

1 Minnesota Higher Education Coordinating Board

2

3 Adopted Rules Governing State Scholarships and Grants-In-Aid;
4 Part-Time Student Grants; Work-Study Grants; Area
5 Vocational-Technical Institute Tuition Subsidy; Assistance for
6 Student Dependents of Minnesota Veterans; State Student Loans;
7 Private College Contracts; and Private Institutions Registration
8 and Approval of Degrees and Names

9

10 Rules as Adopted

11 5 MCAR S 2.0604 Terms of loans and grants.

12 A. ~~Conditions-for-conversion-of-loans.~~ Each eligible
13 institution shall be authorized and be responsible for informing
14 any foreign student who receives funds or residency residing
15 status pursuant to the program that the funds are provided
16 initially as a loan and will not be converted to a grant until
17 the student submits ~~written, documentable~~ evidence that the
18 student has returned to his home country within one year of
19 completion of the student's education and has not returned to
20 the United States for five years as a permanent resident.

21 ~~B.--Emergency-scholarship-funds.--Prior-to-the-annual-report~~
22 ~~on-which-appears-a-loan-cancellation-involving-emergency~~
23 ~~scholarship-funds,--the-board-must-approve-evidence-submitted-to~~
24 ~~the-institution-by-the-student.--The-board-shall-approve-a-loan~~
25 ~~cancellation-when-the-evidence-shows-that-the-student-has-met~~
26 ~~the-requirements-in-A.--The-evidence-may-be-notarized-statements~~
27 ~~by-the-student,--notarized-statements-by-persons-who-know-the~~
28 ~~student,--letters-from-the-students-with-postmarks-of-the~~
29 ~~student's-country,--or-similar-writings.~~

30 B.-F. [Reletter-as-C.-G Unchanged.]

31 5 MCAR S 2.0606 Disbursement of funds.

32 A.-B. [Unchanged.]

33 C. Accountability. Each participating school institution
34 shall be accountable for any funds disbursed to students under
35 the provisions of these rules ~~as-long-as-loan-balances-are~~

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1 outstanding and regulations.

2 ~~D. Time for return of funds. Any emergency scholarship fund~~
3 ~~disbursement plus accrued interest which is outstanding six~~
4 ~~years after the documented date the student left school shall be~~
5 ~~remitted to the board according to the procedures established to~~
6 ~~implement B.~~

7 5 MCAR S 2.0100 Definitions for higher education programs.

8 A. Applicability. For the purposes of 5 MCAR SS
9 2.0100-2.2705 the terms defined in this rule have the meanings
10 given them unless specifically provided otherwise.

11 B. Board. "Board" means the Higher Education Coordinating
12 Board.

13 C. Educational costs. "Educational costs" means tuition,
14 required fees, room and board, books, and miscellaneous expenses.

15 D. Eligible student. "Eligible student" means a student who
16 meets, at a minimum, all of the following requirements:

17 1. has not earned a baccalaureate degree and has not
18 entered a graduate school program as a full-time graduate
19 student;

20 2. is a resident of Minnesota;

21 3. qualifies for resident tuition other than through a
22 tuition reciprocity agreement;

23 4. is enrolled or is intending to enroll as a full-time
24 student in an eligible school;

25 5. is in good standing and making satisfactory progress,
26 as determined by the school; and

27 6. is a permanent resident of the United States, if the
28 student is not a United States citizen.

29 E. Executive director. "Executive director" means the
30 executive director of the Higher Education Coordinating Board.

31 F. Financial need. "Financial need" means the amount of
32 monetary assistance necessary for a student to meet educational
33 costs after parental and student contributions, determined by
34 the financial need analysis, are subtracted from the student's
35 educational costs. "Financial need analysis" means a system for
36 analyzing a family's financial strength to determine the

1 expected parental and student contributions to educational
2 costs. The system is a federally approved system or an
3 equivalent need analysis system adopted each year by the board
4 for the appropriate processing year.

5 G. Minnesota resident. "Minnesota resident" means, for a
6 dependent student, a student whose parent or legal guardian
7 resides in Minnesota on the date of application. "Dependent"
8 student means a student who:

- 9 1. lives with the parent or legal guardian for at least
10 six weeks; or
- 11 2. receives support from the parent or legal guardian; or
- 12 3. is claimed as a tax exemption by the parent or legal
13 guardian in the calendar year prior to or during the calendar
14 year in which the application is made.

15 "Minnesota resident" means, for an independent student, a
16 student who has resided in Minnesota for other than educational
17 purposes for at least 12 consecutive months prior to the date of
18 application. "Independent" student means a student who is not a
19 dependent student.

20

21 State Scholarships and Grants-in-aid

22 5 MCAR S 2.2101 Scope.

23 Rules 5 MCAR SS 2.2101-2.2106 govern state scholarships and
24 grants-in-aid.

25 5 MCAR S 2.2102 Eligible schools.

26 Annually by July 31, the board shall adopt by resolution a
27 list of schools at which a state scholarship or grant-in-aid may
28 be used. To be eligible a school must meet the following
29 requirements:

- 30 1. is located in Minnesota; and
- 31 2. offers at least one program that:
 - 32 a. is vocational or academic in nature; and
 - 33 b. leads to a certificate or degree; and
 - 34 c. is ten weeks long; and
 - 35 d. involves at least 12 academic credits or 300 clock

1 hours; and

2 3. is one of the following:

3 a. accredited by a federally recognized accrediting
4 agency or association; or

5 b. approved to offer degrees or use terms in its name
6 according to 5 MCAR S 2.2805; or

7 c. is licensed by an appropriate state agency.

8 5 MCAR S 2.2103 Application dates and student eligibility.

9 A. Date. Annually the board shall adopt by resolution a
10 date by which all applications must be filed to be given
11 priority for an award. The date may not be before February 15.

12 B. Eligibility for initial scholarship. To be eligible for
13 an initial scholarship a student must be an eligible student, as
14 defined in 5 MCAR S 2.0100 D., and all of the following:

15 1. be a Minnesota resident on the priority application
16 date;

17 2. will be a first-year student, without any previous
18 post-secondary education; and

19 3. rank in the upper quarter of the class at the end of
20 the junior year of senior high school, or the equivalent, based
21 on the student's cumulative scholastic record in senior high
22 school.

