp. 2. [Unchanged.]

4830.0700 METHOD OF PAYMENT.

Subpart 1. [Unchanged.]

Subp. 2. **Refunds.** A scholarship and grant-in-aid is awarded for full-time attendance at a specified school for the academic year of nine months within a state fiscal year. If a recipient fails to enroll or reduces enrollment, the school must refund the unused portion of the award. Refunds to the board are determined as follows:

A. and B. [Unchanged.]

Subp. 3. [Unchanged.]

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate funds to each school according to the following formula:

A. [Unchanged.]

B. Each school's <u>initial</u> allocation is the school's share divided by the sum of school shares, multiplied by the last year's usage percent, multiplied by 90 percent. Usage percent is defined as follows:

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(1) If no final report is received by ~~August 10~~ the first working day after August 9, the usage percentage is 80 percent.

(2) If the final report is received before August 10, the usage percent is the total amount of funds used divided by the last year's allocation.

(3) A refund in excess of $1,000 received after April 1 is multiplied by 150 percent and subtracted from the original allocation to determine the funds used. This amount is divided by the last year's allocation to determine the usage percentage.

C. Each January, the board shall allocate the remaining ten percent of the total part-time grant allocation according to the same formula, except that the last year's percent of usage must not be applied.

"Number of part-time students" means the sum of all enrolled resident, extension, and unclassified part-time students, who are Minnesota residents, and are reported to the board for its annual enrollment survey as lower division, upper division, and vocational students in the fall term of the school year.

"Registration level" is the number of credits (or an equivalent measure) taken by part-time students in the fall term of the school year as reported to the board for its annual enrollment survey, divided by 12 credits (or an equivalent measure).

Subp. 2. to 4. [Unchanged.]

4830.1555 REPORTS OF DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

End of year program activity and student data reports are required by the board. The school must complete and submit the reports and any applicable refunds to the board by the first

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working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

4830.1560 SCOPE.

Parts 4830.1560 to 4830.1565 govern state assistance to schools for students who are dislocated rural workers.

4830.1561 ELIGIBLE SCHOOLS.

An eligible school under part 4830.0300 is eligible to receive an allocation of state assistance for students who are dislocated rural workers.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate grant money to eligible schools according to the formula in this subpart. An eligible school's allocation is the school's share, divided by the sum of school shares. An eligible school's share is the number of entering Minnesota resident students enrolled in the last fiscal year, from the school's home county, and contiguous counties. For schools located in Hennepin and Ramsey counties, the following counties are considered contiguous: Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur, Rice, and Goodhue. Students who resided in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county must not be counted in any school's share. A school whose allocation would be less than $500 using this formula must not receive an allocation. Would-be allocations of less than $500 must be reallocated, using this formula, to other schools.

Subp. 2. **Notification.** The board shall notify each school of the amount allocated to it.

Subp. 3. **Accountability.** A participating school is accountable for money disbursed to students for assistance for dislocated rural worker students. The money may be used by students only during the fiscal year of disbursement. If a student does not use a grant because the student does not enroll

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in, or withdraws from, school, the school may use the funds for other eligible students. The school must return unused money to the board.

Subp. 4. **Report; unused funds.** When requested by the board, a school shall report on its use of funds and shall return unused funds. The board shall reallocate unused funds to schools desiring additional funds according to the formula in subpart 1.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

Subpart 1. **Eligibility.** A school shall determine if a student is eligible for a dislocated rural worker assistance grant. To be eligible a student must demonstrate compliance with the requirements in this part.

A. The student must meet the requirements for an eligible student as defined in part 4830.0100, subpart 5, items B, C, E, and F.

B. The student must be enrolled in an adult farm management program, or an occupational ~~training~~ education program. The program cannot be a liberal arts program. The program must prepare the student for available employment within a labor market where the student lives or is willing to move.

C. The student must have applied for all other federal and state financial aid scholarship or grant programs.

D. The student must be able to demonstrate that subitem (1), (2), or (3) applies to the student:

(1) The student or the student's spouse is a worker who has been separated from employment or has notice of separation from employment. The separation must be because of a plant shutdown, an industry slowdown, or because the worker's occupation is obsolete; or be in a region where there has been a decline in the number of persons in the worker's customary occupation. The worker must be unlikely to go to work for the same employer or in the same occupation for a year after the job loss.

(2) The student is a displaced homemaker.

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(3) The student or the student's spouse is a farmer who can demonstrate severe household financial need.

Subp. 2. **Severe household financial need; incorporation by reference.** Severe household financial need is demonstrated by relating the income of the student's household to the income of a same-sized household as found in the most current table of standard maintenance allowance found in the current edition of "Handbook for Financial Aid Administrators" published by the American College Testing Program; 2201 North Dodge Street, P.O. Box 168; Iowa City, Iowa 52243. The table is incorporated by reference, is subject to frequent change, and is available in the handbook in public libraries throughout the state through the Minitex interlibrary loan system. The table is also available separately from the board.

4830.1564 AMOUNT AND TERM OF GRANTS.

Subpart 1. **Financial need.** An eligible school shall award a grant to an eligible student, to the extent allocated funds are available and to the extent the student demonstrates financial need according to a method consistent with the school's financial aid policies and procedures.

Subp. 2. **Amount.** The amount of the grant to a student when combined with the expected or awarded (a) federal, state, institutional, and private grant assistance that the student receives, (b) employer reimbursement, and (c) the expected parent and student contribution resulting from the assessment of financial need under subpart 1, must not exceed the student's direct educational cost as defined in subpart 3.

Subp. 3. **Direct educational cost.** The direct educational cost includes the following:

A. resident tuition and fees at the institution;

B. cost of educational materials;

C. transportation expenses;

D. an allowance for child care expenses; and

E. other expenses allowed by the school.

The direct educational cost must be consistent with the

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school's financial aid policies and procedures.

4830.1565 COLLECT, REPORT DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

4830.2600 REPORTS BY SCHOOL.

The school must collect demographic and program activity data as specified by the board. The school shall provide the board with individual student data upon request.

End-of-year program activity and student data reports are required by the board. The school must complete and submit these reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours;

B. at least 900 clock hours of training for a program at an eligible school using clock hours; or

C. a student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. to 9. [Unchanged.]

Subp. 10. **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower.

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A. A cosigner must be at least 18 years old.

B. A cosigner must be a person or an eligible school.

If the cosigner has no credit history, credit-worthiness shall be determined by the board, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

Subp. 11. to 14. [Unchanged.]

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. to C. [Unchanged.]

D. is not currently in default, as defined by each specific program, of any student educational loan program (GSL, FISL, NDSL, HPL, HEAL, ALAS/SLS, or other state supplemental loan program) at the current or any previous school;

E. to G. [Unchanged.]

H. for those with loans made from the bonds, has at the time of application, an anticipated graduation date no later than November 1, 1992; and

I. [Unchanged.]

Subp. 16. to 24. [Unchanged.]

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of, the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. [Unchanged.]

Subp. 27. **Payout period.** "Payout period" means the time period which begins immediately following the transition period and runs to the earliest of:

A. November 1, 2000, for those with loans made from the bonds; or

B. ten years from the date the student ceases to be an eligible student; or

C. fifteen years from the date of the first loan

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check; or

D. a shorter period negotiated with the borrower.

Subp. 28. to 30. [Unchanged.]

4850.0014 AMOUNT AND TERMS.

Subpart 1. **Loan amounts.** The minimum loan amount from the student educational loan fund is $1,000.

The annual and maximum loan amounts for:

A. an undergraduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual undergraduate borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt (excluding PLUS loans borrowed on the student's behalf) must not exceed the product of the grade level times the annual undergraduate borrowing maximum, except in grade level 05 when the cumulative undergraduate loan debt maximum stays the same as in grade level 04. For example, if the annual undergraduate borrowing maximum in statute was $4,000, the cumulative undergraduate loan debt maximum, by grade level, is:

(1) grade level 1, $ 4,000;

(2) grade level 2, $ 8,000;

(3) grade level 3, $12,000;

(4) grade level 4, $16,000; and

(5) grade level 5, $16,000.

B. a graduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual graduate student borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed the total amount prescribed in Minnesota Statutes for both undergraduate and graduate educations combined. For example, if the stated total borrowing maximum was $25,000, the cumulative graduate student borrowing maximum, by grade level, is:

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(6) grade level 6, $25,000;

(7) grade level 7, $25,000;

(8) grade level 8, $25,000; and

(9) grade level 9, $25,000.

Subp. 2. **Two loans in one year.**

A. A student may borrow more than once in the same academic year as long as:

(1) eligibility remains;

(2) the annual borrowing maximum is not exceeded; and

(3) the amount approved is at least $1,000.

B. A student may borrow the annual maximum twice in the same grade level, as long as:

(1) a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; and

(2) the cumulative loan debt maximum for that grade level is not exceeded.

C. A student who advances a grade level in the middle of an academic year may borrow at that new grade level, as long as:

(1) there is no more than one month overlap of loan period; and

(2) the cumulative loan debt maximum for that new grade level is not exceeded.

Subp. 3. **Interest rate.** For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board may increase or decrease the margin within the limits of law. The

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board shall advise borrowers of changes in the margin.

For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. [Unchanged.]

Subp. 2. **Withdrawal and transfer to another eligible school.** If the student fails to complete the loan period at the school where the loan application was certified and transfers to another eligible school, any remaining scheduled disbursements must be canceled. The school must immediately notify the board of any borrower who withdraws for any purpose. The student may apply for any remaining loan eligibility at the other eligible school, assuming the amount approved is at least $1,000.

Subp. 3. and 4. [Unchanged.]

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule:

A. During the school period, the board or its agent shall bill borrowers for accrued interest once during each calendar quarter.

B. During the transition period, the board or its agent shall bill borrowers for accrued interest once during each calendar month.

C. During the payout period, borrowers must repay their loans in monthly installments of principal and interest. The interest rate may vary throughout the period. The board or its agent must bill borrowers monthly for amounts due. The sum of the monthly payments must equal the sum of accrued interest plus principal. The monthly payments of principal must be in amounts calculated at the beginning of the repayment period as if two conditions existed. The two conditions are: (1)

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interest on the loan accrues at a fixed rate equal to the interest rate in effect at the time of the calculation and (2) the loan is payable over its term in equal monthly installments. The borrower must pay a total of at least $600 each year on all of the borrower's SELF loans. If the borrower's spouse also has SELF loans, their combined annual payments on all SELF loans must be at least $600.

D. to H. [Unchanged.]

REPEALER. Minnesota Rules, parts 4830.0600, subparts 1b, 1c, and 1d, are repealed.

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Higher Education Coordinating Board

Adopted Permanent Rules Relating to Financial Assistance

Rules as Adopted

4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Dependent student.** "Dependent student" means a student who is not an independent student.

Subp. 4. to 8. [Unchanged.]

Subp. 9. **Independent student.** "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subp. 10. and 11. [Unchanged.]

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

Subpart 1. [Unchanged.]

Subp. 2. **Minnesota resident.** "Minnesota resident" means:

A. a student who graduated from a Minnesota high school and has not since established residence in another state; or

B. a dependent student whose parent or legal guardian resides in Minnesota on the date of application; or

C. an independent student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months prior to becoming an eligible student.

Subp. 3. **Eligibility for initial scholarship.** To be eligible for an initial scholarship a student must be an eligible student, as defined in part 4830.0100, subpart 5, except item E, and:

A. to C. [Unchanged.]

Subp. 4. and 5. [Unchanged.]

4830.0600 AWARDS.

Subpart 1. **Monetary awards.** The amount of a scholarship

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or grant-in-aid financial stipend may not exceed an applicant's cost of attendance, as defined in Minnesota Statutes, section 136A.121, subdivision 6, after deducting the following:

A. A contribution by the applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing.

B. For an applicant who is not an independent student, a contribution by the applicant's parents, as determined by a financial need analysis. The parental contribution will be considered in determining the state award.

C. For an applicant who is an independent student, the additional student contribution.

D. An estimate of the amount of a federal Pell grant award for which the applicant is eligible.

Subp. 1a. [Unchanged.]

Subp. 1b. to 1d. [See Repealer.]

Subp. 2. [Unchanged.]

4830.0700 METHOD OF PAYMENT.

Subpart 1. [Unchanged.]

Subp. 2. **Refunds.** A scholarship and grant-in-aid is awarded for full-time attendance at a specified school for the academic year of nine months within a state fiscal year. If a recipient fails to enroll or reduces enrollment, the school must refund the unused portion of the award. Refunds to the board are determined as follows:

A. and B. [Unchanged.]

Subp. 3. [Unchanged.]

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate funds to each school according to the following formula:

A. [Unchanged.]

B. Each school's <u>initial</u> allocation is the school's share divided by the sum of school shares, multiplied by the last year's usage percent, multiplied by 90 percent. Usage percent is defined as follows:

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(1) If no final report is received by ~~August 10~~ the first working day after August 9, the usage percentage is 80 percent.

(2) If the final report is received before August 10, the usage percent is the total amount of funds used divided by the last year's allocation.

(3) A refund in excess of $1,000 received after April 1 is multiplied by 150 percent and subtracted from the original allocation to determine the funds used. This amount is divided by the last year's allocation to determine the usage percentage.

C. Each January, the board shall allocate the remaining ten percent of the total part-time grant allocation according to the same formula, except that the last year's percent of usage must not be applied.

"Number of part-time students" means the sum of all enrolled resident, extension, and unclassified part-time students, who are Minnesota residents, and are reported to the board for its annual enrollment survey as lower division, upper division, and vocational students in the fall term of the school year.

"Registration level" is the number of credits (or an equivalent measure) taken by part-time students in the fall term of the school year as reported to the board for its annual enrollment survey, divided by 12 credits (or an equivalent measure).

Subp. 2. to 4. [Unchanged.]

4830.1555 REPORTS OF DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

End of year program activity and student data reports are required by the board. The school must complete and submit the reports and any applicable refunds to the board by the first

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working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

4830.1560 SCOPE.

Parts 4830.1560 to 4830.1565 govern state assistance to schools for students who are dislocated rural workers.

4830.1561 ELIGIBLE SCHOOLS.

An eligible school under part 4830.0300 is eligible to receive an allocation of state assistance for students who are dislocated rural workers.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate grant money to eligible schools according to the formula in this subpart. An eligible school's allocation is the school's share, divided by the sum of school shares. An eligible school's share is the number of entering Minnesota resident students enrolled in the last fiscal year, from the school's home county, and contiguous counties. For schools located in Hennepin and Ramsey counties, the following counties are considered contiguous: Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur, Rice, and Goodhue. Students who resided in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county must not be counted in any school's share. A school whose allocation would be less than $500 using this formula must not receive an allocation. Would-be allocations of less than $500 must be reallocated, using this formula, to other schools.

