

STATEMENT OF NEED AND REASONABLENESS
PERMANENT RULES RELATING TO FINANCIAL AID

as administered by

the Minnesota Higher Education Coordinating Board

**In the Matter of the Proposed Adoption of Rules
Governing the State Grants, State Grants for Licensed Practical Nurses,
State Grants for Registered Nurses, Nursing Home or Intermediate Care
Facility Nurses Education Account, Nursing Grants for Persons of Color,
Part-time Student Grants, and Dislocated Rural Worker Grants**

STATE OF MINNESOTA
MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Rules
Governing State Grants, State Grants,
State Grants for Licensed Practical
Nurses, State Grants for Registered
Nurses, Nursing Home or Intermediate
Care Facility Nurses Education Account,
Nursing Grants for Persons of Color, Part-
time Student Grants, and Dislocated Rural
Worker Grants (Minn. Rules Parts 4830.0300-
4830.0500, 4830.6610, 4830.6510, 4812.0100-
4812.0150, 4830.9005-4830.9030, 4830.1550-
4830.151556, 4830.1560-4830.1565)

STATEMENT OF NEED
AND REASONABLENESS

SECTION I: AUTHORITY TO PRESCRIBE RULES

The Minnesota Higher Education Coordinating Board is authorized by statute to adopt policies and prescribe rules and regulations for student financial aid programs. [Minnesota Statutes 1992, 136A.04, Subd. 1(8) and 136A.16, Subd. 2]

SECTION II: BACKGROUND

Many of the proposed changes are due to statutory changes that have occurred since the current rules were adopted. In order that the rules correctly reflect current statutory regulations, the rules must be changed through the rulemaking process. In some cases, circumstances have arisen in the administration of financial aid programs, which need explanation or further clarification. Since the current rules do not address these circumstances, appropriate sections have been modified or added to the affected program rules to ensure that all students are treated equitably in the determination of eligibility for state financial aid programs. Modifications and additions to current rules protect the rights of all students applying for such assistance, and attempt to clarify program operations for financial aid officers handling the disbursement of state financial aid monies to eligible students.

The 1993 legislature created a new financial aid program: Nursing Grant Program for Persons of Color. This rulemaking process includes permanent rules for that program, which will become operational for the 1993-94 academic year. The Part-time Student Grant program has been repealed. Part-time students enrolled for at least 3 credits will now be served by the State Grant Program. Therefore, the Part-time Grant rules are being repealed through this rulemaking process. The Dislocated Rural Worker Grant program was repealed during the 1993 legislative session. The rules for this program are being repealed through this rulemaking process.

SECTION III: PROPOSED CHANGES

The proposed changes are summarized below:

STATE GRANTS

- * Add/delete language concerning the annual list of eligible schools for state grant purposes. This language change will permit more efficient program administration. [4830.0300, Subp. 1]
- * Add/delete language specifying the required program length. This language change provides consistency with the definition of required program length for certificate programs defined in the general definitions section for other financial aid programs administered by the Board (i.e., 4830.0100, Subp. 2a). [4830.0300, Subp. 2B(3)]
- * Add language clarifying student eligibility. Commencing July 1, 1993, state grant recipients may attend less than half-time. This addition eliminates half-time status as a requirement for a state grant. This is a statutory change specified in 136A.101, Subd. 7. [4830.0400, Subp. 4]
- * Delete language pertaining to overlapping part-time grant awards and state grant awards. Since the part-time grant program is repealed effective July 1, 1993, this subpart is no longer necessary. Part-time students will be served by the state grant program. [4830.0400, Subp. 6--see repealer language at end of rules]
- * Delete language pertaining to ranking of applicants since this is no longer pertinent to current program operations. [4830.0500, Subparts 1, 2, and 3]

STATE GRANTS FOR LICENSED PRACTICAL NURSES

- * Delete/add language regarding institutional program participation. This is a statutory change. [4830.6610, Subp. 1]
- * Add/delete language regarding when a school or nursing program must provide enrollment data to the executive director. This change is for improved efficiency in program administration, and to provide participating schools/nursing programs adequate time to gather accurate enrollment data, which provides the basis for institutional allocations. [4830.6610, Subp. 3A]

