

COVID-19 State Financial Aid Guidance for Clock Hour Schools

Overview:

Under Article 2, Section 13 of [Minnesota Laws 2020 Regular Session, Chapter 71](#), the Minnesota legislature has granted temporary and limited authority to modify and waive portions of statutes and rules that affect our state financial aid programs. The overall intent of the modifications and waivers is to hold students harmless due to changes related to COVID-19 by protecting the financial stability and academic standing of students and to preserve access to programs and services offered by the Office of Higher Education (OHE). The COVID-19 pandemic is an unprecedented situation and has affected clock hour schools licensed with OHE. Based on questions and feedback from schools that operate under a clock hour system, OHE determined that separate guidance was necessary to provide interpretation of the suspension of the administrative rule that requires recovery of overpayments.

This guidance focuses on Minnesota State Grant (State Grant), including State Grant awarded via the MN Dream Act process. However, we encourage schools who have questions regarding the Minnesota Indian Scholarship Program (MISP), the Student Educational Loan Fund (SELF), or other state aid programs to contact OHE directly with your questions.

Although not all clock hour schools in Minnesota participate in Federal Title IV aid programs, OHE has adopted many of the federal regulations. While OHE cannot offer specific guidance regarding Federal Title IV aid programs, in addition to supplemental OHE guidance, we have attached with this document information as released from the U.S. Department of Education, as a way to easily reference the necessary information to address many of your questions.

- Appendix A: 2019-20 FSA Handbook, Volume 5, Leave of Absence, pages 5-12 through 5-18
- Appendix B: OHE Common Definitions, Section 1, pages 6-7
- Appendix C: IFAP: UPDATED Guidance for Interruptions of Study Related to COVID-19
- Appendix D: COVID-19 State Financial Aid Guidance

OHE discussed the following topics and in conjunction with guidance offered by the U.S. Department of Education, the MN Board of Cosmetology, and the Board of Barber Examiners issues the following guidance:

Leave of Absence Policy Information:

- It is not a requirement for schools to have a Leave of Absence (LOA) policy. If your school chooses not to offer LOAs, then no policy has been required in the past. However, students who had to pause their studies in March 2020 must be considered withdrawn if your school does not

have a LOA policy. Schools must perform all applicable refund calculations for withdrawn students using each student's last documented date of attendance.

- Schools that did not previously have a formal written policy regarding Title IV-approved, (and therefore OHE-approved) LOAs may adopt one, even on a temporary basis. Schools must have a written LOA policy that meets the definition of LOA used for federal financial aid programs, as defined in 34 CFR 668.22(d). If your institution has questions related to creating a LOA policy, you can refer to Appendix A and/or reach out to OHE for assistance.
- Students affected by COVID-19 are not required to have submitted a LOA request before the LOA starts. Once the school's LOA policy has been written and implemented, the school can work with those students affected by COVID-19 to *retroactively* submit a written LOA request.
- The LOA, together with any additional leaves of absence, must not exceed a total of 180 days in any 12-month period. If the student does not return from the approved LOA within 180 days, or does not meet all of the conditions for an approved LOA, the student is considered a withdrawal effective on the student's last day of attendance.
- If the student was paid State funds prior to the LOA, the institution may retain those funds to apply when the student continues enrollment. This includes students who withdrew during the applicable period for which the institution has already performed an R2T4 calculation and returned funds. Where returns have already been made, the institution should re-disburse State funds to those students, crediting students' ledger accounts, requesting any necessary funds from the appropriate source, and making required adjustments to the software used to administer State Grant (if applicable). Refer to Appendix C regarding Title IV requirements.

Return of Title IV Funds (R2T4) Policy Information:

- For students who withdrew, and R2T4 calculations are required, the school is also responsible for performing the Licensed Private Career School and Statutory Refund Policy, and completing the MN Refund Calculation Worksheet. Schools are required to determine the amount of state aid funds that would have otherwise been returned. **OHE will be making changes to the year-end close out work for each program to capture aggregate data regarding the impact of OHE's COVID-19 guidance. For now, on a per program basis, schools must create a process to track the number of students and dollar amount of the impact of these temporary modifications.** Refer to the [MN Tuition Refund Policy](#), and Appendixes C and D.
- While you are not physically returning Title IV funds for a student who withdrew, the amount that should have been returned must still be entered into Line D of the OHE Refund Calculation Worksheet ([Appendix 13b of the MN State Grant Manual](#)). You will not calculate the correct proportional State refund amount if you enter zero in Line D, when there should have been a Title IV return of funds.

Student Scenarios and Guidance for MN State Aid Programs:

OHE understands that for clock hour schools, there are many different programs, academic year lengths, and enrollment levels involved. Additionally, it is not out of the ordinary for clock hour schools to monitor their students closely on a student-by-student basis. Therefore, OHE will provide some scenarios for processing hypothetical students' financial aid related to COVID-19. The scenarios address the State Grant, including State Grant awarded via the MN Dream Act process; however, if a clock hour school has an impacted student who received MISP, SELF or a different state aid program, they should contact OHE for guidance specific to those programs.