Subp. 2. **Notification.** The board shall notify each school of the amount allocated to it.

Subp. 3. **Accountability.** A participating school is accountable for money disbursed to students for assistance for dislocated rural worker students. The money may be used by students only during the fiscal year of disbursement. If a student does not use a grant because the student does not enroll

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in, or withdraws from, school, the school may use the funds for other eligible students. The school must return unused money to the board.

Subp. 4. **Report; unused funds.** When requested by the board, a school shall report on its use of funds and shall return unused funds. The board shall reallocate unused funds to schools desiring additional funds according to the formula in subpart 1.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

Subpart 1. **Eligibility.** A school shall determine if a student is eligible for a dislocated rural worker assistance grant. To be eligible a student must demonstrate compliance with the requirements in this part.

A. The student must meet the requirements for an eligible student as defined in part 4830.0100, subpart 5, items B, C, E, and F.

B. The student must be enrolled in an adult farm management program, or an occupational ~~training~~ education program. The program cannot be a liberal arts program. The program must prepare the student for available employment within a labor market where the student lives or is willing to move.

C. The student must have applied for all other federal and state financial aid scholarship or grant programs.

D. The student must be able to demonstrate that subitem (1), (2), or (3) applies to the student:

(1) The student or the student's spouse is a worker who has been separated from employment or has notice of separation from employment. The separation must be because of a plant shutdown, an industry slowdown, or because the worker's occupation is obsolete; or be in a region where there has been a decline in the number of persons in the worker's customary occupation. The worker must be unlikely to go to work for the same employer or in the same occupation for a year after the job loss.

(2) The student is a displaced homemaker.

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(3) The student or the student's spouse is a farmer who can demonstrate severe household financial need.

Subp. 2. **Severe household financial need; incorporation by reference.** Severe household financial need is demonstrated by relating the income of the student's household to the income of a same-sized household as found in the most current table of standard maintenance allowance found in the current edition of "Handbook for Financial Aid Administrators" published by the American College Testing Program; 2201 North Dodge Street, P.O. Box 168; Iowa City, Iowa 52243. The table is incorporated by reference, is subject to frequent change, and is available in the handbook in public libraries throughout the state through the Minitex interlibrary loan system. The table is also available separately from the board.

4830.1564 AMOUNT AND TERM OF GRANTS.

Subpart 1. **Financial need.** An eligible school shall award a grant to an eligible student, to the extent allocated funds are available and to the extent the student demonstrates financial need according to a method consistent with the school's financial aid policies and procedures.

Subp. 2. **Amount.** The amount of the grant to a student when combined with the expected or awarded (a) federal, state, institutional, and private grant assistance that the student receives, (b) employer reimbursement, and (c) the expected parent and student contribution resulting from the assessment of financial need under subpart 1, must not exceed the student's direct educational cost as defined in subpart 3.

Subp. 3. **Direct educational cost.** The direct educational cost includes the following:

A. resident tuition and fees at the institution;

B. cost of educational materials;

C. transportation expenses;

D. an allowance for child care expenses; and

E. other expenses allowed by the school.

The direct educational cost must be consistent with the

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school's financial aid policies and procedures.

4830.1565 COLLECT, REPORT DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

4830.2600 REPORTS BY SCHOOL.

The school must collect demographic and program activity data as specified by the board. The school shall provide the board with individual student data upon request.

End-of-year program activity and student data reports are required by the board. The school must complete and submit these reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours;

B. at least 900 clock hours of training for a program at an eligible school using clock hours; or

C. a student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. to 9. [Unchanged.]

Subp. 10. **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower.

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A. A cosigner must be at least 18 years old.

B. A cosigner must be a person or an eligible school.

If the cosigner has no credit history, credit-worthiness shall be determined by the board, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

Subp. 11. to 14. [Unchanged.]

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. to C. [Unchanged.]

D. is not currently in default, as defined by each specific program, of any student educational loan program (GSL, FISL, NDSL, HPL, HEAL, ALAS/SLS, or other state supplemental loan program) at the current or any previous school;

E. to G. [Unchanged.]

H. for those with loans made from the bonds, has at the time of application, an anticipated graduation date no later than November 1, 1992; and

I. [Unchanged.]

Subp. 16. to 24. [Unchanged.]

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of, the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. [Unchanged.]

Subp. 27. **Payout period.** "Payout period" means the time period which begins immediately following the transition period and runs to the earliest of:

A. November 1, 2000, for those with loans made from the bonds; or

B. ten years from the date the student ceases to be an eligible student; or

C. fifteen years from the date of the first loan

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check; or

D. a shorter period negotiated with the borrower.

Subp. 28. to 30. [Unchanged.]

4850.0014 AMOUNT AND TERMS.

Subpart 1. **Loan amounts.** The minimum loan amount from the student educational loan fund is $1,000.

The annual and maximum loan amounts for:

A. an undergraduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual undergraduate borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt (excluding PLUS loans borrowed on the student's behalf) must not exceed the product of the grade level times the annual undergraduate borrowing maximum, except in grade level 05 when the cumulative undergraduate loan debt maximum stays the same as in grade level 04. For example, if the annual undergraduate borrowing maximum in statute was $4,000, the cumulative undergraduate loan debt maximum, by grade level, is:

(1) grade level 1, $ 4,000;

(2) grade level 2, $ 8,000;

(3) grade level 3, $12,000;

(4) grade level 4, $16,000; and

(5) grade level 5, $16,000.

B. a graduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual graduate student borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed the total amount prescribed in Minnesota Statutes for both undergraduate and graduate educations combined. For example, if the stated total borrowing maximum was $25,000, the cumulative graduate student borrowing maximum, by grade level, is:

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(6) grade level 6, $25,000;

(7) grade level 7, $25,000;

(8) grade level 8, $25,000; and

(9) grade level 9, $25,000.

Subp. 2. **Two loans in one year.**

A. A student may borrow more than once in the same academic year as long as:

(1) eligibility remains;

(2) the annual borrowing maximum is not exceeded; and

(3) the amount approved is at least $1,000.

B. A student may borrow the annual maximum twice in the same grade level, as long as:

(1) a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; and

(2) the cumulative loan debt maximum for that grade level is not exceeded.

C. A student who advances a grade level in the middle of an academic year may borrow at that new grade level, as long as:

(1) there is no more than one month overlap of loan period; and

(2) the cumulative loan debt maximum for that new grade level is not exceeded.

Subp. 3. **Interest rate.** For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board may increase or decrease the margin within the limits of law. The

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board shall advise borrowers of changes in the margin.

For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. [Unchanged.]

Subp. 2. **Withdrawal and transfer to another eligible school.** If the student fails to complete the loan period at the school where the loan application was certified and transfers to another eligible school, any remaining scheduled disbursements must be canceled. The school must immediately notify the board of any borrower who withdraws for any purpose. The student may apply for any remaining loan eligibility at the other eligible school, assuming the amount approved is at least $1,000.

Subp. 3. and 4. [Unchanged.]

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule:

A. During the school period, the board or its agent shall bill borrowers for accrued interest once during each calendar quarter.

B. During the transition period, the board or its agent shall bill borrowers for accrued interest once during each calendar month.

C. During the payout period, borrowers must repay their loans in monthly installments of principal and interest. The interest rate may vary throughout the period. The board or its agent must bill borrowers monthly for amounts due. The sum of the monthly payments must equal the sum of accrued interest plus principal. The monthly payments of principal must be in amounts calculated at the beginning of the repayment period as if two conditions existed. The two conditions are: (1)

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interest on the loan accrues at a fixed rate equal to the interest rate in effect at the time of the calculation and (2) the loan is payable over its term in equal monthly installments. The borrower must pay a total of at least $600 each year on all of the borrower's SELF loans. If the borrower's spouse also has SELF loans, their combined annual payments on all SELF loans must be at least $600.

D. to H. [Unchanged.]

REPEALER. Minnesota Rules, parts 4830.0600, subparts 1b, 1c, and 1d, are repealed.

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Office of the Revisor of Statutes

Administrative Rules

TITLE: Adopted Permanent Rules Relating to Financial Assistance

AGENCY: Higher Education Coordinating Board

MINNESOTA RULES: Chapters 4830 and 4850

INCORPORATIONS BY REFERENCE:

Rule Number: 4830.1563, subpart 2

Material Incorporated: Table of standard maintenance allowance found in the current edition of Handbook for Financial Aid Administrators published by the American College Testing Program

The attached rules are approved for filing with the Secretary of State

Richard J. Sands
Senior Assistant Revisor

Higher Education Coordinating Board

Adopted Permanent Rules Relating to Financial Assistance

Rules as Adopted

4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Dependent student.** "Dependent student" means a student who is not an independent student.

Subp. 4. to 8. [Unchanged.]

Subp. 9. **Independent student.** "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subp. 10. and 11. [Unchanged.]

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

Subpart 1. [Unchanged.]

Subp. 2. **Minnesota resident.** "Minnesota resident" means:

A. a student who graduated from a Minnesota high school and has not since established residence in another state; or

B. a dependent student whose parent or legal guardian resides in Minnesota on the date of application; or

C. an independent student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months prior to becoming an eligible student.

Subp. 3. **Eligibility for initial scholarship.** To be eligible for an initial scholarship a student must be an eligible student, as defined in part 4830.0100, subpart 5, except item E, and:

A. to C. [Unchanged.]

Subp. 4. and 5. [Unchanged.]

4830.0600 AWARDS.

Subpart 1. **Monetary awards.** The amount of a scholarship

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or grant-in-aid financial stipend may not exceed an applicant's cost of attendance, as defined in Minnesota Statutes, section 136A.121, subdivision 6, after deducting the following:

A. A contribution by the applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing.

B. For an applicant who is not an independent student, a contribution by the applicant's parents, as determined by a financial need analysis. The parental contribution will be considered in determining the state award.

C. For an applicant who is an independent student, the additional student contribution.

D. An estimate of the amount of a federal Pell grant award for which the applicant is eligible.

Subp. 1a. [Unchanged.]

Subp. 1b. to 1d. [See Repealer.]

Subp. 2. [Unchanged.]

4830.0700 METHOD OF PAYMENT.

Subpart 1. [Unchanged.]

Subp. 2. **Refunds.** A scholarship and grant-in-aid is awarded for full-time attendance at a specified school for the academic year of nine months within a state fiscal year. If a recipient fails to enroll or reduces enrollment, the school must refund the unused portion of the award. Refunds to the board are determined as follows:

A. and B. [Unchanged.]

Subp. 3. [Unchanged.]

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate funds to each school according to the following formula:

A. [Unchanged.]

B. Each school's <u>initial</u> allocation is the school's share divided by the sum of school shares, multiplied by the last year's usage percent, multiplied by 90 percent. Usage percent is defined as follows:

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(1) If no final report is received by ~~August 10~~ the first working day after August 9, the usage percentage is 80 percent.

(2) If the final report is received before August 10, the usage percent is the total amount of funds used divided by the last year's allocation.

(3) A refund in excess of $1,000 received after April 1 is multiplied by 150 percent and subtracted from the original allocation to determine the funds used. This amount is divided by the last year's allocation to determine the usage percentage.

C. Each January, the board shall allocate the remaining ten percent of the total part-time grant allocation according to the same formula, except that the last year's percent of usage must not be applied.

"Number of part-time students" means the sum of all enrolled resident, extension, and unclassified part-time students, who are Minnesota residents, and are reported to the board for its annual enrollment survey as lower division, upper division, and vocational students in the fall term of the school year.

"Registration level" is the number of credits (or an equivalent measure) taken by part-time students in the fall term of the school year as reported to the board for its annual enrollment survey, divided by 12 credits (or an equivalent measure).

Subp. 2. to 4. [Unchanged.]

4830.1555 REPORTS OF DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

End of year program activity and student data reports are required by the board. The school must complete and submit the reports and any applicable refunds to the board by the first

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working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

4830.1560 SCOPE.

Parts 4830.1560 to 4830.1565 govern state assistance to schools for students who are dislocated rural workers.

4830.1561 ELIGIBLE SCHOOLS.

An eligible school under part 4830.0300 is eligible to receive an allocation of state assistance for students who are dislocated rural workers.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate grant money to eligible schools according to the formula in this subpart. An eligible school's allocation is the school's share, divided by the sum of school shares. An eligible school's share is the number of entering Minnesota resident students enrolled in the last fiscal year, from the school's home county, and contiguous counties. For schools located in Hennepin and Ramsey counties, the following counties are considered contiguous: Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur, Rice, and Goodhue. Students who resided in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county must not be counted in any school's share. A school whose allocation would be less than $500 using this formula must not receive an allocation. Would-be allocations of less than $500 must be reallocated, using this formula, to other schools.

Subp. 2. **Notification.** The board shall notify each school of the amount allocated to it.

Subp. 3. **Accountability.** A participating school is accountable for money disbursed to students for assistance for dislocated rural worker students. The money may be used by students only during the fiscal year of disbursement. If a student does not use a grant because the student does not enroll

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in, or withdraws from, school, the school may use the funds for other eligible students. The school must return unused money to the board.

Subp. 4. **Report; unused funds.** When requested by the board, a school shall report on its use of funds and shall return unused funds. The board shall reallocate unused funds to schools desiring additional funds according to the formula in subpart 1.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

Subpart 1. **Eligibility.** A school shall determine if a student is eligible for a dislocated rural worker assistance grant. To be eligible a student must demonstrate compliance with the requirements in this part.

A. The student must meet the requirements for an eligible student as defined in part 4830.0100, subpart 5, items B, C, E, and F.

B. The student must be enrolled in an adult farm management program, or an occupational ~~training~~ education program. The program cannot be a liberal arts program. The program must prepare the student for available employment within a labor market where the student lives or is willing to move.

C. The student must have applied for all other federal and state financial aid scholarship or grant programs.

D. The student must be able to demonstrate that subitem (1), (2), or (3) applies to the student:

(1) The student or the student's spouse is a worker who has been separated from employment or has notice of separation from employment. The separation must be because of a plant shutdown, an industry slowdown, or because the worker's occupation is obsolete; or be in a region where there has been a decline in the number of persons in the worker's customary occupation. The worker must be unlikely to go to work for the same employer or in the same occupation for a year after the job loss.

(2) The student is a displaced homemaker.

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(3) The student or the student's spouse is a farmer who can demonstrate severe household financial need.

Subp. 2. **Severe household financial need; incorporation by reference.** Severe household financial need is demonstrated by relating the income of the student's household to the income of a same-sized household as found in the most current table of standard maintenance allowance found in the current edition of "Handbook for Financial Aid Administrators" published by the American College Testing Program; 2201 North Dodge Street, P.O. Box 168; Iowa City, Iowa 52243. The table is incorporated by reference, is subject to frequent change, and is available in the handbook in public libraries throughout the state through the Minitex interlibrary loan system. The table is also available separately from the board.

