

Expanding College Access & Economic Opportunity

State Grant Request & Background

STATE GRANT PROGRAM BACKGROUND

When it comes to making college more affordable, Minnesota's best investment is the State Grant program. It provides need-based grants that directly help low- and middle-income students pay for college.

Has statewide impact.

- 69,500 students receive the grants.
- 39 percent of all students from Minnesota attending college here receive a State Grant award.

Helps low- and middle-income families.

- 66 percent of State Grant recipients have incomes at or below \$50,000.
- The program also reaches into the middle class with family incomes up to \$100,000

Supports all college options.

- Students receiving grants are earning certificates, associate degrees and bachelor's degrees.
- They are traditional-age students and adult learners.
- They attend public and private colleges.

Helps close opportunity gaps in enrollment and completion.

- 54 percent of all Minnesota students of color and Native American students attending college here receive a State Grant award.

2023 LEGISLATIVE REQUEST

We ask Governor Walz and the Legislature to prioritize the needs of college students by making a substantial new investment in the Minnesota State Grant program.

Change: Lower the share of college costs that the State Grant formula expects students to cover, from 50 to 42 percent of college costs

Impact: Increase the size of college students' State Grant awards—by thousands of dollars

Investment:

- \$60.3 million in annual ongoing funding
- \$8.3 million in one-time funding

Benefits

Larger State Grant awards would help two in five Minnesota resident college students. And an additional 3,800 students would become State Grant recipients.

The average increase in State Grant awards would be more than \$1,100.

The average State Grant award would increase:

- 59 percent at Minnesota State community colleges
- 44 percent at Minnesota State universities
- 33 percent at the University of Minnesota
- 33 percent at private nonprofit institutions

Addressing the cost of college

It makes sense that students help pay for college. It is an investment in their own education. But the share of the cost of college that the state expects students to pay when calculating their State Grant awards should be based on what students can afford through reasonable work and borrowing.

Currently, the State Grant program expects students to cover 50 percent of the cost of college (tuition and living expenses) through work and borrowing, the same share that was expected in 1985. (The program separately expects families to contribute on top of this amount based on their income.) Over time, as college costs and living expenses have risen, the student share has become increasingly unaffordable. Consider students earning bachelor's degrees: many would have to borrow more than is reasonable or work more than 25 hours a week at minimum-wage jobs year-round just to pay their share. But research shows that working more than 10 to 15 hours a

State Grant investments work: For every dollar the state invests in the program there is a \$4.10 return.

Source: Minnesota Management and Budget, 2018.

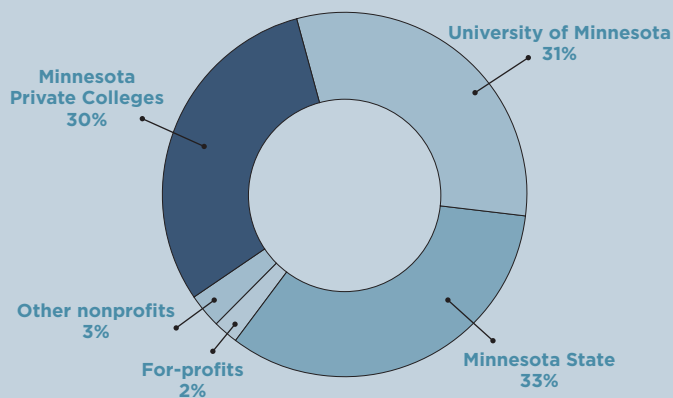
IMPACT OF INVESTING IN THE STATE GRANT PROGRAM

The State Grant program works with the federal Pell Grant, which focuses support on the highest-need students. Together they have a sizable impact for the highest-need students. With the new investment in the State Grant program that we've requested:

- At Minnesota State community and technical colleges, the maximum awards would cover 100 percent of the average tuition with more than \$4,000 remaining for living expenses.
- At Minnesota State universities, the maximum awards would cover 100 percent of the average tuition with more than \$2,800 remaining for living expenses.
- At the U of M Twin Cities, the maximum awards would be \$2 shy of covering tuition. At the other U of M campuses, the maximum award would cover 100 percent of tuition and fees and leave some funds to put towards living expenses.
- At private nonprofit colleges, the maximum awards would cover about 35 percent of the average tuition.

