

STATEMENT OF NEED AND REASONABLENESS
PERMANENT RULES RELATING TO FINANCIAL AID

as administered by

the Minnesota Higher Education Services Office

In the Matter of the Proposed Adoption of Rules
Governing the Work Study Program

January 8, 1996

STATE OF MINNESOTA
Minnesota Higher Education Services Office

In the Matter of the Proposed Rule
Governing the Work Study Program
(Minn. Rule 4830.2000 - 4830.2600).

STATEMENT OF NEED
AND REASONABLENESS

I. INTRODUCTION

The state Work Study Program is a post-secondary financial aid program designed to assist students in meeting their financial need, to provide students with valuable work experiences, and to provide non-profit service agencies, handicapped persons, and persons over 65 years old with low cost student assistance.

The proposed amendments to the rule governing this program modify the language pertaining to student eligibility for state work study awards. Many students eligible for work study awards do not meet the financial need requirements for a federal Pell Grant or a Minnesota State Grant. However, such students still demonstrate some financial need to pursue their higher education programs. The change in this rule will permit post-secondary institutions to apply the institutional standard for good standing and satisfactory academic progress for purposes of the state work study program. In many cases, institutions use the federal standard for good standing and satisfactory academic progress as the institutional standard. The state Work Study Program has always been patterned after the federal program as much as possible. This change will provide some flexibility for institutions to better meet the needs of students who otherwise do not demonstrate sufficient financial need to receive other forms of federal or state financial aid.

The proposed Work Study rule was reviewed by agency legal counsel and members of the agency's financial aid advisory committee, which typically meets monthly to provide input to the Higher Education Services Office on post-secondary financial aid matters relating to program policy and program operations. Financial aid administrators representing the following Minnesota institutions: the University of Minnesota system, State Universities, Community Colleges, Technical Colleges, Private Colleges, and Private Proprietary Schools are members of the Minnesota Higher Education Services Office financial aid advisory committee. Students serving on the Student Advisory Council (SAC) were also sent copies of the proposed amended language for this rule. The SAC members represent post-secondary students attending the following Minnesota post-secondary institutions: University of Minnesota (all campuses), State Universities, Community Colleges, Private Colleges, Technical Colleges and Private post-secondary schools. The Notice of Solicitation of Outside

Information or Opinions was published in the *State Register* on November 6, 1995 to secure additional public comment or opinions prior to preparation of the proposed rule for publication in the *State Register* with the Notice of Intent to Adopt these permanent rules.

II. STATEMENT OF OFFICE'S STATUTORY AUTHORITY

The authority of the Minnesota Higher Education Services Office to adopt rules is set forth in *Laws of Minnesota for 1995*, Chapter 212, Article 3, Section 9, which provides:

136A.01, Subd. 2(8): [The higher education services office is responsible for:] prescribing policies, procedures, and rules under chapter 14 necessary to administer the programs under its supervision.

III. STATEMENT OF NEED

Minnesota Statutes Chapter 14 requires the Office 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 Office 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 Office is appropriate. The need for the rule amendments is discussed below.

Current rule language relating to student eligibility for the state Work Study Program specifies that the student must meet the statutory standards for *satisfactory academic progress*. These standards were modified during the 1995 legislative session [*Laws of Minnesota for 1995*, Chapter 212, Article 3, Section 21]. The statutory modifications made the definition more stringent than the prior requirements for satisfactory academic progress. Often work study awards are given to students who fail to meet more stringent financial need requirements for federal and state grant programs. Since the state work study program was originally designed to provide assistance to such students, agency staff felt it necessary to modify the language relating to this student eligibility requirement for state work study. The change will ensure that good standing and satisfactory academic progress continue to be monitored by the school using standards consistent with their institutional policies without negatively impacting the types of students for whom this program was originally created.

In addition to the change in the definition of satisfactory academic progress, the statutory language relating to this agency and its responsibilities was changed during the 1995 legislative session [*Laws of Minnesota for 1995*, Chapter 212, Article 3, Sections 17 and 18].

Since a proposed amendment to the work study rule was being pursued at this time, references in rule to the agency and executive staff are also included in this rulemaking process for consistency and correctness.

IV. STATEMENT OF REASONABLENESS

The Office 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 Office's proposed action. The reasonableness of the proposed rules is discussed below.

A. Reasonableness of the Rule as a Whole

The major issue addressed by the proposed amendment to the Work Study rule relates to student eligibility. The state Work Study Program has been patterned after the federal Work Study Program since its inception. Both programs seek to assist similar types of students -- those who demonstrate financial need, but not high enough need to receive a federal or state grant award. During the 1995 legislative session, the statutory definition of satisfactory academic progress was modified, making the definition more stringent and specific. The current work study rule language specifies that a state work study student must meet the statutory definition of satisfactory academic progress, which is applicable to State Grant recipients. The proposed amendment would permit post-secondary institutions to use their institutional definitions of satisfactory academic progress and good standing when awarding work study monies to eligible students. Many institutions use the federal definition for satisfactory academic progress as their institutional definition. This amended rule language would ensure that good standing and satisfactory academic progress will continue to be monitored for state work study recipients, but will also permit the application of less specific standards than those specified in *Minnesota Statutes*.

Since the above issue was being addressed in this rulemaking process, it is reasonable to amend sections of the rule that refer to this office and its executive staff to reflect the 1995 statutory changes to the identity of this agency and its responsibilities [*Laws of Minnesota for 1995*, Chapter 212, Article 3, Sections 17 and 18].

