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Highlights of Financial Aid Awarded 2007



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About the Minnesota Office of Higher Education

The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to postsecondary education. The agency serves as the state's clearinghouse for data, research and analysis on postsecondary enrollment, financial aid, finance and trends.

The Minnesota State Grant program, which is administered by the agency, is a need-based tuition assistance program for Minnesota students. The agency oversees tuition reciprocity programs, a student loan program, Minnesota's 529 College Savings Program, licensing and an early awareness outreach initiative for youth. Through collaboration with systems and institutions, the agency assists in the development of the state's education technology infrastructure and shared library resources.

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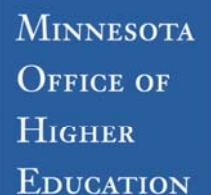
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Highlights of Financial Aid Awarded

Financial aid totaling \$2.12 billion helped Minnesota students and families pay for postsecondary education in Fiscal Year 2007. The money was provided by state and federal governments, colleges and private sources. Minnesota students received \$864 million in grants and scholarships, \$1.22 billion in loans and \$40 million in work-study earnings.

Financial Aid Awarded, Fiscal Year 2007 is a biennial report produced by the Minnesota Office of Higher Education that provides an overview of all financial aid awarded to students in Minnesota. It includes annual data on grants, loans, scholarships awarded and work study earnings state-wide and by system and institution. This *Highlights of Financial Aid Awarded, Fiscal Year 2007* is a summary of the full report.

The institution- and system-level data presented in the eleventh *Financial Aid Awarded* report is collected through a survey of postsecondary institutions conducted biannually by the Office of Higher Education since 1987. The report is intended to provide policy-makers, state officials and education administrators with information about how students are financing their educations and how financial aid patterns have changed over time.

Following are points of interest about the survey data results for 2007:¹

- Student borrowing increased 14 percent from 2005 to 2007 among undergraduates attending Minnesota postsecondary institutions. Minnesota undergraduates borrowed \$1.08 billion in 2007, up from the \$949 million they borrowed in 2005.
- While federal student loans are still the largest source of student loans, the amount borrowed by undergraduates from private lenders increased 52 percent from 2005 to 2007, from \$139 million in 2005 to \$211 million in 2007.
- Loans to parents of undergraduates through the federal PLUS program increased by 41 percent to \$141 million in 2007, up from \$100 million in 2005.
- Grants and scholarships awarded to students by their colleges and universities increased by 19 percent to \$416 million in 2007, up from \$350 million in 2005.
- Students attending Minnesota's not-for-profit institutions received 80 percent of all institutional grants and scholarships.
- The amount of federal need-based Pell Grants awarded remained stable from 2005 to 2007 at \$179 million. The maximum Federal Pell Grant was \$4,050 in both 2005 and 2007. Students attending public two-year colleges received 43 percent of all Pell grant funding.

¹ References to Fiscal Year 2007 will be abbreviated as 2007 in this document. Fiscal Year 2007 is the period from July 1, 2006 through June 30, 2007. Similarly, references to Fiscal Year 2005 will be abbreviated as 2005.

- The amount of Minnesota State Grants awarded increased by 25 percent to \$156 million and the number of recipients increased by 9 percent to 80,100, up from \$124 million that went to 73,400 recipients in 2005. The student living and miscellaneous expense allowance in the Minnesota State Grant Program increased by \$860, from \$5,205 in 2005 to \$6,065 in 2007. Appropriations for 2007 included an appropriated increase of \$145 in the State Grant’s student living and miscellaneous expense allowance. An additional \$715 increase came from new authority allowing the Minnesota Office of Higher Education to temporarily increase the living and miscellaneous expense allowance when State Grant spending is projected to be less than appropriations.

Minnesota Financial Aid Awarded (in millions)

Financial aid program	2005 awarded	2007 awarded	Percent increase
Grants			
Federal Pell Grants	\$179	\$179	0%
State Grants	\$124	\$156	25%
Institutional grants	\$350	\$416	19%
Grants from private sources	\$52	\$52	0%
Loans			
Federal student loans	\$687	\$740	8%
Private student loans	\$139	\$211	52%
State SELF Loans	\$119	\$122	3%
Federal parent loans (PLUS)	\$100	\$141	41%

Source: Minnesota Office of Higher Education survey of institutions, 2007

Changes in the price of attending college over the last 10 years provide context to financial aid awarded to undergraduates:

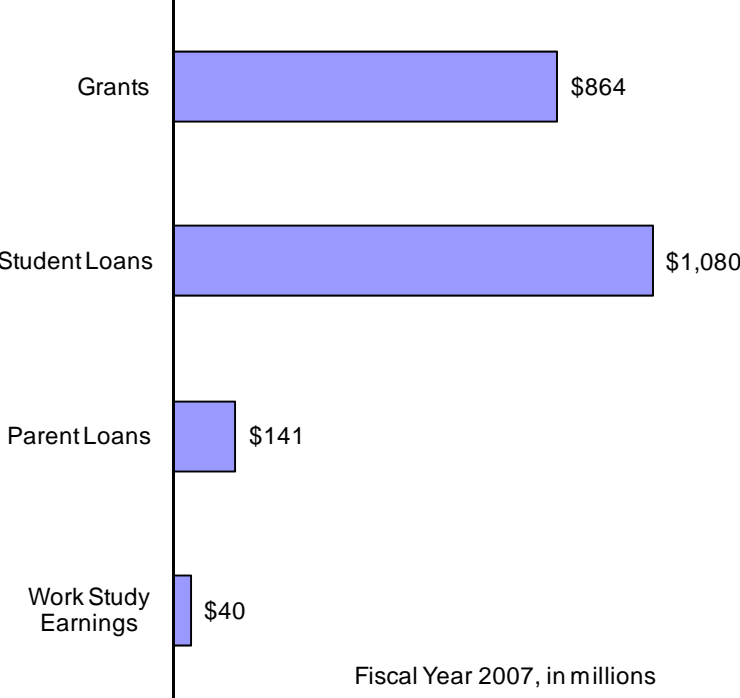
- At Minnesota’s seven state universities, tuition and required fees for undergraduates attending full-time for the full academic year were \$5,895 in 2007, an increase of 116 percent since 1997.
- At Minnesota’s public community and technical colleges, full-time tuition and fees were \$4,255 in 2007, an increase of 105 percent since 1997.
- At Minnesota’s private, not-for-profit colleges and universities, full-time tuition and fees were \$24,400 for 2007, an increase of 79 percent since 1997.
- At the University of Minnesota Twin Cities, full-time tuition and fees were \$9,410 in 2007, an increase of 113 percent since FY 1997.

Limited state appropriations along with rising costs for health care, campus technology and fuel have been cited by college administrators as drivers of increasing tuition and fees.

Financial Aid at a Glance

Minnesota students use a variety of financial aid resources to pay for college.

Minnesota Undergraduate Grants*, Loans, and Work-Study Earnings



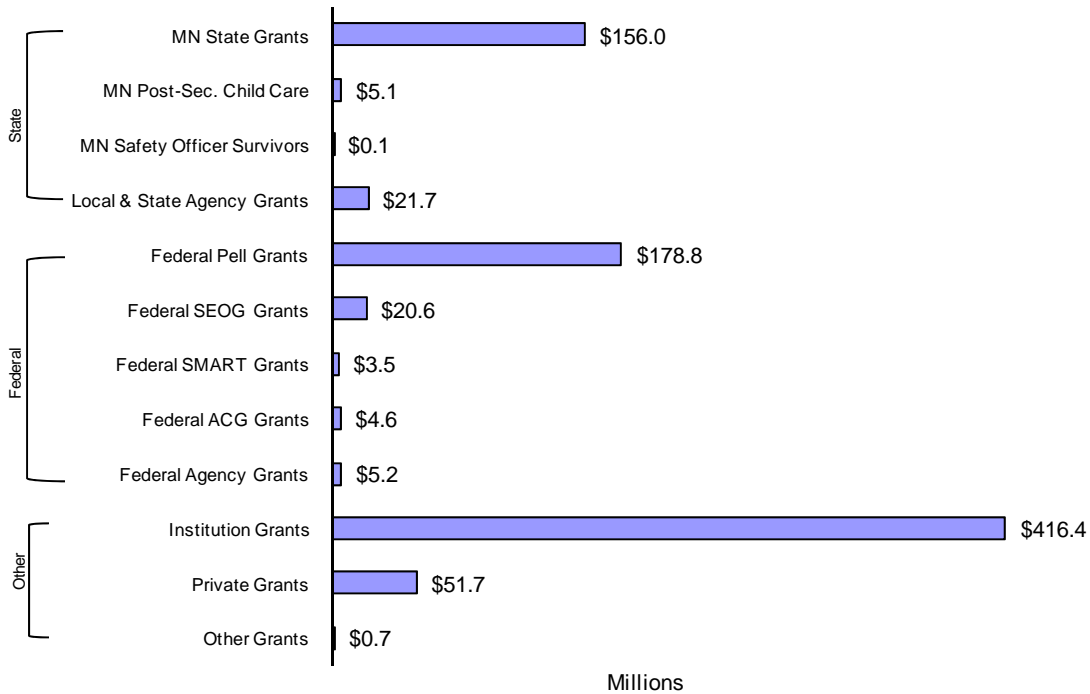
Note: Grants include scholarships, discounts, waivers and gift-aid.

