

SEP 16 1994

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Adoption
of the Rule of the Minnesota Higher Education
Coordinating Board Governing the Youth Works
Postservice Benefit Program

DUAL NOTICE

NOTICE OF INTENT TO ADOPT A RULE WITHOUT A PUBLIC HEARING
UNLESS 25 OR MORE PERSONS REQUEST A HEARING, AND NOTICE OF
HEARING IF 25 OR MORE REQUESTS FOR HEARING ARE RECEIVED

Introduction. The Minnesota Higher Education Coordinating Board intends to adopt a permanent rule without a public hearing following the procedures set forth in the Administrative Procedure Act, Minnesota Statutes, sections 14.22 to 14.28. If, however, 25 or more persons submit a written request for a hearing on the rule within 30 days or by October 20, 1994 a public hearing will be held on November 14, 1994. To find out whether the rule will be adopted without a hearing or if the hearing will be held, you should contact the agency contact person after October 20, 1994 and before November 14, 1994.

Agency Contact Person. Comments or questions on the rule and written requests for a public hearing on the rule must be submitted to:

Mary Lou Dresbach

Minnesota Higher Education Coordinating Board

400 Capitol Square Building

550 Cedar Street

St. Paul, MN 55101

(612) 296-3974

FAX: (612) 297-8880

Subject of Rule and Statutory Authority. The proposed rule is about the use of postservice benefits earned by individuals through the Youth Works Program. The statutory authority to adopt the rule is *Minnesota Statutes* 136A.04, Subd. 1(8). A copy of the proposed rule is published in the *State Register* and attached to this notice as mailed.

Comments. You have until 4:30PM on October 20, 1994 to submit written comment in support of or in opposition to the proposed rule or any part or subpart of the rule. Your comment must be in writing and received by the agency contact person by the due date. Comment is encouraged. Your comments should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed.

Request for a Hearing. In addition to submitting comments, you may also request that a hearing be held on the rule. Your request for a public hearing must be in writing and must be received by the agency contact person by 4:30PM on October 20, 1994. Your written request for a public hearing must include your name, address, and telephone number. You are encouraged to identify the portion of the proposed rule which caused your request, the reason for the written request, and any changes you want made to the proposed rule. If 25 or more persons submit a written request for a hearing, a public hearing will be held unless a sufficient number withdraw their requests in writing.

Modifications. The proposed rule may be modified, either as a result of public comment or as a result of the rule hearing process. Modifications must not result in a substantial change in the proposed rule as attached and printed in the *State Register* and must

be supported by data and views submitted to the agency or presented at the hearing. If the proposed rule affects you in any way, you are encouraged to participate in the rulemaking process.

Cancellation of Hearing. The hearing scheduled for November 14, 1994 will be canceled if the agency does not receive requests from 25 or more persons that a hearing be held on the rule. If you requested a public hearing, the agency will notify you before the scheduled hearing whether or not the hearing will be held. You may also call the agency contact person at (612) 296-3974 after October 20, 1994 to find out whether the hearing will be held.

Notice of Hearing. If 25 or more persons submit written requests for a public hearing on the rule, a hearing will be held following the procedures in Minnesota Statutes, sections 14.14 to 14.20. The hearing will be held on November 14, 1994 at the Veterans Services Building, 20 West 12th Street, 5th Floor Conference Room, St. Paul, MN 55101 beginning at 9:00AM and will continue until all interested persons have been heard. The hearing will continue, if necessary, at additional times and places as determined during the hearing by the administrative law judge. The administrative law judge assigned to conduct the hearing is Steve M. Mihalchick. Judge Mihalchick can be reached at the Office of Administrative Hearings, 100 Washington Square, Suite 1700, Minneapolis, MN 55401, (612) 349-2544.

Hearing Procedure. If a hearing is held, you and all interested or affected persons including representatives of associations or other interested groups, will have an opportunity to participate. You may present your views either orally at the hearing or in writing at any time prior to the close of the hearing record. All evidence presented should relate to the

proposed rule. You may also mail written material to the administrative law judge to be recorded in the hearing record for five working days after the public hearing ends. This five-day comment period may be extended for a longer period not to exceed 20 calendar days if ordered by the administrative law judge at the hearing. Comments received during this period will be available for review at the Office of Administrative Hearings. You and the agency may respond in writing within five business days after the submission period ends to any new information submitted. All written materials and responses submitted to the administrative law judge must be received at the Office of Administrative Hearings no later than 4:30PM on the due date. No additional evidence may be submitted during the five-day period. This rule hearing procedure is governed by Minnesota Rules, part 1400.0200 to 1400.1200 and Minnesota Statutes, sections 14.14 to 14.20. Questions about procedure may be directed to the administrative law judge.