STATE GRANTS FOR REGISTERED NURSES

- * Delete/add language regarding institutional program participation. This is a statutory change. [4830.6510, Subp. 1]
- * Add/delete language regarding when a school or nursing program must provide enrollment data to the executive director. This change is for improved efficiency in program administration, and to provide participating schools/nursing programs adequate time to gather

accurate enrollment data, which provides the basis for institutional allocations. [4830.6510, Subp. 3A]

NURSING HOME OR INTERMEDIATE CARE FACILITY NURSES EDUCATION ACCOUNT

- * Add language to include additional types in this education account. This is a statutory change. [4812.0100]
- * Add language to include other federal student loan programs that may be created in the future as qualified loans for inclusion under this program. This addition will make it possible for program participants to designate federal student loans not specifically listed for payment by the executive under this program. This addition will provide more flexibility for program participants to designate types of federal student loans that may be created by the federal government in the future. [4812.0110, Subp. 4]
- * Add/delete language clarifying when a potential program participant must express interest in the program. This is a statutory change. [4812.0130, Subp. 1]
- * Add/delete language clarifying when a potential program participant must complete an application form and contract. Also add language to include additional types of nurses in this application/contract process. These are statutory changes. [4812.0130, Subp.2]
- * Add language to include other types of nursing program participants included in this program, who should notify the executive director upon starting an eligible employment position as a nurse under the terms of this program.
- * Add language to include additional types of facilities for eligible service under this program. This is a statutory change. [4812.0140, Subp. 3]
- * Add language to include additional types of nursing services which the program participant can perform to avoid reimbursement to the executive director under this program. This is a statutory change. [4812.0140, Subp. 4]
- * Add language specifying additional types of facilities that eligible program participants can serve as nurses in order to fulfill the service requirement under this program and avoid making repayments to the executive director. This is a statutory change. [4812.0150, Subp. 1]

NURSING GRANTS FOR PERSONS OF COLOR

- * Add language to specify the parameters of applicability for the following rules. [4830.9005]
- * Add language specifying the parameters of the definitions provided in this section. [4830.9010, Subp. 1]

- * Add language specifying the types of individuals eligible to participate in this program. This language incorporates the statutory requirements regarding participant eligibility. [4830.9010, Subp. 2]
- * Add language explaining who a school or nursing program can participate in this financial aid program. This is for clarity and effective program administration. [4830.9015, Subp. 1]
- * Add language specifying the responsibilities of a school or nursing program that chooses to participate in this program. This language is necessary to ensure program integrity, to provide equitable treatment of students participating in this program, and to ensure efficient, effective program administration. [4830.9015, Subp. 2]
- * Add language explaining the formula used to make program allocations to participating schools/nursing programs. This language is necessary to avoid confusion, provide completeness, and ensure equitable treatment of all schools/nursing programs choosing to participate in this program. [4830.9015, Subp. 3]
- * Add language specifying under what circumstances the executive director would modify an allocation amount calculated by formula. This is to ensure program integrity by not disbursing more program funds than a school/nursing program can utilize. This provision also provides efficiency in the use of program monies. [4830.9015, Subp. 4]
- * Add language explaining how available program funds will be reallocated to participating schools/nursing programs. This language is for completeness, clarity, and to ensure efficient program administration. [4830.9015, Subp. 5]
- * Add language indicating the reasons under which the executive director may delay disbursement of program allocations to individual schools/nursing programs. This language is to avoid confusion by participating schools/programs, for clarity of program requirements, and to provide efficiency in program administration. [4830.9015, Subp. 6]
- * Add language specifying the accountability of participating schools/nursing programs. This language is to ensure program integrity, and to ensure that monies from one fiscal year are not co-mingled with funds from another fiscal year. This language clarifies program requirements as they relate to disbursement. [4830.9015, Subp. 7]
- * Add language explaining how unused program funds must be handled by participating schools/nursing programs, and how such funds will be utilized by the executive director. This language is for clarity and completeness. [4830.9015, Subp. 8]
- * Add language specifying what type of information schools/programs will be required to provide to the executive director for monitoring recipient service status. This language is necessary to monitor recipient status, to ensure adequate information is collected to perform such monitoring, and to provide efficient program administration. [4830.9015, Subp. 9]
- * Add language specifying the required student award amount. This language is specified in statute and is included for clarity, completeness and to avoid confusion. [4830.9020, Subp. 1]

