



Tab 15

## Fast Track Administrative Rule

Coordinating Board for Higher Education  
September 11, 2019

### BACKGROUND

Missouri's Big Goal for higher education is to have 60 percent of working-age adults with a high quality certificate or degree by 2025. While the state has made ongoing progress in meeting this goal, there are still substantial barriers to its achievement. In addition, the recent Best in the Midwest/Talent for Tomorrow initiative reaffirmed the growing chorus from the business community about the necessity of a workforce with the needed skills and education if Missouri's economy is going to thrive. It is not possible to reach these goals without a broad based approach that includes incentives and opportunities for individuals beyond the traditional college age group.

With only two programs for which adults are potentially eligible (Access Missouri and Marguerite Ross Barnett Memorial Scholarship), it became clear during the recent review of the total suite of state financial aid programs that additional opportunities will be needed in order to effectively serve adult and returning students. The proposed Fast Track Workforce Incentive Grant is designed to fill that gap by providing an adult-friendly program that focuses on enrollment and graduation from programs identified as leading to employment in high-need occupations.

The intent of this agenda item is to provide the board with information about the development of and a copy of the final draft of the administrative rule for the program's operation for action.

### Background

Senate Bill 68 (2019), which includes the Fast Track authorizing provisions, was passed by the General Assembly and, on July 10, signed by the Governor. In order to reap the greatest benefit from this program, the department established a goal to begin operation of the grant portion of the program in early fall (October). In response, staff began the planning process in February of this year.. In addition to the development of the administrative rule, MDHE staff has been working with the Information Technology division to develop an automated process for students to apply for the grant and to receive awards through the current payment system.

Almost from the beginning, the State Student Financial Aid Committee has been working on the issues surrounding the implementation of this program. From the exploration of the general concepts underlying this type of program to the development of specific implementation policies, the committee has provided input and feedback ultimately resulting in the attached proposed administrative rule. In addition, staff shared a draft of the rule with the broader financial aid community to request comments and suggestions regarding the programs operation. That comment period ended on August 9 with no additional input beyond grammatical and typographic items.

### Current Status

The following is a brief overview of the main points of the proposed administrative rule. Because the legislation established this program as a grant that converts to a loan under certain circumstances, the attached proposal reflects that program approach.

#### Definitions

Many of the definitions are relatively standard across all of the state aid programs. The terms specific to this proposal include definition of at least half-time enrollment, eligible program and qualifying employment. Because the intent is for this program to assist students enrolled in some non-credit, non-Title IV eligible programs, the half-time enrollment definition was a challenge. Eligible program must be defined in order to clarify that only credential-seeking students enrolled in programs designed by the Coordinating Board will be

eligible for an award. Qualifying employment, a definition that mirrors the proposed statute, relates directly to the work requirement that is used to determine whether the award stays a grant or is converted to a loan.

### Student Eligibility

Although the student eligibility section is mostly standard, this proposal does incorporate a provision that was recommended as part of the state student aid review. For federal student assistance, student financial aid directors have some flexibility to reflect changes in a student's financial circumstances, such as a job loss, that have occurred since the Free Application for Federal Student Aid (FAFSA) was completed. Because of the need for deadlines for many of the state's programs, many of these changes come too late to impact a student's eligibility for state aid. Because there are no deadlines proposed for this program, the proposed rule language would incorporate those "professional judgment" changes into the program eligibility process.

### Award Policy

Expiration of grant eligibility and award calculation parameters are specified in the rule consistent with the legislation. This includes expiration after four full-time semesters of awards (or the equivalent) or the receipt of a bachelor's degree. Fast Track is classified as a "last dollar" tuition and fee grant, meaning it covers any unpaid tuition and fee costs after all other non-loan governmental financial aid has been applied. Unique to Fast Track is the provision that it would pay the students with the greatest need up to \$500 per term to cover other educational costs, such as books, tools, and other types of fees. In most "last dollar" programs, these students often receive no award because other aid covers all tuition and fee costs,

Another critical award policy issue is prioritization. In instances where funding is not sufficient to pay all eligible students the full amount of the award calculation, it is essential that a priority order is established. For Fast Track, the legislative provisions identify renewal students as the highest priority. However, in order to ensure the department is prepared for needed additional prioritization, the proposed rule establishes a secondary priority of earliest Fast Track application date.

