

State Grant Program: 2021 Legislative Request

This session we ask Governor Walz and the Legislature to prioritize college students through the Minnesota State Grant program, which gives grants to the students who need it most. That’s how we prepare Minnesotans to succeed in the post-COVID-19 economy and make progress on educational equity.

The Minnesota Private College Council requests:

An increase of \$67.5 million in funding for the State Grant program. This investment would increase average grants by reducing the student share — the portion of college costs that students are expected to pay.

Addressing Student Needs

The pandemic’s toll on family finances is making college unaffordable for many low-income students, students of color and Native American students. Unfortunately, we’ve already seen lower levels of enrollment this fall. And even fewer may start or return to college in 2021.

We cannot allow COVID-19 to prevent Minnesotans from earning the post-high school credentials they’ll need to succeed.

Given the pandemic’s impact on family and student finances, the need for new investment in the State Grant program and college students has grown significantly.

Benefits

More than 40 percent of Minnesota resident college students would benefit from this investment:

- **Larger grants** for the 71,100 students who would already receive grants next year; and
- **More recipients** with an additional 3,300 receiving grants — an increase of 5 percent — with most of those students attending community and technical colleges.

Here’s what this investment would mean for students.

- The increase in the maximum grant for the lowest income students will range from \$500 to \$770.
- Average grants would increase by:
 - 18 percent at Minnesota State community and technical colleges,
 - 14 percent at Minnesota State universities,
 - 10 percent at the University of Minnesota, and
 - 10 percent at private nonprofit institutions.

Reducing the Student Share

The State Grant program expects students receiving grants to be able to pay for 50 percent of their higher education costs. This is unrealistic and unaffordable, as research from the Minnesota Office of Higher Education has found. Students cannot meet these expectations through reasonable levels of work and borrowing. Our proposal would bring the student share down to 47 percent. This is just a first step in making the student share match the economic realities students face. More investment will be needed in future sessions.

“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

For Minnesota undergrads attending college in Minnesota: 56 percent of undergraduate students of color and Native American students receive a State Grant and would benefit from this investment.

State Grant Program: Background

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

Most college students who receive State Grant awards have family incomes at or below \$40,000. The program also serves middle-income families with incomes up to \$80,000.

And the reach is broad: Students receiving awards attend part-time and full-time, pursuing bachelor's degrees, associate degrees and certificates. They are both traditional students, between the ages of 18 and 24, and adult learners. And they attend both public and private colleges.

The State Grant program is based on a model of shared responsibility. Students and families are expected to pay for college by working, saving and borrowing. That makes sense. State Grant awards are intended to help cover costs that students and families can't afford. **Unfortunately, the program currently expects students to pay too much.** *College students need these grants to be aligned with the reality of what they and their families can afford to pay.*

The impact of these grant is sizeable. For the highest-need students, the State Grant and Pell Grant awards combine to cover:

- 136 percent of the highest tuition at Minnesota State community and technical colleges,
- 104 percent of the highest tuition at Minnesota State universities,
- 85 percent of the tuition at the University of Minnesota Twin Cities, and
- 19 percent of the average tuition at private nonprofit colleges.

Contributing to Prosperity and Race Equity

The State Grant program helps close our state's opportunity gaps and increase college completion. Both are essential. Minnesota has some of the biggest racial disparities in college completion, which hurts our communities and our economy. Our state goal is that 70 percent of Minnesotans should have a post-secondary degree or certificate by 2025; that's what's needed in an economy that increasingly requires education past high school to secure jobs that provide family-sustaining wages.

This is the only state program that targets aid specifically to low- and middle-income college students. Removing financial barriers is key to increasing college completion. This is particularly important for students of color and Native American students, given that more than half of all Minnesota students of color and Native American students who attend college in the state receive a State Grant.



"I know that support from the State Grant helps me stay in school and will help me graduate on-time. It also makes it possible for me to attend the college that fits me best."

Viridiana Martinez,
University of St. Thomas, Class of 2021

Hometown: Minneapolis
Major: Leadership & Management
Extracurriculars: President of the LatinX Club, work study in Student Affairs, mentor in Linkages program, student representative on the accreditation team and a member of undergraduate student government

77,000+ students from across Minnesota receive a State Grant.

The impact is huge: 43 percent of college students from Minnesota attending college here receive a State Grant

Supports low- and middle-income students

Helps students attend the institutions that are right for them

Holds down student debt

Helps close affordability and opportunity gaps

Builds our future workforce