

1 Higher Education Coordinating Board

2

3 Adopted Permanent Rules Relating to Financial Assistance

4

5 Rules as Adopted

6 4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

7 Subpart 1. and 2. [Unchanged.]

8 Subp. 3. **Dependent student.** "Dependent student" means a
9 student who is not an independent student.

10 Subp. 4. to 8. [Unchanged.]

11 Subp. 9. **Independent student.** "Independent student" has
12 the meaning given it in the Higher Education Act of 1965, United
13 States Code, title 20, section 1070a-6, and applicable
14 regulations.

15 Subp. 10. and 11. [Unchanged.]

16 4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.

17 Subpart 1. [Unchanged.]

18 Subp. 2. **Minnesota resident.** "Minnesota resident" means:

19 A. a student who graduated from a Minnesota high
20 school and has not since established residence in another state;
21 or

22 B. a dependent student whose parent or legal guardian
23 resides in Minnesota on the date of application; or

24 C. an independent student who has resided in
25 Minnesota for other than educational purposes for at least 12
26 consecutive months prior to becoming an eligible student.

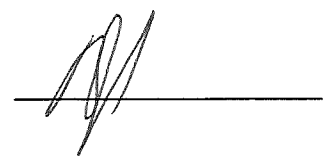
27 Subp. 3. **Eligibility for initial scholarship.** To be
28 eligible for an initial scholarship a student must be an
29 eligible student, as defined in part 4830.0100, subpart 5,
30 except item E, and:

31 A. to C. [Unchanged.]

32 Subp. 4. and 5. [Unchanged.]

33 4830.0600 AWARDS.

34 Subpart 1. **Monetary awards.** The amount of a scholarship



1 or grant-in-aid financial stipend may not exceed an applicant's
2 cost of attendance, as defined in Minnesota Statutes, section
3 136A.121, subdivision 6, after deducting the following:

4 A. A contribution by the applicant of at least 50
5 percent of the cost of attending the institution of the
6 applicant's choosing.

7 B. For an applicant who is not an independent
8 student, a contribution by the applicant's parents, as
9 determined by a financial need analysis. The parental
10 contribution will be considered in determining the state award.

11 C. For an applicant who is an independent student,
12 the additional student contribution.

13 D. An estimate of the amount of a federal Pell grant
14 award for which the applicant is eligible.

15 Subp. 1a. [Unchanged.]

16 Subp. 1b. to 1d. [See Repealer.]

17 Subp. 2. [Unchanged.]

18 4830.0700 METHOD OF PAYMENT.

19 Subpart 1. [Unchanged.]

20 Subp. 2. Refunds. A scholarship and grant-in-aid is
21 awarded for full-time attendance at a specified school for the
22 academic year of nine months within a state fiscal year. If a
23 recipient fails to enroll or reduces enrollment, the school must
24 refund the unused portion of the award. Refunds to the board
25 are determined as follows:

26 A. and B. [Unchanged.]

27 Subp. 3. [Unchanged.]

28 4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

29 Subpart 1. Allocation formula. The board shall allocate
30 funds to each school according to the following formula:

31 A. [Unchanged.]

32 B. Each school's initial allocation is the school's
33 share divided by the sum of school shares, multiplied by the
34 last year's usage percent, multiplied by 90 percent. Usage
35 percent is defined as follows:

1 (1) If no final report is received by ~~August-10~~
2 the first working day after August 9, the usage percentage is 80
3 percent.

4 (2) If the final report is received before August
5 10, the usage percent is the total amount of funds used divided
6 by the last year's allocation.

7 (3) A refund in excess of \$1,000 received after
8 April 1 is multiplied by 150 percent and subtracted from the
9 original allocation to determine the funds used. This amount is
10 divided by the last year's allocation to determine the usage
11 percentage.

12 C. Each January, the board shall allocate the
13 remaining ten percent of the total part-time grant allocation
14 according to the same formula, except that the last year's
15 percent of usage must not be applied.