### Grant Forgiveness

The proposed program includes both a residency and work requirement. Within 12 months of completing their program of study, the recipient must retain or reestablish Missouri residency and must maintain qualified employment in the state for three years. Students that fail to satisfy those requirements will have any outstanding balance converted to a loan, which must be repaid with interest. To implement these requirements, the administrative rule establishes the parameters for retaining the grant as a grant. This includes establishing the criteria that students must meet in order to defer conversion to a loan under certain circumstances. In order to best serve adult students, who often are unable to attend at least half-time on a continuous, the proposed rule provides considerable flexibility in attendance patterns without the grant converting to a loan.

### Repayment

While we would hope that all recipients would remain Missouri residents and work for the required three years, we know that will not be the case. Although the staff is exploring contracting out the actual servicing of the loans, the administrative rule must establish a certain level of detail for how the loan conversion and repayment will occur. As indicated above, recipients must work in Missouri for three years in order to avoid conversion of the grant to a loan. One third of the total grant received is removed from the loan potential for each full year of qualifying employment in the state. This section of the rule specifies what interest rate will be charged on any balance that is converted to a loan (federal direct loan interest rate), establishes the base repayment period (10 years), and establishes the notification requirements for both the recipient and the department. It also provides for the deferral of principal and interest payments if the student enrolls in postsecondary education, experiences an economic hardship, enters military service, or experiences a medical condition that limits their ability to make payments.

### Default

Unfortunately, we also know that some recipients will fail to repay the loan. In recognition of that fact, the rule also provides parameters for when a recipient is considered to be in default, what happens to the loan when it is assigned default status and the steps the recipient must take to remove the account from defaulted status.

### **NEXT STEPS**

Upon approval of the attached proposed administrative rule, the department will have sufficient authority to begin full operation of the new program. In addition, the staff will initiate the administrative rule process, with a likely effective date in March or April of 2020.

### **RECOMMENDATION**

Staff recommend that the Coordinating Board direct the Commissioner of Higher Education to take all actions necessary to ensure the attached proposed administrative rule as described above become effective as soon as possible.

### **ATTACHMENT**

- Proposed Fast Track Administrative Rule

4 **Tab 15 Attachment**  
5 **Fast Track Workforce Incentive Grant Administrative Rule**

6 **(1) Definitions.**

7 (A) Academic year shall be twenty-four (24) semester or trimester credit hours, thirty-six (36)  
8 quarter credit hours, or nine hundred (900) clock hours, and at least thirty (30) weeks of instructional time  
9 for a credit hour program or at least twenty-six (26) weeks of instructional time for a clock hour program.

10 (B) At least half-time student shall mean a student who, regardless of the course delivery method,  
11 is enrolled in an eligible program in at least six (6) semester hours, four (4) quarter hours, twelve (12)  
12 scheduled clock hours per week, or the equivalent in another measurement system for the fall and spring  
13 terms or at least three (3) semester hours, two (2) quarter hours, twelve (12) scheduled clock hours per  
14 week, or the equivalent in another measurement system for the summer term. Any student enrolled in a  
15 program consisting of less than 300 clock hours and that is identified by the approved institution as non-  
16 credit shall be considered as meeting this definition.

17 (C) Applicant means a student who has filed a complete and accurate application to receive a Fast  
18 Track Workforce Incentive Grant award as prescribed by the CBHE and who qualifies to receive such award  
19 under section 173.2553, RSMo and this rule.

20 (D) Approved institution means any institution located in the state of Missouri that meets the  
21 requirements set forth in sections 173.1102(2), (3) or (4), RSMo, that has been approved under 6 CSR 10-  
22 2.140, and that has been approved to participate in the federal student financial assistance programs  
23 created in Title IV of the Higher Education Act of 1965, as amended,

24 (E) Award year shall be from July 1 of any year through June 30 of the following year.

25 (F) Coordinating Board means the Coordinating Board for Higher Education as established in  
26 Article IV, Section 52 of the Missouri Constitution.

27 (G) Department means the Department of Higher Education and Workforce Development as  
28 established by Executive Order 19-0X.