4830.1564 AMOUNT AND TERM OF GRANTS.

Subpart 1. **Financial need.** An eligible school shall award a grant to an eligible student, to the extent allocated funds are available and to the extent the student demonstrates financial need according to a method consistent with the school's financial aid policies and procedures.

Subp. 2. **Amount.** The amount of the grant to a student when combined with the expected or awarded (a) federal, state, institutional, and private grant assistance that the student receives, (b) employer reimbursement, and (c) the expected parent and student contribution resulting from the assessment of financial need under subpart 1, must not exceed the student's direct educational cost as defined in subpart 3.

Subp. 3. **Direct educational cost.** The direct educational cost includes the following:

A. resident tuition and fees at the institution;

B. cost of educational materials;

C. transportation expenses;

D. an allowance for child care expenses; and

E. other expenses allowed by the school.

The direct educational cost must be consistent with the

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school's financial aid policies and procedures.

4830.1565 COLLECT, REPORT DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

4830.2600 REPORTS BY SCHOOL.

The school must collect demographic and program activity data as specified by the board. The school shall provide the board with individual student data upon request.

End-of-year program activity and student data reports are required by the board. The school must complete and submit these reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours;

B. at least 900 clock hours of training for a program at an eligible school using clock hours; or

C. a student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. to 9. [Unchanged.]

Subp. 10. **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower.

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A. A cosigner must be at least 18 years old.

B. A cosigner must be a person or an eligible school.

If the cosigner has no credit history, credit-worthiness shall be determined by the board, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

Subp. 11. to 14. [Unchanged.]

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. to C. [Unchanged.]

D. is not currently in default, as defined by each specific program, of any student educational loan program (GSL, FISL, NDSL, HPL, HEAL, ALAS/SLS, or other state supplemental loan program) at the current or any previous school;

E. to G. [Unchanged.]

H. for those with loans made from the bonds, has at the time of application, an anticipated graduation date no later than November 1, 1992; and

I. [Unchanged.]

Subp. 16. to 24. [Unchanged.]

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of, the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. [Unchanged.]

Subp. 27. **Payout period.** "Payout period" means the time period which begins immediately following the transition period and runs to the earliest of:

A. November 1, 2000, for those with loans made from the bonds; or

B. ten years from the date the student ceases to be an eligible student; or

C. fifteen years from the date of the first loan

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check; or

D. a shorter period negotiated with the borrower.

Subp. 28. to 30. [Unchanged.]

4850.0014 AMOUNT AND TERMS.

Subpart 1. **Loan amounts.** The minimum loan amount from the student educational loan fund is $1,000.

The annual and maximum loan amounts for:

A. an undergraduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual undergraduate borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt (excluding PLUS loans borrowed on the student's behalf) must not exceed the product of the grade level times the annual undergraduate borrowing maximum, except in grade level 05 when the cumulative undergraduate loan debt maximum stays the same as in grade level 04. For example, if the annual undergraduate borrowing maximum in statute was $4,000, the cumulative undergraduate loan debt maximum, by grade level, is:

(1) grade level 1, $ 4,000;

(2) grade level 2, $ 8,000;

(3) grade level 3, $12,000;

(4) grade level 4, $16,000; and

(5) grade level 5, $16,000.

B. a graduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual graduate student borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed the total amount prescribed in Minnesota Statutes for both undergraduate and graduate educations combined. For example, if the stated total borrowing maximum was $25,000, the cumulative graduate student borrowing maximum, by grade level, is:

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(6) grade level 6, $25,000;

(7) grade level 7, $25,000;

(8) grade level 8, $25,000; and

(9) grade level 9, $25,000.

Subp. 2. **Two loans in one year.**

A. A student may borrow more than once in the same academic year as long as:

(1) eligibility remains;

(2) the annual borrowing maximum is not exceeded; and

(3) the amount approved is at least $1,000.

B. A student may borrow the annual maximum twice in the same grade level, as long as:

(1) a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; and

(2) the cumulative loan debt maximum for that grade level is not exceeded.

C. A student who advances a grade level in the middle of an academic year may borrow at that new grade level, as long as:

(1) there is no more than one month overlap of loan period; and

(2) the cumulative loan debt maximum for that new grade level is not exceeded.

Subp. 3. **Interest rate.** For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board may increase or decrease the margin within the limits of law. The

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board shall advise borrowers of changes in the margin.

For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. [Unchanged.]

Subp. 2. **Withdrawal and transfer to another eligible school.** If the student fails to complete the loan period at the school where the loan application was certified and transfers to another eligible school, any remaining scheduled disbursements must be canceled. The school must immediately notify the board of any borrower who withdraws for any purpose. The student may apply for any remaining loan eligibility at the other eligible school, assuming the amount approved is at least $1,000.

Subp. 3. and 4. [Unchanged.]

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule:

A. During the school period, the board or its agent shall bill borrowers for accrued interest once during each calendar quarter.

B. During the transition period, the board or its agent shall bill borrowers for accrued interest once during each calendar month.

C. During the payout period, borrowers must repay their loans in monthly installments of principal and interest. The interest rate may vary throughout the period. The board or its agent must bill borrowers monthly for amounts due. The sum of the monthly payments must equal the sum of accrued interest plus principal. The monthly payments of principal must be in amounts calculated at the beginning of the repayment period as if two conditions existed. The two conditions are: (1)

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interest on the loan accrues at a fixed rate equal to the interest rate in effect at the time of the calculation and (2) the loan is payable over its term in equal monthly installments. The borrower must pay a total of at least $600 each year on all of the borrower's SELF loans. If the borrower's spouse also has SELF loans, their combined annual payments on all SELF loans must be at least $600.

D. to H. [Unchanged.]

REPEALER. Minnesota Rules, parts 4830.0600, subparts 1b, 1c, and 1d, are repealed.

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Office of the Revisor of Statutes

Administrative Rules

TITLE: Adopted Permanent Rules Relating to Financial Assistance

AGENCY: Higher Education Coordinating Board

MINNESOTA RULES: Chapters 4830 and 4850

INCORPORATIONS BY REFERENCE:

Rule Number: 4830.1563, subpart 2

Material Incorporated: Table of standard maintenance allowance found in the current edition of Handbook for Financial Aid Administrators published by the American College Testing Program

The attached rules are approved for filing with the Secretary of State

Richard J. Sands
Senior Assistant Revisor

Higher Education Coordinating Board

Adopted Permanent Rules Relating to Financial Assistance

Rules as Adopted

4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Dependent student.** "Dependent student" means a student who is not an independent student.

Subp. 4. to 8. [Unchanged.]

Subp. 9. **Independent student.** "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subp. 10. and 11. [Unchanged.]

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

Subpart 1. [Unchanged.]

Subp. 2. **Minnesota resident.** "Minnesota resident" means:

A. a student who graduated from a Minnesota high school and has not since established residence in another state; or

B. a dependent student whose parent or legal guardian resides in Minnesota on the date of application; or

C. an independent student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months prior to becoming an eligible student.

Subp. 3. **Eligibility for initial scholarship.** To be eligible for an initial scholarship a student must be an eligible student, as defined in part 4830.0100, subpart 5, except item E, and:

A. to C. [Unchanged.]

Subp. 4. and 5. [Unchanged.]

4830.0600 AWARDS.

Subpart 1. **Monetary awards.** The amount of a scholarship

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or grant-in-aid financial stipend may not exceed an applicant's cost of attendance, as defined in Minnesota Statutes, section 136A.121, subdivision 6, after deducting the following:

A. A contribution by the applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing.

B. For an applicant who is not an independent student, a contribution by the applicant's parents, as determined by a financial need analysis. The parental contribution will be considered in determining the state award.

C. For an applicant who is an independent student, the additional student contribution.

D. An estimate of the amount of a federal Pell grant award for which the applicant is eligible.

Subp. 1a. [Unchanged.]

Subp. 1b. to 1d. [See Repealer.]

Subp. 2. [Unchanged.]

4830.0700 METHOD OF PAYMENT.

Subpart 1. [Unchanged.]

Subp. 2. **Refunds.** A scholarship and grant-in-aid is awarded for full-time attendance at a specified school for the academic year of nine months within a state fiscal year. If a recipient fails to enroll or reduces enrollment, the school must refund the unused portion of the award. Refunds to the board are determined as follows:

A. and B. [Unchanged.]

Subp. 3. [Unchanged.]

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate funds to each school according to the following formula:

A. [Unchanged.]

B. Each school's <u>initial</u> allocation is the school's share divided by the sum of school shares, multiplied by the last year's usage percent, multiplied by 90 percent. Usage percent is defined as follows:

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(1) If no final report is received by ~~August 10~~ the first working day after August 9, the usage percentage is 80 percent.

(2) If the final report is received before August 10, the usage percent is the total amount of funds used divided by the last year's allocation.

(3) A refund in excess of $1,000 received after April 1 is multiplied by 150 percent and subtracted from the original allocation to determine the funds used. This amount is divided by the last year's allocation to determine the usage percentage.

C. Each January, the board shall allocate the remaining ten percent of the total part-time grant allocation according to the same formula, except that the last year's percent of usage must not be applied.

"Number of part-time students" means the sum of all enrolled resident, extension, and unclassified part-time students, who are Minnesota residents, and are reported to the board for its annual enrollment survey as lower division, upper division, and vocational students in the fall term of the school year.

"Registration level" is the number of credits (or an equivalent measure) taken by part-time students in the fall term of the school year as reported to the board for its annual enrollment survey, divided by 12 credits (or an equivalent measure).

Subp. 2. to 4. [Unchanged.]

4830.1555 REPORTS OF DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

End of year program activity and student data reports are required by the board. The school must complete and submit the reports and any applicable refunds to the board by the first

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working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

4830.1560 SCOPE.

Parts 4830.1560 to 4830.1565 govern state assistance to schools for students who are dislocated rural workers.

4830.1561 ELIGIBLE SCHOOLS.

An eligible school under part 4830.0300 is eligible to receive an allocation of state assistance for students who are dislocated rural workers.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate grant money to eligible schools according to the formula in this subpart. An eligible school's allocation is the school's share, divided by the sum of school shares. An eligible school's share is the number of entering Minnesota resident students enrolled in the last fiscal year, from the school's home county, and contiguous counties. For schools located in Hennepin and Ramsey counties, the following counties are considered contiguous: Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur, Rice, and Goodhue. Students who resided in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county must not be counted in any school's share. A school whose allocation would be less than $500 using this formula must not receive an allocation. Would-be allocations of less than $500 must be reallocated, using this formula, to other schools.

Subp. 2. **Notification.** The board shall notify each school of the amount allocated to it.

Subp. 3. **Accountability.** A participating school is accountable for money disbursed to students for assistance for dislocated rural worker students. The money may be used by students only during the fiscal year of disbursement. If a student does not use a grant because the student does not enroll

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in, or withdraws from, school, the school may use the funds for other eligible students. The school must return unused money to the board.

Subp. 4. **Report; unused funds.** When requested by the board, a school shall report on its use of funds and shall return unused funds. The board shall reallocate unused funds to schools desiring additional funds according to the formula in subpart 1.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

Subpart 1. **Eligibility.** A school shall determine if a student is eligible for a dislocated rural worker assistance grant. To be eligible a student must demonstrate compliance with the requirements in this part.

A. The student must meet the requirements for an eligible student as defined in part 4830.0100, subpart 5, items B, C, E, and F.

B. The student must be enrolled in an adult farm management program, or an occupational ~~training~~ education program. The program cannot be a liberal arts program. The program must prepare the student for available employment within a labor market where the student lives or is willing to move.

C. The student must have applied for all other federal and state financial aid scholarship or grant programs.

D. The student must be able to demonstrate that subitem (1), (2), or (3) applies to the student:

(1) The student or the student's spouse is a worker who has been separated from employment or has notice of separation from employment. The separation must be because of a plant shutdown, an industry slowdown, or because the worker's occupation is obsolete; or be in a region where there has been a decline in the number of persons in the worker's customary occupation. The worker must be unlikely to go to work for the same employer or in the same occupation for a year after the job loss.

(2) The student is a displaced homemaker.

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(3) The student or the student's spouse is a farmer who can demonstrate severe household financial need.

Subp. 2. **Severe household financial need; incorporation by reference.** Severe household financial need is demonstrated by relating the income of the student's household to the income of a same-sized household as found in the most current table of standard maintenance allowance found in the current edition of "Handbook for Financial Aid Administrators" published by the American College Testing Program; 2201 North Dodge Street, P.O. Box 168; Iowa City, Iowa 52243. The table is incorporated by reference, is subject to frequent change, and is available in the handbook in public libraries throughout the state through the Minitex interlibrary loan system. The table is also available separately from the board.

4830.1564 AMOUNT AND TERM OF GRANTS.

Subpart 1. **Financial need.** An eligible school shall award a grant to an eligible student, to the extent allocated funds are available and to the extent the student demonstrates financial need according to a method consistent with the school's financial aid policies and procedures.

Subp. 2. **Amount.** The amount of the grant to a student when combined with the expected or awarded (a) federal, state, institutional, and private grant assistance that the student receives, (b) employer reimbursement, and (c) the expected parent and student contribution resulting from the assessment of financial need under subpart 1, must not exceed the student's direct educational cost as defined in subpart 3.

Subp. 3. **Direct educational cost.** The direct educational cost includes the following:

A. resident tuition and fees at the institution;

B. cost of educational materials;

C. transportation expenses;

D. an allowance for child care expenses; and

E. other expenses allowed by the school.

The direct educational cost must be consistent with the

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school's financial aid policies and procedures.

4830.1565 COLLECT, REPORT DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

4830.2600 REPORTS BY SCHOOL.

The school must collect demographic and program activity data as specified by the board. The school shall provide the board with individual student data upon request.

End-of-year program activity and student data reports are required by the board. The school must complete and submit these reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours;

B. at least 900 clock hours of training for a program at an eligible school using clock hours; or

C. a student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. to 9. [Unchanged.]

Subp. 10. **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower.

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A. A cosigner must be at least 18 years old.

B. A cosigner must be a person or an eligible school.

If the cosigner has no credit history, credit-worthiness shall be determined by the board, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

Subp. 11. to 14. [Unchanged.]

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. to C. [Unchanged.]

D. is not currently in default, as defined by each specific program, of any student educational loan program (GSL, FISL, NDSL, HPL, HEAL, ALAS/SLS, or other state supplemental loan program) at the current or any previous school;

E. to G. [Unchanged.]

H. for those with loans made from the bonds, has at the time of application, an anticipated graduation date no later than November 1, 1992; and

I. [Unchanged.]

Subp. 16. to 24. [Unchanged.]

