

STATEMENT OF NEED AND REASONABLENESS
PERMANENT RULES RELATING TO FINANCIAL AID

as administered by

the Minnesota Higher Education Coordinating Board

In the Matter of the Proposed Adoption of Rules
Governing Definitions for Higher Education Programs

July 1, 1994

STATE OF MINNESOTA
MINNESOTA HIGHER EDUCATION COORDINATING BOARD

In the Matter of the Proposed Rules
Governing Definitions for Higher
Education Programs (Minn. Rules
Part 4830.0100).

STATEMENT OF NEED
AND REASONABLENESS

I. INTRODUCTION

The Definitions for Higher Education Programs provide definitions of terms used in various post-secondary financial aid programs governed by the Minnesota Higher Education Coordinating Board. These programs provide financial assistance to Minnesota residents pursuing post-secondary education at eligible Minnesota institutions. The proposed modification to the current rule pertains to student eligibility. The change clarifies the language pertinent to the residency status for students as it relates to payment of tuition at a Minnesota post-secondary institution.

II. STATEMENT OF BOARD'S STATUTORY AUTHORITY

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

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

III. STATEMENT OF NEED

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

DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

4830.0100, Subp. 5, Item C.

To be eligible to receive state post-secondary financial aid program funds, (i.e., programs specified in *Minnesota Statutes* 136A.095-136A.132 and Agency Rules 4800, 4810, and 4830), a student must be a Minnesota resident attending an eligible Minnesota post-secondary institution.

The Board has determined that it may be possible to misinterpret the current rule language to exclude otherwise eligible students for access to state grant monies and other state funded financial aid programs covered under 4830.0100. Individual post-secondary institutions, under the State Grant Decentralized Delivery System, are now calculating individual student awards for the State Grant Program. Some institutions may have stricter guidelines for charging resident tuition rates than the residency guidelines applicable for the State Grant Program, and could be confused by the current rule language. Therefore this language change is to clarify the circumstances under which a student is eligible for state financial aid assistance even though the student may not meet resident tuition status for a particular institution. The proposed rule change is needed to protect the integrity of the state financial aid programs, and to ensure equitable treatment of all students applying for state financial aid programs affected by the definitions addressed in this section of agency rules.

IV. STATEMENT OF REASONABLENESS

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

A. Reasonableness of the Rule as a Whole

The current agency rule language in 4830.0100, Subpart 5 addresses student eligibility as it relates to state financial aid programs administered by the Minnesota Higher Education Coordinating Board. The specific issue addressed in this proposed rule for Item C of this subpart relates to student eligibility for state financial aid program monies when a student is receiving tuition reciprocity benefits, and therefore is claimed as a resident of another state.

A student receiving tuition reciprocity benefits to attend a Minnesota post-secondary institution is considered a resident of a state other than Minnesota. Under the eligibility requirements for state financial aid programs, a student must be a Minnesota resident. The

proposed language change ensures that students cannot be considered permanent residents of two different states for tuition purposes simultaneously.

B. Reasonableness of Individual Rules

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

4830.0100, Subp. 5, Item C

Current language restricts state financial aid awards to students who meet the post-secondary institution's *and* the state financial aid program residency definitions. This results in unequal treatment of applicants because the definition of *Minnesota residency* differs from institution to institution (for tuition purposes). Also, private post-secondary institutions bill all students at the same rate whether they are residents of Minnesota or not. Eligibility for state financial aid should be based on the residency definition specified in 136A.101 and 4830.0100. The institutional eligibility for resident rates is irrelevant for the purposes of awarding state financial aid program funds. If a student is receiving tuition reciprocity benefits to attend a Minnesota post-secondary institution, that student is considered a resident of another state and should not be eligible for Minnesota financial aid programs. The proposed amended language for 4830.0100, Subp. 5, Item C rectifies any confusion about the applicability of resident tuition rates by simplifying the language to indicate that if a student is receiving tuition reciprocity benefits to attend a Minnesota post-secondary institution, that student is not eligible for a Minnesota state financial aid award. This change will ensure the equitable treatment of all applicants and protect the integrity of the state financial aid programs.

IV. Costs to Local Bodies

It has been determined that *Minnesota Statute* 14.11 is not applicable because there will be no impact or cost to local bodies related to the adoption of this rule. These programs relate to financial aid assistance to post-secondary students, and are purely educational in nature. No expenditure of public money by local public bodies is pertinent to this rule.

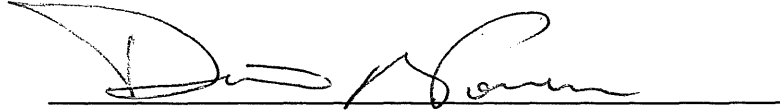
V. SMALL BUSINESS CONSIDERATIONS IN RULEMAKING

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

VI. CONCLUSION

Based on the foregoing, the proposed Minnesota Rule pt. 4830.0100, Subpart 5, Item C is both needed and reasonable.

Dated: July 1, 1994

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

DAVID R. POWERS
Executive Director