



Tab 25

Fast Track Implementation Update

Coordinating Board for Higher Education

June 5, 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 a preliminary draft of the administrative rule for the program's operation in order to facilitate action on the rule at the September CBHE meeting.

CURRENT STATUS

At this writing, SB 68, which includes the Fast Track authorizing provisions, has been truly agreed to and finally passed by the General Assembly but has not been signed by the Governor. However, with a goal of initiating program operation in early fall (September/October), it is necessary to begin the planning process now. In addition to the development of this preliminary administrative rule, MDHE staff have been working with the Information Technology division to begin the development of process to allow student to apply for the grant and to receive awards through the current payment system.

Beginning in February, 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 draft language. The committee will continue to work on the refinement of this document as well as incorporating feedback from the higher education community during the next several months.

The following is a brief overview of the main points of the proposed program. Because the legislation established this program as a grant that converts to a loan under certain circumstances, the attached draft 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 student 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 would pay the students with the greatest need, who would often receive no award because other aid would cover all tuition and fee costs, up to \$500 per term to cover other educational costs, such as books, tools, and other types of fees.

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 draft rule language establishes a secondary priority of earliest 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 addition, because the program is applicable to bachelor level programs but only will cover the cost for four semesters, the proposed rule provides for a grace period of two years relating to the graduation requirement.

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. Consequently, 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

As indicated earlier, the attached draft is for discussion and is not final. Over the next several months, MDHE staff will continue to work with the State Student Financial Aid Committee to refine this proposal. Staff will also seek input from the higher education community later this year to ensure broad input regarding the mechanics of the program. Current plans are to seek final approval of the rule at the September meeting.

RECOMMENDATION

This is an information item only.

ATTACHMENT

- Preliminary Fast Track Administrative Rule Draft

Tab 25 Attachment
Preliminary Fast Track Administrative Rule Draft

1 Definitions.

- 2 Academic year shall be twenty-four (24) semester or trimester credit hours, thirty-six (36) quarter credit
3 hours, or nine hundred (900) clock hours, and at least thirty (30) weeks of instructional time for a credit hour
4 program or at least twenty-six (26) weeks of instructional time for a clock hour program.
- 5 At least half-time student shall mean a student who, regardless of the course delivery method, is enrolled
6 in an eligible program in at least six (6) semester hours, four (4) quarter hours, twelve (12) scheduled clock
7 hours per week, or the equivalent in another measurement system for the fall and spring terms or at least
8 three (3) semester hours, two (2) quarter hours, twelve (12) scheduled clock hours per week, or the
9 equivalent in another measurement system for the summer term. Any student enrolled in a program
10 consisting of less than 300 clock hours and that is identified by the approved institution as non-credit shall
11 be considered as meeting this definition.
- 12 Applicant means a student who has filed a complete and accurate application to receive a Fast Track
13 Workforce Incentive Grant award as prescribed by the CBHE and who qualifies to receive such award
14 under section 173.2553, RSMo and this rule.
- 15 Approved institution means any institution located in the state of Missouri that meets the requirements set
16 forth in sections 173.1102(2), (3) or (4), RSMo, that has been approved under 6 CSR 10-2.140, and that
17 has been approved to participate in the federal student financial assistance programs created in Title IV of
18 the Higher Education Act of 1965, as amended,
- 19 Award year shall be from July 1 of any year through June 30 of the following year.
- 20 Coordinating Board means the Coordinating Board for Higher Education as established in Article IV, Section
21 52 of the Missouri Constitution.
- 22 Department means the Department of Higher Education as established in Section 173.005, RSMo.
- 23 Eligible program shall mean a program offered by a participating Fast Track Workforce Incentive Grant
24 institution resulting in the award of a certificate, undergraduate degree, or other industry-recognized
25 credential and that has been designated as an eligible program by the CBHE for the award year in which
26 the student is applying.
- 27 Expenses mean any direct or indirect charges including, but not limited to, tuition, fees, books, supplies and
28 room and board, for educational-related expenses up to the cost of attendance.
- 29 FAFSA shall mean the Free Application for Federal Student Aid as maintained by USDE.
- 30 Fast Track grant shall mean an amount of money paid by the state of Missouri to a qualified student under
31 the Fast Track Workforce Incentive Grant established in Section 173.2553, RSMo.
- 32 Governmental sources of funding shall mean federal, state, and any other governmental grant or
33 scholarship aid except aid classified as a loan and any other aid that can be converted to a loan.
- 34 Graduation means completion of the program of study leading to the most advanced credential sought by
35 the student as indicated by the award of a certificate, undergraduate degree, or other industry-recognized
36 credential.