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of, the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. [Unchanged.]

Subp. 27. **Payout period.** "Payout period" means the time period which begins immediately following the transition period and runs to the earliest of:

A. November 1, 2000, for those with loans made from the bonds; or

B. ten years from the date the student ceases to be an eligible student; or

C. fifteen years from the date of the first loan

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check; or

D. a shorter period negotiated with the borrower.

Subp. 28. to 30. [Unchanged.]

4850.0014 AMOUNT AND TERMS.

Subpart 1. **Loan amounts.** The minimum loan amount from the student educational loan fund is $1,000.

The annual and maximum loan amounts for:

A. an undergraduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual undergraduate borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt (excluding PLUS loans borrowed on the student's behalf) must not exceed the product of the grade level times the annual undergraduate borrowing maximum, except in grade level 05 when the cumulative undergraduate loan debt maximum stays the same as in grade level 04. For example, if the annual undergraduate borrowing maximum in statute was $4,000, the cumulative undergraduate loan debt maximum, by grade level, is:

(1) grade level 1, $ 4,000;

(2) grade level 2, $ 8,000;

(3) grade level 3, $12,000;

(4) grade level 4, $16,000; and

(5) grade level 5, $16,000.

B. a graduate student are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual graduate student borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed the total amount prescribed in Minnesota Statutes for both undergraduate and graduate educations combined. For example, if the stated total borrowing maximum was $25,000, the cumulative graduate student borrowing maximum, by grade level, is:

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(6) grade level 6, $25,000;

(7) grade level 7, $25,000;

(8) grade level 8, $25,000; and

(9) grade level 9, $25,000.

Subp. 2. **Two loans in one year.**

A. A student may borrow more than once in the same academic year as long as:

(1) eligibility remains;

(2) the annual borrowing maximum is not exceeded; and

(3) the amount approved is at least $1,000.

B. A student may borrow the annual maximum twice in the same grade level, as long as:

(1) a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; and

(2) the cumulative loan debt maximum for that grade level is not exceeded.

C. A student who advances a grade level in the middle of an academic year may borrow at that new grade level, as long as:

(1) there is no more than one month overlap of loan period; and

(2) the cumulative loan debt maximum for that new grade level is not exceeded.

Subp. 3. **Interest rate.** For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board ~~may~~ must increase or decrease the margin ~~within the limits of law~~.

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The board shall advise borrowers of changes in the margin.

~~For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school.~~ For loans made from sources other than the bonds, the interest rate on the loan will be determined by the board at a margin in excess of the "index rate." The "index rate" is the average rounded to the nearest quarter of one percent of the bond equivalent yield, for auctions of 13-week treasury bills, during the preceding calendar quarter. If the index rate increases or decreases, the interest rate on the loan automatically increases or decreases on the same day without notice to the borrower. The interest rate on the loan cannot increase or decrease more than two percentage points over any four consecutive calendar quarters. The board shall set the margin to reflect the costs of the SELF program. If the board determines that the margin does not reflect the costs of the SELF program, the board must increase or decrease the margin. The board shall advise borrowers of changes in the margin.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. [Unchanged.]

Subp. 2. **Withdrawal and transfer to another eligible school.** If the student fails to complete the loan period at the school where the loan application was certified and transfers to another eligible school, any remaining scheduled disbursements must be canceled. The school must immediately notify the board of any borrower who withdraws for any purpose. The student may apply for any remaining loan eligibility at the other eligible school, assuming the amount approved is at least $1,000.

Subp. 3. and 4. [Unchanged.]

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule:

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A. During the school period, the board or its agent shall bill borrowers for accrued interest once during each calendar quarter.

B. During the transition period, the board or its agent shall bill borrowers for accrued interest once during each calendar month.

C. During the payout period, borrowers must repay their loans in monthly installments of principal and interest. The interest rate may vary throughout the period. The board or its agent must bill borrowers monthly for amounts due. The sum of the monthly payments must equal the sum of accrued interest plus principal. The monthly payments of principal must be in amounts calculated at the beginning of the repayment period as if two conditions existed. The two conditions are: (1) interest on the loan accrues at a fixed rate equal to the interest rate in effect at the time of the calculation and (2) the loan is payable over its term in equal monthly installments. The borrower must pay a total of at least $600 each year on all of the borrower's SELF loans. If the borrower's spouse also has SELF loans, their combined annual payments on all SELF loans must be at least $600.

D. to H. [Unchanged.]

REPEALER. Minnesota Rules, parts 4830.0600, subparts 1b, 1c, and 1d, are repealed.

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Office of the Revisor of Statutes

Administrative Rules

TITLE: Adopted Permanent Rules Relating to Financial Assistance

AGENCY: Higher Education Coordinating Board

MINNESOTA RULES: Chapters 4830 and 4850

INCORPORATIONS BY REFERENCE:

Rule Number: 4830.1563, subpart 2

Material Incorporated: Table of standard maintenance allowance found in the current edition of Handbook for Financial Aid Administrators published by the American College Testing Program

The attached rules are approved for filing with the Secretary of State

Richard J. Sands
Senior Assistant Revisor

RECEIVED

JUN 23 88

ATTORNEY GENERAL'S OFFICE
515 TRANSPORTATION BLDG.
ST. PAUL, MN 55155

APPROVED AS TO FORM AND LEGALITY

_____ 19____

HUBERT H. HUMPHREY, III
ATTORNEY GENERAL

BY_____
ASSISTANT ATTORNEY GENERAL

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

AUTHORIZING RESOLUTION

I, ARCHIE D. CHELSETH, do hereby certify that I am a member and the President 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 Minnesota Higher Education Coordinating Board duly and properly called and held on the 10th day of December, 1987, that a quorum was present, and that a majority of those present voted for the resolution which has not been rescinded or modified.

> "RESOLVED, that David A. Longanecker, the executive director of the Minnesota Higher Education Coordinating Board, is hereby granted the authority and directed to sign and to give the Notice of the Board's Intent to Adopt a Rule Without a Public Hearing, governing Part-Time Grants, Work-Study Grants, Scholarships and Grants-in-Aid, Student Educational Loan Fund, Definitions for Higher Education Programs, and Dislocated Rural Workers Assistance Program to all persons who have registered their names with the Minnesota Higher Education Coordinating Board for that purpose and publish the Notice and rule in the State Register, and to perform any and all acts incidental thereto."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 22 day of March, 1988.

Archie D. Chelseth

President of the Board

Mona Kuntzman

Attest by one other Board member

Higher Education Coordinating Board

Proposed Permanent Rules Relating to Financial Assistance

Rules as Proposed

4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Dependent student.** "Dependent student" means a student who~~:~~

~~A.--lives-with-the-parent-or-legal-guardian-for-at least-six-weeks;~~

~~B.--receives-support-from-the-parent-or-legal guardian;-or~~

~~C.--is-claimed-as-a-tax-exemption-by-the-parent-or legal-guardian-in-the-calendar-year-prior-to-or-during-the calendar-year-in-which-the-application-is-made~~ is not an independent student.

Subp. 4. to 8. [Unchanged.]

Subp. 9. **Independent student.** "Independent student" ~~means a-student-who-is-not-a-dependent-student~~ has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subp. 10. and 11. [Unchanged.]

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

Subpart 1. [Unchanged.]

Subp. 2. **Minnesota resident.** "Minnesota resident" means:

A. a student who graduated from a Minnesota high school and has not since established residence in another state~~;~~; or

B. a dependent student whose parent or legal guardian resides in Minnesota on the date of application ~~if-the-student:~~

~~A.--lives-with-the-parent-or-legal-guardian-for-at least-six-weeks;-or~~

~~B.--receives-support-from-the-parent-or-legal guardian;-or~~

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~~C.--is-claimed-as-a-tax-exemption-by-the-parent-or legal-guardian-in-the-calendar-year-prior-to-or-during-the calendar-year-in-which-the-application-is-made.~~

~~"Minnesota-resident"-means-a-student-who-graduated-from-a Minnesota-high-school-and-has-not-established-residence-in another-state;~~ or a

C. an independent student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months prior to becoming an eligible student~~,-for-a student-who-meets-the-conditions-indicated-in-part-4830.0600, subpart-1,-item-B,-subitem-(1),-(2),-or-(3)~~.

Subp. 3. **Eligibility for initial scholarship.** To be eligible for an initial scholarship a student must be an eligible student, as defined in part 4830.0100, subpart 5, except item E, and:

A. to C. [Unchanged.]

Subp. 4. and 5. [Unchanged.]

4830.0600 AWARDS.

Subpart 1. **Monetary awards.** The amount of a scholarship or grant-in-aid financial stipend may not exceed an applicant's cost of attendance, as defined in Minnesota Statutes, section 136A.121, subdivision 6, after deducting the following:

A. A contribution by the applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing.

B. For an applicant who is not an independent student, a contribution by the applicant's parents, as determined by a financial need analysis. The parental contribution will be considered in determining the state award~~, unless-one-of-the-four-following-situations-applies.~~

~~(1)-The-applicant-has-been-involuntarily separated-from-parental-support-because-the-applicant-is-an orphan-or-a-ward-of-the-state,-the-applicant's-parents-cannot-be located,-or-the-applicant-has-suffered-mental-or-physical-abuse necessitating-the-separation.--The-conditions-must-be~~

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~~established by court document or by an affidavit from a member of the clergy, social worker, lawyer, or physician.~~

~~(2) The applicant is 22 years of age or older on October 1 of the state fiscal year for which aid is received, and establishes that she or he is not dependent upon parental support, based on the following information for the applicant's parents' tax year ending during that fiscal year, and the preceding tax year:~~

~~(a) the parents did not and will not claim the student as an income tax exemption;~~

~~(b) the student did not and will not live with his or her parents more than six weeks in either calendar year; and~~

~~(c) the parents did not and will not provide direct or indirect support worth $750 or more in either calendar year.~~

~~If the board has reason to believe that the information provided by the student is not correct, the facts must be established by affidavit from the parents if they can be located, and by additional documentation, such as income tax returns, proof of residence, voter registration, or similar documentation that reasonably may be requested by the board or its agents and employees.~~

~~(3) The applicant is:~~

~~(a) married, and in the applicant's parents' tax year ending during the fiscal year for which aid is received, the parents did not and will not claim the student as an income tax exemption, the student did not and will not live with his or her parents more than six weeks, and, the parents did not and will not provide direct or indirect support worth $750 or more, or~~

~~(b) a veteran, or a single parent, or divorced, separated, or widowed, and establishes that in the applicant's parents' tax year ending during the fiscal year for which aid is received, and the preceding tax year, the parents did not and will not claim the student as an income tax~~

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~~exemption;-the-student-did-not-and-will-not-live-with-his-or-her parents-more-than-six-weeks;-and;-the-parents-did-not-and-will not-provide-direct-or-indirect-support-worth-$750-or-more.~~

~~(4)-The-applicant-is-under-22-years-of-age-on October-1-of-the-state-fiscal-year;-for-which-aid-is-to-be received;-and-the-applicant-has;-contrary-to-his-or-her-wishes; been-involuntarily-severed-from-a-family-relation-with-his-or her-parents-and-has-been-refused-their-financial-support-so-that considering-a-deduction-for-a-contribution-by-the-applicant's parents-in-determining-the-state-award-would-be-unrealistic-and cause-the-applicant-undue-hardship.--To-qualify-for-this exception;-the-applicant-shall-document-to-the-satisfaction-of the-fact-finding-committee-established-in-subpart-1d-that-an exception-to-a-presumption-of-the-applicant's-dependence-on-the parents-is-warranted;-and-that-the-applicant-meets-the conditions-in-subitem-(2);-units-(a);-(b);-and-(c).~~

C. For an applicant who is an independent student, the additional student contribution.

D. An estimate of the amount of a federal Pell grant award for which the applicant is eligible.

Subp. 1a. [Unchanged.]

Subp. 1b. to 1d. [See Repealer.]

Subp. 2. [Unchanged.]

4830.0700 METHOD OF PAYMENT.

Subpart 1. [Unchanged.]

Subp. 2. **Refunds.** A scholarship and grant-in-aid is awarded for full-time attendance at a specified school for the academic year of nine months within a state fiscal year. If a recipient fails to enroll or ~~ceases-to-be-a-full-time-student~~ reduces enrollment, the school must refund the unused portion of the award. Refunds to the board are determined as follows:

A. and B. [Unchanged.]

Subp. 3. [Unchanged.]

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate

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funds to each school according to the following formula:

A. [Unchanged.]

B. Each school's allocation is the school's share divided by the sum of school shares, multiplied by the last year's usage percent, multiplied by 90 percent. Usage percent is defined as follows:

(1) ~~the school's share, divided by the sum of school shares,~~ If no final report is received by August 10, the usage percentage is 80 percent.

(2) ~~the result in subitem (1) multiplied by 90 percent of the total part-time grant allocation for the current year~~ If the final report is received before August 10, the usage percent is the total amount of funds used divided by the last year's allocation.

(3) A refund in excess of $1,000 received after April 1 is multiplied by 150 percent and subtracted from the original allocation to determine the funds used. This amount is divided by the last year's allocation to determine the usage percentage.

C. Each January, the board shall allocate the remaining ten percent of the total part-time grant allocation according to the same formula, except that ~~current year part-time enrollment data and average registration levels may be used if the school has submitted by November 15 fall data for the current year that is acceptable to the board~~ the last year's percent of usage must not be applied.

"Number of part-time students" means the sum of all enrolled resident, extension, and unclassified part-time students, who are Minnesota residents, and are reported to the board for its annual enrollment survey as lower division, upper division, and vocational students in the fall term of the school year.

"Registration level" is the number of credits (or an equivalent measure) taken by part-time students in the fall term of the school year as reported to the board for its annual enrollment survey, divided by 12 credits (or an equivalent

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measure).

Subp. 2. to 4. [Unchanged.]

4830.1555 REPORTS OF DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

End of year program activity and student data reports are required by the board. The school must complete and submit the reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

4830.1560 SCOPE.

Parts 4830.1560 to 4830.1565 govern state assistance to schools for students who are dislocated rural workers.

4830.1561 ELIGIBLE SCHOOLS.

An eligible school under part 4830.0300 is eligible to receive an allocation of state assistance for students who are dislocated rural workers.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate grant money to eligible schools according to the formula in this subpart. An eligible school's allocation is the school's share, divided by the sum of school shares. An eligible school's share is the number of entering Minnesota resident students enrolled in the last fiscal year, from the school's home county, and contiguous counties. For schools located in Hennepin and Ramsey counties, the following counties are considered contiguous: Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur, Rice, and Goodhue. Students who resided in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county must not be counted in any school's share. A school whose allocation

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would be less than $500 using this formula must not receive an allocation. Would-be allocations of less than $500 must be reallocated, using this formula, to other schools.