23 C. Eligibility for initial grant-in-aid. To be eligible for
24 an initial grant-in-aid a student must be an eligible student,
25 as defined in 5 MCAR S 2.0100 D., and all of the following:

26 1. is a Minnesota resident on the priority application
27 date;

28 2. has not earned a baccalaureate degree and has not
29 completed the number of semesters or quarters normally required
30 to complete a baccalaureate degree;

31 3. demonstrates financial need;

32 4. if applying for a nursing grant, is enrolled or will
33 be enrolled in a program leading to licensure as a registered
34 nurse or a licensed practical nurse.

35 D. Renewal awards. A scholarship or grant-in-aid is
36 renewable for a maximum of six semesters, nine quarters, or the

1 equivalent. To be eligible to renew a scholarship or
2 grant-in-aid a student must apply each year and continue to meet
3 the requirements for an initial scholarship or grant-in-aid,
4 except B.2. A student must have made satisfactory progress as
5 determined by the school and have been enrolled in a
6 post-secondary school as a full-time student for no more than
7 four years or the equivalent.

8 5 MCAR S 2.2104 Ranking applicants.

9 A. Classification and ranking of applicants. Each applicant
10 shall be placed in at least one of the following
11 classifications: renewal scholarship, renewal grant-in-aid,
12 initial scholarship, initial grant-in-aid. Grant-in-aid
13 applicants are ranked according to parental contribution;
14 applicants with the least parental contribution are awarded
15 first. Scholarship applicants are ranked according to class
16 rank as a junior in high school; applicants with the highest
17 class rank are awarded first.

18 B. Priority of classes of applicants. Applicants renewing
19 scholarships shall be given first priority. Applicants renewing
20 grants-in-aid shall be given second priority. Applicants for
21 initial scholarships shall be given third priority. Applicants
22 for initial grants-in-aid shall be given fourth priority.

23 C. Awards based on need. Awards determined by financial
24 need shall be assigned each applicant in descending order of
25 rank until available funds are exhausted.

26 5 MCAR S 2.2105 Awards.

27 A. Monetary awards. Scholarship and grant-in-aid awards
28 range from a minimum of \$100 to a maximum of \$1,400 but may not
29 exceed one-half of financial need. If a federal Pell grant and
30 a state scholarship or grant-in-aid exceeds 75 percent of
31 financial need, the state scholarship or grant-in-aid must be
32 reduced so that the combination of the two awards does not
33 exceed 75 percent of financial need. The state scholarship or
34 grant-in-aid must be further reduced if additional gift
35 assistance, in combination with a federal Pell grant and a state

1 scholarship or grant-in-aid, exceeds 100 percent of financial
2 need.

3 B. Adjustments to awards. If financial need decreases
4 because a recipient chooses a different school after the
5 scholarship or grant-in-aid award is offered, the award shall be
6 reduced. If a change in schools causes financial need to
7 increase, the award shall be increased only if funds are
8 available.

9 C. Nonmonetary awards. Honorary scholarships, which are
10 nonmonetary awards, shall be granted to all applicants who have
11 no financial need or did not request financial aid and who rank
12 equally with or above the last monetary scholarship recipient.

13 5 MCAR S 2.2106 Method of payment.

14 A. Payments to schools. After a scholarship and
15 grant-in-aid award is determined, the award shall be sent by the
16 executive director to the school chosen by the recipient. The
17 school shall apply the award to the recipient's educational
18 costs in the following order: tuition, fees, books, supplies,
19 and other expenses. The costs must be prorated for each term of
20 the academic year. The school shall notify each recipient that
21 the award has been received by the school.

22 B. Return and refund. A scholarship and grant-in-aid is
23 awarded for full-time attendance at a specified school for the
24 academic year which commences with the fall term. If a
25 recipient fails to enroll or ceases to be a full-time student,
26 the school must return the unused portion of the award. A
27 refunded award must be sent by the school to the board's
28 scholarship or grant-in-aid account. Refunded awards are
29 available for reassignment to other qualified applicants.

30 C. School accounting requirements. Schools shall maintain
31 separate accounts for scholarship and grant-in-aid funds.
32 Refunds to the board shall be made by separate checks for
33 scholarships and grants-in-aid. Schools shall provide evidence,
34 prepared according to generally accepted accounting principles,
35 that all awards have either been distributed or returned to the
36 board. Books and records relating to state scholarships and

1 grants-in-aid must be made available for audit by
2 representatives of the board or the State Auditor.

3

4 Part-time Student Grants

5 5 MCAR S 2.2201 Scope.

6 Rules 5 MCAR SS 2.2201-2.2206 govern state grants-in-aid
7 for part-time students.

8 5 MCAR S 2.2202 Eligible schools.

9 Schools eligible for part-time student grants are the same
10 schools eligible for state scholarships and grants-in-aid under
11 5 MCAR S 2.2102.

12 5 MCAR S 2.2203 Application and distribution of funds for grants.

13 A. Application by schools. A school desiring funds for
14 part-time student grants must request funds by June 30 each
15 year. The school must submit its estimate of the amount needed
16 to meet eligible student needs for the school year.

17 B. Allocation formula.

18 1. Funds shall be allocated to each school according to
19 the following formula:

20 a. part-time enrollment of each school, divided by the
21 total part-time enrollment of all eligible participating schools;

22 b. multiplied by the current fiscal year's
23 appropriation for part-time student grants; and

24 c. multiplied by the percent of funds for part-time
25 student grants actually used by that school during the prior
26 school year.

27 2. "Part-time enrollment" means the sum of all enrolled
28 resident, extension, and unclassified part-time students
29 reported as lower division, upper division, and vocational in
30 the fall term of the school year prior to the fiscal year the
31 funds are allocated and as published by the board in its annual
32 enrollment survey.