16 "Number of part-time students" means the sum of all
17 enrolled resident, extension, and unclassified part-time
18 students, who are Minnesota residents, and are reported to the
19 board for its annual enrollment survey as lower division, upper
20 division, and vocational students in the fall term of the school
21 year.

22 "Registration level" is the number of credits (or an
23 equivalent measure) taken by part-time students in the fall term
24 of the school year as reported to the board for its annual
25 enrollment survey, divided by 12 credits (or an equivalent
26 measure).

27 Subp. 2. to 4. [Unchanged.]

28 4830.1555 REPORTS OF DATA.

29 The school must collect demographic, educational, and
30 financial data specified by the board from eligible students
31 requesting grants. The school shall provide the board with
32 individual student data upon request.

33 End of year program activity and student data reports are
34 required by the board. The school must complete and submit the
35 reports and any applicable refunds to the board by the first

1 working day after August 9. If the reports are not completed by
2 the deadline, the board shall withhold the subsequent year's
3 allocation.

4 DISLOCATED RURAL WORKER ASSISTANCE PROGRAM

5 4830.1560 SCOPE.

6 Parts 4830.1560 to 4830.1565 govern state assistance to
7 schools for students who are dislocated rural workers.

8 4830.1561 ELIGIBLE SCHOOLS.

9 An eligible school under part 4830.0300 is eligible to
10 receive an allocation of state assistance for students who are
11 dislocated rural workers.

12 4830.1562 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

13 Subpart 1. Allocation formula. The board shall allocate
14 grant money to eligible schools according to the formula in this
15 subpart. An eligible school's allocation is the school's share,
16 divided by the sum of school shares. An eligible school's share
17 is the number of entering Minnesota resident students enrolled
18 in the last fiscal year, from the school's home county, and
19 contiguous counties. For schools located in Hennepin and Ramsey
20 counties, the following counties are considered contiguous:
21 Chisago, Isanti, Sherburne, Wright, McLeod, Sibley, Le Sueur,
22 Rice, and Goodhue. Students who resided in Anoka, Carver,
23 Dakota, Hennepin, Ramsey, Scott, or Washington county must not
24 be counted in any school's share. A school whose allocation
25 would be less than \$500 using this formula must not receive an
26 allocation. Would-be allocations of less than \$500 must be
27 reallocated, using this formula, to other schools.

28 Subp. 2. Notification. The board shall notify each school
29 of the amount allocated to it.

30 Subp. 3. Accountability. A participating school is
31 accountable for money disbursed to students for assistance for
32 dislocated rural worker students. The money may be used by
33 students only during the fiscal year of disbursement. If a
34 student does not use a grant because the student does not enroll

1 in, or withdraws from, school, the school may use the funds for
2 other eligible students. The school must return unused money to
3 the board.

4 Subp. 4. Report; unused funds. When requested by the
5 board, a school shall report on its use of funds and shall
6 return unused funds. The board shall reallocate unused funds to
7 schools desiring additional funds according to the formula in
8 subpart 1.

9 4830.1563 DETERMINATION OF STUDENT ELIGIBILITY.

10 Subpart 1. Eligibility. A school shall determine if a
11 student is eligible for a dislocated rural worker assistance
12 grant. To be eligible a student must demonstrate compliance
13 with the requirements in this part.

14 A. The student must meet the requirements for an
15 eligible student as defined in part 4830.0100, subpart 5, items
16 B, C, E, and F.

17 B. The student must be enrolled in an adult farm
18 management program, or an occupational training education
19 program. The program cannot be a liberal arts program. The
20 program must prepare the student for available employment within
21 a labor market where the student lives or is willing to move.

22 C. The student must have applied for all other
23 federal and state financial aid scholarship or grant programs.

24 D. The student must be able to demonstrate that
25 subitem (1), (2), or (3) applies to the student:

26 (1) The student or the student's spouse is a
27 worker who has been separated from employment or has notice of
28 separation from employment. The separation must be because of a
29 plant shutdown, an industry slowdown, or because the worker's
30 occupation is obsolete; or be in a region where there has been a
31 decline in the number of persons in the worker's customary
32 occupation. The worker must be unlikely to go to work for the
33 same employer or in the same occupation for a year after the job
34 loss.