29 (H) Eligible program shall mean a program offered by a participating Fast Track Workforce  
30 Incentive Grant institution resulting in the award of a certificate, undergraduate degree, or other industry-  
31 recognized credential and that has been designated as an eligible program by the CBHE for the award year  
32 in which the student is applying.

33 (I) Expenses mean any direct or indirect charges including, but not limited to, tuition, fees, books,  
34 supplies and room and board, for educational-related expenses up to the cost of attendance.

35 (J) FAFSA shall mean the Free Application for Federal Student Aid as maintained by USDE.

36 (K) Fast Track grant shall mean an amount of money paid by the state of Missouri to a qualified  
37 student under the Fast Track Workforce Incentive Grant established in Section 173.2553, RSMo.

38 (L) Full time employment shall mean full-time employment as defined by the employer or thirty (30)  
39 hours within a fixed and regularly recurring seven (7) day period, whichever is greater.

40 (M) Governmental sources of funding shall mean federal, state, and any other governmental grant  
41 or scholarship aid excluding federal work-study and aid classified as a loan and any other aid that can be  
42 converted to a loan.

43 (N) Graduation means completion of the program of study leading to the most advanced  
44 undergraduate credential sought by the student as indicated by the award of a certificate, undergraduate  
45 degree, or other industry-recognized credential.

46 (O) Income shall mean the amount identified as the federal family Adjusted Gross Income on the  
47 most recent FAFSA filed by an applicant that applies to the term in which the student is enrolled.

48 (P) Initial recipient shall mean a student who qualifies under subsection 2. of section 173.2553,  
49 RSMo, and this rule and has not received a Fast Track award in any prior award year.

50 (Q) Participating institution shall mean an approved institution that has a complete Fast Track  
51 participation agreement on file with the department.

52 (R) Payment period means a subset of the academic year for which an eligible student can receive  
53 a Fast Track grant. For semester-based programs, each semester (summer, fall, spring) or trimester  
54 constitutes a payment period. For non-semester-based contact hour programs, payment periods are 450  
55 contact hours or the remaining contact hours when the remainder of the program is less than 450 contact  
56 hours. For non-semester-based credit hour programs, payment periods are 15 semester credit hours or  
57 the equivalent in quarter credit hours.

58 (S) Qualifying employment shall mean full-time employment of a Missouri resident at a workplace  
59 located within the state of Missouri, or self-employment while a Missouri resident, with at least fifty (50)  
60 percent of an individual's income coming from self-employment, either of which results in required returns  
61 of income in accordance with section 143.481, RSMo.

62 (T) Recipient shall mean an eligible student or renewal student who received a Fast Track grant.

63 (U) Renewal student shall mean an eligible student who remains in compliance with the provisions  
64 of section 173.2553; has received a grant as an initial recipient; maintains a cumulative grade point average  
65 of at least two and one-half (2.5) on a four-point (4.0) scale or the equivalent; makes satisfactory academic  
66 degree progress as defined by the institution, with the exception of grade point average; and has not  
67 received a bachelor's degree.

68 (V) Residency, for the purpose of this rule, shall be determined by reference to the standards set  
69 forth in 6 CSR 10-3.010, Determination of Student Residency.

70 (W) Satisfactory academic progress shall be a cumulative grade point average (CGPA) of at least  
71 two and one-half (2.5) on a four-point (4.0) scale, or the equivalent on another scale, and, with the exception  
72 of grade point average, as otherwise determined by the approved institution's policies as applied to other  
73 students at the approved institution receiving assistance under Title IV financial aid programs included in  
74 the Higher Education Act of 1965. The calculation of CGPA shall be based on the approved institution's  
75 policies as applied to other students in similar circumstances. Students enrolled in programs that use a  
76 pass/fail grading system are not subject to the CGPA requirement but must still meet the institution's  
77 academic progress policy cited above. For programs for which a CGPA is not calculated or progress  
78 monitored, institutional polices relating to performance and/or completion shall be considered to meet this  
79 definition.

80 (X) Tuition and fees shall mean any charges to students classified as tuition, any institutional fees  
81 charged to all students, and program-specific fees charged to all students in that program, excluding any  
82 course-specific fees.

## 83 **(2) Responsibilities of Institutions of Postsecondary Education.**

84 (A) Institutions participating in the Fast Track Workforce Incentive Grant program must meet the  
85 following requirements:

86 1) Compliance with 6 CSR 10-2.140 Institutional Eligibility for Student Participation.

