

STATEMENT OF NEED AND REASONABLENESS

CHILD CARE GRANTS PROGRAM

as administered by

the Minnesota Higher Education Coordinating Board

AUTHORITY TO PRESCRIBE RULES

The 1989 Minnesota Legislature authorized the establishment of a child care grant program under the supervision of the Minnesota Higher Education Coordinating Board; and to develop policies and adopt rules as necessary to implement and administer the program.¹

Emergency rules for this program became effective October, 1989. The Board is now proposing to adopt permanent rules. This document provides information on the background of the program, and provides a part-by-part explanation for the proposed permanent rules.

1 Laws of Minnesota for 1989, Chapter 293, Section 28.

HISTORY OF CHILD CARE

Prior to the 1989-90 academic year, the Minnesota legislature appropriated a million dollars for child care grants to post-secondary students at public and private institutions. Ten percent of these monies was set aside for use by students attending private post-secondary institutions. Approximately 6 private institutions indicated that they wanted to participate. The remaining 90% of the appropriated monies were to be distributed among the public post-secondary institutions. The child care grant monies were distributed based upon the number of students with dependent children attending such post-secondary institutions. This data was provided to the Minnesota Department of Human Services by the Minnesota Higher Education Coordinating Board from information included on the State Scholarship and Grant Program data base. The Department of Human Services administered the child grant program, and was responsible for allocating child care monies to participating post-secondary institutions. The county agencies controlled the program monies for the post-secondary institutions, and were involved in the process of distributing monies to eligible students with dependent children. Some post-secondary institutions and county agencies cooperated very well, and the program ran smoothly. However, in some cases eligible students did not receive monies even though they were eligible.

Due to the problems involved in the coordination between some post-secondary institutions and their respective county agencies, effective for the 1989-91 biennium, the Minnesota Higher Education Coordinating Board was designated as the state agency responsible for the administration of the Child Care Grant Program. The program appropriation was increased to 2 million dollars for each year of the biennium. Public post-secondary, and private two and four year post-secondary institutions located in Minnesota are eligible to participate in the Child Care Grants Program. The allocation methodology remained the same, with institutions receiving monies based upon the number of students attending that institution who stated that they had one or more dependent children according to the State Scholarship and Grant data base.

CHAPTER II: Part-by Part Explanation

This chapter provides an explanation for each part of the rules relating to the child care grants program.

4830.7100 DEFINITIONS

Subpart 1. Scope. This defines the parameters of applicability for the definitions that follow.

Subpart 2. Continuing enrollment. Because a student must have continuing enrollment in order to receive priority status for renewal of child grants funds for a subsequent year, it is necessary to define this term. The Board felt that this was necessary to ensure equitable treatment of students seeking priority status and to avoid misunderstanding and confusion.

Subpart 3. Eligible employment. Because hours of eligible employment is an element in the calculation of an individual student's child care grant award, the Board felt it necessary to define this term. The institution determines which hours of paid employment shall be covered with child care assistance because the institution knows the circumstances of the student and can best determine how to meet the needs of students attending that institution. The limitation of the number of hours of eligible employment taken into consideration in calculating the student's award is specified in statute.

Subpart 4. Eligible hours of education. Because hours of eligible education is an element in the calculation of an individual student's child care grant award, the Board felt it was necessary to define this term so that all eligible students would be treated equitably no matter which institution the student attended. The Board also realized that the institution should have a certain amount of latitude for additional types of hours to be taken into consideration (ex. science lab sessions, computer lab sessions), which may not be considered "class" hours, but are required for completion of coursework.

Subpart 5. Eligible student. This definition is consistent with the statutory language defining "eligible students" for this program. In addition to the statutory requirements, the Board felt it necessary to also specify these grant funds to students who are not already receiving outside governmental assistance for child maintenance (i.e., aid to families with dependent children) to avoid double-funding. A student receiving a child care grant under this program is required to report any changes to data supplied on the application form because such changes could affect the amount of the student's child care award. These additional requirements for student eligibility are included to ensure the equitable treatment of all applicants for child care grants under this program.