- * Add language indicating how a recipient's total award must be disbursed by the school/nursing program. This is to ensure program integrity and to avoid over-award situations which could necessitate students repaying monies in excess of financial need. [4830.9020, Subp. 2]
- * Add language explaining the terms under which a student may renew the award for subsequent years. This language is for clarity, completeness, and to avoid possible confusion by students. [4830.9020, Subp. 3]
- * Add language specifying to whom the student must provide change of address information. This is for clarity and to avoid confusion. [4830.9025, Subp. 1]
- * Add language to clarify a recipient's reporting requirements under this program. This is to avoid possible confusion and to ensure efficient program administration. [4830.9025, Subp. 2]
- * Add language explaining the types of information a participating school/nursing program must provide to the executive director and the ramifications of failure to provide such information. This language ensures the equitable treatment of schools/nursing programs choosing to participate in the program and provides clarity of reporting requirements under this program. [4830.9030, Subp. 1]
- * Add language to indicate that the executive director may require additional information from the student, school, or nursing program in order to administer the program effectively and efficiently. The requested information is consistent with the law governing this program. [4830.9030, Subp. 2]

PART-TIME STUDENT GRANTS

- * Repeal rules relating to this program because the program is repealed effective July 1, 1993, according to Laws of Minnesota 1991, chapter 356, article 8, section 24. [4830.1550-4830.1556--see repealer language at end of rules.]

DISLOCATED RURAL WORKER GRANTS

- * Repeal rules relating to the Dislocated Rural Worker Assistance Program because the program is repealed according to Laws of Minnesota 1993, First Special Session, chapter 2, article 9, section 6. [4830.1560-4830.1565--see repealer at end of rules.]

CHAPTER II: Part-by-Part Explanation

This chapter provides an explanation for each part of the rules relating to State Grants, State Grants for Licensed Practical Nurses, State Grants for Registered Nurses, Nursing Home or Intermediate Care Facility Nurses Education Account, Nursing Grants for Persons of Color, Part-time Student Grants, and Dislocated Rural Worker Grants.

STATE GRANTS

4830.0300 ELIGIBLE SCHOOLS

Subp. 1. **Annual list.** Add/delete language concerning the annual list of eligible schools for state grant purposes. This language change will permit more efficient program administration. The list of eligible schools does not change significantly from one year to another. This is a routine operating procedure which should not require Board action.

Subp. 2. Requirements.

B.(3) Add/delete language specifying the required program length. This language change provides consistency with the definition of required program length for certificate programs defined in the general definitions section for other financial aid programs administered by the Board (i.e., 4830.0100, Subp. 2a). This change is meant to eliminate confusion over this definition as it pertains to financial aid programs administered by the Board.

4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY

Subp. 4. **Eligibility for initial grant.** Add language clarifying student eligibility. Commencing July 1, 1993, students enrolled for at least 3 credits per term are eligible for a state grant. This addition eliminates half-time status as a requirement for a state grant. This is a statutory change specified in 136A.101, Subd. 7.

Subp. 6. **Overlapping awards.** Delete/repeal language pertaining to overlapping part-time grant awards and state grant awards. Since the part-time grant program is repealed effective July 1, 1993, this subpart is no longer necessary. Part-time students will be served by the state grant program.

4830.0500 RANKING APPLICANTS

Subpart 1. **Classification and ranking of applicants.** Delete/repeal language pertaining to ranking of applicants since this is no longer pertinent to current program operations. This deletion is for accuracy and completeness.

Subp. 2. **Priority of classes of applicants.** Delete/repeal language relating to applicant priority since this is no longer pertinent to current program operations. This deletion is for accuracy and completeness.

Subp. 3. **Awards based on need.** Delete/repeal language relating to the assignment of awards in descending order of rank. This language is no longer pertinent to current program operations. All student awards are based on financial need. Ranking of students no longer occurs. This deletion is for accuracy and completeness.

STATE GRANTS FOR LICENSED PRACTICAL NURSES

4830.6610 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Application by schools and programs.** Delete/add language regarding institutional program participation. This is a statutory change.

Subp. 3. **Responsibility.** Add/delete language regarding when a school or nursing program must provide enrollment data to the executive director. This change is for improved efficiency in program administration, and to provide participating schools/nursing programs adequate time to gather accurate enrollment data, which provides the basis for institutional allocations. This should ensure more efficiency and timeliness in the allocation of program funds to participating schools/programs.