Statement of Need and Reasonableness. A statement of need and reasonableness is now available from the agency contact person. This statement describes the need for and reasonableness of each provision of the proposed rule. It also includes a summary of all the evidence and argument which the agency anticipates presenting at the hearing, if one is held. The statement may also be reviewed and copies obtained at the cost of reproduction from the Office of Administrative Hearings.

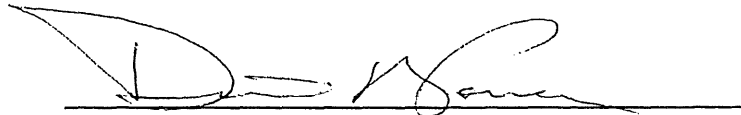
Lobbyist Registration. Minnesota Statutes, chapter 10A requires each lobbyist to register with the Ethical Practices Board. Questions regarding this requirement may be directed to the Ethical Practices Board at the Centennial Office Building, 1st floor, 658 Cedar Street, St. Paul, Minnesota 55155, (612) 296-5148.

Adoption Procedure if No Hearing. If no hearing is required, after the end of the

comment period the agency may adopt the rule. The rule and supporting documents will then be submitted to the attorney general for review as to the legality and form to the extent form relates to legality. You may request to be notified of the date the rule is submitted to the attorney general or be notified of the attorney general's decision on the rule. If you want to be so notified, or wish to receive a copy of the adopted rule, submit your request to the agency contact person listed above.

Adoption Procedure after the Hearing. If a hearing is held, after the close of the hearing record, the administrative law judge will issue a report on the proposed rule. You may request to be notified of the date on which the administrative law judge's report will be available, after which date the agency may not take any final action on the rule for a period of five working days. If you want to be notified about the report, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the administrative law judge. You may also request notification of the date on which the rule is adopted and filed with the Secretary of State. The agency's notice of adoption must be mailed on the same day that the rule is filed. If you want to be notified of the adoption, you may so indicate at the hearing or send a request in writing to the agency contact person at any time prior to the filing of the rule with the Secretary of State.

Date: August 29, 1994



DAVID R. POWERS

Executive Director

1 Higher Education Coordinating Board
 2
 3 Proposed Permanent Rules Relating to Youth Works (Postservice
 4 Benefit) Program

5
 6 Rules as Proposed (all new material)
 7 HIGHER EDUCATION COORDINATING BOARD
 8 YOUTH WORKS POSTSERVICE BENEFIT PROGRAM

9 4815.0100 SCOPE.

10 Parts 4815.0100 to 4815.0160 govern postservice benefits
 11 for persons who have successfully completed a youth works
 12 program as described in Minnesota Statutes, section 121.707.

13 4815.0110 DEFINITIONS.

14 Subpart 1. Scope. For the purposes of this chapter, the
 15 terms defined in this part have the meanings given them.

16 Subp. 2. Apprenticeship site. "Apprenticeship site" means
 17 a site approved by the youth apprenticeship program under
 18 Minnesota Statutes, chapter 126B, or a registered apprenticeship
 19 program approved by the Minnesota Department of Labor and
 20 Industry.

21 Subp. 3. Benefit recipient. "Benefit recipient" means a
 22 person who has successfully completed a youth works program as
 23 described in Minnesota Statutes, section 121.707.

24 Subp. 4. Commissioner. "Commissioner" means the
 25 commissioner of education.

26 Subp. 5. Educational loans. "Educational loans" means:

- 27 A. Perkins Loans/National Direct Student Loans
- 28 (NDSLs);
- 29 B. Stafford Loans/Guaranteed Student Loans (GSLs);
- 30 C. Supplemental Loans for Students (SLSs)/Auxiliary
- 31 Loans to Assist Students (ALASs);
- 32 D. Student Educational Loan Fund (SELF); and
- 33 E. loan consolidation programs that only consolidate
- 34 loan payments for loans specified in this subpart.