33 C. Notification. The board shall notify each school of the
34 amount allocated to it.

35 D. Accountability. Each participating school shall be

1 accountable for any funds disbursed to students for
2 grants-in-aid for part-time students. Funds may be used only
3 during the fiscal year of disbursement. When a student does not
4 use a grant because the student does not enroll or withdraws
5 from school, the school may use the funds for other eligible
6 students or return them to the board.

7 E. Unused funds. When requested by the board, each school
8 shall report its use of funds and shall return unused funds.
9 The board shall reallocate unused funds to schools desiring
10 additional funds.

11 5 MCAR S 2.2204 Eligible students.

12 A. Determination of eligibility. A school shall determine
13 if a student is eligible for a part-time student grant. To be
14 eligible a student must be an eligible student as defined in 5
15 MCAR S 2.0100 D., except that the student need not be a
16 full-time student, and all of the following:

- 17 1. is pursuing a program or course of study leading to a
18 degree, diploma, or certificate; and
- 19 2. is not eligible for state or federal financial aid,
20 other than a Pell grant; and
- 21 3. is not reimbursed for tuition and fees by any source
22 other than a Pell grant; and
- 23 4. demonstrates financial need.

24 B. Family income. A student has financial need if the
25 student's family income is no more than the income levels
26 annually established by the board. Family income shall take
27 into consideration the number of dependents in the student's
28 family.

29 C. Income for year tax return filed and exceptions. Family
30 income is determined according to the base year. The base year
31 is the most recent tax year in which a tax return has been filed.
32 In any of the following circumstances estimated income for the
33 current year shall be used instead of the base year:

- 34 1. a parent or spouse who provided income in the base
35 year has died during the base year or the current year;
- 36 2. a parent, spouse, or applicant who provided income in

1 the base year experiences a complete loss of all employment for
2 at least ten weeks in the current year;

3 3. a parent, spouse, or applicant who provided income in
4 the base year is unable to pursue normal income-producing
5 activities in the current year for at least ten weeks due to
6 disability occurring in the base year or the current year or due
7 to a natural disaster that occurred in the current year;

8 4. a parent or applicant became separated or divorced
9 during the current year;

10 5. the applicant, who was employed for an average of 35
11 hours per week for at least 30 weeks in the base year, is no
12 longer employed full-time in the current year; or

13 6. no tax return was filed for the most recent tax year.

14 5 MCAR S 2.2205 Amount and term of grants.

15 A school shall award a grant to each eligible student, to
16 the extent institutional funds are available and the student
17 shows need. The amount of the grant, when combined with a
18 student's Pell grant, shall not exceed the lesser of the cost of
19 resident tuition and fees at the school or the cost of resident
20 tuition and fees for an equivalent program at the University of
21 Minnesota. A grant is for one quarter, semester, or the
22 equivalent at the school and is not automatically renewable.
23 The recipient of an award may apply for a grant for subsequent
24 terms.

25 5 MCAR S 2.2206 Reports of data.

26 To prepare summary data, each school must annually solicit
27 demographic, educational, and financial data from eligible
28 students requesting grants. Each school shall provide the
29 summary data upon request by the board.

30

31 Work-Study Grants

32 5 MCAR S 2.2301 Scope.

33 Rules 5 MCAR SS 2.2301-2.2307 govern state work-study
34 grants.

1 5 MCAR S 2.2302 Eligible schools.

2 Schools eligible for work-study grants are the same schools
3 eligible for state scholarships and grants-in-aid under 5 MCAR S
4 2.2102.

5 5 MCAR S 2.2303 Application and distribution of funds for grants.

6 A. Application by schools. A school desiring funds for
7 work-study grants must request funds by June 30 each year. The
8 school must submit its estimate of the amount needed to meet
9 eligible student needs for the following school year.

10 B. Allocation formula.

11 1. Funds shall be allocated to each school according to
12 the following formula:

13 a. full-time equivalent enrollment of each school,
14 divided by the total full-time equivalent enrollment of all
15 participating eligible schools;

16 b. multiplied by the current fiscal year's
17 appropriation for work-study grants; and

18 c. multiplied by the percent of funds for work-study
19 grants actually used by that school during the prior school year.

20 2. "Full-time equivalent enrollment" means the enrollment
21 in the fall term determined by the board in its annual
22 enrollment survey in the year prior to the academic year for
23 which work-study funds are allocated.

24 C. Modification of allocations. The board shall allocate
25 funds equal to a school's estimated need if the estimated need
26 is less than the amount determined by the allocation formula.

27 D. Accountability. Each participating school shall be
28 accountable for any funds disbursed to students for work-study
29 grants. Funds may be used only during the fiscal year of
30 disbursement. At schools where the proportion of grants to
31 students employed by off-campus employers is significantly less
32 than the proportion at other schools, the executive director may
33 require the school to document its efforts to place students
34 with off-campus employers. The percent of the school's
35 allocation provided to graduate students shall not exceed the
36 percent of graduate students in the total enrollment at the

1 participating school.

2 E. Unused funds. When requested by the board, the school
3 must immediately return funds which the school determines will
4 not be used. The board shall reallocate the funds to other
5 participating schools requesting additional funds.

6 5 MCAR S 2.2304 Eligible students.

7 A school shall determine if a student is eligible for a
8 work-study grant. To be eligible a student must be an eligible
9 student, as defined in 5 MCAR S 2.0100 D., except that the
10 student may be a graduate student.

11 5 MCAR S 2.2305 Employment terms; amount of grants.

12 A. Eligible employers. A work-study grant recipient may be
13 employed on-campus by the school or off-campus by any of the
14 following:

- 15 1. a nonprofit, nonsectarian agency located in Minnesota;
- 16 2. a person who has a physical or mental impairment which
17 substantially limits at least one life activity and who could
18 benefit from student assistance in or about the home; or
- 19 3. a person over 65 years old who could benefit from
20 student assistance in or about the home.

21 B. Amount. The maximum a student may earn through a
22 work-study grant is the amount of the student's financial need.
23 If a school finds it necessary to replace any portion of a
24 student's family contribution with a work-study grant, the
25 school must place written documentation supporting the decision
26 in the student's file at the school.