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

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

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

45 Recipient shall mean an eligible student or renewal student who received a Fast Track grant.

46 Renewal student shall mean an eligible student who remains in compliance with the provisions of section
47 173.2553; has received a grant as an initial recipient; maintains a cumulative grade point average of at
48 least two and one-half (2.5) on a four-point (4.0) scale or the equivalent; makes satisfactory academic
49 degree progress as defined by the institution, with the exception of grade point average; and has not
50 received a bachelor's degree.

51 Residency, for the purpose of this rule, shall be determined by reference to the standards set forth in the
52 determination of student residency rule, 6 CSR 10-3.010.

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

62 Tuition and fees shall mean any charges to students classified as tuition, any institutional fees charged to
63 all students, and program-specific fees, excluding any course-specific fees.

64 **Responsibilities of Institutions of Postsecondary Education.**

65 Institutions participating in the Fast Track Workforce Incentive Grant program must meet the following
66 requirements:

67 Compliance with 6 CSR 10-2.140 Institutional Eligibility for Student Participation.

68 Before requesting disbursement for an initial recipient, verify:

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

70 The student is enrolled at least half-time in an eligible program;

71 Before requesting disbursement for a renewal student, verify:

72 The student is enrolled at least half-time in an eligible program; and

73 The student has met the cumulative grade point average (CGPA) and satisfactory academic
74 progress requirements referenced in this rule.

75 Verify governmental sources of funding are applied correctly to tuition and fees as specified in this rule.

76 **Eligibility Policy.**

77 To qualify for a Fast Track award, an initial recipient, at the time of his application and throughout the period
78 during which the recipient receives the award, must:

79 Meet the requirements set forth in section 173.2553, RSMo; and

80 Not have a criminal record preventing receipt of federal Title IV student financial aid.

81 To qualify for a Fast Track award, a renewal student must:

82 Continue to meet the initial eligibility requirements; and

83 Meet SAP as defined in this rule.

84 If an approved institution revises the income of an eligible student consistent with the federal regulations
85 pertaining to professional judgment, the revised income will be used to establish student eligibility.

86 **Application and Evaluation Policy.**

87 The department shall annually prescribe the time and method for filing applications for financial assistance
88 under the Fast Track Workforce Incentive Grant program. It shall make announcement of its action in
89 these respects.

90 Students shall apply annually for financial assistance under the Fast Track Workforce Incentive Grant
91 program by having on file with the institution a completed FAFSA with a valid Expected Family Contribution,
92 and completing and submitting the Fast Track application.

93 The department may require the applicant and the applicant's spouse to execute forms of consent
94 authorizing the director of revenue to compare financial information submitted by the applicant with the
95 Missouri individual income tax returns of the applicant and the applicant's spouse for the taxable year
96 immediately preceding the year for which application is made, and to report any discrepancies to the
97 department.

98 **Award Policy.**

99 Fast Track awards shall be made in installments determined by the department annually.

100 Student eligibility for the Fast Track Workforce Incentive Grant expires at the earliest of the following, except
101 a student who is eligible at the beginning of a term may receive the Fast Track award for the full term in
102 which the expiration criterion is met:

103 Receipt of the grant for four full-time semesters, with enrollment not to exceed forty (40) credit
104 hours or the equivalent per semester;

105 Receipt of a bachelor's degree; or

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

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

115 If insufficient funds are available to pay all eligible students, renewal students shall be given priority until all
116 funds are expended. If funds are insufficient to pay all renewal students or to pay all initial recipients after
117 all renewal students are paid, students with the earliest Fast Track application submission date shall be
118 given priority.

119 Financial aid must be applied to tuition and general fees in the following order:

120 First, all available governmental sources of non-loan funding; and

121 Second, the Fast Track award.

122 To be eligible for a Fast Track award, the student must apply for and accept all governmental financial aid
123 for which he or she is eligible at the institution in which they are enrolled.

124 Recipients shall remain eligible when pursuing a subsequent, more advanced credential as long as any
125 break in enrollment does not exceed four consecutive months.