87           2) Before requesting disbursement for an initial recipient, verify the student has met the eligibility  
88 requirements listed in section (3) of this rule.

89           3) Before requesting disbursement for a renewal student, verify:

90                   a) The student has met the eligibility requirements listed in section (3) of this rule; and

91                   b) The student has met the satisfactory academic progress requirements referenced in  
92 this rule.

93                   c) Governmental sources of funding are applied correctly to tuition and fees as specified  
94 in this rule.

95           (B) Institutions shall perform and maintain adequate records of each recipient's loan counseling.  
96 Loan counseling must be provided to each recipient at least once each academic year.  
97

98           (C) Institutions shall report the enrollment status of Fast Track recipients on the schedule  
99 announced by the department.

100 **(3) Eligibility Policy.**

101           (A) To qualify for a Fast Track award, an initial recipient, at the time of his application and  
102 throughout the period during which the recipient receives the award, must:

103                   1) Meet the requirements set forth in section 173.2553, RSMo; and

104                   2) Meet the general student eligibility criteria of Title IV of the federal Higher Education Act, as  
105 amended, except the requirement that students be enrolled in credit-based programs.

106           (B) To qualify for a Fast Track award, a renewal student must:

107                   1) Continue to meet the initial eligibility requirements; and

108                   2) Meet the Satisfactory Academic Progress policy as defined in this rule, except that, at the  
109 discretion of the participating institution, the CGPA requirement of the Satisfactory Academic  
110 Progress policy may be waived for one term.

111           (C) If an approved institution revises the income of an eligible student consistent with the federal  
112 regulations pertaining to professional judgment, the revised income will be used to establish student  
113 eligibility.

114 **(4) Application and Evaluation Policy.**

115           (A) The department shall annually prescribe the time and method for filing applications for financial  
116 assistance under the Fast Track Workforce Incentive Grant program. It shall make announcement of its  
117 action in these respects.

118           (B) Students shall apply annually for financial assistance under the Fast Track Workforce Incentive  
119 Grant program by having on file with the institution a completed FAFSA with a valid Expected Family  
120 Contribution, and completing and submitting the Fast Track application.

121           (C) The department may require the applicant and the applicant's spouse to execute forms of  
122 consent authorizing the director of revenue to compare financial information submitted by the applicant with  
123 the Missouri individual income tax returns of the applicant and the applicant's spouse for the taxable year  
124 immediately preceding the year for which application is made, and to report any discrepancies to the  
125 department.

126 **(5) Award Policy.**

127 (A) Fast Track awards shall be made by payment period. With the exception of the first payment  
128 period, the current payment period must be completed before funds can be requested for the next payment  
129 period.

130

131 (B) To receive an award, an initial or renewal student must submit all required documentation to  
132 the department, including a signed promissory note, for each distribution of funds.

133 (C) Student eligibility for the Fast Track Workforce Incentive Grant expires at the earliest of the  
134 following, except a student who is eligible at the beginning of a term may receive the Fast Track award for  
135 the full term in which the expiration criterion is met:

136 1) Receipt of the grant for four full-time semesters. For purposes of Fast Track eligibility, four  
137 semesters means 60 semester credit hours, 90 quarter credit hours or 1,800 clock hours. A  
138 recipient's remaining eligibility will be calculated as a percent by dividing the number of hours for  
139 which a recipient receives a Fast Track payment by the respective maximum number of hours in  
140 that measurement system. Once that calculation results in a percentage of 100 or more, the  
141 individual's eligibility has expired;

142 2) Receipt of a bachelor's degree; or

143 3) Reaching two hundred percent (200%) of the academic time, measured in the time typically  
144 required to complete the program of study in which the student is currently enrolled as included in  
145 an official publication of the institution.

146 (B) For each term or payment period, the amount of the Fast Track award must be calculated  
147 based on the remaining costs of actual tuition and fees after any other governmental sources of funding  
148 have been applied. When the calculation results in a zero award the amount of the award shall be the lesser  
149 of the remaining cost of attendance as calculated by the institution after all non-loan student aid has been  
150 applied or \$500. The \$500 award, when applicable, will be made regardless of whether the student is  
151 enrolled full or part-time.