Subp. 2. **Notification.** The board shall notify each school of the amount allocated to it.

Subp. 3. **Accountability.** A participating school is accountable for money disbursed to students for assistance for dislocated rural worker students. The money may be used by students only during the fiscal year of disbursement. If a student does not use a grant because the student does not enroll in, or withdraws from, school, the school may use the funds for other eligible students. The school must return unused money to the board.

Not well written

Subp. 4. **Report; unused funds.** When requested by the board, a school shall report on its use of funds and shall return unused funds. The board shall reallocate unused funds to schools desiring additional funds according to the formula in subpart 1.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

Subpart 1. **Eligibility.** A school shall determine if a student is eligible for a dislocated rural worker assistance grant. To be eligible a student must demonstrate compliance with the requirements in this part.

A. The student must meet the requirements for an eligible student as defined in part 4830.0100, subpart 5, items B, C, E, and F.

B. The student must be enrolled in an adult farm management program, or an occupational training program. The program cannot be a liberal arts program. The program must prepare the student for available employment within a labor market where the student lives or is willing to move.

C. The student must have applied for all other federal and state financial aid scholarship or grant programs.

D. The student must be able to demonstrate that subitem (1), (2), or (3) applies to the student:

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(1) The student or the student's spouse is a worker who has been separated from employment or has notice of separation from employment. The separation must be because of a plant shutdown, an industry slowdown, or because the worker's occupation is obsolete; or be in a region where there has been a decline in the number of persons in the worker's customary occupation. The worker must be unlikely to go to work for the same employer or in the same occupation for a year after the job loss.

(2) The student is a displaced homemaker.

(3) The student or the student's spouse is a farmer who can demonstrate severe household financial need.

Subp. 2. **Severe household financial need; incorporation by reference.** Severe household financial need is demonstrated by relating the income of the student's household to the income of a same-sized household as found in the most current table of standard maintenance allowance found in the current edition of "Handbook for Financial Aid Administrators" published by the American College Testing Program; 2201 North Dodge Street, P.O. Box 168; Iowa City, Iowa 52243. The table is incorporated by reference, is subject to frequent change, and is available in the handbook in public libraries throughout the state through the Minitex interlibrary loan system. The table is also available separately from the board.

4830.1564 AMOUNT AND TERM OF GRANTS.

Subpart 1. **Financial need.** An eligible school shall award a grant to an eligible student, to the extent allocated funds are available and to the extent the student demonstrates financial need according to a method consistent with the school's financial aid policies and procedures.

Subp. 2. **Amount.** The amount of the grant to a student when combined with the expected or awarded (a) federal, state, institutional, and private grant assistance that the student receives, (b) employer reimbursement, and (c) the expected parent and student contribution resulting from the assessment of

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financial need under subpart 1, must not exceed the student's direct educational cost as defined in subpart 3.

Subp. 3. **Direct educational cost.** The direct educational cost includes the following:

A. resident tuition and fees at the institution;

B. cost of educational materials;

C. transportation expenses;

D. an allowance for child care expenses; and

E. other expenses allowed by the school.

The direct educational cost must be consistent with the school's financial aid policies and procedures.

4830.1565 COLLECT, REPORT DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

4830.2600 ~~REPORT~~ REPORTS BY SCHOOL.

~~When requested by the board, each~~ The school ~~shall report~~ must collect demographic ~~information~~ and program activity ~~about work study grants by August 10, or the first working day after August 10~~ data as specified by the board. The school shall provide the board with individual student data upon request.

End-of-year program activity and student data reports are required by the board. The school must complete and submit these reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours; ~~or~~

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B. at least 900 clock hours of training for a program at an eligible school using clock hours; or

C. a student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. to 9. [Unchanged.]

Subp. 10. **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower.

A. A cosigner must be at least 18 years old.

B. A cosigner must be a person or an eligible school.

If the cosigner ~~is unemployed, retired, or~~ has no credit history, credit-worthiness shall be determined by the board, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

Subp. 11. to 14. [Unchanged.]

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. to C. [Unchanged.]

D. is not currently in default, as defined by each specific program, of any student educational loan program (GSL, FISL, NDSL, HPL, HEAL, ~~ALAS~~ ALAS/SLS, or other state supplemental loan program) at the current or any previous school;

E. to G. [Unchanged.]

H. for those with loans made from the bonds, has at the time of application, an anticipated graduation date no later than November 1, 1992; and

I. [Unchanged.]

Subp. 16. to 24. [Unchanged.]

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and

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must not exceed 12 months. A loan period may be the same as, or a portion of the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. [Unchanged.]

Subp. 27. **Payout period.** "Payout period" means the time period which begins immediately following the transition period and runs to the earliest of:

A. November 1, 2000, for those with loans made from the bonds; or

B. ten years from the date the student ceases to be an eligible student; or

C. fifteen years from the date of the first loan check; or

D. a shorter period negotiated with the borrower.

Subp. 28. to 30. [Unchanged.]

4850.0014 AMOUNT AND TERMS.

Subpart 1. **Loan amounts.** The minimum loan amount from the student educational loan fund is $1,000.

The annual and maximum loan amounts ~~are~~ for:

A. ~~for~~ an undergraduate student~~,-$4,000-per-academic year-as-long-as-the-loan-amount-does~~ are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual undergraduate borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt (excluding PLUS loans borrowed on the student's behalf) ~~does~~ must not exceed the ~~following~~ product of the grade level ~~limitations~~ times the annual undergraduate borrowing maximum, except in grade level 05 when the cumulative undergraduate loan debt maximum stays the same as in grade level 04. For example, if the annual undergraduate borrowing maximum in statute was $4,000, the cumulative undergraduate loan debt maximum, by grade level, is:

(1) grade level 1, $ 4,000;

(2) grade level 2, $ 8,000;

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(3) grade level 3, $12,000;

(4) grade level 4, $16,000; and

(5) grade level 5, $16,000~~;~~.

B. ~~for~~ a graduate student~~,-$6,000-per-academic-year as-long-as-the-loan-amount-does~~ are those prescribed in Minnesota Statutes, section 136A.1701. The loan must not exceed the stated annual graduate student borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed ~~$25,000~~ the total amount prescribed in Minnesota Statutes for both undergraduate and graduate ~~education~~ educations combined. For example, if the stated total borrowing maximum was $25,000, the cumulative graduate student borrowing maximum, by grade level, is:

(6) grade level 6, $25,000;

(7) grade level 7, $25,000;

(8) grade level 8, $25,000; and

(9) grade level 9, $25,000.

Subp. 2. **Two loans in one year.**

A. A student may borrow ~~the-annual-maximum-twice~~ more than once in the same academic year as long as:

~~A.--a-total-of-11-months-elapses-from-the beginning-of-the-first-loan-period-to-the-beginning-of-the second-loan-period;-or~~ (1) eligibility remains;

~~B.--advances-a-grade-level,-but-the-student-may not-exceed-the-cumulative-debt-for-that-grade-level~~ (2) the annual borrowing maximum is not exceeded; and

(3) the amount approved is at least $1,000.

B. A student may borrow the annual maximum twice in the same grade level, as long as:

(1) a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; and

(2) the cumulative loan debt maximum for that grade level is not exceeded.

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C. A student who advances a grade level in the middle of an academic year may borrow at that new grade level, as long as:

(1) there is no more than one month overlap of loan period; and

(2) the cumulative loan debt maximum for that new grade level is not exceeded.

Subp. 3. **Interest rate.** For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board may increase or decrease the margin within the limits of law. The board shall advise borrowers of changes in the margin.

For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. [Unchanged.]

Subp. 2. **Withdrawal and transfer to another eligible school.** If the student fails to complete the loan period at the school where the loan application was certified and transfers to another eligible school, ~~**additional loan disbursements to the student shall be permitted at the new school as long as the board is notified by the student or the school of the new enrollment**~~ any remaining scheduled disbursements must be canceled. The school must immediately notify the board of any

Approved by Revisor _____

borrower who withdraws for any purpose. ~~Refunds-due-the-student as-a-result-of-the-process-of-withdrawing-and-transferring-to another-eligible-school-need-not-be-returned-to-the-board.--The new-school-shall-certify-the-enrollment-of-the-transferring student~~ The student may apply for any remaining loan eligibility at the other eligible school, assuming the amount approved is at least $1,000.

Subp. 3. and 4. [Unchanged.]

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule:

A. During the school period, the board or its agent shall bill borrowers for accrued interest once during each calendar quarter. ~~Payments-are-due-by-the-15th-day-following the-date-of-the-billing.~~

B. During the transition period, the board or its agent shall bill borrowers for accrued interest once during each calendar month. ~~Payments-are-due-by-the-15th-day-following-the date-of-the-billing.~~

C. During the payout period, borrowers must repay their loans in monthly installments of principal and interest. The interest rate may vary throughout the period. The board or its agent must bill borrowers monthly for amounts due. The sum of the monthly payments must equal the sum of accrued interest plus principal. The monthly payments of principal must be in amounts calculated at the beginning of the repayment period as if two conditions existed. The two conditions are: (1) interest on the loan accrues at a fixed rate equal to the interest rate in effect at the time of the calculation and (2) the loan is payable over its term in equal monthly installments. ~~All-of-a-borrower's-SELF-loans-must-be-combined into-one-repayment-schedule.~~ The borrower must pay a total of at least $600 each year on all of the borrower's SELF loans. If the borrower's spouse also has SELF loans, their combined annual payments on all SELF loans must be at least $600.

Approved
by Revisor _____

D. to H. [Unchanged.]

REPEALER. Minnesota Rules, parts 4830.0600, subparts 1b, 1c, and 1d, are repealed.

Approved
by Revisor _____

Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Financial Assistance

AGENCY: Higher Education Coordinating Board

MINNESOTA RULES: Chapters 4830 and 4850

INCORPORATIONS BY REFERENCE:

Rule Number: 4830.1563, subpart 2

Material Incorporated: Table of standard maintenance allowance found in the current edition of Handbook for Financial Aid Administrators published by the American College Testing Program

The attached rules are approved for publication in the State Register

Richard J. Sands
Senior Assistant Revisor

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Adoption of the Rule of the Minnesota Higher Education Coordinating Board, Governing Definitions for Higher Education Programs, Scholarship and Grants-in-Aids, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund.

NOTICE OF INTENT TO ADOPT A RULE WITHOUT A PUBLIC HEARING

Notice is hereby given that the Minnesota Higher Education Coordinating Board intends to adopt the above-entitled rule without a public hearing following the procedures set forth in the Administrative Procedure Act for adopting rules without a public hearing in Minnesota Statutes, sections 14.22 to 14.28. The statutory authority to adopt the rule is contained in 136A.111; 136A.16; 136A.234, and Laws of Minnesota for 1987, Chapter 386, Article 10, Section 6.

All persons have 30 days in which to submit comment in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed.

Any person may make a written request for a public hearing on the rule within the 30-day comment period. If 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the agency will proceed pursuant to Minnesota Statutes, sections 14.131 to 14.20.

Comments or written requests for a public hearing must be submitted to:

Rose Herrera Hamerlinck
Minnesota Higher Education Coordinating Board
550 Cedar Street, Suite 400
St. Paul, MN 55101
(612/296-7963)

The proposed rule may be modified if the modifications are supported by data and views submitted to the agency and do not result in a substantial change in the proposed rule as noticed.

A copy of the proposed rule is attached to this notice.

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rule has been prepared and is available from Rose Herrera Hamerlinck upon request.

If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to

legality and form to the extent the form relates to legality. Any person may request notification of the date of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to Rose Herrera Hamerlinck.

3/16/88
Date

David A. Longanecker
Executive Director

THIS NOTICE WILL APPEAR IN THE STATE REGISTER ON APRIL 4, 1988.

STATEMENT OF NEED AND REASONABLENESS

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Adoption of the Rule of the Minnesota Higher Education Coordinating Board Governing Definitions for Higher Education Programs, Scholarship and Grants-in-Aids, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund.

April 4, 1988

DEFINITIONS FOR HIGHER EDUCATION PROGRAMS

4830.0100 - subp. 3, 9.

These subparts, and all other references to "dependent" and "independent student" were deleted due to statutory changes whereby the terms of dependency will have the meaning given them in federal legislation (Higher Education Act of 1965, United States Code, title 20, section 1070a-6).

4830.0400 - subp. 2, 3.

Changes proposed to this subpart are also due to the statutorily mandated change to the definition of student dependency, whereby the terms "dependent" and "independent student" will have the meaning given them in federal legislation (Higher Education Act of 1965, United States Code, title 20, section 1070a-6).

4830.0600 - subp. 1.

Changes proposed to this subpart are also due to the statutorily mandated change to the definition of student dependency, whereby the terms "dependent" and "independent student" will have the meaning given them in federal legislation (Higher Education Act of 1965, United States Code, title 20, section 1070a-6).

4830.0700 - subp. 2.

This part needs to be updated to reflect statutory changes, i.e., full-time student status is no longer applicable. Enrollment status varies from program to program. Each program in the agency rules specifies what its enrollment requirements are for participation.

PART-TIME GRANTS

4830.1552 - Subp. 1.

The allocation formula was changed to include a "usage percentage." This would allow the Higher Education Coordinating Board to better distribute funds to schools that actually use the funds, based on the prior year's use.

This change is reasonable because it would allow better distribution of funds to those institutions that need the funds. It would encourage schools not using the monies to refund them before the deadline date so their utilization percentage would not be adversely affected the following year. Currently, schools may hold on to funds until it is too late to reallocate to schools needing additional funds.

Concerning page 5, lines 25-26, the utilization percentage is not applied in allocating the remaining 10 percent of the program funds, because in order to apply for the remaining 10 percent the school must already have used all of its original allocation. To apply the utilization percentage in allocating the remaining 10 percent would penalize the school that has used its original allocation.

4830.1555.

A deadline date was added for institutions to submit final reports and unused funds. This would allow the Higher Education Coordinating Board to complete reconciliation of funds for the fiscal year, and to prepare required reports to the legislature.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

This program has been operating under emergency rule. The Higher Education Coordinating Board is proposing to make this rule permanent. There are no changes suggested between emergency and permanent rule.

This program was started in 1986 when the legislature provided the authority for the Board to create the program. Funds were originally taken from the State Scholarships and Grants-in-Aid Program. In addition, funds were allocated to rural public post-secondary institutions based on the number of students enrolled from economically distressed counties, as designated by the Department of Energy and Economic Development. The original mandate did not include rulemaking authority.

In 1987, the legislature created in statute an autonomous program for Dislocated Rural Workers, and a total of $500,000 was allocated for the 1987-89 biennium. The mandate included a definition of eligible institutions and eligible applicants.