35 Subp. 6. Eligible institution. "Eligible institution"

1 means a federally accredited postsecondary institution or an
2 eligible Minnesota postsecondary institution as specified in
3 part 4830.0300, subpart 1.

4 Subp. 7. **Executive director.** "Executive director" means
5 the executive director of the Minnesota Higher Education
6 Coordinating Board.

7 Subp. 8. **Postservice benefit.** "Postservice benefit" means
8 the award amount as specified in Minnesota Statutes, section
9 121.707, subdivision 3, paragraph (a), earned by the benefit
10 recipient for service completed under the youth works program.

11 4815.0120 REQUEST AND DISBURSEMENT OF FUNDS FOR GRANTS.

12 Subpart 1. **Recipient request.** A benefit recipient
13 requesting educational grants for earned postservice benefits
14 must provide an eligible institution with a copy of the
15 postservice benefit certificate received from the commissioner
16 to verify grant eligibility under this program.

17 Subp. 2. **Institutional request.** After verifying a
18 student's eligibility for a postservice benefit, the eligible
19 institution must submit a written request to the executive
20 director for payment of grant money for the recipient. A
21 separate request must be submitted for each academic term in
22 which the student is enrolled. A copy of the student's
23 postservice benefit certificate from the commissioner must
24 accompany the institution's initial request for payment.

25 Subp. 3. **Deadline.** The request for grant money for a
26 student must be received by the executive director no later than
27 the last day of classes for the academic year for which grant
28 money is requested.

29 Subp. 4. **Disbursement of funds.** An institution must not
30 disburse grant money for a student unless the student is
31 enrolled in or has completed the academic term for which payment
32 is intended.

33 Subp. 5. **Refunds.** If a recipient fails to enroll or
34 reduces enrollment, the institution must refund the unused
35 portion of the award to the executive director. Refunded money

1 is available for awards to other eligible recipients.

2 4815.0130 PAYMENTS TO INSTITUTIONS.

3 Subpart 1. Time of payment for grant benefits. The
4 executive director shall send grant money for an eligible
5 student to the institution within 30 days of receipt of a
6 completed request for payment, but not before July 1 of the
7 academic year for which payment is intended.

8 Subp. 2. Withholding payment. The executive director
9 shall withhold payment for a student until the institution's
10 request for payment is complete and the student's eligibility is
11 verified.

12 4815.0140 REPAYMENT ON EDUCATIONAL LOANS.

13 Subpart 1. Request for loan repayment. A benefit
14 recipient requesting payment on an educational loan for earned
15 postservice benefits must submit to the executive director a
16 request for educational loan repayment and a copy of the
17 postservice benefit certificate received from the commissioner.
18 The request must include the name of the institution attended
19 during which the educational loan was received, the type of
20 educational loan, the amount of the educational loan, the dates
21 of the academic period covered by the loan, the address and
22 telephone number of the holder of the note for the loan, the
23 mailing address and telephone number of the loan servicer, and
24 other documentation necessary for the executive director to make
25 payment in a timely manner.

26 Subp. 2. Deadline. The request for educational loan
27 repayment must be made within seven years of the recipient's
28 completion of service under the youth works program.

29 Subp. 3. Payment on loans. Payment must be made by the
30 executive director to the recipient's designated educational
31 loan creditor within 30 days of the completed request for
32 payment. A request is considered complete when all information
33 in subpart 1 has been received by the executive director.

34 Subp. 4. Withholding payment. The executive director
35 shall withhold payment on a recipient's educational loan until

1 the recipient's eligibility is verified and the loan repayment
2 request is complete. A request is considered complete when all
3 information in subpart 1 has been received by the executive
4 director.

5 4815.0150 PAYMENT OF APPRENTICESHIP COSTS.

6 Subpart 1. Request for payment. A benefit recipient
7 requesting payment of eligible apprenticeship costs for earned
8 postservice benefits must submit to the executive director a
9 request for payment of apprenticeship expenses form provided by
10 the executive director and a copy of the postservice benefits
11 certificate received from the commissioner. Reimbursable
12 apprenticeship expenses of the recipient may include, but are
13 not limited to, union dues and cost of tools and equipment
14 needed for the apprenticeship and transportation costs to the
15 apprenticeship site.