152 (C) If insufficient funds are available to pay all eligible students, renewal students shall be given  
153 priority until all funds are expended. If funds are insufficient to pay all renewal students or to pay all initial  
154 recipients after all renewal students are paid, students with the earliest Fast Track application submission  
155 date shall be given priority.

156 (D) Financial aid must be applied to tuition and general fees in the following order:

157 1) First, all other available governmental sources of funding; and

158 2) Second, the Fast Track award.

159 (E) To be eligible for a Fast Track award, the student must apply for and accept all governmental  
160 sources of funding for which he or she is eligible at the institution in which he or she is enrolled.

161 (F) Recipients shall remain eligible for an award and/or for the grant to remain a grant when  
162 pursuing a subsequent-credential. Recipients shall only receive an award for one Fast Track eligible  
163 program at a time.

164 (G) A student who has been denied a Fast Track award for lack of satisfactory academic progress  
165 may not receive another Fast Track award until the enrollment period after the applicable standard has  
166 once again been met.

167 (H) No Fast Track award will be made retroactive to a previous award year. A Fast Track award  
168 will be made retroactive to a previous payment period within the current award year only upon the sole  
169 discretion of the department.

170 (I) A Fast Track award will be made only after institutional certification of the student's eligibility  
171 and award components.

172 (J) Once a Fast Track award has been disbursed, no changes will be made to the award calculation  
173 regardless of changes in the number of hours in which the recipient is enrolled.

174 (K) An eligible student's failure to provide required information by an established deadline may  
175 result in loss of the Fast Track Workforce Incentive Grant for the period covered by the deadline.

176 (L) An eligible student may transfer the Fast Track Workforce Incentive Grant from one (1)  
177 participating institution to another without losing eligibility for assistance, but the department shall make any  
178 necessary adjustments in the amount of the award.

## 179 **(6) Grant Maintenance**

180 (A) The grant shall remain a grant and repayment will not be required if the recipient satisfies the  
181 following criteria.

182 1) Maintain at least half-time enrollment in an eligible program until graduation, with an interruption  
183 of qualifying enrollment of no more than twelve (12) consecutive months from the last day of the  
184 most recent payment period during which the student received a Fast Track award;

185 2) Graduate from an approved institution;

186 3) Be a resident of the state of Missouri within twelve (12) months after the date of graduation and  
187 maintain residency for at least three (3) years; and

188 4) Achieve qualifying employment within twelve (12) months of graduation and maintain qualifying  
189 employment for at least three (3) years.

190 (B) For each year, up to three (3) years, the recipient maintains qualified Missouri residency and  
191 employment, one-third (1/3) of the amount of the total aggregate Fast Track Workforce Incentive Grant  
192 received shall be applied against the total aggregate amount of the grant and shall not be subject to  
193 repayment.

194 (C) The recipient shall annually provide certification to the department the recipient meets the  
195 residency and employment requirements of the program.

196 (D) The recipient may apply to the department for a waiver of the conversion of the grant to a loan  
197 due to the total and permanent disability or death of the recipient, the recipient's spouse, or the recipient's  
198 child or if such recipient or recipient's spouse is providing service to any branch of the Armed Forces of the  
199 United States and is transferred out of state and is no longer able to maintain Missouri residency as a result  
200 of such service. The disability must be certified as permanent and total by the recipient's physician. In the  
201 event of the death of the recipient, the executor or other custodian of the deceased recipient's estate may  
202 submit an application.

203 (E) Recipients may defer conversion of the grant to a loan if their qualified employment is  
204 interrupted for one (1) of the following reasons:

205 1) Enrollment in at least half-time study as certified by the institution of higher education in which  
206 the recipient is enrolled;

207 2) Service in any branch of the armed forces of the United States; or



208 3) A temporary disability resulting from an injury or illness that renders the recipient unable to be  
209 employed. The recipient's physician must certify the nature of the disability, the date the disability  
210 began, and the expected duration of the recovery period, not to exceed twelve (12) months.

211 (F) The deferment shall begin on the date the recipient ceases to hold qualified employment. The  
212 length of the deferment will be at the department's discretion based on individual circumstances. The  
213 recipient must notify the department at the beginning and end of the interruption in employment and provide  
214 any requested supporting documentation. The recipient must also return to qualified employment following  
215 the interruption.