35 (2) The student is a displaced homemaker.

1 (3) The student or the student's spouse is a
2 farmer who can demonstrate severe household financial need.

3 Subp. 2. **Severe household financial need; incorporation by**
4 **reference.** Severe household financial need is demonstrated by
5 relating the income of the student's household to the income of
6 a same-sized household as found in the most current table of
7 standard maintenance allowance found in the current edition of
8 "Handbook for Financial Aid Administrators" published by the
9 American College Testing Program; 2201 North Dodge Street, P.O.
10 Box 168; Iowa City, Iowa 52243. The table is incorporated by
11 reference, is subject to frequent change, and is available in
12 the handbook in public libraries throughout the state through
13 the Minitex interlibrary loan system. The table is also
14 available separately from the board.

15 4830.1564 AMOUNT AND TERM OF GRANTS.

16 Subpart 1. **Financial need.** An eligible school shall award
17 a grant to an eligible student, to the extent allocated funds
18 are available and to the extent the student demonstrates
19 financial need according to a method consistent with the
20 school's financial aid policies and procedures.

21 Subp. 2. **Amount.** The amount of the grant to a student
22 when combined with the expected or awarded (a) federal, state,
23 institutional, and private grant assistance that the student
24 receives, (b) employer reimbursement, and (c) the expected
25 parent and student contribution resulting from the assessment of
26 financial need under subpart 1, must not exceed the student's
27 direct educational cost as defined in subpart 3.

28 Subp. 3. **Direct educational cost.** The direct educational
29 cost includes the following:

- 30 A. resident tuition and fees at the institution;
- 31 B. cost of educational materials;
- 32 C. transportation expenses;
- 33 D. an allowance for child care expenses; and
- 34 E. other expenses allowed by the school.

35 The direct educational cost must be consistent with the

1 school's financial aid policies and procedures.

2 4830.1565 COLLECT, REPORT DATA.

3 The school must collect demographic, educational, and
4 financial data specified by the board from eligible students
5 requesting grants. The school shall provide the board with
6 individual student data upon request.

7 4830.2600 REPORTS BY SCHOOL.

8 The school must collect demographic and program activity
9 data as specified by the board. The school shall provide the
10 board with individual student data upon request.

11 End-of-year program activity and student data reports are
12 required by the board. The school must complete and submit
13 these reports and any applicable refunds to the board by the
14 first working day after August 9. If the reports are not
15 completed by the deadline, the board shall withhold the
16 subsequent year's allocation.

17 4850.0011 DEFINITIONS.

18 Subpart 1. **Academic year.** "Academic year" means:

19 A. a period of time, typically eight or nine months,
20 in which a full-time student is expected to complete the
21 equivalent of at least two semesters, two trimesters, or three
22 quarters at an eligible school using credit hours;

23 B. at least 900 clock hours of training for a program
24 at an eligible school using clock hours; or

25 C. a student may borrow for a portion of the academic
26 year, or for all of it (see "loan period").

27 Subp. 2. to 9. [Unchanged.]

28 Subp. 10. **Cosigners.** All borrowers from the student
29 educational loan fund shall have a credit worthy cosigner who is
30 either a United States citizen or a permanent resident. The
31 cosigner is jointly and separately responsible for making loan
32 payments (principal, interest, and other charges). The cosigner
33 is relieved of this financial responsibility only in the event
34 of death or permanent disability of the borrower.

1 A. A cosigner must be at least 18 years old.

2 B. A cosigner must be a person or an eligible school.

3 If the cosigner has no credit history, credit-worthiness
4 shall be determined by the board, by a review of banking
5 references and a review of net worth data with a minimum test
6 requiring that net worth equal or exceed a sum ten times the
7 size of each loan amount requested.