126 A student who has been denied a Fast Track award for lack of satisfactory academic progress may not
127 receive another Fast Track award until the enrollment period after the applicable standard has once again
128 been met.

129 No Fast Track award will be made retroactive to a previous award year. A Fast Track award will be made
130 retroactive to a previous semester or payment period within the current award year only upon the sole
131 discretion of the department.

132 A Fast Track award will be made only after institutional certification of the student's eligibility and award
133 components.

134 An eligible student's failure to provide required information by the established deadlines may result in loss
135 of the Fast Track Workforce Incentive Grant for the period covered by the deadline.

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

139 **Grant Forgiveness**

140 The grant shall remain a grant and repayment will not be required if the recipient satisfies the following
141 criteria.

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

145 Graduate from an approved institution;

146 Establish residency within the state of Missouri within twelve (12) months after the date of
147 graduation; and

148 Achieve qualifying employment within twelve (12) months of graduation.

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

152 The recipient shall annually provide certification to the department the recipient meets the residency and
153 employment requirements of the program.

154 Recipients enrolled in a bachelor degree level program while receiving a Fast Track grant may request a
155 grace period not to exceed two academic years in order to satisfy the graduation requirement listed above.
156 Any such grace period must be approved by the department.

157 The recipient may apply to the Coordinating Board for a waiver of the conversion of the grant to a loan due
158 to the total and permanent disability or death of the recipient, the recipient's spouse, or the recipient's child.
159 The disability must be certified as permanent and total by the recipient's physician.

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

162 Enrollment in at least half-time study as certified by the institution of higher education in which the
163 recipient is enrolled;

164 Service in any branch of the armed forces of the United States; or

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

168 The deferment shall begin on the date the recipient ceases to hold qualified employment. The length of the
169 deferment will be at the department's discretion based on individual circumstances. The recipient must
170 notify the department at the beginning and end of the interruption in employment and provide any requested
171 supporting documentation. The recipient must also return to qualified employment following the interruption.

172 Recipients must promptly report to the department any change of mailing address.

173 Repayment Policy.

174 If the recipient fails to satisfy any of the criteria for the award to remain a grant, any remaining balance of
175 the grant shall convert to a loan and the recipient shall repay the balance of the grant funds received from
176 the state with interest.

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

179 Recipients must promptly report to the department any change of mailing address.

180 Interest shall be charged on the unpaid balance of the amount received at the federal direct loan interest
181 rate for Direct Subsidized Undergraduate Loans in effect at the time the student enters the eligible program.
182 Interest shall accrue from the date the recipient initially fails to meet the grant forgiveness criteria and
183 continue until the outstanding balance of principal and interest has been paid in full.

184 The department shall mail a repayment schedule to the recipient.

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

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

190 The recipient shall make the first payment no later than the last day of the month in which the repayment
191 schedule is dated. Subsequent payment dates will be specified on the repayment schedule.

192 Payments shall be applied first to accrued interest with any remaining amount applied to principal.

193 Recipients shall not be subject to penalty for early repayment.

194 Recipients may defer principal and interest payments for a period approved by the department for the
195 following reasons:

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

198 Experiencing economic hardship as determined by the department

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

201 Service in any branch of the armed forces of the United States.

202 The recipient must notify the department at the beginning and end of the deferment period and submit to
203 the department any requested supporting documentation.

204 Interest will not accrue during a deferment period.

205 Payments made during a deferment period will be applied first to any interest accrued prior to the deferment
206 period and then to principal.

207 In the event a recipient, the recipient's spouse, or child becomes totally and permanently disabled as
208 certified by a physician or dies, the requirements of the recipient to make any further payment of principal
209 and interest will be cancelled immediately upon department approval of the request for cancellation. The
210 recipient must apply to the department for loan cancellation and provide any requested supporting
211 documentation.

212

213 **Default**

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

216 Upon default, principal and interest are due in full within one (1) year of default.

217 The department will notify the recipient of the default status by certified mail sent to the recipient's last
218 known mailing address.

219 The recipient shall have thirty (30) days from the date of the certified notice to make satisfactory repayment
220 arrangements.

221 A recipient may remove the account from default status by making three (3) consecutive, on-time payments
222 that are at least the minimum amount provided on the repayment schedule.

223 All loans in repayment, deferment, or default status will be monitored. All available legal remedies may be
224 pursued to ensure full repayment of loans.

225 **Information Sharing Policy**

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