STATE GRANTS FOR REGISTERED NURSES

4830.6510 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. **Application by schools and programs.** Delete/add language regarding institutional program participation. This is a statutory change.

Subp. 3. **Responsibility.** Add/delete language regarding when a school or nursing program must provide enrollment data to the executive director. This change is for improved efficiency in program administration, and to provide participating schools/nursing programs adequate time to gather accurate enrollment data, which provides the basis for institutional allocations. This should ensure more efficiency and timeliness in the allocation of program funds to participating schools/programs.

NURSING HOME OR INTERMEDIATE CARE FACILITY NURSES EDUCATION ACCOUNT

4812.0100 SCOPE.

Add language to include other types of facilities included under this program. This is a statutory change.

4812.0110 DEFINITIONS.

Subp. 4. **Qualified loans.** Add language to include other federal student loan programs that may be created in the future as qualified loans for inclusion under this program. This addition will make it possible for program participants to designate federal student loans not specifically listed for payment by the executive under this program. This addition will provide more flexibility for program participants to designate types of federal student loans that may be created by the federal government in the future. This will permit the program to adjust to changing needs of program participants.

4812.0130 APPLICATION PROCESS.

Subpart 1. **Letter of interest.** Add/delete language clarifying when a potential program participant must express interest in the program. This change will provide potential program participants a longer time period to indicate an interest in the program. This is a statutory change.

Subp. 2. **Application form and contract.** Add/delete language clarifying when a potential program participant must complete an application form and contract. Also add language to include additional types of nurses in this application/contract process. Changes in this subpart are due to statutory changes.

Subp. 3. **Notification of service.** Add language to include other types of nursing program participants included in this program, who should notify the executive director upon starting an eligible employment position as a nurse under the terms of this program. This addition incorporates statutory changes to this program.

4812.0140 LOAN PAYMENT

Subp. 3. **Terms of payments.** Add language to include additional types of facilities for eligible service under this program under which the executive director would make loan payments for program participants. This is a statutory change.

Subp. 4. **Discontinuation of service.** Add language to include additional types of nursing services which the program participant can perform to avoid reimbursement to the executive director under this program. This change incorporates statutory changes to the program.

4812.0150 PENALTY FOR NONFULFILLMENT

Subpart 1. **Payment amount.** Add language specifying additional types of facilities that eligible program participants can serve as nurses in order to fulfill the service requirement under this program and avoid making repayments to the executive director. This language change is due to expansion of the program to include nurses serving in this type of facility.

NURSING GRANTS FOR PERSONS OF COLOR

4830.9005 SCOPE. Add language to specify the parameters of applicability for the following rules.

4830.9010 DEFINITIONS.

Subpart 1. Scope. Add language specifying the parameters of the definitions provided in this section.

Subp. 2. Person of color. Add language specifying the types of individuals eligible to participate in this program. This language incorporates the statutory requirements regarding participant eligibility. It is included to avoid confusion and for completeness.

4830.9015 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. Application by schools and programs. Add language explaining how a school or nursing program can participate in this financial aid program. This is for clarity and effective program administration. This procedure is consistent with other campus-based programs administered by the Board.

Subp. 2. Responsibility. Add language specifying the responsibilities of a school or nursing program that chooses to participate in this program. This language is necessary to ensure program integrity, to provide equitable treatment of students participating in this program, and to ensure efficient, effective program administration. It is important that participating schools/programs understand their responsibilities to ensure proper accountability for program funds and fulfillment of program objectives.

Sub. 3. Allocation formula. Add language explaining the formula used to make program allocations to participating schools/nursing programs. This language is necessary to avoid confusion, provide completeness, and ensure equitable treatment of all schools/nursing programs choosing to participate in this program. The language is meant to avoid confusion in regard to the manner in which program funds are allocated to participating schools/nursing programs.

Subp. 4. Modification of allocations. Add language specifying under what circumstances the executive director would modify an allocation amount calculated by formula. This is to ensure program integrity by not disbursing more program funds than a school/nursing program can utilize. This provision also provides efficiency and accountability in the use of program monies.

Subp. 5. Reallocations. Add language explaining how available program funds will be reallocated to participating schools/nursing programs. This language is for completeness, clarity, and to ensure efficient program administration. This procedure is consistent with other financial aid programs administered by the Board.