As previously mentioned, it is not required for schools to have LOA policy. However, if the school does have a formal, written LOA policy, the **first step of the scenarios below** is to reach out to each student not considered withdrawn to have them **complete a retroactive LOA** request, provided the student has not already exceeded 180 days of approved LOA within a 12-month period prior to March, 2020. The LOA request must be written and signed by the student, and must document each date that the student was not in attendance.

Student A started the first term of their clock hour program prior to March 13, 2020, and has received their first State Grant payment. Student A did not complete the hours in the first payment period prior to March 13, 2020. The school did not offer online instruction during the time when in-person instruction was not allowed. The student has returned to in-person classes as of June 1, 2020.

- Payment for the second payment period cannot be disbursed until the student returns to school and completes the remaining hours of the first payment period.
- Once the school has an approved LOA on file for the student, when determining the average hours per week the student attended during the first payment period, the days in the LOA are excluded.

Student B was four weeks into the first term of their clock hour program prior to March 13, 2020, and had not received their first State Grant payment. Student B did not complete the hours in the first payment period prior to March 13, 2020. The school did not offer online instruction during the time when in-person instruction was not allowed. The student has returned to in-person classes as of June 1, 2020.

- Once the school has an approved LOA on file for the student, the school must calculate and pay the State Grant for the first payment period based on the average hours of attendance from the start of the program through the date of disbursement.
- Payment for the second payment period cannot be disbursed until the student completes the remaining hours of the first payment period.

Student C started the second payment period of their clock hour program just prior to March 13, 2020. Although more than two weeks had passed since the start of the second payment period, Student C had not received their second State Grant payment. The school offered online instruction during the time when in-person instruction was not allowed for up to 150 hours. The student completed the hours on an intermittent schedule through June 1, 2020 before returning to in-person instruction.

- Once the school has an approved LOA on file for the student, the school must calculate the State Grant for the second payment period, based on the average hours of attendance during the previous payment period through the date of disbursement, and exclude all days of the approved LOA, when determining the average hours per week.
- Each break in online attendance during the time when in-person instruction was not allowed must be documented in the LOA request. If the student attended online coursework only two days of the five-day week, the three days the student did not attend must be documented as LOA days.
- Online Enrollment Exception for March 13, 2020 through June 1, 2020: OHE usually requires schools to count a full day of attendance no matter how many hours a student attended. However, for purposes of calculating a fair enrollment level using a student's intermittent online

attendance, schools should use the following guidance when determining the number of scheduled days (and therefore weeks) in the enrollment level calculation:

- If the student attended less than four hours of online instruction in one day, the school should count 0.5 days in the calculation.
- If the student attended four or more hours of online instruction in one day, the school should continue to count one full day in the average hours of attendance calculation.

Student D was nearing the end of a payment period of their clock hour program prior to March 13, 2020, and had received their State Grant payment for that term. Student D requested a LOA, which was approved with an unknown end date. The school offered online instruction during the time when in-person instruction was not allowed for up to 150 hours. The student completed the hours on an intermittent schedule through June 1, 2020 before returning to in-person instruction. With the 150 hours of online instruction, the student progressed into their second payment period, for which they have not yet been paid.

- Prior to disbursing the State Grant, the school should collect an updated LOA request which details each break in online attendance during the time when in-person instruction was not allowed through the disbursement date.
- The school must calculate the State Grant for the subsequent payment period, based on the average hours of attendance during the previous payment period through the date of disbursement, and exclude all days of the approved LOA, when determining the average hours per week.
 - The school should calculate the enrollment level for the hours attended online, using the online enrollment exception as described in the scenario for Student C.

Student E started the first term of their clock hour program prior to March 13, 2020, and has received their first State Grant payment. Student E did not complete the hours in the first payment period prior to March 13, 2020, which was the last day the student was in class. The school did not offer online instruction during the time when in-person instruction was not allowed. The school has been unsuccessful in their attempt to reach Student E and the student has not returned to in-person courses.

- The student should be treated as a withdrawal, with March 13, 2020 as their LDA.
- Normal R2T4 regulations under 668.22 and rules continue to apply. If the student is a withdrawal, an R2T4 calculation, and therefore Licensed Private Career School and Statutory Refund calculation, and OHE Refund Calculation, still must be performed; however, unearned aid for the payment period does not need to be returned by the student or the school. The school should keep track of the amount of State Grant that was not returned and report it as part of the year-end close out process.

Questions:

If you have additional student specific questions, or questions related to this guidance, please reach out to the respective program managers:

MN State Grant (including SG paid via MN Dream Act): Meghan Flores, meghan.flores@state.mn.us

MN SELF Loan: Marilyn Kosir, marilyn.kosir@state.mn.us

MN Indian Scholarship Program: Megan Fitzgibbon, megan.fitzgibbon@state.mn.us

Hyperlinks:

- Minnesota Laws 2020 Regular Session, Chapter 71: <https://www.revisor.mn.gov/laws/2020/0/Session+Law/Chapter/71/>
- Appendix 13b of the MN State Grant Manua: <http://www.ohe.state.mn.us/pdf/FAManual/StateGrant.pdf>
- MN Tuition Refund Policy: <http://www.ohe.state.mn.us/pdf/LicensedPrivateCareerSchoolStatutoryRefundPolicy.pdf>