27 C. Hourly wages. Not less than 20 percent of the amount
28 earned by a student shall be paid by the employer, with the
29 actual percentage determined by the school in consultation with
30 the employer. A student shall be paid for hours actually worked
31 at an hourly rate agreed to by the employer and the student,
32 with the approval of the school. However, the student must be
33 paid at least the state minimum wage, if the federal minimum
34 wage is not applicable. Student earnings must be paid according
35 to federal regulations governing payment of student earnings

1 under the federal work-study program.

2 5 MCAR S 2.2306 Contracts with employers.

3 A. Off-campus employer contract. Before a student begins
4 work, the school and off-campus employer shall sign a contract
5 affirming the eligibility of the employer and agreeing to abide
6 by applicable law and rules.

7 B. Contents of work contract. The student, school, and
8 employer shall sign a contract setting forth the nature of the
9 work, number of hours of employment, hourly rate of pay,
10 percentage of earnings to be paid by the employer, maximum
11 payment by the employer, pay and time records, payroll, and
12 workers' compensation. Time records must be signed by the
13 student and the employment supervisor.

14 C. Review and comment. All contracts signed by the school
15 and employers are subject to review and comment by the executive
16 director.

17 D. Supervision. The school, with the employer, must develop
18 for each work-study assignment a program of supervision
19 consistent with the nature of the assignment and the needs of
20 the individual student. Upon request of the board, the school
21 must submit the program of supervision to the executive director
22 for review and comment.

23 5 MCAR S 2.2307. Report by school.

24 When requested by the board, each school shall report
25 demographic information and program activity about work-study
26 grants.

27

28 AVTI Tuition Subsidy

29 5 MCAR S 2.2401 Scope.

30 Rules 5 MCAR SS 2.2401-2.2405 govern the tuition subsidy
31 program for students in area vocational-technical institutes.

32 5 MCAR S 2.2402 Eligible schools.

33 Schools eligible for tuition subsidies are area
34 vocational-technical institutes (AVTI's) established pursuant to

1 Minnesota Statutes, section 121.21.

2 5 MCAR S 2.2403 Application and distribution of funds for
3 tuition subsidies.

4 A. Application by AVTI. By June 30 an AVTI desiring funds
5 for tuition subsidies must request funds on the participation
6 request form supplied by the board. The AVTI must submit its
7 estimate of the amount needed to meet eligible student needs for
8 the following school year.

9 B. Allocation formula.

10 1. Funds shall be allocated to an AVTI according to the
11 following formula:

12 a. average daily membership in the AVTI divided by the
13 total average daily membership of all AVTI's;

14 b. multiplied by the current fiscal year's
15 appropriation for tuition subsidies; and

16 c. multiplied by the percent of funds for tuition
17 subsidies actually used by that AVTI during the prior school
18 year.

19 2. "Average daily membership" means the average daily
20 membership for an AVTI as approved by the Department of
21 Education for the year prior to the fiscal year the funds are
22 allocated.

23 C. Notification. The board shall notify each AVTI of the
24 amount allocated to it.

25 D. Accountability. Each participating school shall be
26 accountable for any funds disbursed to students for tuition
27 subsidies. Funds may be used only during the fiscal year of
28 disbursement. When a student does not use a subsidy because the
29 student withdraws from the AVTI, the AVTI may use the funds for
30 other eligible students or return the funds to the board.

31 E. Unused funds. When requested by the board, the AVTI must
32 immediately return funds which the school determines will not be
33 used. The board shall reallocate the funds to other
34 participating AVTI's requesting additional funds.

35 F. Return of funds. Within 30 days of the end of the fiscal
36 year each AVTI shall return unused funds to the board.

1 5 MCAR S 2.2404 Eligible students.

2 A. Determination of eligibility. An AVTI shall determine if
3 a student is eligible for a tuition subsidy. To be eligible a
4 student must be an eligible student, as defined in 5 MCAR S
5 2.0100 D., and both of the following:

6 1. has not been awarded a state scholarship or
7 grant-in-aid for the time period for which the tuition subsidy
8 is awarded; and

9 2. demonstrates financial need.

10 B. Financial need. A student's financial need is that
11 portion of educational costs which remain after subtracting the
12 expected family contribution, the Pell grant, and other
13 assistance the student is receiving or will receive.

14 C. Application. A student may apply for a tuition subsidy
15 before or while attending an AVTI. A student may defer paying
16 tuition during the application process.

17 5 MCAR S 2.2405 Tuition subsidy.

18 A. Amount of subsidy. The amount of a tuition subsidy is
19 based on the student's financial need. A student whose
20 financial need does not exceed five percent of the cost of
21 tuition may not receive a tuition subsidy. A subsidy may not
22 exceed 75 percent of the cost of tuition for the period of the
23 tuition subsidy.

24 B. How subsidy is credited. An AVTI shall reduce the
25 tuition charged to each recipient by the amount of the tuition
26 subsidy.

27 C. Educational programs extending across fiscal years. A
28 tuition subsidy is awarded for the fiscal year of disbursement
29 only. For an educational program extending across fiscal years,
30 a tuition subsidy is prorated to the end of the fiscal year.
31 Reapplication is necessary to obtain a tuition subsidy for the
32 remainder of the educational program. A subsequent subsidy is
33 contingent upon availability of funds, continued demonstration
34 of financial need, and continued eligibility.

35 D. When subsidy begins. For a recipient who applied before

1 the first day of classes, tuition reduction shall begin on the
2 first day of the recipient's classes. For a recipient who
3 applied after the first day of classes, tuition reduction shall
4 begin on the day the recipient applied for a subsidy.

5 E. Obligation for tuition when tuition payment deferred. If
6 a student defers tuition payment during the application process,
7 the student is responsible for tuition which accrued during the
8 application process. However, if a student does not receive a
9 subsidy and promptly withdraws from school, tuition for the
10 period shall be forgiven. A student who does not receive a
11 subsidy and does not promptly withdraw from school is
12 responsible for tuition which accrued during the application
13 process.

