

Statement of Need and Reasonableness
for
Minnesota Higher Education Coordinating Board Proposed Rules

March, 1983

(Rules 5 MCAR SS 2.0101-2.0108; 2.0201-2.0209; 9 2.0301-2.0310;
2.0501-2.0507; 2.0701-2.0706; 2.0801-2.0806; 10 2.0901-2.0918;
2.0990; 2.1001-2.1008 are repealed.)

This Statement of Need and Reasonableness will utilize the following format for a paragraph-by-paragraph discussion of the proposed rules:

I Authority

II Programs

1) Background of Program

2) Proposed Rules

3) Discussion

I. Authority

Authority for the promulgation of these rules is contained in Minnesota Statutes sections 136A.111, 136A.121, 136A.132, 136A.233, 136A.236, 136A.141, 136A.20, 136A.70 (1982).

The proposed rules as contained in this document reflect changes made to the Higher Education Coordinating Board rules, 1978 edition, as amended in 1980-81 (5 MCAR 2.0101 through 2.1008).

II. Programs

5 MCAR S 2.064 Terms of loans - grants

This section refers to the foreign student loan program (136A.146) which has been discontinued, i.e., no more funds are being allocated to the program. Rules, though, need to be maintained for the collection of loans which remain outstanding.

2.0604A Conditions for conversion of loans

Discussion: The word "residing" was changed to "residency" for grammatical correctness. Additional words were added for clarification of program requirements.

2.0604B Emergency Scholarship funds

Discussion: This paragraph was added to clarify and specify the required reporting procedures.

2.0606C Disbursement of funds

Discussion: C) The word "institution" was changed to "school" for consistency in MCAR terminology. In addition, the time period of the school's responsibility for funds disbursed under this program needed to be specified.

D) This paragraph was added to clarify and specify the school's accountability, and to specify the procedure established by the board.

5 MCAR S 2.0100 Definitions for higher education programs

2.0100A Applicability

Discussion: This paragraph simply defines the purpose for this section of the rules. Wording changes were made to simplify and conform to format recommended by the Revisor of Statutes.

2.0100B Board

Discussion: No change from previous rule.

2.0100C Educational cost

Discussion: Defines items which are to be used in determining the award formula. Wording change is made from previous rules, from "shall include" to "means".

2.0100D Eligible student

Discussion: This paragraph consolidates previous definition of who is an "eligible" applicant, and an "undergraduate"

applicant. No program change, other than restricting tuition reciprocity recipients, and making more explicit the requirement of satisfactory progress.

2.0100E Executive director

Discussion: No change from previous rule.

2.0100F Financial need

Discussion: Since the scholarship and grant-in-aid program awards money only to students who show financial need, this rule is necessary to establish the definition of "financial need analysis" which, previously, was a separate paragraph.

2.0100G Minnesota resident

Discussion: This paragraph outlines which events must take place in order for an applicant to be considered a resident of Minnesota. These events must take place by a certain date. A paragraph was added defining independent students because residency requirements are different for independent versus dependent students and it is necessary to define the difference.

State Scholarship and Grants-in-Aid

The legislature began this program when it found that the identification of young men and women of the state who are economically disadvantaged and the encouragement of their educational development in eligible institutions of their choice was in the best interest of the state, and its students.
(136A.095)

5 MCAR S 2.2102 Eligible schools

Discussion: This rule outlines the criteria to be used to determine whether or not a school may participate in the program. Additional detail of criteria is provided in comparison to previous rule, with no new criteria added.

5 MCAR S 2.2103 Application dates & student eligibility

Discussion: Statutes dictate that there be scholarships and grants and that there be initial and renewal applicants. This rule defines the criteria for initial scholarship and grant applicants, renewal applicants, and date of application. This is not a new rule, but it was changed to conform to new rule format.

5 MCAR S 2.2104 Ranking applicants

Discussion: By statute, initial and renewal scholarship and grant applicants must be ranked in a certain way before

awards are made. The wording and order of this rule was changed for clarification.

5 MCAR 2.2105 Awards

Discussion: This rule explains the criteria as dictated by statute, governing the minimum and maximum amount of a monetary award. In addition, statutes also created a non-monetary award which is so defined. This rule does not represent a change from the previous rule, except for word changes for clarification.

5 MCAR S 2.2106 Method of Payment

Discussion: This rule describes the procedure by which a monetary award is transferred from the state to the student. There is no change, except for wording, from the previous rule.

Part-Time Student Grants

The legislature created this program for students attending eligible institutions less than full-time (136A.132).

5 MCAR S 2.2202 Eligible schools

Discussion: No change from previous rule.