216 (G) Recipients must promptly report to the department any change of mailing address.

## 217 **(7) Loan Conversion/Repayment Policy.**

218 (A) If the recipient fails to satisfy any of the criteria for the award to remain a grant, any remaining  
219 balance of the aggregate grant shall convert to a loan and the recipient shall repay the balance of the grant  
220 funds received from the state with interest.

221 (B) Recipients must notify the department within thirty (30) days of a change in enrollment status  
222 or employment that would trigger repayment.

223 (C) Recipients must promptly report to the department any change of mailing address.

224 (D) Interest shall be charged on the unpaid balance of the amount received at the federal direct  
225 loan interest rate for Direct Subsidized Undergraduate Loans in effect at the time the student enters the  
226 first eligible program, regardless of when the grant is first received for that program. Interest shall accrue  
227 from the date the recipient initially fails to meet the grant forgiveness criteria and continue until the  
228 outstanding balance of principal and interest has been paid in full.

229 (E) The department shall mail a repayment schedule to the recipient.

230 (F) The payment amount will vary depending on the total amount received plus accrued interest.  
231 Under no circumstances shall the minimum monthly payment be less than fifty dollars (\$50) or the minimum  
232 annual payment be less than six hundred dollars (\$600).

233 (G) The repayment schedule shall be based on a ten- (10-) year repayment plan unless the  
234 minimum monthly payment amount results in a shorter repayment period.

235 (H) The recipient shall make the first payment no later than the last day of the month in which the  
236 repayment schedule is dated. Subsequent payment dates will be specified on the repayment schedule.  
237 Payments are delinquent if not received by the department within ten (10) business days of the payment  
238 due date.

239 (I) Payments shall be applied first to accrued interest with any remaining amount applied to  
240 principal.

241 (J) Recipients shall not be subject to penalty for early repayment.

242 (K) Recipients may defer principal and interest payments for a period approved by the department  
243 for the following reasons:

244 1) Enrollment in at least half-time study as certified by the institution in which the recipient is  
245 enrolled. The deferment shall be initiated on the date the recipient begins half-time enrollment;

246 2) Experiencing economic hardship as determined by the department;

247 3) Medical condition limiting the recipient's ability to continue repayment including, but not limited  
248 to, illness, disability or pregnancy, as certified by the recipient's physician; or

249 4) Service in any branch of the armed forces of the United States.

250 (L) The recipient must notify the department at the beginning and end of the deferment period and  
251 submit to the department any requested supporting documentation.

252 (M) Interest will not accrue during a deferment period.

253 (N) Payments made during a deferment period will be applied first to any interest accrued prior to  
254 the deferment period and then to principal.

255 (O) In the event a recipient, the recipient's spouse, or child becomes totally and permanently  
256 disabled as certified by a physician or dies, the requirements of the recipient to make any further payment  
257 of principal and interest will be discharged immediately upon department approval of the request for  
258 discharge. The recipient must apply to the department for loan discharge and provide any requested  
259 supporting documentation. In the event of the death of the recipient, the executor or other custodian of the  
260 deceased recipient's estate may submit an application.

261 **(8) Default.**

262 (A) A recipient's account will be in a default status when the recipient has failed to make three (3)  
263 consecutive, scheduled payments.

264 (B) The department will notify the recipient of the default status by certified mail sent to the  
265 recipient's last known mailing address.

266 (C) Upon default, principal and interest are due in full immediately, unless:

267 1) The recipient makes satisfactory repayment arrangements within thirty (30) days from the date  
268 of the certified notice: and

269 2) The recipient makes three (3) consecutive, on-time payments that are at least the minimum  
270 amount provided on the repayment schedule resulting in the removal of default status.

271 (D) All loans in repayment, deferment, or default status will be monitored. All available legal  
272 remedies may be pursued to ensure full repayment of loans. The borrower may be responsible for  
273 reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.

274 **(9) Information Sharing Policy.**

275 (A) All information on an individual's Fast Track application will be shared with the financial aid  
276 office of the institution to which the individual has applied, or is attending, to permit verification of data  
277 submitted. Information may be shared with federal financial aid offices if necessary to verify data furnished  
278 by the state or federal governments as provided for in the Privacy Act of 1974, 5 U.S.C. sections 552, 552a.