B. Reasonableness of Individual Rules

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

4830.2200 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 3. Modification of allocation.

Subp. 5. Unused funds.

Subp. 6. Reallocation.

4830.2500 CONTRACTS WITH EMPLOYERS.

Subp. 3. Review and comment.

Subp. 4. Supervision.

4830.2600 REPORTS BY SCHOOL.

The following add/delete language changes pertain to the above mentioned sections and subparts of the work study rule. The deletion of the word "board" and the addition of the word "office" reflects the 1995 statutory name change of the agency [*Laws of Minnesota for 1995*, Chapter 212, Article 3, Section 9]. The deletion of the word "executive" reflects the 1995 statutory change in the title of the individual who serves as the executive head of the Higher Education Services Office [*Laws of Minnesota for 1995*, Chapter 212, Article 3, Section 18]. The amended language is for correctness and consistency with the statutory language.

4830.2300 WORK STUDY GRANTS.

The amended language in this section relates to student eligibility for a work study award. The proposed language permits post-secondary institutions to apply their institutional standards for good standing and satisfactory academic progress for state work study award recipients. Due to a more specific statutory definition of *satisfactory academic progress* being implemented during the 1995 legislative session, students currently eligible for state work study awards could be negatively affected if the current rule language was not amended. This program is a source of financial assistance to students who otherwise do not meet the financial need requirements for the federal Pell Grant and State Grant Programs. The current rule language requires work study recipients to meet the more specific statutory definition of satisfactory academic progress applicable to the State Grant Program. These two programs attempt to meet the needs of different student populations with differing types of financial need. The amended rule language is an attempt to ensure that good standing and satisfactory academic progress continue to be monitored, but also to provide more flexibility in the application of student eligibility standards as they relate to satisfactory academic progress.

IV. CLASSES OF AFFECTED PERSONS

The amended work study rule language relates to student eligibility for the state work study program. The rule affects Minnesota residents attending eligible Minnesota post-secondary

institutions and who are eligible for state work study awards. The rule also affects Minnesota post-secondary institutions participating in the state work study program.

V. COSTS TO STATE AGENCIES

The Minnesota Higher Education Services Office is responsible for the administration of state financial aid programs. As part of that responsibility, agency staff monitor the compliance of eligible post-secondary institutions in the awarding of state financial aid funds. Students receiving such funds must meet applicable program eligibility requirements. Other state agencies are not affected by this rule and thus will incur no costs related to its implementation or enforcement.

The amended language relates to the standard which must be used to determine a student's satisfactory academic progress and good standing for purposes of receiving a state work study award. This standard is specified in the current rule, so it was determined that amending the current rule was the most cost effective, least intrusive, and least confusing method for modifying the standard. Student eligibility requirements are specified in the rule for purposes of completeness and to ensure the equitable treatment of students applying for work study awards no matter which eligible Minnesota post-secondary institution they attend. Including the requirements in the agency rule also makes it easier for Office staff to audit and enforce program compliance for such campus-based programs. Other alternative methods of specifying such student eligibility requirements, such as program procedures or policies are not as effective in ensuring compliance and the equitable treatment of students. Therefore, the Minnesota Higher Education Services Office chose this method of achieving the purpose of the rule.

V. OTHER CONSIDERATIONS IN RULEMAKING

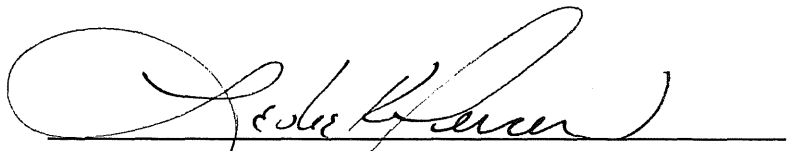
The proposed amendments to the work study rule changes the standard a post-secondary institution will use in determining whether a student is in good standing and is making satisfactory academic progress for purposes of state work study eligibility. The current rule already requires the student to be making satisfactory academic progress and to be in good standing, therefore, amending the rule language is the most cost effective way to achieve the purpose of the rule. Minnesota post-secondary institutions participating in the state work study program incur some administrative costs for participating in this program. Each institution covers such costs through its operating budget. No additional costs should be incurred by participating institutions as a result of the amendments to the current work study rule. Differences between federal requirements and the state work study rule are irrelevant because the state work study program is not governed by federal requirements.

In an attempt to provide additional notification to persons or classes of persons who may be affected by the proposed work study rule, the Higher Education Services Office (HESO) will send a copy of the proposed amended rule with the notice of intention to adopt the rule to Student Advisory Council officers and to financial aid administrators serving on the agency financial aid advisory committee. The Student Advisory Council officers represent students attending both public and private post-secondary institutions in Minnesota and they disseminate information relating to issues affecting students on their respective campuses via student newspaper articles, personal interaction, and campus notices. The HESO financial aid advisory committee members represent the following Minnesota post-secondary institutions: the University of Minnesota system, State Universities, Community Colleges, Technical Colleges, Private Colleges, and Private Proprietary Schools. Financial aid advisory members meet with agency staff monthly to discuss issues relating to state financial aid and to provide feedback on proposed financial aid procedures, policies and rules. They provide useful perspectives from the viewpoint of institutional financial aid administrators serving students on various types of post-secondary campuses.

VI. CONCLUSION

Based on the foregoing, the proposed Minnesota Rule pts. 4830.2000 - 4830.2600 is needed and reasonable.

Date: January 8, 1996

A handwritten signature in cursive script, appearing to read "Leslie Mercer", is written over a solid horizontal line.

LESLIE MERCER
Interim Director