At Minnesota State community colleges, the State Grant and Pell Grant programs together would make college tuition free for dependent students from families with incomes up to \$65,000. The same would be true at Minnesota State universities for dependent students from families with incomes up to \$55,000. And they would be just \$2 shy of making college tuition free at the University of Minnesota-Twin Cities for dependent students from families with incomes up to \$30,000.

Majority of State Grant Funds Help Students at Public Institutions



Source: Minnesota Office of Higher Education FY2022 State Grant data

week lowers the odds that students will stay in college and earn their degree.ⁱ

The solution? Reduce the share of college costs that State Grant recipients are expected to pay.

A 2018 analysis by the Minnesota Office of Higher Education found that the share of college costs that State Grant recipients are asked to pay should be 36 percent of their college costs, not the current 50 percent.

Policymakers can take a significant step towards this college affordability benchmark this session given the significant state budget surplus. We can lower the student share from 50 percent to 42 percent.

Increasing economic opportunity in Minnesota

Investing in the State Grant program makes a difference. When policymakers fund need-based grant aid, research shows that it:

- increases college enrollment,ⁱⁱ
- shortens the time to completion and decreases students' overall costs,ⁱⁱⁱ
- helps hold down borrowing,^{iv}
- decreases the amount students need to work while enrolled,^v and
- increases the odds that students earn their degrees.^{vi}

In addition, the State Grant program is an equity lever: need-based grant aid increases college enrollment and degree completion for low-income students and students of color and Native American students.^{vii}

All Minnesotans deserve the opportunity to pursue the education and careers that align with their talents and prepare them to earn a family-sustaining wage. Minnesota’s workforce needs cannot be met if too many students forego post-high school education. New State Grant investments can make the difference. The benefit of new investment would be long-lasting, impacting not just today’s students but also future generations in their families.

Addressing low-income students’ needs

Since the pandemic started, low-income Minnesota high school graduates have increasingly been stopping their education after high school, at levels that are higher than the general student population. Low-income students already had much lower odds of continuing their education than middle- and higher-income students. But those odds have now gotten worse. In Minnesota, college enrollment of Pell Grant recipients

dropped by 14.2 percent last year compared to 2019-20 — a drop that was twice as large as the decline for students who are not receiving Pell Grants.¹ This is a crisis for low-income students and the state. Minnesota is losing ground on access to higher education, even though it is the surest path to economic mobility.

The pandemic has had an unequal impact on college going rates by race and ethnicity as well. Though Minnesota high school graduate enrollment in higher education directly after college has fallen for students of all races and ethnicities, from fall 2019 to fall 2021 **college enrollment has fallen the most for Black students** (down 13 percentage points), **Latino students** (down 11 percentage points) **and Native American students** (down 10 percentage points).^{viii}

Now is the time to act to expand higher education opportunity in Minnesota for students by increasing their State Grant awards.



“The Minnesota State Grant program has impacted my ability to attend St. Kate’s because it helped take off the stress of me searching for ways to pay for school and instead spend that time on my academics.”

Jaycee Rhodes

St. Catherine University, Class of 2024

Hometown: St. Paul, MN

Major: Business Administration



“My parents came to the United States as immigrants, and they always pursued the American Dream.... Without this grant and other grants such as the Pell Grant, I would not have been able to be at a school that is so supportive and that has some of the best professors around. I am eternally grateful for this opportunity.”