4830.1561.

"Eligible schools" is defined in the legislative mandate, and includes those schools eligible for the Scholarships and Grants-in-Aid program (4830.0300).

4830.1562 - Subp. 1.

This section describes the allocation formula. The formula limits the school's allocation to a count of students from the school's home county and contiguous counties. The intent of the program is to serve people from rural areas who have lost their jobs, therefore, the assumption was made that they would attend schools close to home. Since the seven-county metropolitan area is not considered rural, students from these counties cannot be counted in determining the school's share.

A decision was made to not give a school an allocation of $500 or less because

an average award per student was expected to be larger than $500.

4830.1562 - Subp. 2, Subp. 3 and Subp. 4.

These are standard procedures used by the Higher Education Coordinating Board concerning notification of allocation to schools; accountability of schools for money disbursed to it; and reports and return of unused funds.

4830.1563 - Subp. 1.

This section describes student eligibility. These criteria are inferred or specified in the statute. Students must meet some of the same requirements as the Scholarships and Grants-in-Aid Program: must be a resident of Minnesota; qualify for resident tuition other than through a tuition reciprocity agreement; is in good standing and making satisfactory progress as determined by the school; and, is a permanent resident of the United States if not a United States citizen. (The legislation indicates that the student must meet the financial need criteria established by the Board.)

In addition, the statute requires that the applicant be enrolled in an adult farm management program, or an occupational training program; the applicant must have applied for all other financial aid; and demonstrate that one of the following criteria apply: 1) applicant or spouse has been separated from employment or has received notice of separation; 2) applicant is a displaced homemaker; or 3) the applicant or spouse is a farmer who can demonstrate severe financial need.

The legislation also specifies that the student must be a resident of rural Minnesota. This is taken into account by the language eliminating students residing in the seven-county metropolitan area.

4830.1563 - Subp. 2.

This subpart defines "severe household financial need." The Higher Education Coordinating Board has chosen to use the most current table of the standard maintenance allowance, as defined by the American College Testing Program, in its publication entitled "Handbook for Financial Aid Administrators." This table was chosen because financial aid officers are familiar with it and use it for other campus-based programs. The table is recognized as a standard in the financial aid community, and it is updated annually based on data from the Bureau of Labor Statistics. This table is incorporated by reference, as it is updated yearly. All financial aid offices in all post-secondary schools receive this publication yearly. The Board also has requested that a copy be sent annually to the Legislative Reference Library and the Department of Education library (which are connected to the Minitex interlibrary loan system).

4830.1564 - Subp. 1.

This is a standard procedure used by the Higher Education Coordinating Board concerning campus-based programs. That is, calculations are made by the school

to determine an individual student's award.

4830.1564 - Subp. 2.

This is a standard procedure used by the Higher Education Coordinating Board concerning campus-based programs, i.e., the school's financial aid officer reviews the student application and makes a determination of an award, if any, according to guidelines in rule and to campus policy.

4830.1564 - Subp. 3.

This is identical to the direct educational cost allowed for the Scholarships and Grants-in-Aid Program with the exception that "E. other expenses allowed by the school" has been added. This was added in order to be consistent with other campus-based programs.

4830.1565.

This is a standard requirement of the Higher Education Coordinating Board of all schools participating in financial aid programs. Data must be collected and reported to the Legislature annually.

WORK STUDY PROGRAM

4830.2600.

A deadline date was added for institutions to submit final reports and unused funds. This would allow the Higher Education Coordinating Board to complete reconciliation of funds for the fiscal year and to prepare required reports to the legislature.

STUDENT EDUCATIONAL LOAN PROGRAM (SELF)

4850.0011 - Subp. 1.

Section C - This was added because the terms "academic year" and "loan period" are too often confused. The intent of this definition is to indicate that the term "loan period" is a subset of the term "academic year."

4850.0011. - Subp. 10.

References to "unemployment" and "retirement" are being deleted from the definition of a cosigner. Currently, there is no way of knowing this information unless the cosigner volunteers it; therefore, it is a useless requirement.

4850.0011 - Subp. 15.

Section D - The "SLS" (Supplemental Loan for Students) was added in order to update the terminology. The acronym has been changed from "ALAS" (Auxiliary Loan to Assist Students) to "SLS." Because the Higher Education Coordinating Board will continue to have borrowers with loans in the old ALAS program, it must retain reference to the program.

Section H - A clarification needs to be made that this particular description applies only to those students who receive their loan from the original bonds. Borrowers who receive loans from a new source of funding will not be restricted to graduation dates no later than November 1, 1992. Furthermore, clarifying that the specific graduation date applies only to the time of application, allows borrowers to continue to graduate school programs that may require them to graduate after November 1, 1992.

4850.0011 - Subp. 25.

Definitions of "loan period" (and "academic year") needed to be added in order to prohibit overlapping of loan periods. Currently, a student may advance a grade level within an academic year and be eligible to apply for additional amounts, therefore borrowing twice within one academic year. The problem arises when the student may have an overlapping loan period by borrowing for a quarter or semester already covered by the previous loan.

4850.0011 - Subp. 27.

This program was originally funded by the sale of bonds. In the future, it will be funded by sources other than bonds. The November 1, 2000, repayment deadline is in effect only for those who have loans made from the bonds. This deadline will not affect does who have loans from sources of money other than the bonds. Because there will be borrowers who will receive loans from both the bonds and new sources of money, it is necessary to qualify the definition of "payout period" by adding the proposed language. The addition of the word "shorter" is meant to clarify that students would not be allowed a longer period than the maximum 15 years already provided in rule.

4850.0014 - Subp. 1.

All specific references to annual and aggregate borrowing limits, and specific cumulative loan debt maximums are being deleted. These limits are now included in Minnesota statutes. By leaving the figures in the rule, staff would have to amend the rule whenever the statutes change.

Concerning page 11, lines 27-33, and page 12, lines 4-19: these are examples that assume the current annual borrowing limit set in statute.

4850.0014 - Subp. 2.

This section is being expanded in an attempt to allow students to borrow their remaining eligibility in the program within the same academic year. At present, if a student interrupts his or her loan period, say, for a medical reason, and

is not enrolled when the SELF check arrives, the check must be returned to the Higher Education Coordinating Board and cancelled, as well as any disbursements that may have been scheduled for that student for that loan. Furthermore, if the student returns to school within the loan period after convalescing, the student is no longer eligible to receive any disbursements even though he or she may have a legitimate need for the money. The proposed change would allow the student to reapply for any remaining eligibility within the same academic year (assuming it is for at least $1,000) upon returning to school. Likewise, language is also being proposed that would not permit students or schools to overlap loan periods.

4850.0014 - Subp. 3.

This section needs to be amended in order to take into account sources of funds other than bonds. There will be an interest rate concerning the original bond issue, and an interest rate concerning sources other than bonds.

For loans made from sources other than the bonds, the interest rate on the loan will be determined by the Board at a margin in excess of the "index rate." The "index rate" will be the average rounded to the nearest quarter of one percent of the bond equivalent yield, for auctions of 13-week Treasury Bills, as published weekly in the Federal Reserve Satistical Release H.15 (519), during the preceding calendar quarter. If the "index rate" increases or decreases, the interest rate on the loan will automatically increase or decrease on the same day without notice to the borrower. At no time will the interest rate on the loan increase or decrease more than two percentage points over any four consecutive calendar quarters. The "margin" will be determined by the Board to reflect the costs of the SELF program. If the Board determines that the margin does not reflect the costs of the SELF program, the Board may increase or decrease the margin within limits of law. The Board shall advise borrowers of changes in the margin.

The proposed definition for determining interest rate follows the same methodology as the current definition, except that both the index and the margin are changed. The index is being changed from the cost of the bonds to the 13-week Treasury Bill because at some point in the future the bonds will be paid off and will no longer be part of the SELF program. With that prospect in mind, it was considered best to devise an index with more longevity, hence the 13-week Treasury Bill. It is also an index that can be monitored easily by checking the financial section of any national newspaper.

In devising a new method for arriving at an interest rate, the Board wanted to have a method that closely parallels the current method. The proposed interest rate is expected to be as attractive as the current rate. Since the 13-week Treasury Bill historically has a slightly higher cost than the cost of the current SELF bonds, the margin was proportionately lowered from the present 3.5 percent to 1.75 percent. The net effect is very similar.

The addition of a capped interest rate is being added to give consumers protection from rising interest rates that is currently not available in the program.

Although the rule does not detail the formula for determining the new interest

rate, it is specified in the Promissory Note that all applicants must sign.

(See ATTACHMENT for comparison of current and proposed interest rates.)

4850.0016 - Subp. 2.

This deletion is necessary if the changes to 4850.0014, subp. 2 are necessary. Under the proposed language, the student who transfers can simply cancel any remaining disbursements at the old school, and reapply for a new loan at the new eligible school.

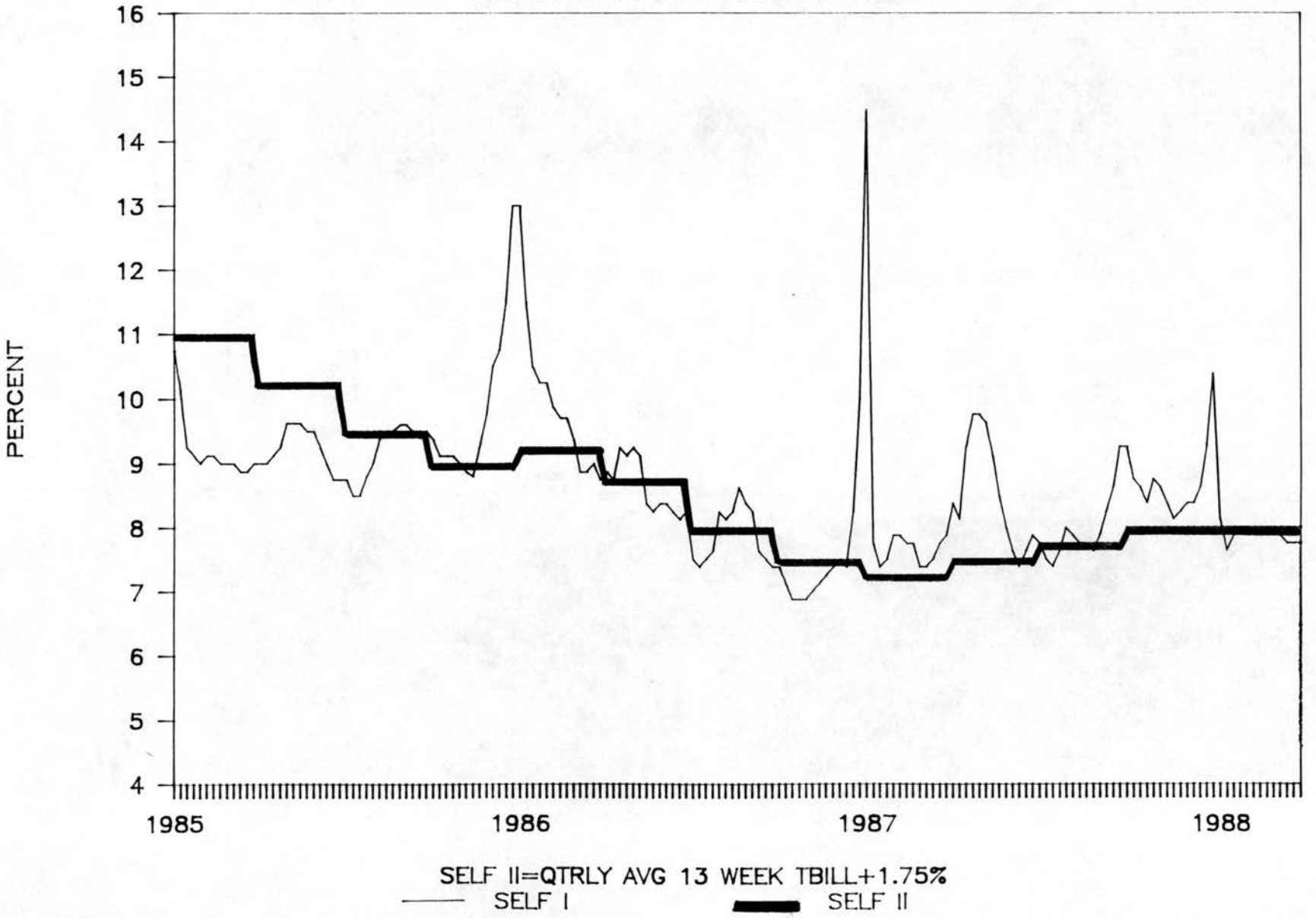
4850.0017.

Eliminating the sentence "payments are due by the 15th day following the date of the billing" would allow more flexibility to bill a SELF borrower. Currently, the program's servicer is the Hemar Service Corporation of America (HSCA). The language deletion would allow them to bill borrowers in batches allowing each borrower at least 15 days to pay the bill. For example, if there are twenty borrowers to bill on April 11 (due on April 26), twenty borrowers to bill on April 8 (due on April 23), and twenty borrowers to bill on April 7 (due on April 22), HSCA could send bills to all sixty borrowers on April 7, showing a due date of April 26. This way, savings in servicing are achieved by billing all sixty borrowers on the same day and allowing each at least 15 days to pay their bill. The intention is not to shorten the time between the billing and the due dates, but rather to insure each borrower has at least fifteen days or more to pay.

Part C: The Board's loan servicer, HSCA, has informed the Board that it cannot perform the function of combining all SELF loans into a single repayment schedule because of computer software problems. Until the technical problem can be solved, the requirement should not appear in rule.

SIMULATION OF SELF II RATES

COMPARED TO ACTUAL SELF I RATES



ATTACHMENT

In the Matter of the Proposed Adoption of the Rule of the Minnesota Higher Education Coordinating Board Governing Definitions for Higher Education Programs, Scholarship and Grants-in-Aids, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund.

AFFIDAVIT OF MAILING THE NOTICE OF INTENT TO ADOPT A RULE WITHOUT A PUBLIC HEARING AND CERTIFICATE OF MAILING LIST

STATE OF MINNESOTA)
)ss.
COUNTY OF RAMSEY)

Rosemary Herrera Hamerlinck, being sworn says:

I hereby certify that the list of persons and associations who have requested, pursuant to Minnesota Statutes, sections 14.14, subdivision 1a and 14.22 or 14.30, that their names be placed on the Minnesota Higher Education Coordinating Board rulemaking mailing list is accurate, complete, and current as of this 31st day of March, 1988.

That on the 31st day of March, 1988, at the City of St. Paul, County of Ramsey, State of Minnesota, I mailed the attached Notice of Intent to Adopt a Rule Without a Public Hearing by depositing in the State of Minnesota Central Mail System for United States mailing, a copy thereof, with postage prepaid, to all persons and associations on the aforementioned mailing list.