Source: Minnesota Office of Higher Education

Grants

Minnesota undergraduates received \$864 million in grants, scholarships and tuition discounts in 2007, an increase from \$765 million in 2005. Of the \$864 million in grants in 2007, \$469 million came from postsecondary institutions and private sources. In addition, \$213 million came from the federal government and \$183 million from the state of Minnesota.

Grant Amounts by Program, 2007



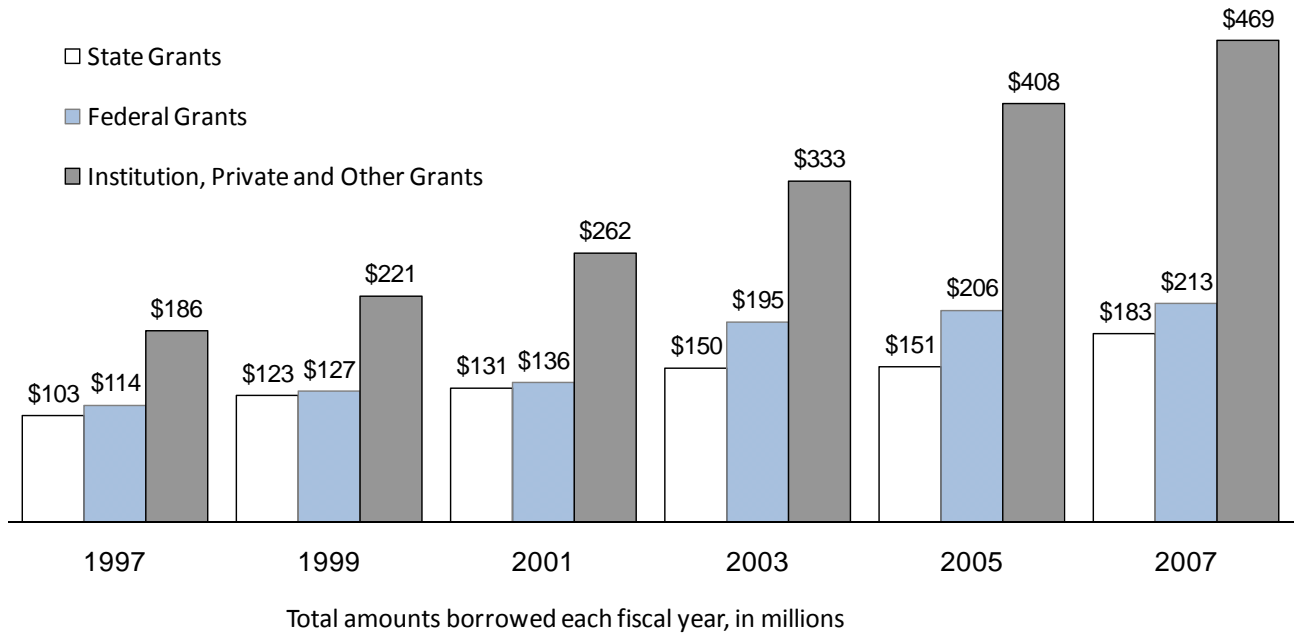
Institutional and Private Grants

The \$469 million in grants and scholarships provided by postsecondary institutions, private donors, and other sources were a major source of discounts to students' price of attendance in 2007. The \$469 million was a 17 percent increase over the \$402 million students received in 2005.