Subpart 6. Nonsectarian program. Because an eligible student must be pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate, this term must be defined for clarity. This term is used in the statutory language describing the type of program a student can pursue in order to apply for a child care grant.

Subpart 7. Institution's share. Because the institution's share is an element in the Board's formula for calculating an institution's annual allocation and reallocation of child care grant monies, this term must be defined. This definition is consistent with similar definitions for variables in allocation/reallocation formulas used by the Board for other state financial aid programs.

4830.7200 ELIGIBLE INSTITUTIONS. This definition is consistent with the statutory language governing the Child Care Grants Program. In addition, the Board felt it necessary to require each institution participating in this program to sign an agreement with the Board that enumerates the responsibilities of the institution and the Board in the operation of the Child Care Grants Program. The requirement to sign such an agreement is consistent with other financial aid programs administered by the Board.

4830.7300 STUDENT PRIORITY. According to statute, child care grant awards are made for one academic year. Since grant recipients must be enrolled in a program which applies to an undergraduate degree, diploma, or certificate, the Board felt that some preference should be given to students who have received child care grant awards in the prior academic year by giving them the opportunity to apply for continuation of grant assistance in the following academic year and receive preference for child care grant monies over students applying for such monies for the first time. Completing coursework for a degree, diploma, or certificate typically involves enrollment over more than one academic year. Permitting child care grant recipients to re-apply and receive priority status for assistance in the following academic year encourages students pursuing such a course of study to continue their attendance and complete the required coursework. The June 1 deadline provides ample time for students who have received child care grant awards during an academic year to apply for such assistance in the following academic year, if necessary. The timing of the deadline date also assists institutions in advising new child care grant applicants on the likelihood of the availability of monies for the following academic year. This helps new applicants in making long-range educational, work, and child care plans.

4830.7400 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

Subpart 1. Initial allocation formula. This formula is patterned after comparable formulas used by the Board in the allocation of program monies to institutions participating in other state financial aid programs, and is consistent with the statutory language relating to initial allocations to institutions.

Subpart 2. Yearly allocation to institutions. This formula is patterned after comparable formulas used by the Board in the allocation of program monies to institutions participating in other state financial aid programs, and is consistent with the statutory language relating to annual allocations to institutions. It encourages institutions to either use all the program monies allocated to it for the academic year, or return unused monies by the deadline date so the returned funds can be re-distributed to institutions needing

additional child care grant funds to meet the needs of its students. In this way, the Board feels that the needs of the most students can be met with available program funds.

Subpart 3. Reallocation. This formula is patterned after comparable formulas used by the Board in the reallocation of program monies to institutions participating in other state financial aid programs. Under this methodology, an institution can request the amount of additional child care grant monies it estimates could be utilized within the current academic year, and does not adversely affect an institution that did not utilize its entire allocation during the prior academic year.

Subpart 4. Administrative expense. In the Laws of Minnesota for 1989, Chapter 293, Subd. 3, the Board is permitted to determine "a reasonable percentage" of the child care appropriation to be used for administrative expense. The Board felt that it may be necessary to adjust this percentage annually, so the language on administrative expense is general enough to permit such an adjustment, after reviewing information received from participating institutions and records at MHECB concerning actual costs of administration. This adjustment would take effect at the beginning of the fiscal year. For the first year of program administration by the board, the administrative expense was set at 7%, which is the same percentage used previously when county agencies handled these child care program funds. Since the Board had no prior experience administering this program and setting a realistic administrative expense percentage for this program, the Board felt it reasonable to continue to use the same percentage amount for the first year of the child care program under the Board's administration. Once actual data on administrative costs are available for a complete fiscal year from MHECB records and institutional feedback, the percentage can be adjusted appropriately for the following fiscal year.

