

State Grant Program: Background



“With the Minnesota State Grant program I am able to take the courses needed to pursue my major and career in nursing. The grant has alleviated some of the financial stress which in turn has given me the opportunity to focus on my studies and extra-curricular activities.”

**Baomi Phung, St. Catherine University,
Class of 2019**

Hometown: Shakopee
Major: Nursing
Extracurriculars: Transfer and first-year orientation leader, LEAD Team member, Multicultural and International Services' peer mentor, chemistry mentor, The Reflective Woman teaching assistant, undergraduate research assistant for the physician assistant program, and St. Kate's Student Ambassador.

The best way Minnesota makes college affordable is through the Minnesota State Grant program — need-based grants that directly help low- and middle-income students pay for college.

While most recipients have family incomes at or below \$40,000, many recipients have incomes up to \$80,000. And the reach is broad: Students receiving awards attend part-time and full-time, pursuing both bachelor's and associate degrees. They are both traditional students, between the ages of 18 and 24, and adult learners.

The State Grant program is based on a model of shared responsibility. Students and families are expected to contribute by working, saving and borrowing. That makes sense. Then State Grant awards help cover costs that students and families can't afford.

The impact is sizable. For the highest-need students, the State Grant and Pell Grant awards combine to cover 100 percent of the average tuition at Minnesota State universities, 83 percent of the average tuition at the University of Minnesota Twin Cities and 30 percent of the average tuition at private nonprofit colleges.

Contributing to Equity and Prosperity

The State Grant program helps close our state's attainment gaps and increase degree completion. Both are essential for the economy: To keep Minnesota competitive, more people need to continue their educations beyond high school and earn degrees.

80,000+ students from across Minnesota receive a State Grant.

They attend both public and private colleges.

Targets low- and middle-income students

Fosters student choice

Holds down student debt

Helps close affordability and attainment gaps

Builds our future workforce

State Grant Program: 2019 Legislative Request

This session we ask Governor Walz and the Legislature to address higher education affordability and attainment gaps by prioritizing investment in the Minnesota State Grant program, which gives college students need-based financial aid.

The Minnesota Private College Council recommends:

An increase of \$92 million in funding for the State Grant program. With this investment state leaders would increase grants by:

- **Reducing the student share** — the portion of college costs that students are expected to pay, and
- **Reducing the family share** — the portion of college costs that families are expected to pay.

Benefits

Tens of thousands of college students and their families would benefit through an increase in:

- the size of students' State Grant awards, and
- the number of Minnesota students receiving the awards.

This investment would have a sizable impact.

- More students would be helped. An additional 9,900 students would receive awards in FY 2020 than would otherwise be the case — an increase of 13%.
- More students would be able to attend college tuition-free.

- More students would receive support to cover living expenses. This would apply to the highest need students at Minnesota State institutions who already attend tuition-free.
- More middle-class students would be helped. For middle-income students from families with incomes between \$50,000 and \$90,000, average State Grant awards would increase by \$500 or more.
- More students would be able to choose the college that's right for them — including private nonprofit colleges.

Reducing the Student Share and Family Share

The program expects students receiving grants to be able to pay for 50 percent of their higher education costs. That is no longer realistic, given how tuition and living expenses have increased. *This request would return the student share to what it was from 2001 to 2013, dropping it from 50 percent to 46 percent.*

The program expects a family to contribute an amount that varies based on the family's income and size. Through the FAFSA, the federal government sets unrealistic expectations for family contributions. *This request would drop*

the family share by five percentage points, lowering the amount families are expected to pay.

Addressing Student Need

The financial aid needs of today's low- and middle-income students and families are not being met. And too many middle-income families do not qualify for grants. The need for new investment is substantial; a recent preliminary analysis released by the Office of Higher Education demonstrated that the program asks students and families to contribute amounts that are unrealistic and unaffordable.

"In the arena of financial aid, assistance to those who need it most will boost the national economy. And need-based aid for college helps achieve the separate social goal of greater equity."

— excerpt from "College Financial Aid: Equity and Efficiency," The Region, Oct. 18, 2018, Federal Reserve Bank of Minneapolis