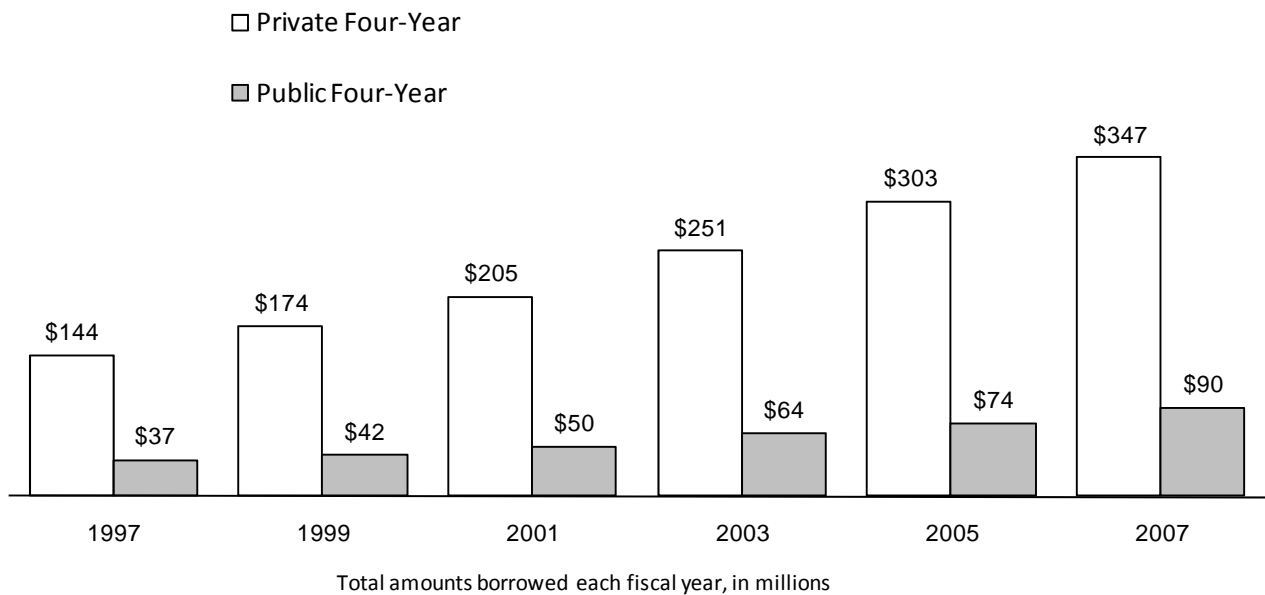
Of the \$469 million in institutional and private grants, institutions provided \$416 million in grants to students in 2007. Students received \$52 million in grants and scholarships from private sources, such as service clubs, labor unions and private foundations. Students received \$540,000 in grants from other sources in 2007. Grants from other sources are grants not fitting one of the categories of federal, state, institutional or private grants.

The number of students who received grants from institutions and the average amount received varied by type of institution. University of Minnesota campuses reported providing an average of \$3,100 to 43 percent of full-time, first-year students in fall 2005 (these figures are a weighted average for the four campuses). Minnesota four-year state universities provided an average of \$1,900 in institutional grants to 34 percent of full-time, first-year students. Private not-for-profit colleges provided an average of \$7,800 to 91 percent of full-time, first-year students in fall 2005. Minnesota community and technical colleges provided an average of \$800 to 11 percent of full-time, first-year students. Private for-profit career schools provided an average of \$1,100 to 48 percent of full-time, first-year students. [Source: National Center for Education Statistics, Integrated Postsecondary Education Data System]

Institutional Grants Increased More Than State or Federal Grants



Much of the Increase in Institutional and Private Grants Occurred at Private 4-Year Institutions



Source: Minnesota Office of Higher Education, survey of institutions, 2007

Federal Grants

The federal government generally targets grant aid to students from low- and moderate-income families.

Federal Pell Grants

The Federal Pell Grant Program provided \$179 million to 80,300 undergraduates attending postsecondary institutions in Minnesota in 2007, the same amount 81,800 Minnesota undergraduates received in 2005. The maximum Pell award was \$4,050 in 2005 and 2007.

Other Federal Grants

The federal government introduced two new grant programs in FY 2007 – federal Academic Competitiveness Grants and National Science and Mathematics Access to Retain Talent grants. Federal academic competitiveness grants went to first- and second- year Pell Grant recipients who had taken college preparatory courses in high school. Federal academic competitiveness grants totaling \$4.6 million went to 5,700 Minnesota undergraduates in 2007. National SMART Grants went to Pell Grant recipients majoring in science, math, technology, engineering or a foreign language determined to be critical to national security who were enrolled in their third and fourth years of postsecondary study. National SMART grants totaling \$3.5 million went to 1,100 Minnesota students.

Minnesota undergraduates received \$20.6 million in Supplemental Educational Opportunity Grants (SEOG) and \$4.8 million in other federal agency grants in 2007.

State Grants

The state of Minnesota also invests its grant money in low-and moderate-income students, primarily through the Minnesota State Grant Program.