5 MCAR S 2.2203 Application and distribution of funds for grants

Discussion: A) This paragraph was added to clarify the procedure; B) The allocation formula is clarified, and made more specific to reflect procedural operations. There are no substantive changes except for wording to clarify meaning in sections C, D, and E.

5 MCAR S 2.2204 Determination of eligibility

Discussion: A) Eligibility is expanded to include Pell Grant recipients in order to make the program more responsive to the needs of eligible applicants; B) Reflects current procedural operations based on statute and make the program more responsive to the needs of eligible applicants; C) Addition of "applicant" to certain circumstances where estimated income shall be used is added to clarify previous rule. Also, if no tax return is available for the base year, the use of estimated annual income is necessary.

5 MCAR S 2.2205 Amount & term of grants

Discussion: "Pell Grant" is added in the determination of the part-time student grant due to the Pell Grant inclusion in 2.2204A above.

5 MCAR S 2.2206 Reports of data

Discussion: Clarifies reporting and data collection requirements based on current program operations.

Work-Study Grants

The legislature began this program when it determined that such a program is in the best interests of the state in that it can 1) assist in meeting the financial needs of students 2) provide the opportunity for students to obtain valuable learning service experiences, and 3) assist governmental and nonprofit service agencies by providing student assistance at low cost. (136A.231)

5 MCAR S 2.2302 Eligible schools

Discussion: No change from previous rule

5 MCAR S 2.2303 Application and distribution of funds

Discussion: A) Clarifies previous rule for grants and specifies procedural operations; B) specifies allocation formula in more detail, and new wording clarifies understanding of allocation formula. There are no substantive changes except for wording to clarify meaning in sections C, D and E.

5 MCAR S 2.2304 Eligible students

Discussion: No change from previous rule.

5 MCAR S 2.2305 Employment terms; Amount of grants

Discussion: A) No change from previous rule; B) Specifies documentation requirements of program to help the board with auditing requirements; C) No change from previous rule.

5 MCAR S 2.2306 Contracts with employers.

Discussion: No substantive change except for wording to clarify meaning.

5 MCAR S 2.2307 Report by school

Discussion: Clarifies reporting and data collection requirements based on current program operations.

AVTI Tuition Subsidy

Since July, 1979, the board has administered a program of tuition subsidies for students attending public post-secondary vocational-technical schools.

5 MCAR S 2.2402 Eligible schools

Discussion: No change from previous rule.

5 MCAR S 2.2403 Application & distribution of funds for tuition subsidies

Discussion: A) Clarifies and specifies the procedure of applying for funds; B) Specifies the allocation formula in detail. There are no substantive changes except for wording to clarify meaning in sections C, D, E and F.

5 MCAR S 2.2404 Eligible students

Discussion: A) No change from previous rule; B) Specifies factors that are considered in the determination of financial need based on current program operations; C) No change from previous rule.

5 MCAR S 2.2405 Tuition subsidy

Discussion: There are no substantive changes except to clarify meaning, and program requirements.

Assistance for Student Dependents of Minnesota Veterans

The objective of this program is to provide financial assistance to students enrolled in Minnesota post-secondary institutions, who were dependents of Minnesota veterans when they declared prisoners of war or missing in action according to guidelines established after August 1, 1958.

5 MCAR S 2.2502 Eligible students verification

Discussion: A) No change from previous rule; B) Clarifies and specifies types of documentation that may be required for verifying status, based on current program operations.

5 MCAR S 2.2503 Amount of assistance

Discussion: Clarifies the amount of assistance available based on statutory limitations.

State Student Loans

The legislature found that the encouragement of the maximum educational development of the young men and women of Minnesota is in the best interest of the state. The state loan program encourages students to continue their education and provides financial assistance for those who would not otherwise be able to do so. This program is designated to be compatible with the provisions of the Higher Education Act of 1965. (136A.14)

5 MCAR S 2.2602 Eligible schools

Discussion: No change from previous rule.

5 MCAR S 2.2603 Eligible students

Discussion: A) No change from previous rule; B) No change from previous rule; C) Clarifies default conditions in order to be consistent with the federal Guaranteed Student Loan Program regulations, this paragraph also is used for program control purposes.

5 MCAR S 2.2604 School agreements and student applications

Discussion: This paragraph clarifies the responsibilities of the school, the lender and the student.

5 MCAR S 2.2605 Amount, terms & payment

Discussion: This paragraph clarifies specific program requirements and limitations regarding the amount, terms, and payment of a loan check as related to the student borrower.