14 F. Scholarship or grant-in-aid awards. A recipient of a
15 state scholarship or grant-in-aid is eligible for a tuition
16 subsidy only for the period of an educational program which does
17 not coincide or overlap with the period of a state scholarship
18 or grant-in-aid.

19 G. Transfer to another AVTI. Tuition subsidies are not
20 transferable to other AVTI's. A recipient may apply for another
21 subsidy if the recipient transfers to another AVTI. A recipient
22 must meet the eligibility requirements in 5 MCAR S 2.2404 A.

23

24 Assistance for Student Dependents
25 of Minnesota Veterans

26 5 MCAR S 2.2501 Scope.

27 Rules 5 MCAR S 2.2501-2.2503 govern state financial
28 assistance for students in postsecondary school who are
29 dependents of prisoners of war and persons missing in action.

30 5 MCAR S 2.2502 Eligible students and verification.

31 A. Eligibility. To be eligible for financial assistance for
32 dependents of prisoners of war and persons missing in action,
33 all of the following requirements must be met:

34 1. The student must be registered for an undergraduate
35 program leading to a bachelor's degree or certificate of

1 completion.

2 2. The student must attend a school located in
3 Minnesota. The school may be a state university, community
4 college, public area vocational-technical institute, or the
5 University of Minnesota. If the school is a private school it
6 must be eligible to participate in the state student loan
7 program according to 5 MCAR S 2.2602.

8 3. The student must be one of the following:

9 a. the spouse of a prisoner of war or person missing
10 in action;

11 b. a child born before or during the time the parent
12 served as a prisoner of war or was declared a person missing in
13 action; or

14 c. a child legally adopted or in the legal custody of
15 the parent before and during the time the parent served as a
16 prisoner of war or was declared a person missing in action.

17 B. Verification of status. In cooperation with the
18 Commissioner of Veterans' Affairs, a school must verify, on
19 behalf of a student applying for assistance, that the student
20 meets the requirements in A.3. A prisoner of war or person
21 missing in action means a person who was a Minnesota resident at
22 the time of entering service of the United States Armed Forces,
23 or whose official residence is within Minnesota, and who, while
24 serving in the United States Armed Forces, has been declared to
25 be a prisoner of war or a person missing in action as
26 established by the Secretary of Defense after August 1, 1958.
27 Verification must include the determination of residency. A
28 discharge form, notarized statement from the student's parent,
29 or other documentation may be required to show residency. In
30 addition, a student may be required to provide a copy of a birth
31 certificate, marriage certificate, or other document showing the
32 student meets the requirement of A.3. No situation, including
33 return or reported death of the parent or spouse, can remove a
34 person who qualifies as a dependent from the provisions or
35 benefits provided by law.

36 5 MCAR S 2.2503 Amount of assistance.

1 A. State-supported school. A state-supported school shall
2 waive full tuition and fees for an eligible student.

3 B. Private school. A private school shall request payment
4 from the board for each eligible student. The payment to the
5 private school for each student shall not exceed \$250 per 12
6 months.

7

8 State Student Loans

9 5 MCAR S 2.2601 Scope.

10 Rules 5 MCAR SS 2.2601-2.2605 govern state loans to
11 postsecondary students.

12 5 MCAR S 2.2602 Eligible schools.

13 Schools eligible for funds for student loans are public or
14 private postsecondary schools in any state, approved by the
15 United States Secretary of Education in accordance with
16 requirements of the Higher Education Act of 1965, as amended.

17 5 MCAR S 2.2603 Eligible students.

18 A. General. To be eligible for a state student loan, a
19 student must meet all of the following requirements:

20 1. is eligible for the guaranteed student loan program
21 created by the Higher Education Act of 1965, as amended;

22 2. demonstrates financial need;

23 3. is enrolled at least half-time;

24 4. is in good standing, as determined by the school;

25 5. lives in Minnesota during the school period for which
26 the loan is approved, for a student who is not a Minnesota
27 resident;

28 6. has a loan refusal letter from a commercial lender
29 when applying for a loan for the first time as an undergraduate
30 student; and

31 7. is one of the following:

32 a. enrolled in an eligible school in Minnesota; or

33 b. a Minnesota resident enrolled in an eligible school
34 in any other state.

35 B. Loans previously obtained in other states. A student who

1 is not a Minnesota resident and who has previously obtained a
2 student loan from a lender in another state is required to
3 submit evidence that a request for a further loan through that
4 program was denied.

5 C. Students in default. A student is not eligible for a
6 loan if the student is currently in default on a student loan or
7 has a default claim filed with the guarantee agency at the time
8 of application unless the student has made repayment
9 arrangements satisfactory to the guarantee agency and the board.

10 5 MCAR S 2.2604 School agreements and student applications.

11 A. Origination agreement. Before approving loans to
12 students at a school, the school and executive director shall
13 execute a loan origination agreement. A school is considered to
14 have originated a loan if the school determines who receives a
15 loan and the loan amount or if the school, at the request of the
16 lender, verifies the identity of the borrower or completes forms
17 normally completed by the lender. The origination agreement
18 must specify the school's responsibility for proper delivery of
19 loans to students. It must also designate a school
20 representative who is responsible for performance of the
21 following activities:

- 22 1. complete and certify the school section of a loan
23 application;
- 24 2. assist the board by providing loan counseling to
25 students;
- 26 3. assist the board by counseling students about their
27 obligations when accepting a loan;
- 28 4. deliver loan disbursements to students; and
- 29 5. promptly notify the board when a borrower does not
30 attend school at least half-time.

31 B. Termination. The executive director may terminate an
32 agreement with a school upon determining that continuation of
33 the agreement is not in the best interests of the state student
34 loan program.

35 C. Application, guarantee, and note. The student and school
36 must complete appropriate parts of the application and send it

1 the board for its review. The board must complete the lender's
2 part of the application and send it to the guarantee agency.
3 The guarantee agency must determine the loan amount it will
4 guarantee. The board must send a promissory note to a student
5 for a loan amount not to exceed the amount guaranteed. After
6 the student signs and returns the promissory note, the board
7 must send the loan amount to the school made payable to the
8 student.