16 Subp. 2. Request for payment of apprenticeship expenses
17 form. The request for the payment of apprenticeship expenses
18 form must include information including the name, address, and
19 telephone number of the apprenticeship, and an itemized list of
20 the apprenticeship expenses expected to be incurred during the
21 apprenticeship period. These expenses must be listed according
22 to each year of the apprenticeship program. The form must be
23 signed by the employer.

24 Subp. 3. Deadline. The request for the payment of
25 apprenticeship expenses form must be submitted to the executive
26 director within seven years of the recipient's completion of
27 service under the youth works program.

28 Subp. 4. Payment of apprenticeship expenses. If the
29 request for payment of apprenticeship expenses form shows that
30 there are immediate expenses, funds will be paid to the
31 recipient within 30 days of the completed request for payment.
32 A request shall not be considered complete until the employer
33 verifies that the recipient in the apprenticeship has purchased
34 and still retains tools and equipment purchased for the
35 apprenticeship and provides written documentation of the

1 apprenticeship expenses. If the recipient has incurred no
2 apprenticeship costs at the time payment is requested by the
3 recipient, the executive director shall send payment to the
4 business where the apprenticeship is located for disbursement to
5 the recipient.

6 Subp. 5. Withholding payment. The executive director
7 shall withhold apprenticeship payments until recipient
8 eligibility is verified and all information specified in
9 subparts 2 and 4 is received by the executive director.

10 4815.0160 AMOUNT OF BENEFIT.

11 The total amount of a recipient's benefit shall depend on
12 the length of service as specified in Minnesota Statutes,
13 section 121.707, subdivision 3, paragraph (a).

Office of the Revisor of Statutes

Administrative Rules

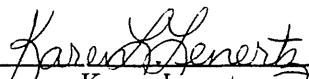


TITLE: Proposed Permanent Rules Relating to Youth Works
(Postservice Benefit) Program

AGENCY: Higher Education Coordinating Board

MINNESOTA RULES: Chapter 4815

The attached rules are approved for
publication in the State Register



Karen Lenertz
Assistant Revisor

**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 Youth Works Postservice Benefit Program**

August 25, 1994

STATE OF MINNESOTA
MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Rules
Governing the Youth Works
Postservice Benefit Program (Minn. Rules
4815.0100-4815.0160).

STATEMENT OF NEED
AND REASONABLENESS

I. INTRODUCTION

Under the Youth Works Postservice Benefit Program, the Minnesota Higher Education Coordinating Board disburses postservice benefit funds earned by individuals who have completed community service in a youth works program as described in *Minnesota Statutes* 121.701-121.710. The postservice benefit must be used by a recipient for educational grants, payment on educational loans, or payment of approved apprenticeship costs. The Youth Works Benefit Program was created during the 1994 Legislative Session, and administration of the postservice benefit portion of the program was given to the Minnesota Higher Education Coordinating Board. The Coordinating Board has responsibility for disbursing postservice benefit monies. Recipients must use their postservice benefits within seven years after completion of their youth works program.

The proposed rule language was reviewed by agency legal counsel and the financial aid advisory committee, which meets monthly to provide input to the Board on post-secondary financial aid matters relating to program policy and program operations. Representatives from the University of Minnesota system, State University system, Community College system, Technical College system, Private College system, and Private Proprietary Schools are members of the Minnesota Higher Education Coordinating Board financial aid advisory committee. The Department of Labor and Industry was consulted regarding the portion of the proposed rules dealing with use of postservice benefits for eligible apprenticeship costs. In addition, a Notice of Solicitation of Outside Information was published in the *State Register* on July 11, 1994 to secure additional public comment or opinion on the proposed rule.

II. STATEMENT OF BOARD'S STATUTORY AUTHORITY

The Minnesota Higher Education Coordinating Board's authority to adopt the rules is set forth in *Minnesota Statutes* 1992, 136A.04, Subd. 1(8), which provides:

136A.04, Subd. 1(8): [The higher education coordinating board shall:] prescribe policies, procedures, and rules necessary to administer the programs under its supervision.