Subp. 6. Delay. Add language indicating the reasons under which the executive director may delay disbursement of program allocations to individual schools/nursing programs. This language is

to avoid confusion by participating schools/programs, for clarity of program requirements, and to provide efficiency in program administration. It is important that participating schools/nursing programs understand that failure to submit required documents on a timely basis will result in a delay of disbursement of program funds for the subsequent year. This requirement attempts to ensure integrity of the program.

Subp. 7. Accountability. Add language specifying the accountability of participating schools/nursing programs. This language is to ensure program integrity, and to ensure that monies from one fiscal year are not co-mingled with funds from another fiscal year. This language clarifies program requirements as they relate to disbursement and is consistent with operating procedures used in other programs administered by the Board.

Subp. 8. Unused funds. Add language explaining how unused program funds must be handled by participating schools/nursing programs, and how such funds will be utilized by the executive director. This language is for clarity and completeness. This type of refund/reallocation process is used in other currently operating campus-based programs.

Subp. 9. Monitoring recipient service status. Add language specifying what type of information schools/programs will be required to provide to the executive director for monitoring recipient service status. This language is necessary to monitor recipient status, to ensure adequate information is collected to perform such monitoring, and to provide efficient program administration. The executive director must be able to monitor program participant service in order to fulfill legislative reporting requirements on this nursing program and to monitor its successful achievement of program objectives.

4830.9020 AWARDS

Subpart 1. Award amount. Add language specifying the required student award amount. This language is specified in statute and is included for clarity, completeness and to avoid confusion.

Subpart 2. Award disbursement. Add language indicating how a recipient's total award must be disbursed by the school/nursing program. This is to ensure program integrity and to avoid over-award situations which could necessitate students repaying monies in excess of financial need. This procedure is consistent with other financial aid programs administered by the Board.

Subp. 3. Renewal awards. Add language explaining the terms under which a student may renew the award for subsequent years. This language is for clarity, completeness, and to avoid possible confusion by students. This language is consistent with statutory language governing the program.

4830.9025 RECIPIENT RESPONSIBILITIES.

Subpart 1. Change of address. Add language specifying to whom the student must provide change of address information. This is for clarity and to avoid confusion. This information is necessary in order to monitor program participant fulfillment of service requirements under this program.

Subp. 2. **Service status verification.** Add language to clarify a recipient's reporting requirements under this program. This is to avoid possible confusion and to ensure efficient program administration. This information is necessary in order for the Board to fulfill its responsibilities in regard to sound program administration.

4830.9030 REPORTS BY SCHOOLS OR NURSING PROGRAMS.

Subpart 1. **Data collection; reports.** Add language explaining the types of information a participating school/nursing program must provide to the executive director and the ramifications of failure to provide such information. This language ensures the equitable treatment of schools/nursing programs choosing to participate in the program and provides clarity of reporting requirements under this program. This type of data collection is consistent with that required for other programs administered by the Board.

Subp. 2. **Additional information.** Add language to indicate that the executive director may require additional information from the student, school, or nursing program in order to administer the program effectively and efficiently. The requested information is consistent with the law governing this program. Schools/nursing programs may be able to provide the executive director with additional information to modify or improve program administration. This language provides flexibility, but also protects schools/nursing programs from unreasonable requests for information.

PART-TIME STUDENT GRANTS

4830.1550 SCOPE.

4830.1551 ELIGIBLE SCHOOLS

4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS

4830.1553 DETERMINATION OF ELIGIBILITY

4830.1554 AWARDS

4830.1555 REPORTS OF DATA

Repeal all above sections of rules pertaining to the Part-time Student Grant program due to repeal of the program effective July 1, 1993. [See Laws of Minnesota 1991, chapter 356, article 8, section 24.] See repealer language.

DISLOCATED RURAL WORKER GRANTS

4830.1560 SCOPE.

4830.1561 ELIGIBLE SCHOOLS.

4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

4830.1564 AMOUNT AND TERM OF GRANTS.

4830.1565 COLLECT, REPORT DATA.

Repeal all above sections of rules pertaining to the Dislocated Rural Worker Assistance Program due to repeal of the program. [See Laws of Minnesota 1993, First Special Session, chapter 2, article 9, section 6.] See repealer language.