9 5 MCAR S 2.2605 Amount, terms, and payment.

10 A. Maximum and minimum amounts. The maximum loan for a loan
11 period and the aggregate principal balance of loans shall be
12 those prescribed in the Higher Education Act of 1965, as
13 amended. The minimum amount of a loan shall be \$250.

14 B. Duration. A loan shall not be approved for a loan period
15 in excess of 12 months.

16 C. Repayment. The interest rate, terms, and conditions of
17 repayment shall be that prescribed by the Higher Education Act
18 of 1965, as amended.

19 D. Date of payments. No check shall be dated more than 30
20 days before the beginning of the loan period for which the loan
21 is made. A school shall not deliver a check to a student until
22 after the loan period has begun. No payment shall be made after
23 the loan period expires.

24 E. Failure to enroll, transfer, or withdrawal. The school
25 shall return checks for students who have not enrolled within 30
26 days of the date enrollment is determined. If a student
27 transfers to another school or withdraws from school before a
28 check is received, the loan is canceled. A student may reapply
29 for a loan at another school. If a student who has received a
30 check does not attend school for the intended loan period, the
31 loan shall be immediately due and payable.

32 F. Refunds. Refunds from schools to the board are allocable
33 in a percentage greater than or equal to the percentage of the
34 total cost of education funded by state student loans.

35

36

1 5 MCAR S 2.2701 Scope.

2 Rules 5 MCAR SS 2.2701-2.2705 govern the state program of
3 contracts with private colleges for education of Minnesota
4 residents.

5 5 MCAR S 2.2702 Eligible schools.

6 Annually the board shall adopt by resolution a list of
7 schools eligible for a contract. To be eligible a school must
8 meet all of the following requirements:

- 9 1. be a private institution of higher education;
- 10 2. be located in Minnesota;
- 11 3. not be operated for profit;
- 12 4. not be an institution or department or branch of an
13 institution whose program is specifically to prepare students to
14 become ministers of religion, to enter upon some other religious
15 vocation, or to prepare to teach theological subjects;
- 16 5. grant an associate degree or higher degree; and
- 17 6. be either of the following:
 - 18 a. fully accredited or making satisfactory progress
19 toward full accreditation by the North Central Association of
20 Secondary Schools and Colleges; or
 - 21 b. determined by the board to maintain programs and
22 standards substantially equivalent to the institutions in
23 Minnesota which are fully accredited.

24 5 MCAR S 2.2703 Contracts.

25 A. Content. The executive director shall offer contracts to
26 all eligible schools. The contract must specify the
27 responsibilities of the school, the services it is to provide,
28 and the terms and conditions of receiving payment for the
29 services.

30 B. Students eligible. The contract must be for students who
31 meet all the following requirements:

- 32 1. are enrolled full-time in the fall term according to
33 the standards of the school, but for not less than 12 credits or
34 the equivalent;
- 35 2. are enrolled in an eligible program; and

1 3. are either one of the following:

2 a. dependent upon the financial support of parents or
3 guardians who have resided in Minnesota for not less than 12
4 months prior to admission at the school; or

5 b. independent of parental or guardian's financial
6 support and have resided in Minnesota, for purposes other than
7 obtaining an education, for not less than 12 consecutive months
8 prior to admission at the school.

9 C. Eligible programs notarized. As a condition of the
10 contract, the chief executive officer and an officer of the
11 governing board of each school must provide a notarized
12 statement that programs included in the contract meet the
13 following criteria:

14 1. must lead to an associate or bachelor degree or to a
15 prebaccalaureate diploma;

16 2. must be at least one academic year in duration;

17 3. may provide for the scholarly study of religion as a
18 discipline of knowledge in a manner similar to that provided for
19 any field of study, but it may not require a student to:

20 a. take courses based upon a particular set of
21 religious beliefs;

22 b. receive instruction intended to propagate or
23 promote any religious beliefs;

24 c. participate in religious activities;

25 d. maintain affiliation with a particular church or
26 religious organization; or

27 e. attest to any particular religious beliefs.

28 5 MCAR S 2.2704 Certification of the number of eligible students.

29 The chief executive officer of each school must certify as
30 of the tenth class day of the fall term the exact number of
31 Minnesota residents who are enrolled in programs meeting the
32 criteria in 5 MCAR S 2.2703 C. Each school must maintain
33 adequate records demonstrating the method of calculating the
34 number of students. The records and underlying documents must
35 be available to the board for inspection.

1 5 MCAR S 2.2705 Payment.

2 A. Amount of payment. The executive director shall pay, for
3 each eligible student who is not a state grant-in-aid recipient,
4 \$120 per student in a school granting an associate degree but
5 not a bachelor's degree and \$150 per student in a school
6 granting a bachelor's degree. In addition, the executive
7 director shall pay, for each eligible student who is a state
8 grant-in-aid recipient, \$400 per student in a school which
9 grants an associate degree but not a bachelor's degree and \$500
10 per student in a school which grants a bachelor's degree.
11 However, if the appropriation is insufficient to pay the full
12 amount, the executive director shall reduce the payments in a
13 manner which maintains the ratios among the four categories of
14 students.

15 B. Time of payment. Ninety percent of the payment shall be
16 made in the winter. It shall be calculated by using the number
17 of eligible students, certified by the school and verified by
18 the executive director, and the preliminary number of fall
19 grant-in-aid recipients. The final payment shall be made in the
20 spring. It shall be based on the final number of fall
21 grant-in-aid recipients and shall include any required
22 adjustments.

23

24 Private Institutions Registration and
25 Approval of Degrees and Names

26 5 MCAR S 2.2801 Scope.

27 Rules 5 MCAR SS 2.2801-2.2811 govern a state program for
28 registration of private and non-Minnesota public postsecondary
29 institutions and approval of degrees granted and names used.

30 5 MCAR S 2.2802 Definitions.

31 A. Applicability. For the purposes of 5 MCAR SS
32 2.2801-2.2811 the terms defined in this rule have the meanings
33 given them.