III. STATEMENT OF NEED

Minnesota Statutes Chapter 14 requires the Board to make an affirmative presentation of facts establishing the need for and reasonableness of the rules as proposed. In general terms, this means that the Board must set forth the reasons for its proposal, and the reasons must not be arbitrary or capricious. However, to the extent that need and reasonableness are separate, need has come to mean that a problem exists which requires administrative attention, and reasonableness means that the solution proposed by the Board is appropriate. The need for the rule is discussed below.

YOUTH WORKS POSTSERVICE BENEFIT PROGRAM.

The Youth Works Program was created during the 1994 legislative session. The Minnesota Higher Education Coordinating Board was given the responsibility of disbursing postservice benefit funds to individuals who have completed community service under the Youth Works Program legislation. Recipients may use their benefits for an educational grant to attend an eligible post-secondary institution, for payment on their educational loan(s), or for payment of approved apprenticeship costs. Since no permanent agency rule exists for this newly created program, the Board must complete a permanent rulemaking process. The proposed rules provide information to benefit recipients related to administration of the postservice benefit program, and the procedures benefit recipients must follow in order to utilize their benefits in the form of educational grants, payments on educational loans, or payments for apprenticeship costs.

IV. STATEMENT OF REASONABLENESS

The Board is required by *Minnesota Statutes* Chapter 14 to make an affirmative presentation of facts establishing the reasonableness of the proposed rules. Reasonableness is the opposite of arbitrariness or capriciousness. It means that there is a rational basis for the Board's proposed action. The reasonableness of the proposed rules is discussed below.

A. Reasonableness of the Rule as a Whole: Youth Works Postservice Benefit Program

The Minnesota Higher Education Coordinating Board was given responsibility for administration for the Youth Works Postservice Benefit Program funds under *Minnesota*

Statutes 121.707, Subd. 3. The legislation was passed during the 1994 legislative session. Since this is a new program, the Coordinating Board is required to create agency rules to administer the Youth Works Postservice Benefit Program.

B. Reasonableness of Individual Rules: Youth Works Postservice Benefit Program

The following discussion addresses the specific provisions of the proposed rules.

4815.0100 SCOPE.

This section indicates the parameters of the rules that follow this section.

4815.0110 DEFINITIONS.

Subpart 1. Scope. The language in this subpart indicates the applicability of the terms that are defined in this section. The language is for clarity.

Subp. 2. Apprenticeship site. Postservice benefit recipients may use program funds to pay apprenticeship costs. The language in this subpart is based on the requirements indicated in *Minnesota Statutes* 121.707

Subpart 3. Benefit recipient. The language in this subpart defines the type of individual eligible to receive funds from the Youth Works Postservice Benefit Program. The definition is for clarity and completeness in the definition of applicable terms used in the Youth Works Postservice Benefit Program rules.

Subpart 4. Commissioner. The language in this subpart is for specificity and to avoid confusion in regard to which official holding the title of "commissioner" has responsibility for certain activities related to these program rules.

Subpart 5. Educational Loans. The statute indicates that a benefit recipient may use his/her postservice benefit for payment of student loans. In order to administer the youth works postservice benefit funds equitably and efficiently, the Board felt obligated to list the specific types of educational loans that would be considered for repayment purposes under this program. It was felt that benefit recipients should know which loans would be considered under the student loan payment provision of the youth works postservice benefit program prior to requesting use of their benefits for student loan payment. The types of educational loans included in this definition are consistent with other loan repayment programs administered by the Board. This definition is for clarity and to ensure equitable treatment of all benefit recipients using the student loan repayment provisions of this program.

Subpart 6. Eligible institution. This definition is based on the statutory language

pertaining to institutional eligibility as it relates to this program. It clarifies the eligibility of institutions where a benefit recipient may use his/her postservice benefits. The Board felt it necessary to specify the institutional eligibility requirements to avoid confusion and misunderstanding by benefit recipients. It also ensures the equitable treatment of all recipients, the appropriate disbursement of program funds, and program integrity.

Subpart 7. Executive director. The language in this subpart is for specificity and to avoid confusion when this official is referenced in other sections of the rules.

Subpart 8. Postservice benefit. The language in this subpart explains the what is meant by the words "postservice benefit." The language is included to make a distinction between the actual "benefit" (i.e., the award amount) and the manner in which the recipient may use the benefit (i.e., a grant, educational loan payment, or payment of eligible apprenticeship costs.) The definition is for clarity and understanding as the term is used in various parts of the youth works postservice benefit program rules.