Simon Lian

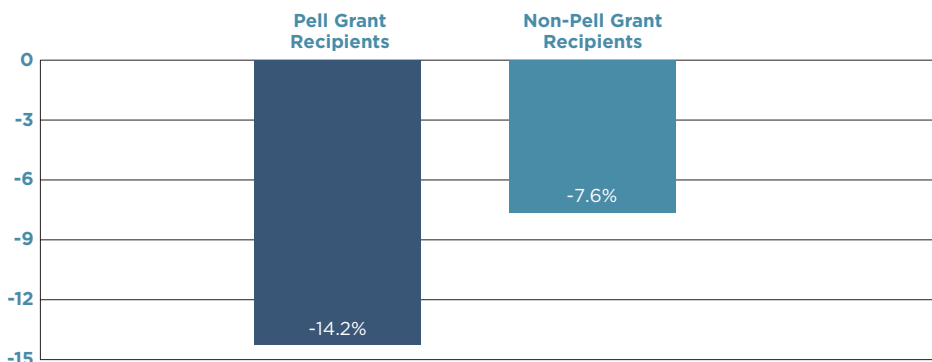
Carleton College, Class of 2024

Hometown: Long Prairie, MN

Major: Economics

College Enrollment Dropped Farther for Lower-Income Students

Change in undergraduates enrolled in Minnesota, for those with and without Pell Grants, from 2019-20 to 2021-22



Source: Federal student aid data 2021-22, IPEDS unduplicated headcount enrollment data

“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

REVIEWING WHERE WE’RE AT

Future workforce needs

Data from the Minnesota Department of Economic Development (DEED) shows that there will be over 900,000 job openings in high-demand occupations² in the state in the next decade that require a postsecondary degree or certificate. Software developers, teachers, social workers, construction managers, nurses, peace officers, electricians and machinists are just some examples of jobs we’ll be needing to fill with people who’ve pursued more education after high school. And they pay significantly more than the projected median earnings of \$41,155 for the high-demand occupations that will only require a high school degree or GED in Minnesota over the next decade.^{ix} In fact, the median earnings for the high-demand occupations that will require a bachelor’s degree will pay twice as much (see table).^x

Minnesota’s economy needs more skilled workers, yet many Minnesotans are faced with barriers to achieving their full educational and economic potential.

Educational opportunity gaps by income

In fall 2021, only 42 percent of Minnesota high school graduates from low-income families enrolled in college in the following fall compared to 70 percent of middle-and upper-income families. And though jobs are available, these recent Minnesota high school graduates are not finding full-time jobs that pay a living wage. For those recent high school grads who don’t go to college, 58 percent were working fewer than 20 hours per week, with an average wage of only \$14.81 an hour.^{xii}

Students from lower-income families are less likely to earn a certificate or degree after high school. Nationally the data is stark, with only 13 percent of students from the lowest income quartile earning a bachelor’s degree by age 24, compared to 62 percent of students from the highest-income quartile.^{xiii}

Projected Job Openings and Typical Earnings for High-Demand Occupations in Minnesota in the Next Decade

Level of Education	Projected Job Openings	Typical Earnings*
Graduate or Professional Degree	64,196	\$100,182
Bachelor	541,215	\$85,922
Associate Degree	118,197	\$72,198
Post-secondary certificate/nondegree program	179,824	\$56,743

Source: Minnesota Department of Employment and Economic Development Occupations in Demand
*Weighted average median of the wages paid for high-demand occupations.

Educational opportunity gaps by race

The gaps in educational attainment are tied to race and ethnicity as well. And Minnesota has some of the worst gaps in the nation.

In 2013, Minnesota — like many states around the country — established a statewide postsecondary education attainment goal: by 2025, 70 percent of Minnesotans ages 25 to 44 should have some form of postsecondary degree or certificate.