Subpart 5. Notification. This procedure of notifying institutions in writing of allocation and reallocation amounts is consistent with operating procedures used in other state financial aid programs administered by the Board. It provides the Board and the institution with written documentation of child care grant monies disbursed to the institution during the academic year, and assists in the reconciliation of annual program final reports submitted by each institution to the Board at the end of each fiscal year.

Subpart 6. Accountability. By signing the child care program agreement, the participating institution recognizes its accountability for child care monies disbursed to students at the institution. This accountability ensures the integrity of the program and the use of program monies to assist only those students who meet the eligibility requirements for participation in the program.

Subject 7. Unused funds. This requirement to return unused program monies within a specific time period is consistent with the procedure used for reallocation of program monies during the academic year in other state financial aid programs administered by the Board. This is an attempt by the Board to be responsive to the statutory requirement to monitor and reallocate child care grant monies.

4830.7500 AMOUNT AND TERM OF GRANTS.

Subpart 1. **Financial need.** MN Statutes 256.07, subd. 1 requires that the Board use the Human Services sliding scale, which is based on family size and income, to determine the student's eligibility for a child care award. The language also attempts to ensure that all students are treated equitably under this system of determining financial need by specifying that if a student is eligible and program funds are available, the institution is obligated to award the student a child care grant award. Also, it is possible that a student's eligibility may change if family size or family income change. Such changes should be reported to the institution promptly to ensure that the child care grant award reflects the appropriate circumstances of the student's eligibility.

Subpart 2. **Amount.** MN Statutes 256.07, subd. 1 requires that the non-AFDC post-secondary child care program be comparable to the Human Services child care program. The features described in this section ensure such comparability and permits the institution, within specified guidelines, to determine the specific amount of child care grant monies for each of its eligible students. The institution can be responsive to the changing need of its students within pre-determined requirements specified by the Board. The language also ensures that if a student's situation changes, thus increasing the student's child care award amount eligibility, the institution is required to increase the student's award amount. Thus, some flexibility is retained at the institutional level to be responsive to the varying needs of its students without undermining the integrity of the program as administered by the Board.

Subpart 3. **Insufficient funds.** The Board felt it necessary to provide participating institutions with a specific choice of methods for awarding child care grant monies to applicants on a waiting list if the institution is unable to award child care grant applicants given its initial child care grant allocation for the academic year. This provides guidance to the institution in awarding limited program monies to ensure the integrity of the program and the equitable treatment of applicants regardless of the institution the student is attending.

4830.7600 PAYMENT.

This practice of disbursing award monies by academic term provides more control over program monies and is consistent with the method of award payments to students in other financial aid programs administered by the Board.

4830.7700 TERMINATION OF CHILD CARE AWARD.

If the student no longer meets the eligibility requirements under the Child Care Grants Program, the student cannot continue to receive assistance under this program. However, the Board feels that it is necessary to allow the student the opportunity to meet with the financial aid officer at the institution to discuss the reason for termination, and to provide documentation supporting the continuation of the child care grant award. The Board feels that this procedure should eliminate miscommunication between the student and the institution, and protect the rights of the student and the institution in regard to the

utilization of child care grant monies.

4830.7800 REFUNDS.

This methodology of calculating refunds to the child care program is consistent with the methodology used in other state financial aid programs administered by the Board. It provides efficient utilization of program monies and equitable treatment of all students participating in this program.

4830.7900 REPORTS OF DATA.

The reporting requirements specified in this section reflect statutory requirements. The deadline date for submission of such reports is consistent with the reporting requirements of institutions participating in other state financial aid programs administered by the Board. In order to analyze program operations and provide statistical reports for the Governor and Legislature, the Board felt it necessary to specify the reporting requirements, the specific data required of institutions participating in this program, and the deadline date for submission of such data. This ensures efficient program operations, and provides the Board with data necessary for policy planning and implementation as required by statute.