4815.0120 REQUEST AND DISBURSEMENT OF FUNDS FOR GRANTS.

Subpart 1. Recipient request. Recipients may use postservice benefits in the form of educational grants to attend an eligible institution. The Board felt it necessary to specify what type of documentation recipients must provide in order to receive such educational grants. Specifying the type of required documentation should make it easier for an eligible institution to verify the recipient's eligibility for such grant funds, and also provide uniform written documentation in recipients' files for audit purposes.

Subp. 2. Institutional request. The language in this subpart indicates the documentation an institution must submit in order to process a benefit recipient's request for an educational grant under the postservice benefit program. The Board felt it necessary to clarify the procedures that must be followed in order to request such payments. A uniform method of requesting such payments from the Board must be followed in order for the Board to provide efficient internal processing standards, and record-keeping for program administration purposes. Such standardized procedures are necessary to provide an audit trail and ensure the integrity of the program.

Subp. 3. Deadline. In order to provide timely disbursements of program monies within the academic year, the Board felt it necessary to specify a deadline date by which student monies must be requested by the institution. This deadline date provides for the maximum amount of time within the academic year for the institution to submit the student's request for monies to the Board. The Board felt it reasonable to be as lenient as possible in setting the deadline date, and yet provide the Board with ample time to get the monies to the institution for disbursement to the student within the academic year for which the monies are requested.

Subp. 4. Disbursement of funds. Postservice benefits in the form of educational grants must be disbursed by the eligible institution to the benefit recipient. The Board felt it necessary to provide institutions with some general guidelines regarding the disbursement of these funds. The language is meant to avoid confusion and misunderstanding by benefit recipients and institutions. This subpart will ensure appropriate disbursement of educational grants, uniformity in the treatment of all recipients, and appropriate controls over the disbursement of program funds.

Subp. 5. Refunds. This requirement to refund the unused portion of a recipient's award is consistent with the procedure used for other financial aid programs administered by the Board. This is an attempt by the Board to monitor the appropriate use of program funds, and to clarify the use of refunded monies to this program.

4815.0130 PAYMENTS TO INSTITUTIONS.

Subpart 1. Time of payment for grant benefits. The Board felt it useful to specify the time period an institution and student could expect to wait for award monies to be sent to an institution once the request is made to the Board. Timely payment is necessary for efficient program operation, and the 30 day time period will provide ample time for all internal paper work and documentation to be prepared by Board staff prior to authorization of payment through state finance. Because program monies are appropriated according to fiscal year limitations, such monies cannot be disbursed prior to the July 1st start of the fiscal year. This subpart is added in an attempt to avoid confusion by the institution or recipient regarding the timely disbursement of program monies by the Board.

Subp. 2. Withholding payment. Since the Board is responsible for the administration of this program, the Board felt it necessary to specify that no payments would be made until the Board was satisfied that the student is eligible to receive monies under this program, and the institution has provided a completed request for program funds as specified in 4815.0120, Subp. 2.

4815.0140 REPAYMENT ON EDUCATIONAL LOANS.

Subpart 1. Request for loan repayment. If benefit recipients want to use postservice benefits in the form of payment on their educational loans, the executive director must have ample information to make such payments in a timely manner. The Board felt it necessary to specify what type of documentation recipients must provide in order to have their postservice benefits applied toward payment of their eligible educational loans. Specifying the type of required documentation should enable the Board to make payments more efficiently and timely. The language is for clarity and completeness and to ensure the equitable treatment of all recipients requesting such payments.

Subp. 2. Deadline. The language in this subpart is based on the statutory requirements regarding the time period within which postservice benefits must be used. The Board felt it reasonable to be as lenient as possible in setting the deadline date for submission of a request for educational loan payments within the parameters specified in statute. The language is for clarity and to avoid confusion of benefit recipients wishing to use their postservice benefits in such a manner.

Subp. 3. Payment on loans. The Board felt it was important to specify the time period a benefit recipient may expect to elapse before payment on the recipient's educational loan(s) would be made. This information is important to the recipient because such loans are outstanding debts of the recipient. The period of 30 days should allow the Board ample time to make necessary arrangements prior to issuing funds to the recipient's noteholders for payments on the recipient's loan(s). The language also informs the recipient at what point the Board will consider the request for payment complete. The process specified in this subpart is consistent with other educational loan payment programs administered by the Board, and is meant to ensure efficient and timely payments to educational loan noteholders.

