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TO: Interested Persons

FROM: Rose Herrera Hamerlinck *Rose Herrera Hamerlinck*

RE: Statement of Need and Reasonableness for Rules Governing Part-Time Student Grants

DATE: February 19, 1986

The Higher Education Coordinating Board is proposing to adopt rules for the Part-Time Student Grant Program. The Board has been operating this program under emergency rules, and is now proposing permanent rules.

If you have any questions or comments, please contact:

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Authority to Prescribe Rules

The Minnesota Higher Education Coordinating Board is authorized by statute to adopt policies and prescribe rules and regulations for programs it operates. The authorization for the Part-Time Student Grant Program is contained in Minn. Stat. 1984, 136A.111, and First Special Session 1985, Chapter 11, Section 80, Subd. 1.

The Board has been operating under emergency rules, (MN Rules 4830.1550 to 4830.1556) as authorized by the 1985 Legislature.

Background of Program

The objective of the program is to provide financial assistance to students enrolled less than half-time in a program that applies to a degree, diploma, or certificate, and who demonstrate financial need.

All references in this document to "Previous Rule" refer to MN Rules 4830.1000 to 4830.1500.

Part-by-Part Explanations

4830.1551 ELIGIBLE SCHOOLS

This section indicates that schools eligible for the Scholarships and Grants-in-Aid Program are eligible for the Part-Time Grant Program. The Board annually adopts the list of eligible schools, and eligible schools may be added throughout the year. In the previous rule, school had to request funds each year. This change is expected to make participation in the program less cumbersome.

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS

Subp. 1. This represents a change to the allocation formula. Under previous rule, the Board used the number of part-time students (as determined by an annual enrollment survey conducted by the Board) and the school's percentage of the total number of part-time students in the state to determine each school's allocation.

The Board proposes to take into account the average registration level (e.g. average number of credits) taken by part-time students at each school, and the school's budget as used by the Scholarships & Grants-in-Aid Program for the current year to determine each school's allocation.

The Board's statutory authority to propose these changes is found in Minn. Stat. 1984, 136A.132, subd. 7. The proposed changes are considered reasonable because the proposed formula would distribute funds more fairly and equitably. For example, under the previous rule, a part-time student taking one credit had the same weight in the school's allocation as a part-time student taking ten credits. Under previous rule a school received the same allocation irrespective of the level of tuition and fees charged. The previous rule did not take into account the two factors that determine the student's total cost of attendance: the cost per unit of instruction (e.g., quarter or semester credit, clock hour), and the number of units for which the student enrolls.

In addition, the Board proposes that 90 percent of the funds of the program be allocated at the beginning of the school year, and ten percent of the funds be allocated in January at which time updated enrollment data may be used.

*change to allocation formula*

Under previous rule, allocation was based on prior year enrollment. Schools that experienced a dramatic shift in enrollment of eligible students did not have the opportunity to adjust their allocation in January, as is proposed. In January, the remaining ten percent of the allocation would be based on current school year enrollment which would enable the Board to respond more properly to fluctuating enrollment of part-time students.

This subpart includes also a definition of the "number of part-time students" to be used in the allocation formula, and "registration level". Students always have been counted using the criteria of Minnesota residency, upper or lower division and vocational students, extension, and unclassified part-time students during the fall quarter of the school year.

A definition of registration level has been added which includes in the allocation formula the average number of credits or equivalent measure taken by part-time students. Previously, the school needed only to submit an enrollment headcount.

Subp. 2. Schools have always been notified by the Board of the amount allocated to them. This is not different from previous rule.

Subp. 3. This subpart is identical to the previous rule. It specifies the school's responsibilities to participate in the program and when funds may be used.

Subp. 4. This subpart is identical to the previous rule.

#### 4830.1553 DETERMINATION OF ELIGIBILITY

Several changes are proposed to the determination of eligibility, compared to the previous rule.

In previous rule, an eligible student was defined as a Minnesota resident, enrolled less than full time in a course of study leading to a degree, diploma or certificate. The student was not eligible for any other financial assistance, with the exception of the Pell Grant. The new rule proposes to use the same determination of eligibility as defined in the general definitions for higher education programs. The proposed determination of an eligible student would be consistent with other programs of financial aid.

This part includes a statement about students attending less than half-time after July 1, 1986 may continue to apply for awards. Previous rule said that students attending less than full-time were eligible for part-time awards. Because of statutory changes made in 1985, students considered to be at least half-time will be eligible for funds from the Scholarship and Grants-in-Aid Program, while students considered less than half-time will be eligible for funds from the Part-Time Grant Program starting in July, 1986. The proposed changes comply with statute.

#### 4830.1554 AMOUNT AND TERM OF GRANTS

Subp. 1. Previous rule specified that the financial need of the student was determined by an income eligibility table established by the Board, using U.S. Bureau of Labor Statistics data. The Board proposes to eliminate the eligibility table and to allow schools to determine financial need based on each school's individual financial aid policies and procedures. The change from previous rule is considered reasonable because the Part-Time Student Grant Program is considered to be campus-based, and each campus or school should be allowed to determine its students' financial need.

Subp. 2. Previous rule specified that the amount of the award was based on the school's tuition and fees, and that this amount could not be larger than tuition and fees at a comparable program at the University of Minnesota. The Board proposes to include costs other than resident tuition and fees in order to allow for a more realistic expectation of costs.

Subp. 3. This subpart would assure that the student does not receive an award that is more than his or her direct educational cost at the school. It also allows students to receive financial aid from other programs in addition to the Pell Grant. In previous rule, the part-time student was allowed to receive aid only from the Pell Grant or Part-Time Grant Program. It would be reasonable to allow a student to receive funds from as many sources as possible as long as the amount received does not exceed the direct educational cost.

#### 4830.1555 REPORTS OF DATA

This part specifies that the schools shall collect certain data from

students requesting grants, and that the Board shall collect these data from schools.

This is a requirement for all financial aid programs so the Board may report on program usage to the governor and legislature.