Private College Contracts

The legislature found that private colleges in Minnesota have the potential capacity for educating larger number of Minnesota residents and that providing for the education of additional Minnesota residents in private colleges, rather than in state institutions of higher education, would result in a savings of tax moneys. Contractual agreements with Minnesota private colleges, therefore, are designed to encourage and facilitate the education of larger numbers of Minnesota residents in private colleges located in Minnesota (136A.18)

5 MCAR S 2.2702 Eligible schools

Discussion: There are no substantive changes except for wording to clarify meaning.

5 MCAR S 2.2703 Contracts

Discussion: There are no substantive changes from those sections of the previous rules, only minor changes in wording and organization to clarify meaning.

5 MCAR S 2.2704 Certification of the number of eligible students

Discussion: This section is needed to clearly define the procedures for defining the number of Minnesota residents and grant recipients enrolled as full-time students as well as the type of records that participating institutions will need to maintain for the board's auditing purposes.

5 MCAR S 2.2705 Payment

Discussion: This section is necessary to specify the amount to be paid both when there is full funding for the program and when payment cannot be made at the statutory maximum. It is also needed to clearly define how and when payment will be provided to the participating institutions.

Private Institutions Registration and Approval of Degrees and Names

The legislature found that the availability of legitimate courses and programs leading to academic degrees offered by responsible private institutions of post-secondary education and the existence of legitimate private colleges and universities are in the best interest of the people of Minnesota. In addition, the legislature found that the state can provide assistance and protection for persons choosing private institutions and programs, by establishing policies and procedures to assure the authenticity and legitimacy of private post-secondary education institutions and programs. The legislature has also declared that this same policy applies to any public post-secondary educational institution located in another state or country which offers or makes available to a Minnesota resident any course, program or educational activity which does not require the leaving of the state for its completion.

5 MCAR 2.2802 Definitions

Discussion: There are no substantive changes from this section of the previous rules, only minor changes in wording to clarify meaning.

5 MCAR 2.2803 Who must register

Discussion: No change from previous rule.

5 MCAR 2.2804 Requirements for registration

Discussion: A) The only substantive change from the previous rule is the specification that the fees will be set at the statutory maximum. This addition is needed to clearly define the amount of the fee charge for registration and renewal; B) The proposed new rule deletes the requirement for schools not located in Minnesota. This change is needed to make the rule conform to MN Stat. 136.68 which requires record protection only if the institution is located in Minnesota; C) There are no substantive changes except for wording to clarify meaning, in sections C, D, E, and F; G) The only substantive change from this section of the previous rule is the addition of the last two sentences in quotations which are needed to clarify what registration means and what it does not mean. The Higher Education Coordinating Board office has received

a number of inquiries about schools which advertise that they are registered using the currently allowed language. These inquiries include: "Will credit be accepted by other institutions?"; "Is registration the same as accreditation?" "Will programs lead to occupational licensure or promotion?" and "Will degrees be recognized by employers and others?". In the board's judgment, the proposed additional language will more fully explain the extent and the limitations of registration.

5 MCAR 2.2805 Approval of names & degrees

Discussion: A) In general, this section is needed to explain the relationship between registration, approval of degrees and approval of names. It is substantially the same as the previous rule; Sections B), C), D), E) and F) reflect no substantive changes from the previous rule except for minor word changes to clarify meaning; G) this section of the previous rule requiring a standing advisory committee is being repealed. This repeal is reasonable because this is a matter which is normally handled by a directive from the board following their policy on advisory committees. Since no other board advisory committee is established by rule, this repeal will allow conformance with the general board approach to advisory committees. However, the provision for a special advisory committee is needed to assure that schools subject to registration will understand that the recommendations of the board's staff regarding their school may be reviewed by an outside committee before board action.

5 MCAR 2.2806 Disapproval & Appeal

Discussion: No substantive changes except for wording changes to clarify meaning.

5 MCAR 2.2807 Withdrawal of Approval

Discussion: No substantive changes except for wording changes to clarify meaning.

5 MCAR 2.2808 Information, forms & procedures

Discussion: The only substantive changes from the previous rule is the repeal of the delegation of authority for the executive director to prescribe procedures and set fees. This repeal is needed because such matters should be clearly prescribed in rules and not delegated to the executive director.

5 MCAR 2.2809 Schools licensed by another agency to department

Discussion: There are no substantive changes except for wording changes to clarify meaning.

5 MCAR 2.2810 Schools licensed by commissioner of education

Discussion: There are no substantive changes except for wording changes to clarify meaning.

5 MCAR 2.2811 Voluntary compliance

Discussion: There are no substantive changes except for wording changes to clarify meaning.

(old 5 MCAR 2.0990. Separability is being repealed. The repeal is reasonable since the inclusion of this section is unnecessary. MN Stat. 645.20 (1980) and MN Stat. 645.001 (1981 Supplement) provide that unless otherwise stated, all law and rules shall be severable.