

May 2, 2023

Dear Chair Fateh, Chair Pelowski, and Conference Committee Members:

On behalf of the Minnesota Private College Council's 18 nonprofit private colleges, we urge you to make the Minnesota State Grant program a priority with an investment of new, ongoing funding that significantly increases State Grant awards in the 2023 Omnibus Higher Education bill. Providing a balance between institutional appropriations and financial aid to meet the needs of low- and middle-income students at all colleges is critical to producing an Omnibus Higher Education bill that serves all students well.

As you heard in the stories told by the students, State Grant awards have a transformative impact on the students who receive them. Increasing financial aid for the students who struggle the most to complete a postsecondary education is essential to meeting the State's higher education attainment goals, having the educated workforce employers need, and addressing declining enrollment, which is most pronounced among students from the lowest income families. Equally important, investing in the State Grant will help close educational disparities and drive upward economic mobility for lower-income students and BIPOC students. In fact, 54% of Minnesota's BIPOC students receive a State Grant.

We appreciate that the House and Senate included funding to enable the State Grant program to conform with the federal changes to the FAFSA and the Pell Grant program, as well as increasing the Living and Miscellaneous Expense (LME) allowance in the State Grant formula from 109% to 115% of the federal poverty level for nine months. However, for a large share of State Grant recipients, the conformity changes will not substantially increase State Grants. And the LME change will only increase State Grants by \$78 for the lowest-income full-time students and even less for part-time students.

Considering the significant State budget surplus, the record target for new higher education spending, and enrollment declines among lower-income students, we ask the conference committee to make a significantly larger investment in the State Grant program. We are grateful for Governor Walz's recommendation to increase State Grant funding by \$51.5 million in FY24-25 and another \$44 million in FY26-27. We urge conferees to fund the State Grant at the level proposed by Governor Walz and use the additional funding to lower the student share (ASR) or raise the LME amount. These changes would significantly increase grants for all of the 60,000 to 70,000 students who will receive state grants in the coming years.

The Senate bill proposes a new financial aid program, the Minnesota Commitment to Higher Education, that provides a last dollar scholarship available only to students at public institutions. This new program leaves out about 30,000 state grant recipients at both public and private institutions who need the support of a larger State Grant increase.

The ongoing funding in this new program will help about 15,500 students, with 80% of this funding going to students with incomes between \$50,000 and \$80,000. The 1/2 Pell match part of the program, funded only by a one-time appropriation, would help about 17,600 additional students. In total, the Minnesota Commitment to Higher Education Act would help about 33,100 students. In contrast, using these funds to increase the State Grant program would help between 60,000 and 70,000 students, with 66% of State Grant funds going to students with family incomes below \$50,000.

Minnesota Private Colleges | Excellence within reach

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

445 Minnesota Street
Suite 500
St. Paul, Minnesota 55101

651-228-9061
colleges@mnprivatecolleges.org
www.mnprivatecolleges.org

In addition, many students who want or need to pursue a four-year degree in the Twin Cities metropolitan area may not have many options under the tuition-free college proposal because the only metro-area public four-year options are the U of M-Twin Cities (where many students do not meet the admission standards) and Metro State (designed to serve older working students). However, there are ten nonprofit four-year institutions in the metro area that also serve students well. All students should have the ability to choose the college and career path that best aligns with their location, interests, needs, and aspirations. The State Grant makes it possible for lower-income students to have access to the same full range of educational options that are available to students from higher income families, an essential element of equity in higher education for underrepresented students.

It is important to note that the combination of the Pell and State Grant already makes college tuition-free at Minnesota State Colleges for dependent students from families up to \$50,000 in family income and for dependent students at Minnesota State Universities from families up to \$40,000 in family income. Additional investment in the State Grant program would increase the number of students for whom college would be tuition-free at Minnesota State institutions and raise the income levels at which these institutions would be tuition-free. At the same time, it would also provide larger State Grants to more than 60,000 students who are projected to receive State Grants next fall.

For example, by investing an additional \$58 million in the State Grant program to reduce the ASR to 47% or increase the LME to 127% of the federal poverty level for nine months, community college would be tuition-free for dependent students from families with incomes under \$60,000, and state universities would be tuition-free for dependent students from families with incomes under \$50,000. At the same time, this type of financial aid investment would equitably support students choosing to enroll at the University of Minnesota and nonprofit colleges.

Private nonprofit colleges serve a diverse student population that reflects Minnesota: 36% of all Pell Grant recipients seeking a four-year degree and 34% of all BIPOC students seeking a four-year degree in Minnesota attend nonprofit institutions. And we serve these students well: our 18 member institutions have the highest on-time, four-year graduation rate in the state for BIPOC students and Pell Grant recipients. Students and the state benefit when lower-income students have nonprofit college options for postsecondary education.

As the conferees work through the differences in this bill, we urge you to meet the needs of low- and middle-income students through financial aid by investing additional resources in the State Grant program at the level recommended by Governor Walz.

Thank you for considering our perspectives and the needs of the students we educate.

Sincerely,



Paul Cerkenik
President

cc: Governor Tim Walz
Lt. Governor Peggy Flanagan
Commissioner Dennis Olson, Jr., Office of Higher Education