Subp. 4. Withholding payment. Since the Board is responsible for the administration of this program, the Board felt it necessary to specify that no payments would be made until it was satisfied that the student is eligible to have such educational loan payments made on his/her behalf from the youth works program, and that all necessary documentation for receipt of timely payment by the noteholder has been submitted to the Board. The language is to ensure the integrity of the program and effective program administration.

4815.0150 PAYMENT OF APPRENTICESHIP COSTS.

Subpart 1. Request for payment. Postservice benefits may be used for payment of eligible apprenticeship costs. This subpart provides specific information related to the type of written documentation a benefit recipient must submit in order to use such benefits for payment of apprenticeship costs. This subpart is for clarity, completeness, and program administration efficiency.

Subp. 2. Request for payment of apprenticeship expenses form. This subpart indicates the types of data that will need to be provided on the apprenticeship expenses form, and the specific manner in which the apprenticeship costs must be allocated by year of the apprenticeship program. This subpart is to provide benefit recipients and employers of such apprentices with information related to the manner in which apprenticeship costs must be accounted for. This subpart is to ensure consistency in the documentation related to apprenticeship costs, ensure equitable treatment of benefit recipients requesting payment of such costs, and to protect the integrity of the program.

Subp. 3. Deadline. The language in this subpart is based on the statutory requirement that all postservice benefit recipients must use their benefits within seven years of their

completion of service in the youth works program. The language is to provide consistency between agency rules and statutory requirements and is an attempt to make sure recipients understand the time frame in which their benefits must be used.

Subp. 4. Payment of apprenticeship expenses. The Board felt it was important to specify the time period a benefit recipient may expect to elapse before funds would be disbursed to the recipient for payment of apprenticeship costs. The language also explains what information must be submitted to the executive director in order for such funds to be disbursed. The period of 30 days should allow the Board ample time to make necessary payment arrangements prior to issuing funds to the recipient or the recipient's employer for payment of the related apprenticeship costs. The process specified in this subpart is similar to other procedures related to financial aid disbursement for higher education programs administered by the Board, and is meant to ensure efficient and timely payments to benefit recipients incurring apprenticeship expenses.

Subp. 5. Withholding payment. Since the Board is responsible for the administration of this program, the Board felt it necessary to specify that no payments would be made until it was satisfied that the apprenticeship costs are appropriate and documentable, and that all necessary documentation for receipt of timely payment has been submitted to the executive director. The language is to ensure equitable treatment of all recipients requesting apprenticeship cost reimbursement, to ensure program integrity, and for effective program administration.

4815.0160 AMOUNT OF BENEFIT.

The amount of the postservice benefit is dependent upon the length of service a recipient completes under the Youth Works Program. The statutory language governing this program specifies the applicable amount in Minnesota Statutes 121.07, subdivision 3, paragraph (a). The language in this section is to ensure that recipients understand how the amount of their benefits will be determined. This section is for clarity and to avoid confusion in regard to the amount of benefit such recipients can expect to receive.

IV. Costs to Local Bodies

It has been determined that *Minnesota Statute* 14.11 is not applicable because there will be no impact or cost to local bodies related to the adoption of this rule. This program relates to the manner in which individuals may use postservice benefits which they earned under the Youth Works Program. No expenditure of public money by local public bodies is pertinent to this rule.

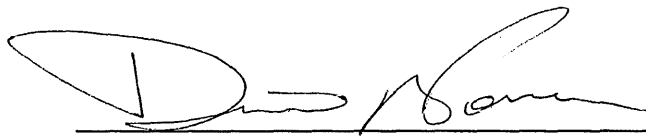
V. SMALL BUSINESS CONSIDERATIONS IN RULEMAKING

It has been determined that there will be no impact on small businesses.

VI. CONCLUSION

Based on the foregoing, the proposed Minnesota Rule pt. 4815.0100-4815.0160 is both needed and reasonable.

Dated: August 25, 1994

A handwritten signature in black ink, appearing to read "David R. Powers", is written over a solid horizontal line.

DAVID R. POWERS
Executive Director