Rosemary Herrera Hamerlinck
(Name)

Planning Associate
(Title)

Subscribed and sworn to before me
this 12th day of April, 1988.

Judith A. Morgan
NOTARY PUBLIC — MINNESOTA
RAMSEY COUNTY
My commission expires Sept. 16, 1989

Proposed Rules

Pursuant to Minn. Stat. of 1982, §§ 14.22, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:

1. that they have 30 days in which to submit comment on the proposed rules;
2. that no public hearing will be held unless 25 or more persons make a written request for a hearing within the 30-day comment period;
3. of the manner in which persons shall request a hearing on the proposed rules; and
4. that the rule may be modified if the modifications are supported by the data and views submitted.

If, during the 30-day comment period, 25 or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of §§ 14.14-14.20, which state that if an agency decides to hold a public hearing, it must publish a notice of intent in the *State Register*.

Pursuant to Minn. Stat. §§ 14.29 and 14.30, agencies may propose emergency rules under certain circumstances. Proposed emergency rules are published in the *State Register* and, for at least 25 days thereafter, interested persons may submit data and views in writing to the proposing agency.

Higher Education Coordinating Board

Proposed Permanent Rules Relating to Financial Assistance

Notice of Intent to Adopt a Rule Without a Public Hearing

Notice is hereby given that the Minnesota Higher Education Coordinating Board intends to adopt the above-entitled rule without a public hearing following the procedures set forth in the Administrative Procedure Act for adopting rules without a public hearing in *Minnesota Statutes*, sections 14.22 to 14.28. The statutory authority to adopt the rule is contained in 136A.111; 136A.16; 136A.234, and *Laws of Minnesota for 1987*, Chapter 386, Article 10, Section 6.

All persons have 30 days in which to submit comment in support of or in opposition to the proposed rule or any part or subpart of the rule. Comment is encouraged. Each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed.

Any person may make a written request for a public hearing on the rule within the 30-day comment period. If 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed. If a public hearing is required, the agency will proceed pursuant to *Minnesota Statutes*, sections 14.131 to 14.20.

Comments or written requests for a public hearing must be submitted to:

Rose Herrera Hamerlinck
Minnesota Higher Education Coordinating Board
550 Cedar Street, Suite 400
St. Paul, MN 55101
(612/296-7963)

The proposed rule may be modified if the modifications are supported by data and views submitted to the agency and do not result in a substantial change in the proposed rule as noticed.

A copy of the proposed rule is attached to this notice.

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rule has been prepared and is available from Rose Herrera Hamerlinck upon request.

If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

the date of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to Rose Herrera Hamerlinck.

Dated: 16 March 1988

David A. Longanecker
Executive Director

Rules as Proposed

4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Dependent student.** "Dependent student" means a student who~~:~~

~~A. lives with the parent or legal guardian for at least six weeks;~~

~~B. receives support from the parent or legal guardian; or~~

~~C. is claimed as a tax exemption by the parent or legal guardian in the calendar year prior to or during the calendar year in which the application is made~~ is not an independent student.

Subp. 4. to 8. [Unchanged.]

Subp. 9. **Independent student.** "Independent student" ~~means a student who is not a dependent student~~ has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subp. 10. and 11. [Unchanged.]

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

Subpart 1. [Unchanged.]

Subp. 2. **Minnesota resident.** "Minnesota resident" means:

A. a student who graduated from a Minnesota high school and has not since established residence in another state~~,~~; or

B. a dependent student whose parent or legal guardian resides in Minnesota on the date of application ~~if the student:~~

~~A. lives with the parent or legal guardian for at least six weeks; or~~

~~B. receives support from the parent or legal guardian; or~~

~~C. is claimed as a tax exemption by the parent or legal guardian in the calendar year prior to or during the calendar year in which the application is made.~~

~~"Minnesota resident" means a student who graduated from a Minnesota high school and has not established residence in another state,~~; or a

C. an independent student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months prior to becoming an eligible student~~, for a student who meets the conditions indicated in part 4830.0600, subpart 1, item B, subitem (1), (2), or (3)~~.

Subp. 3. **Eligibility for initial scholarship.** To be eligible for an initial scholarship a student must be an eligible student, as defined in part 4830.0100, subpart 5, except item E, and:

A. to C. [Unchanged.]

Subp. 4. and 5. [Unchanged.]

4830.0600 AWARDS.

Subpart 1. **Monetary awards.** The amount of a scholarship or grant-in-aid financial stipend may not exceed an applicant's cost of attendance, as defined in *Minnesota Statutes*, section 136A.121, subdivision 6, after deducting the following:

A. A contribution by the applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing.

B. For an applicant who is not an independent student, a contribution by the applicant's parents, as determined by a financial need analysis. The parental contribution will be considered in determining the state award~~, unless one of the four following situations applies~~.

~~(1) The applicant has been involuntarily separated from parental support because the applicant is an orphan or a ward of the state, the applicant's parents cannot be located, or the applicant has suffered mental or physical abuse necessitating the separation. The conditions must be established by court document or by an affidavit from a member of the clergy, social worker, lawyer, or physician.~~

~~(2) The applicant is 22 years of age or older on October 1 of the state fiscal year for which aid is received, and establishes that she or he is not dependent upon parental support, based on the following information for the applicant's parents' tax year ending during that fiscal year, and the preceding tax year:~~

~~(a) the parents did not and will not claim the student as an income tax exemption;~~

~~(b) the student did not and will not live with his or her parents more than six weeks in either calendar year; and~~

~~(c) the parents did not and will not provide direct or indirect support worth $750 or more in either calendar year.~~

~~If the board has reason to believe that the information provided by the student is not correct, the facts must be established by affidavit from the parents if they can be located, and by additional documentation, such as income tax returns, proof of residence, voter registration, or similar documentation that reasonably may be requested by the board or its agents and employees.~~

~~(3) The applicant is:~~

~~(a) married, and in the applicant's parents' tax year ending during the fiscal year for which aid is received, the parents did not and will not claim the student as an income tax exemption; the student did not and will not live with his or her parents more than six weeks; and, the parents did not and will not provide direct or indirect support worth $750 or more; or~~

~~(b) a veteran, or a single parent, or divorced, separated, or widowed, and establishes that in the applicant's parents' tax year ending during the fiscal year for which aid is received, and the preceding tax year, the parents did not and will not claim the student as an income tax exemption; the student did not and will not live with his or her parents more than six weeks; and, the parents did not and will not provide direct or indirect support worth $750 or more.~~

~~(4) The applicant is under 22 years of age on October 1 of the state fiscal year, for which aid is to be received, and the applicant has, contrary to his or her wishes, been involuntarily severed from a family relation with his or her parents and has been refused their financial support so that considering a deduction for a contribution by the applicant's parents in determining the state award would be unrealistic and cause the applicant undue hardship. To qualify for this exception, the applicant shall document to the satisfaction of the fact finding committee established in subpart 1d that an exception to a presumption of the applicant's dependence on the parents is warranted, and that the applicant meets the conditions in subitem (2), units (a), (b), and (c).~~

C. For an applicant who is an independent student, the additional student contribution.

D. An estimate of the amount of a federal Pell grant award for which the applicant is eligible.

Subp. 1a. [Unchanged.]

Subp. 1b. to 1d. [See Repealer.]

Subp. 2. [Unchanged.]

4830.0700 METHOD OF PAYMENT.

Subpart 1. [Unchanged.]

Subp. 2. **Refunds.** A scholarship and grant-in-aid is awarded for full-time attendance at a specified school for the academic year of nine months within a state fiscal year. If a recipient fails to enroll or ~~ceases to be a full-time student~~ reduces enrollment, the school must refund the unused portion of the award. Refunds to the board are determined as follows:

A. and B. [Unchanged.]

Subp. 3. [Unchanged.]

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate funds to each school according to the following formula:

A. [Unchanged.]

B. Each school's allocation is the school's share divided by the sum of school shares, multiplied by the last year's usage percent, multiplied by 90 percent. Usage percent is defined as follows:

(1) ~~the school's share, divided by the sum of school shares,~~ If no final report is received by August 10, the usage percentage is 80 percent.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

(2) ~~the result in subitem (1) multiplied by 90 percent of the total part-time grant allocation for the current year~~ If the final report is received before August 10, the usage percent is the total amount of funds used divided by the last year's allocation.

(3) A refund in excess of $1,000 received after April 1 is multiplied by 150 percent and subtracted from the original allocation to determine the funds used. This amount is divided by the last year's allocation to determine the usage percentage.

C. Each January, the board shall allocate the remaining ten percent of the total part-time grant allocation according to the same formula, except that ~~current year part-time enrollment data and average registration levels may be used if the school has submitted by November 15 fall data for the current year that is acceptable to the board~~ the last year's percent of usage must not be applied.

"Number of part-time students" means the sum of all enrolled resident, extension, and unclassified part-time students, who are Minnesota residents, and are reported to the board for its annual enrollment survey as lower division, upper division, and vocational students in the fall term of the school year.

"Registration level" is the number of credits (or an equivalent measure) taken by part-time students in the fall term of the school year as reported to the board for its annual enrollment survey, divided by 12 credits (or an equivalent measure).

Subp. 2. to 4. [Unchanged.]

4830.1555 REPORTS OF DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

End of year program activity and student data reports are required by the board. The school must complete and submit the reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

4830.1560 SCOPE.

Parts 4830.1560 to 4830.1565 govern state assistance to schools for students who are dislocated rural workers.

4830.1561 ELIGIBLE SCHOOLS.

An eligible school under part 4830.0300 is eligible to receive an allocation of state assistance for students who are dislocated rural workers.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Allocation formula.** The board shall allocate grant money to eligible schools according to the formula in this subpart. An eligible school's allocation is the school's share, divided by the sum of school shares. An eligible school's share is the number of entering Minnesota resident students enrolled in the last fiscal year, from the school's home county, and contiguous counties. For schools located in Hennepin and Ramsey counties, the following counties are considered contiguous: Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur, Rice, and Goodhue. Students who resided in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county must not be counted in any school's share. A school whose allocation would be less than $500 using this formula must not receive an allocation. Would-be allocations of less than $500 must be reallocated, using this formula, to other schools.

Subp. 2. **Notification.** The board shall notify each school of the amount allocated to it.

Subp. 3. **Accountability.** A participating school is accountable for money disbursed to students for assistance for dislocated rural worker students. The money may be used by students only during the fiscal year of disbursement. If a student does not use a grant because the student does not enroll in, or withdraws from, school, the school may use the funds for other eligible students. The school must return unused money to the board.

Subp. 4. **Report; unused funds.** When requested by the board, a school shall report on its use of funds and shall return unused funds. The board shall reallocate unused funds to schools desiring additional funds according to the formula in subpart 1.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

Subpart 1. **Eligibility.** A school shall determine if a student is eligible for a dislocated rural worker assistance grant. To be eligible a student must demonstrate compliance with the requirements in this part.

A. The student must meet the requirements for an eligible student as defined in part 4830.0100, subpart 5, items B, C, E, and F.

B. The student must be enrolled in an adult farm management program, or an occupational training program. The program cannot be a liberal arts program. The program must prepare the student for available employment within a labor market where the student lives or is willing to move.

C. The student must have applied for all other federal and state financial aid scholarship or grant programs.

D. The student must be able to demonstrate that subitem (1), (2), or (3) applies to the student:

(1) The student or the student's spouse is a worker who has been separated from employment or has notice of separation from employment. The separation must be because of a plant shutdown, an industry slowdown, or because the worker's occupation is obsolete; or be in a region where there has been a decline in the number of persons in the worker's customary occupation. The worker must be unlikely to go to work for the same employer or in the same occupation for a year after the job loss.

(2) The student is a displaced homemaker.

(3) The student or the student's spouse is a farmer who can demonstrate severe household financial need.

Subp. 2. **Severe household financial need; incorporation by reference.** Severe household financial need is demonstrated by relating the income of the student's household to the income of a same-sized household as found in the most current table of standard maintenance allowance found in the current edition of "Handbook for Financial Aid Administrators" published by the American College Testing Program; 2201 North Dodge Street, P.O. Box 168; Iowa City, Iowa 52243. The table is incorporated by reference, is subject to frequent change, and is available in the handbook in public libraries throughout the state through the Minitex interlibrary loan system. The table is also available separately from the board.

4830.1564 AMOUNT AND TERM OF GRANTS.

Subpart 1. **Financial need.** An eligible school shall award a grant to an eligible student, to the extent allocated funds are available and to the extent the student demonstrates financial need according to a method consistent with the school's financial aid policies and procedures.

Subp. 2. **Amount.** The amount of the grant to a student when combined with the expected or awarded (a) federal, state, institutional, and private grant assistance that the student receives, (b) employer reimbursement, and (c) the expected parent and student contribution resulting from the assessment of financial need under subpart 1, must not exceed the student's direct educational cost as defined in subpart 3.

Subp. 3. **Direct educational cost.** The direct educational cost includes the following:

A. resident tuition and fees at the institution;

B. cost of educational materials;

C. transportation expenses;

D. an allowance for child care expenses; and

E. other expenses allowed by the school.

The direct educational cost must be consistent with the school's financial aid policies and procedures.

4830.1565 COLLECT, REPORT DATA.

The school must collect demographic, educational, and financial data specified by the board from eligible students requesting grants. The school shall provide the board with individual student data upon request.

4830.2600 ~~REPORT~~ REPORTS BY SCHOOL.

~~When requested by the board, each~~ The school ~~shall report~~ must collect demographic ~~information~~ and program activity ~~about work-study grants by August 10, or the first working day after August 10~~ data as specified by the board. The school shall provide the board with individual student data upon request.

End-of-year program activity and student data reports are required by the board. The school must complete and submit these reports and any applicable refunds to the board by the first working day after August 9. If the reports are not completed by the deadline, the board shall withhold the subsequent year's allocation.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

4850.0011 DEFINITIONS.

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours; ~~or~~

B. at least 900 clock hours of training for a program at an eligible school using clock hours; or

C. a student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. to 9. [Unchanged.]

Subp. 10. **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower.

A. A cosigner must be at least 18 years old.

B. A cosigner must be a person or an eligible school.

If the cosigner ~~is unemployed, retired, or~~ has no credit history, credit-worthiness shall be determined by the board, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

Subp. 11. to 14. [Unchanged.]

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. to C. [Unchanged.]

D. is not currently in default, as defined by each specific program, of any student educational loan program (GSL, FISL, NDSL, HPL, HEAL, ~~ALAS~~ ALAS/SLS, or other state supplemental loan program) at the current or any previous school;

E. to G. [Unchanged.]

H. for those with loans made from the bonds, has at the time of application, an anticipated graduation date no later than November 1, 1992; and

I. [Unchanged.]

Subp. 16. to 24. [Unchanged.]