8 Subp. 11. to 14. [Unchanged.]

9 Subp. 15. **Eligible student.** "Eligible student" means a
10 student who:

11 A. to C. [Unchanged.]

12 D. is not currently in default, as defined by each
13 specific program, of any student educational loan program (GSL,
14 FISL, NDSL, HPL, HEAL, ALAS/SLS, or other state supplemental
15 loan program) at the current or any previous school;

16 E. to G. [Unchanged.]

17 H. for those with loans made from the bonds, has at
18 the time of application, an anticipated graduation date no later
19 than November 1, 1992; and

20 I. [Unchanged.]

21 Subp. 16. to 24. [Unchanged.]

22 Subp. 25. **Loan period.** "Loan period" means the period for
23 which the student receives the loan. The period begins on the
24 first day of class. It must be at least 30 days in length, and
25 must not exceed 12 months. A loan period may be the same as, or
26 a portion of, the academic year. For example, the loan period
27 may be for a single semester, or quarter.

28 Subp. 26. [Unchanged.]

29 Subp. 27. **Payout period.** "Payout period" means the time
30 period which begins immediately following the transition period
31 and runs to the earliest of:

32 A. November 1, 2000, for those with loans made from
33 the bonds; or

34 B. ten years from the date the student ceases to be
35 an eligible student; or

36 C. fifteen years from the date of the first loan

1 check; or

2 D. a shorter period negotiated with the borrower.

3 Subp. 28. to 30. [Unchanged.]

4 4850.0014 AMOUNT AND TERMS.

5 Subpart 1. Loan amounts. The minimum loan amount from the
6 student educational loan fund is \$1,000.

7 The annual and maximum loan amounts for:

8 A. an undergraduate student are those prescribed in
9 Minnesota Statutes, section 136A.1701. The loan must not exceed
10 the stated annual undergraduate borrowing maximum or the cost of
11 attendance less all other financial aid (including PLUS loans
12 borrowed on the student's behalf); and the cumulative student
13 loan debt (excluding PLUS loans borrowed on the student's
14 behalf) must not exceed the product of the grade level times the
15 annual undergraduate borrowing maximum, except in grade level 05
16 when the cumulative undergraduate loan debt maximum stays the
17 same as in grade level 04. For example, if the annual
18 undergraduate borrowing maximum in statute was \$4,000, the
19 cumulative undergraduate loan debt maximum, by grade level, is:

- 20 (1) grade level 1, \$ 4,000;
21 (2) grade level 2, \$ 8,000;
22 (3) grade level 3, \$12,000;
23 (4) grade level 4, \$16,000; and
24 (5) grade level 5, \$16,000.

25 B. a graduate student are those prescribed in
26 Minnesota Statutes, section 136A.1701. The loan must not exceed
27 the stated annual graduate student borrowing maximum or the cost
28 of attendance less all other financial aid (including PLUS loans
29 borrowed on the student's behalf); and the cumulative student
30 loan debt of the graduate student (excluding PLUS loans borrowed
31 on the student's behalf) does not exceed the total amount
32 prescribed in Minnesota Statutes for both undergraduate and
33 graduate educations combined. For example, if the stated total
34 borrowing maximum was \$25,000, the cumulative graduate student
35 borrowing maximum, by grade level, is:

- 1 (6) grade level 6, \$25,000;
2 (7) grade level 7, \$25,000;
3 (8) grade level 8, \$25,000; and
4 (9) grade level 9, \$25,000.

5 Subp. 2. Two loans in one year.

6 A. A student may borrow more than once in the same
7 academic year as long as:

- 8 (1) eligibility remains;
9 (2) the annual borrowing maximum is not exceeded;

10 and

11 (3) the amount approved is at least \$1,000.

12 B. A student may borrow the annual maximum twice in
13 the same grade level, as long as:

14 (1) a total of 11 months elapses from the
15 beginning of the first loan period to the beginning of the
16 second loan period; and

17 (2) the cumulative loan debt maximum for that
18 grade level is not exceeded.