34 B. Degree. "Degree" means any award given by a school which
35 signifies or is generally taken to signify completion of a

1 program or course and which is designated by the terms degree,
2 associate, bachelor, baccalaureate, master, doctor, or education
3 specialist.

4 C. School.

5 1. "School" means an individual, partnership, company,
6 firm, society, trust, association, corporation, or any
7 combination thereof operating or doing business in Minnesota
8 which:

9 a. is, owns, or operates a private, nonprofit
10 postsecondary education institution;

11 b. provides a postsecondary instructional program or
12 course leading to a degree whether or not for profit;

13 c. is, owns, or operates a private postsecondary
14 educational institution which uses the term "academy," "college,"
15 "institute," or "university" in its name or advertising; or

16 d. operates for profit and provides programs or
17 courses which are intended to allow an individual to fulfill in
18 part or totally the requirements necessary to maintain a license
19 to practice an occupation.

20 2. "School" also means, except in 5 MCAR S 2.2804 B., a
21 public or private postsecondary educational institution located
22 outside Minnesota which offers programs, courses, or educational
23 activities to residents of Minnesota and which does not require
24 the student to leave the state for the major portion of the
25 program, course, or activities.

26 5 MCAR S 2.2803 Who must register.

27 All schools shall register annually with the Higher
28 Education Coordinating Board. Annually the board shall adopt by
29 resolution and publish a list of registered schools. A school
30 need not be approved to be registered.

31 5 MCAR S 2.2804 Requirements for registration.

32 A. Fees. The initial registration fee is \$200 and the
33 annual renewal fee is \$150. Neither fee is refundable.

34 B. Plan to preserve permanent records. Each school located
35 in Minnesota shall maintain permanent records for all students

1 enrolled at any time. Records include school transcripts,
2 documents, and files containing student data relating to
3 academic credits earned, courses completed, grades awarded,
4 degrees awarded, and periods of attendance. To preserve
5 permanent records, a school shall submit a plan which meets all
6 of the following:

7 1. at least one copy of the records held in a secure
8 depository;

9 2. an appropriate official designated to provide a
10 student with copies of records or a transcript upon request;

11 3. a method of complying with 1. and 2. should the school
12 cease to exist; and

13 4. if the school has no binding agreement for preserving
14 student records, a continuous surety bond in an amount not to
15 exceed \$20,000 or a trust arrangement should the school cease to
16 exist.

17 C. Information. Each school shall submit the following
18 information accompanied by an affidavit attesting to its
19 accuracy and truthfulness:

20 1. articles of incorporation, constitution, bylaws, or
21 other operating documents;

22 2. a duly adopted statement of the school's mission and
23 goals;

24 3. evidence of current school or program licenses granted
25 by departments or agencies of any state;

26 4. a fiscal balance sheet on an accrual basis, or a
27 certified audit of the immediate past fiscal year or, if the
28 school is a public institution outside Minnesota, an income
29 statement for the immediate past fiscal year;

30 5. all promotional and recruitment materials and
31 advertisements;

32 6. the current school catalog and, if not contained in
33 the catalog:

34 a. the members of the board of trustees or directors,
35 if any;

36 b. the current institutional officers;

- 1 c. current full-time and part-time faculty with
2 degrees held or applicable experience;
- 3 d. a description of all school facilities;
- 4 e. a description of all current course offerings;
- 5 f. all requirements for satisfactory completion of
6 courses, programs, and degrees;
- 7 g. the school's policy about freedom or limitation of
8 expression and inquiry;
- 9 h. a current schedule of fees, charges for tuition,
10 required supplies, student activities, housing, and all other
11 standard charges;
- 12 i. the school's policy about refunds and adjustments;
- 13 j. the school's policy about granting credit for prior
14 education, training, and experience; and
- 15 k. the school's policy about student admission,
16 evaluation, suspension, and dismissal.
- 17 D. Additional information. If the board is unable to
18 determine the nature and activities of a school on the basis of
19 the information in C., the board shall notify the school of
20 additional information needed.
- 21 E. Verification of information. The board may verify the
22 accuracy of submitted information by inspection, visitation, or
23 any other means it considers necessary.
- 24 F. Public information. All information submitted to the
25 board is public information except financial records and
26 information. The board may disclose financial records or
27 information to defend its decision to approve or disapprove
28 granting of degrees or the use of a name or its decisions to
29 revoke such approval at a hearing under Minnesota Statutes,
30 chapter 14, or other legal proceedings.
- 31 G. Unauthorized representations. No school or any of its
32 officials or employees shall advertise or represent in any
33 manner that a school is approved or accredited by the board or
34 the state of Minnesota. A school may represent that it is
35 registered with the board by using the following language:
36 "(Name of school) is registered with the Minnesota Higher

1 Education Coordinating Board. Registration is not an
2 endorsement of the institution. Registration does not mean that
3 credits earned at the institution can be transferred to other
4 institutions or that the quality of the educational programs
5 would meet the standards of every student, educational
6 institution, or employer."

7 5 MCAR S 2.2805 Approval of names and degrees.

8 A. In General. A school must be registered if it uses the
9 term "academy," "institute," "college," or "university" in its
10 name or if it grants a degree to a student in Minnesota, where
11 the student has not left Minnesota for the major portion of the
12 program or course leading to the degree. It also must
13 substantially meet the criteria in B. In addition, it must meet
14 the requirements in D. and E., as applicable. Annually the
15 board shall adopt, by resolution, and publish a list of the
16 schools approved to use regulated terms in their names and a
17 list of schools approved to grant degrees with a list of the
18 approved specified degrees.

19 B. Criteria for approval. The information submitted for
20 registration is used to determine whether the following criteria
21 are substantially met:

22 1. The school has an organizational framework with
23 administrative and teaching personnel to provide the educational
24 programs it purports to offer.

25 2. The school has financial resources sufficient to meet
26 the school's financial obligations including refunding tuition
27 and other charges consistent with its stated policy if the
28 institution is dissolved or if claims for refunds are made, to
29 provide service to the students as purported, and to provide
30 educational programs leading to degrees as purported.