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. [Unchanged.]

Subp. 27. **Payout period.** "Payout period" means the time period which begins immediately following the transition period and runs to the earliest of:

A. November 1, 2000, for those with loans made from the bonds; or

B. ten years from the date the student ceases to be an eligible student; or

C. fifteen years from the date of the first loan check; or

D. a shorter period negotiated with the borrower.

Subp. 28. to 30. [Unchanged.]

4850.0014 AMOUNT AND TERMS.

Subpart 1. **Loan amounts.** The minimum loan amount from the student educational loan fund is $1,000.

The annual and maximum loan amounts ~~are~~ for:

A. ~~for~~ an undergraduate student~~, $4,000 per academic year as long as the loan amount does~~ are those prescribed in *Minnesota Statutes*, section 136A.1701. The loan must not exceed the stated annual undergraduate borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's ~~behalf~~); and the cumulative student loan debt (excluding PLUS loans borrowed on the student's behalf) ~~does~~ must not exceed the ~~following~~ product of the grade level ~~limitations~~ times the annual undergraduate borrowing maximum, except in grade level 05 when the cumulative undergraduate loan debt maximum stays

the same as in grade level 04. For example, if the annual undergraduate borrowing maximum in statute was $4,000, the cumulative undergraduate loan debt maximum, by grade level, is:

(1) grade level 1, $ 4,000;

(2) grade level 2, $ 8,000;

(3) grade level 3, $12,000;

(4) grade level 4, $16,000; and

(5) grade level 5, $16,000~~:~~.

B. ~~for~~ a graduate student~~, $6,000 per academic year as long as the loan amount does~~ are those prescribed in *Minnesota Statutes*, section 136A.1701. The loan must not exceed the stated annual graduate student borrowing maximum or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf); and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed ~~$25,000~~ the total amount prescribed in *Minnesota Statutes* for both undergraduate and graduate ~~education~~ educations combined. For example, if the stated total borrowing maximum was $25,000, the cumulative graduate student borrowing maximum, by grade level, is:

(6) grade level 6, $25,000;

(7) grade level 7, $25,000;

(8) grade level 8, $25,000; and

(9) grade level 9, $25,000.

Subp. 2. **Two loans in one year.**

A. A student may borrow ~~the annual maximum twice~~ more than once in the same academic year as long as:

~~A. a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; or~~ (1) eligibility remains;

~~B. advances a grade level, but the student may not exceed the cumulative debt for that grade level~~ (2) the annual borrowing maximum is not exceeded; and

(3) the amount approved is at least $1,000.

B. A student may borrow the annual maximum twice in the same grade level, as long as:

(1) a total of 11 months elapses from the beginning of the first loan period to the beginning of the second loan period; and

(2) the cumulative loan debt maximum for that grade level is not exceeded.

C. A student who advances a grade level in the middle of an academic year may borrow at that new grade level, as long as:

(1) there is no more than one month overlap of loan period; and

(2) the cumulative loan debt maximum for that new grade level is not exceeded.

Subp. 3. **Interest rate.** For loans made from the bonds, the interest rate on the loan must be fixed by the board at a margin in excess of the "index rate" on the bonds. If the bonds bear interest at more than one rate at any one time, the "index rate" will be the weighted average of the interest rates. The "index rate" may change on Thursday of each week. If the "index rate" increases or decreases, the interest rate on the loan increases or decreases automatically on the same day without notice to the borrower. If the board determines that the margin does not reflect the costs of the SELF program, the board may increase or decrease the margin within the limits of law. The board shall advise borrowers of changes in the margin.

For loans made from sources other than the bonds, the board shall establish interest rates charged to borrowers that are reasonable, competitive, and within the limits of law. Information about how the interest rate is calculated will be available from the board or the financial aid office at the eligible school.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. [Unchanged.]

Subp. 2. **Withdrawal and transfer to another eligible school.** If the student fails to complete the loan period at the school where the loan application was certified and transfers to another eligible school, ~~additional loan disbursements to the student shall be permitted at the new school as long as the board is notified by the student or the school of the new enrollment~~ any remaining scheduled disbursements must be canceled. The school must immediately notify the board of any borrower who withdraws for any purpose. ~~Refunds due the student as a result of the process of withdrawing and transferring to another eligible school need not be returned to the board. The new school shall certify the enrollment of the transferring student~~ The student may apply for any remaining loan eligibility at the other eligible school, assuming the amount approved is at least $1,000.

Subp. 3. and 4. [Unchanged.]

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule:

A. During the school period, the board or its agent shall bill borrowers for accrued interest once during each calendar quarter. ~~Payments are due by the 15th day following the date of the billing.~~

B. During the transition period, the board or its agent shall bill borrowers for accrued interest once during each calendar month. ~~Payments are due by the 15th day following the date of the billing.~~

C. During the payout period, borrowers must repay their loans in monthly installments of principal and interest. The interest rate may vary throughout the period. The board or its agent must bill borrowers monthly for amounts due. The sum of the monthly payments must equal the sum of accrued interest plus principal. The monthly payments of principal must be in amounts calculated at the beginning of the repayment period as if two conditions existed. The two conditions are: (1) interest on the loan accrues at a fixed rate equal to the interest rate in effect at the time of the calculation and (2) the loan is payable over its term in equal monthly installments. ~~All of a borrower's SELF loans must be combined into one repayment schedule.~~ The borrower must pay a total of at least $600 each year on all of the borrower's SELF loans. If the borrower's spouse also has SELF loans, their combined annual payments on all SELF loans must be at least $600.

D. to H. [Unchanged.]

REPEALER. *Minnesota Rules*, parts 4830.0660, subparts 1b, 1c, and 1d, are repealed.

Department of Human Services

Proposed Permanent Rules Relating to Child Protection Services

Notice of Hearing

NOTICE IS HEREBY GIVEN that a public hearing on the above-entitled matter will be held in Conference Rooms 1 A/B, Department of Human Services, 444 Lafayette Road, St. Paul, MN 55155, on May 4, 1988 commencing at 9:00 a.m. and continuing until all interested or affected persons have an opportunity to participate. The proposed rules may be modified as a result of the hearing process. Therefore, if you are affected in any manner by the proposed rules, you are urged to participate in the rule hearing process.

Following the agency's presentation at the hearing, all interested or affected persons will have an opportunity to participate. Such persons may present their views either orally at the hearing or in writing at any time prior to the close of the hearing record. All evidence presented should be pertinent to the matter at hand. Written material not submitted at the time of the hearing which is to be included in the hearing record may be mailed to Peter Erickson, Administrative Law Judge, Office of Administrative Hearings, 500 Flour Exchange Building, 310 Fourth Avenue South, Minneapolis, Minnesota 55415; telephone (612) 341-7606, either before the hearing or within five working days after the public hearing ends. The administrative law judge, may at the hearing, order the record be kept open for a longer period not to exceed 20 calendar days. The comments received during the comment period shall be available for review at the Office of Administrative Hearings. Following the close of the comment period the agency and all interested persons have three business days to respond in writing to any new information submitted during the comment period. During the three-day period, the agency may indicate in writing whether there are amendments suggested by other persons which the agency is willing to adopt. No additional evidence may be submitted during the three-day period. The written responses shall be added to the rulemaking record. Upon the close of the record the Administrative Law Judge will write a report as provided for in *Minnesota Statutes*, section 14.50. The rule hearing is governed by *Minnesota Statutes*, section 14.14 to 14.20 and by *Minnesota Rules*, parts 1400.0200 to 1400.1200. Questions about procedure may be directed to the Administrative Law Judge.

CERTIFICATE OF THE
MINNESOTA HIGHER EDUCATION COORDINATING BOARD

RESOLUTION ADOPTING THE RULE

I, Celeste O'Donnell, do hereby certify that I am a member and the 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 Minnesota Higher Education Coordinating Board, duly and properly called and held on the 19th day of May, 1988, that a quorum was present, and that a majority of those present voted for the resolution which has not been rescinded or modified.

RESOLVED, that the rule relating to Definitions for Higher Education Programs, Scholarship and Grants-in-Aid, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund is approved and adopted, pursuant to authority vested in the Minnesota Higher Education Coordinating Board by Minnesota Statutes 136A.111; 136A.16; 136A.234, and Laws of Minnesota for 1987, Chapter 386, Article 10, Section 6.

David A. Longanecker, the executive director of the Minnesota Higher Education Coordinating Board, is authorized to sign the findings of fact, conclusions, and order adopting the rule and further is authorized to modify the rule if necessary to obtain the approval of the rule by the attorney general and to perform the necessary acts to provide that the rule shall have the force and effect of law."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 19th day of May, 1988.

Celeste O'Donnell
Officer of the Board

M. Johnson
Attest by one other Board member

STATE OF MINNESOTA

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Adoption of the Rule of the Minnesota Higher Education Coordinating Board, Governing Definitions for Higher Education Programs, Scholarship and Grants-in-Aid, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund.

FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING THE RULE WITHOUT PUBLIC HEARING

Notice of the Board's intent to adopt the above-entitled rule was published in the State Register on April 4, 1988 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes, sections 14.14, subdivision 1a and 14.22 on March 31, 1988. The statement of need and reasonableness was prepared before the notice of intent to adopt a rule without a public hearing was mailed to all persons on the rulemaking list and published in the State Register and was available to the public.

All persons were given the opportunity to submit comment on the rule for 30 days after notice of proposed rulemaking. No requests for a public hearing on the rule were received by the agency. Two submissions or comments on the rule were received by the agency (one of which was received after the formal comment period). One request for notice of submission to the attorney general was received by the agency.

The following changes were made between the Rule as Proposed and the Rule as Adopted:

1) 4830.1552, Subpart 1, Section B: the word "initial" was added to clarify the initial allocation of the school year, as opposed to the second allocation made of the remaining ten percent of the program's funds.

2) 4830.1552, Subpart 1, Section B,1: the date of August 10 was substituted with "the first working day after August 9" in order to allow for weekends and holidays.

3) 4830.1563, Subpart 1, Section B: the term "training" was substituted with the term "education" to coincide with wording used throughout the agency's rules.

4) 4850.0011, Subpart 25: a "," was added for grammatical reasons.

Based on the comments and evidence in the record before the agency, I find the following:

The above-captioned rule is needed and reasonable.

NOW, THEREFORE, IT IS ORDERED that the rule identified as Definitions for Higher Education Programs, Scholarship and Grants-in-Aids, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund, as modified, is adopted this 19th day of May, 1988, pursuant to authority vested in me by Minnesota Statutes, section 136A.111; 136A.16; 136A.234, and Laws of Minnesota for 1987, Chapter 386, Article 10, Section 6.

David A. Longanecker
Executive Director

Dated: May 19th, 1988

In the Matter of the Proposed Adoption
of the Rule of the Minnesota Higher
Education Coordinating Board Governing
Definitions for Higher Education
Programs, Scholarships and Grants-in-Aids,
Part-Time Grants, Work-Study Grants,
Dislocated Rural Worker Assistance,
and Student Educational Loan Fund

DECLARATION OF COUNSEL

I, Laura E. Mattson, Special Assistant Attorney General, do hereby declare that I have examined the above-captioned rule, and the supporting rulemaking record, and that, based on my examination, the Administrative Procedure Act and Minnesota Rules, Chapter 2010 have been followed. Any exceptions are noted below. For Attorney General billing purposes, the four digit docket client code is 0448.

LAURA E. MATTSON
Special Assistant
Attorney General

RECEIVED

MAY 24 88

ATTORNEY GENERAL'S OFFICE
515 TRANSPORTATION BLDG.
ST. PAUL, MN 55155

STATE OF MINNESOTA

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Adoption of the Rule of the Minnesota Higher Education Coordinating Board Governing Definitions for Higher Education Programs, Scholarship and Grants-in-Aid, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund.

NOTICE OF SUBMISSION OF RULE ADOPTED WITHOUT PUBLIC HEARING TO THE ATTORNEY GENERAL

Pursuant to your request and in accordance with Minnesota Statutes, section 14.26:

PLEASE TAKE NOTICE that the above-captioned rule as adopted has been submitted to the Office of the Attorney General on the date of this notice, May 20th, 1988, for review as to legality and form to the extent form relates to legality. The proposed rule, the rule as adopted, all the notices, the Statement of Need and Reasonableness, all written comments and requests for a hearing received, and other required documents also have been submitted to the Attorney General.

The proposed rule which was published in the State Register and made available to the public on April 4, 1988, has been modified. A copy of the rule as modified is enclosed with this notice.

The rule must be approved or disapproved by the Attorney General within 14 calendar days of the date of submission to the attorney general. You may submit written comments to the attorney general on the legality of the rule. Any comments must be submitted within eight calendar days of the date of submission of the rule to the Attorney General. Your comments must address only the issue of legality of the rule or the legality of the specific parts or subparts of the rule. The attorney general standards for review are set forth in Minnesota rules, part 2010.1000. You may receive a copy of the attorney general decision upon written request to the attorney general. Your comments or request for the decision must be directed to:

The Office of the Attorney General
204 Administration Building
50 Sherburne Avenue
Saint Paul, MN 55155
Telephone Number: (612) 296-1288

Any written comments submitted to the Attorney General must be submitted simultaneously to:

Rose Herrera Hamerlinck
Minnesota Higher Education Coordinating Board
550 Cedar Street, Suite 400
Saint Paul, MN 55101
Telephone Number: (612) 296-7963

David A. Longanecker
Executive Director

Dated: May 20th, 1988

In the Matter of the Proposed Adoption of the Rule of the Minnesota Higher Education Coordinating Board Governing Definitions for Higher Education Programs, Scholarship and Grants-in-Aid, Part-Time Grants, Work-Study Grants, Dislocated Rural Worker Assistance, and Student Educational Loan Fund.

AFFIDAVIT OF MAILING THE NOTICE OF SUBMISSION OF RULE ADOPTED WITHOUT PUBLIC HEARING TO THE ATTORNEY GENERAL

STATE OF MINNESOTA)
)ss.
COUNTY OF RAMSEY)

Rosemary Herrera Hamerlinck, being sworn says:

That on the 20th day of May, 1988, in the City of St. Paul, County of Ramsey, State of Minnesota, I mailed the attached Notice of Submission to the Attorney General by depositing in the State of Minnesota Central Mail System for United States mailing, a copy thereof, with postage prepaid, to all persons and associations who requested notice that the rule in the above-entitled matter has been submitted to the Attorney General.

Rosemary Herrera Hamerlinck
Name

Planning Associate
Title

Subscribed and sworn to before me this 20th day of May, 1988.

Judith A. Morgan
NOTARY PUBLIC — MINNESOTA
RAMSEY COUNTY
My commission expires Sept. 16, 1989