19 C. A student who advances a grade level in the middle
20 of an academic year may borrow at that new grade level, as long
21 as:

22 (1) there is no more than one month overlap of
23 loan period; and

24 (2) the cumulative loan debt maximum for that new
25 grade level is not exceeded.

26 Subp. 3. Interest rate. For loans made from the bonds,
27 the interest rate on the loan must be fixed by the board at a
28 margin in excess of the "index rate" on the bonds. If the bonds
29 bear interest at more than one rate at any one time, the "index
30 rate" will be the weighted average of the interest rates. The
31 "index rate" may change on Thursday of each week. If the "index
32 rate" increases or decreases, the interest rate on the loan
33 increases or decreases automatically on the same day without
34 notice to the borrower. If the board determines that the margin
35 does not reflect the costs of the SELF program, the board may
36 must increase or decrease the margin ~~within-the-limits-of-law~~.

1 The board shall advise borrowers of changes in the margin.

2 ~~For loans made from sources other than the bonds, the board~~
3 ~~shall establish interest rates charged to borrowers that are~~
4 ~~reasonable, competitive, and within the limits of law.~~

5 ~~Information about how the interest rate is calculated will be~~
6 ~~available from the board or the financial aid office at the~~

7 ~~eligible school.~~ For loans made from sources other than the
8 bonds, the interest rate on the loan will be determined by the

9 board at a margin in excess of the "index rate." The "index
10 rate" is the average rounded to the nearest quarter of one

11 percent of the bond equivalent yield, for auctions of 13-week
12 treasury bills, during the preceding calendar quarter. If the

13 index rate increases or decreases, the interest rate on the loan
14 automatically increases or decreases on the same day without

15 notice to the borrower. The interest rate on the loan cannot
16 increase or decrease more than two percentage points over any

17 four consecutive calendar quarters. The board shall set the
18 margin to reflect the costs of the SELF program. If the board

19 determines that the margin does not reflect the costs of the
20 SELF program, the board must increase or decrease the margin.

21 The board shall advise borrowers of changes in the margin.

22 4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

23 Subpart 1. [Unchanged.]

24 Subp. 2. Withdrawal and transfer to another eligible
25 school. If the student fails to complete the loan period at the
26 school where the loan application was certified and transfers to
27 another eligible school, any remaining scheduled disbursements
28 must be canceled. The school must immediately notify the board
29 of any borrower who withdraws for any purpose. The student may
30 apply for any remaining loan eligibility at the other eligible
31 school, assuming the amount approved is at least \$1,000.

32 Subp. 3. and 4. [Unchanged.]

33 4850.0017 REPAYMENT PROCEDURES.

34 Borrowers shall make payments of principal and interest
35 according to the following schedule:

1 A. During the school period, the board or its agent
2 shall bill borrowers for accrued interest once during each
3 calendar quarter.

4 B. During the transition period, the board or its
5 agent shall bill borrowers for accrued interest once during each
6 calendar month.

7 C. During the payout period, borrowers must repay
8 their loans in monthly installments of principal and interest.
9 The interest rate may vary throughout the period. The board or
10 its agent must bill borrowers monthly for amounts due. The sum
11 of the monthly payments must equal the sum of accrued interest
12 plus principal. The monthly payments of principal must be in
13 amounts calculated at the beginning of the repayment period as
14 if two conditions existed. The two conditions are: (1)
15 interest on the loan accrues at a fixed rate equal to the
16 interest rate in effect at the time of the calculation and (2)
17 the loan is payable over its term in equal monthly installments.
18 The borrower must pay a total of at least \$600 each year on all
19 of the borrower's SELF loans. If the borrower's spouse also has
20 SELF loans, their combined annual payments on all SELF loans
21 must be at least \$600.

22 D. to H. [Unchanged.]

23

24 REPEALER. Minnesota Rules, parts 4830.0600, subparts 1b,
25 1c, and 1d, are repealed.