31 3. The school operates in conformity with generally
32 accepted budgeting and accounting procedures, such as the
33 standards adopted by the National Association of College and
34 University Business Officers.

35 4. The school provides an educational program leading to
36 the degree it purports to offer.

1 5. The school provides appropriate and accessible
2 library, laboratory, and other physical facilities to support
3 the educational program offered.

4 6. The school has a policy on freedom or limitation of
5 expression and inquiry for faculty and students which is
6 published or available on request.

7 7. The school uses for promotion and student recruitment
8 only publications and advertisements which are truthful and do
9 not give any false, fraudulent, deceptive, inaccurate, or
10 misleading impressions about the school, its personnel,
11 programs, services, or occupational opportunities for its
12 graduates.

13 8. The school's compensated recruiting agents who are
14 operating in Minnesota identify themselves as agents of the
15 school when talking to or corresponding with students and
16 prospective students.

17 9. The school provides information to students and
18 prospective students concerning:

19 a. comprehensive and accurate policies relating to
20 student admission, evaluation, suspension, and dismissal;

21 b. clear and accurate policies relating to granting
22 credit for prior education, training, and experience and for
23 courses offered by the school;

24 c. current schedules of fees, charges for tuition,
25 required supplies, student activities, housing, and all other
26 standard charges;

27 d. policies regarding refunds and adjustments for
28 withdrawal or modification of enrollment status; and

29 e. procedures and standards used for selection of
30 recipients and the terms of payment and repayment for any
31 financial aid program.

32 C. Failure to meet criteria. Failure to meet any one of
33 these criteria does not necessarily prevent a school from being
34 approved. Rather, a judgment shall be made on the basis of a
35 pattern which in the whole supports a legitimate educational
36 program, sufficient finances, and sound institutional policies

1 and practices.

2 D. Requirements for degree approval. The following
3 additional requirements must be met by a school for each degree
4 it offers to a student, where the student does not leave
5 Minnesota for the major portion of the program or course leading
6 to the degree:

7 1. qualified teaching personnel to provide the
8 educational programs for each degree for which approval is
9 sought;

10 2. appropriate educational programs leading to each
11 degree for which approval is sought;

12 3. appropriate and accessible library, laboratory, and
13 other physical facilities to support the educational program for
14 each degree for which approval is sought; and

15 4. a rationale showing that degree programs are
16 consistent with the school's mission and goals.

17 E. Requirements for name approval.

18 1. A school may use the term "academy" or "institute" in
19 its name without meeting any additional requirements.

20 2. A school may use the term "college" in its name if it
21 offers at least one program leading to an associate degree.

22 3. A school may use the term "university" in its name if
23 it offers at least one program leading to a baccalaureate,
24 master's, or doctorate degree.

25 4. A school, organized, operating, and using the term
26 "academy," "institute," "college," or "university" in its name
27 on or before August 1, 1975, may continue using such term
28 whether or not it offers a program leading to a degree.

29 F. Conditional approval. The board may grant conditional
30 approval for a degree or use of a term in its name for a period
31 of less than one year if doing so would be in the best interests
32 of currently enrolled students or prospective students.

33 G. Special advisory committee. The executive director may
34 appoint a special advisory committee to review staff
35 recommendations prior to board action upon the request of the
36 school applying for board approval.

1 5 MCAR S 2.2806 Disapproval and appeal.

2 If a school's degree or use of a term in its name is
3 disapproved by the board, the school may request a hearing under
4 Minnesota Statutes, chapter 14. The request must be in writing
5 and made to the board within 30 days of the date the school is
6 notified of the disapproval.

7 5 MCAR S 2.2807 Withdrawal of approval.

8 A. Notice and hearing. The board may refuse to renew,
9 revoke, or suspend approval of a school's degree or use of a
10 regulated term in its name by giving written notice and reasons
11 to the school. The school may request a hearing under Minnesota
12 Statutes, chapter 14. If a hearing is requested, no disapproval
13 shall take effect until after the hearing.

14 B. Reasons for withdrawal. Withdrawal of approval may be
15 for one or more of the following reasons:

- 16 1. violating the provisions of Minnesota Statutes,
17 sections 136A.61 to 136A.71 or 5 MCAR S 2.2801-2.2811;
- 18 2. providing false, misleading, or incomplete information
19 to the board;
- 20 3. presenting to prospective students information about
21 the school which is false, fraudulent, misleading, deceptive, or
22 inaccurate in a material respect;
- 23 4. refusing to allow reasonable inspection or to supply
24 reasonable information after a written request by the board has
25 been received.

26 5 MCAR S 2.2808 Information, forms, and procedures.

27 The executive director may issue public information, design
28 application forms, review applications, secure information, make
29 recommendations, set guidelines, and approve uses pursuant to 5
30 MCAR S 2.2805 E.4., and establish visitation teams.

31 5 MCAR S 2.2809 Schools licensed by another agency or department.

32 The board shall accept as final and not inquire into the
33 substantive basis for a license granted to a school by any
34 agency or department of the state or any other state.

1 5 MCAR S 2.2810 Schools licensed by commissioner of education.

2 A school required to be licensed by the commissioner of
3 education is exempt from registration and approval unless it
4 grants degrees.

5 5 MCAR S 2.2811 Voluntary compliance.

6 A school or educational program which is exempt under
7 Minnesota Statutes, section 136A.653 is exempt from 5 MCAR SS
8 2.2801-2.2810 but may voluntarily waive its exemption by
9 registering. Upon registration the school or educational
10 program is subject to all applicable requirements of Minnesota
11 Statutes, sections 136A.61 to 136A.71 and 5 MCAR SS
12 2.2801-2.2810.

13

14 Repealer. Rules 5 MCAR SS 2.0101-2.0108; 2.0201-2.0209;
15 2.0301-2.0310; 2.0501-2.0507; 2.0701-2.0706; 2.0801-2.0806;
16 2.0901-2.0918; 2.0990; 2.1001-2.1008 are repealed.