We are not on track to meet that attainment goal: Today, about 63 percent of Minnesotans have some form of postsecondary credential. But only 29 percent of Native American, 33 percent of Latino, and 40 percent of Black Minnesotans have a post-secondary certificate or higher.^{xiv}

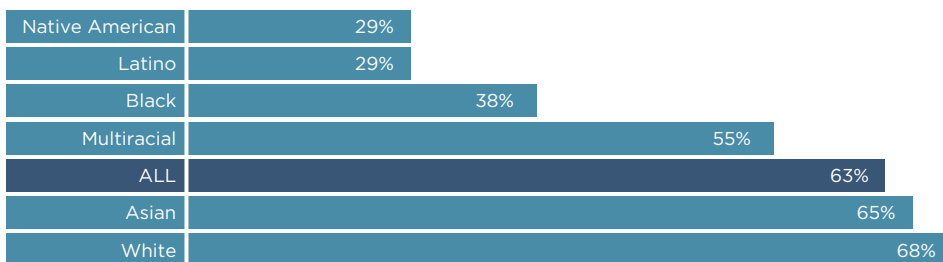
Minnesota simply cannot meet its attainment goal without significantly improving the educational attainment

rates for these Minnesotans. And, since the pandemic there has been a substantial drop in the college going rates for Minnesotans of these races and ethnicities.

These attainment gaps represent a major challenge that must be addressed. All students deserve the opportunity to get the education they need to achieve their career goals and earn a family sustaining wage, and Minnesota’s economy requires a workforce with the necessary skills to meet the needs of employers.

Share of Minnesota Adults with Certificates or Higher Ed Degrees Varies by Race and Ethnicity

All Groups Fall Below State Goal of 70%; Data for 25- to 44-Year-Olds



Source: Minnesota Office of Higher Education, Educational Attainment Goal 2021 data



“I was very grateful to have received the Minnesota State Grant. ... With the assistance of this grant, I am greatly supported in order to set my life up for success while simultaneously putting less of a financial burden on myself.”

Kennedy Kraus

Saint Mary’s University of Minnesota, Class of 2024

Hometown: Kasson, MN

Major: Management



“I cannot express enough how the scholarships and grants I receive will impact my life. Receiving this will help me to educate myself and better the world in return.”

McKensie Clemons

Bethel University, Class of 2025

Hometown: Hastings, MN

Major: Music Education, Grades K-12

Please contact us

Minnesota Private College Council staff welcome further conversation. If you have questions or feedback, please let us know.

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Member Colleges

Augsburg University
Bethany Lutheran College
Bethel University
Carleton College
College of Saint Benedict
The College of St. Scholastica
Concordia College
Concordia University, St. Paul
Gustavus Adolphus College
Hamline University
Macalester College
Minneapolis College of Art and Design
Saint John's University
Saint Mary's University of Minnesota
St. Catherine University
St. Olaf College
University of Northwestern – St. Paul
University of St. Thomas

Notes

- i Evans and Nguyen 2019; Neyt et al 2019; Stinebrickner and Stinebrickner 2003.
- ii Castleman and Long 2016; Dynarski 2003; Sneyers and De Witte 2018.
- iii Castleman and Long 2016; Denning 2019.
- iv Evans and Nguyen 2019.
- v Evans and Nguyen 2019.
- vi Bettinger et al 2019; Denning 2019; Denning et al 2019; Castleman and Long 2016; Kramer et al 2018; Sneyers and De Witte 2018.
- vii Chen and Desjardins 2010; Ciocca Eller and DiPrete 2018; Denning et al 2019; Goldrick-Rab et al 2016; Gross et al 2013; Kim 2012; Latino et al 2020; St. John et al 2005.
- viii Minnesota State Longitudinal Educational Data System, 2022.
- ix Minnesota Department of Employment and Economic Development 2022.
- x Minnesota Department of Employment and Economic Development 2022.
- xi Minnesota State Longitudinal Educational Data System, 2022.
- xii Minnesota State Longitudinal Educational Data System, 2022.
- xiii Pell Institute for the Study of Opportunity in Higher Education, 2022.
- xiv Minnesota Office of Higher Education, Educational Attainment, 2022.

Footnotes

- 1 Federal Pell Grants are awarded to students with financial need; 93 percent come from families with incomes below \$60,000.
- 2 DEED uses the term "Occupations in Demand."
- 3 Low-income students are those who received free or reduced price lunch.

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COLLEGE
COUNCIL

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