

Invest in students: 2022 Legislative Request

We ask Governor Walz and the Legislature to prioritize college students through the Minnesota State Grant program, which supports students who need it most.

Impact

Increase in the average
State Grant awards

At MN State
community colleges **29%**

At MN State
universities **20.4%**

At private nonprofit
institutions **16.6%**

At the University
of Minnesota **16.5%**

“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

Action is needed to help students by lowering the share of expenses that the grant formula expects them to cover. By **lowering the student share from 50 to 46 percent**, students’ grants would increase, making it more affordable for students to earn their degrees.

Benefit: Larger Grants

The impact of this \$42 million investment would be meaningful:

- Larger grants help the 66,000 students who would already receive State Grant awards.
- The average grant increase would be \$635.
- The increase in the maximum grant would be:
 - \$700 at Normandale Community College
 - \$870 at Winona State University
 - \$1,170 at private nonprofit colleges and the University of Minnesota-Twin Cities.

Addressing unreasonable expectations

It makes sense that students help pay for college. But the student share shouldn’t be unreasonable.

The State Grant program has outdated assumptions about what a student can afford to pay. It expects students to cover 50 percent of the cost of college (tuition and living expenses) through work and borrowing. (The program separately expects families to contribute on top of this amount.) Consider students earning bachelor’s degrees: many would have to 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 week lowers the odds that students will stay in college and earn their degree.ⁱ

The solution? We should lower what students are asked to pay. A recent analysis by the Minnesota Office of Higher Education found that what State Grant recipients are asked to pay should be 36 percent of their college costs, not the current 50 percent.

Action is needed this session to start reducing the burden on students by lowering the student share of college costs from 50 to 46 percent. The sooner students complete their degree the quicker they can enter the workforce and contribute to Minnesota’s economy.



“The 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, '24
 Hometown: St. Paul
 Major: Business Administration
 Minor: Leadership and Sales

Pandemic impact

The COVID-19 pandemic makes these concerns even more urgent. Students and families have been hit hard and in too many cases are forgoing education after high school all together. This can be seen in the 9 percent drop in enrollment across higher education between 2019 and 2021.

Lower-income students have been hit the hardest.

- As of February there has been a 14 percent drop in FAFSA filings among families with incomes of \$75,000 or less.
- And the drop in college enrollment in Minnesota is being driven by a decrease in low-income students, who are disproportionately students of color.
 - Last year the number of Pell Grant recipients fell by 12 percentⁱⁱ, compared to 2 percent for those who do not receive Pell Grants.

New investment would drive change

Investing in need-based grant aid like the State Grant program makes a difference. Research shows that need-based grant aid:

- increases college enrollment,ⁱⁱⁱ
- shortens time to a degree and decreases students’ overall costs,^{iv}
- helps hold down borrowing,^v and
- increases the odds that students earn their degrees.^{vi}

In addition, need-based grant aid addresses opportunity gaps, increasing college enrollment and 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 benefits would be long-lasting, impacting not just today’s students but also future generations in their families.

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.

Notes

- i Evans and Nguyen 2019; Neyt et al 2019; Stinebrickner and Stinebrickner 2003
- ii *Pell Grant recipients have family incomes below \$50,000.*
- iii Castleman and Long 2016; Dynarski 2003; Sneyers and De Witte 2018.
- iv Castleman and Long 2016; Denning 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