Minnesota State Grant Program

Minnesota State Grants totaling \$156 million went to 80,100 undergraduates in 2007. The number of recipients increased 9 percent and the amount received increased 25 percent from the \$124 million that went to 73,400 recipients in 2005. The student living and miscellaneous expense allowance in the Minnesota State Grant Program increased by \$860, from \$5,205 in Fiscal Year 2005 to \$6,065 in 2007. Appropriations for 2007 included an appropriated increase of \$145 in the State Grant's student living and miscellaneous expense allowance. An additional \$715 increase came from new authority allowing the Minnesota Office of Higher Education to temporarily increase the living and miscellaneous expense allowance when State Grant spending is projected to be less than appropriations.

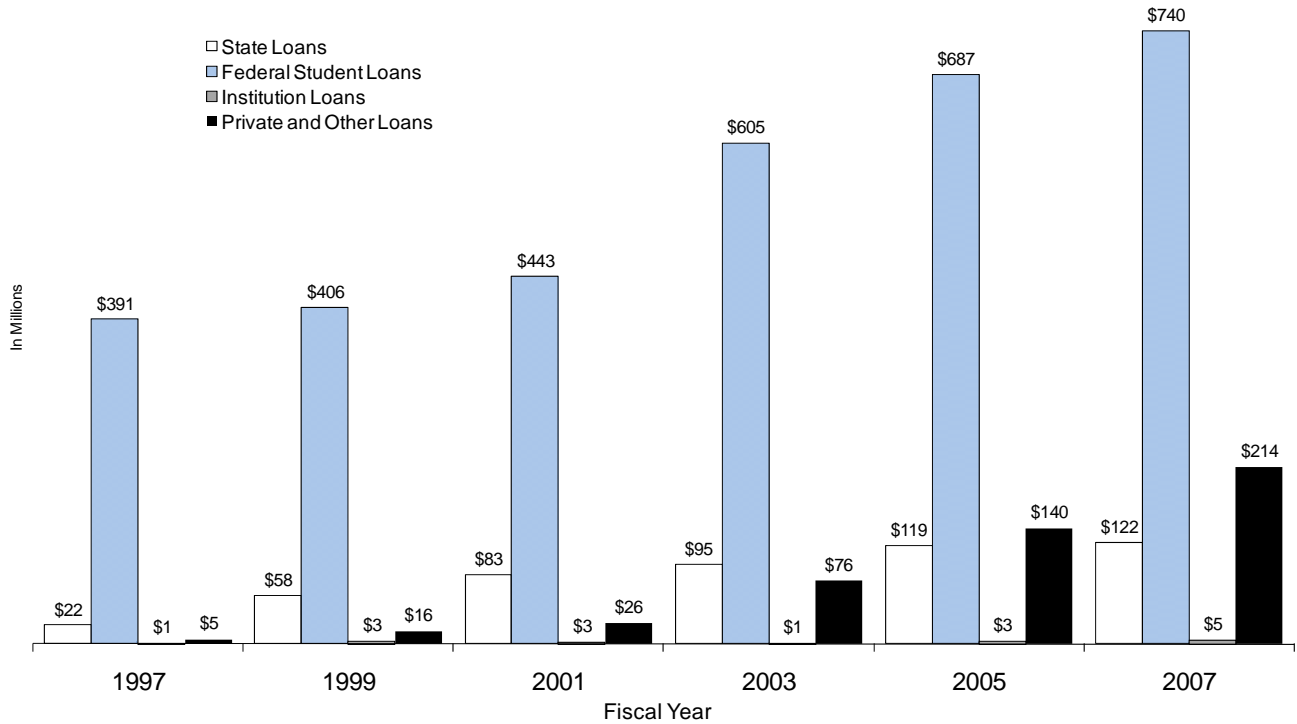
Other State Grants

Minnesota Postsecondary Child Care Grants totaling \$5.1 million went to 2,800 undergraduates in 2007. The appropriation for 2007 was \$4.93 million, an increase from the \$4.71 million students received in 2005. The maximum award per child increased from \$2,200 in 2005 to \$2,300 in 2007. In addition, \$575,000 in unspent State Grant funds were transferred to the Postsecondary Child Care Grant program in January 2007. In 2005, Postsecondary Child Care grants went to 2,700 undergraduates. Minnesota undergraduates received \$79,000 in Safety Officer Survivor Grants, which are grants to the survivors of safety officers killed in the line of duty. Students received \$22 million in grants from other local and state agencies in 2007.

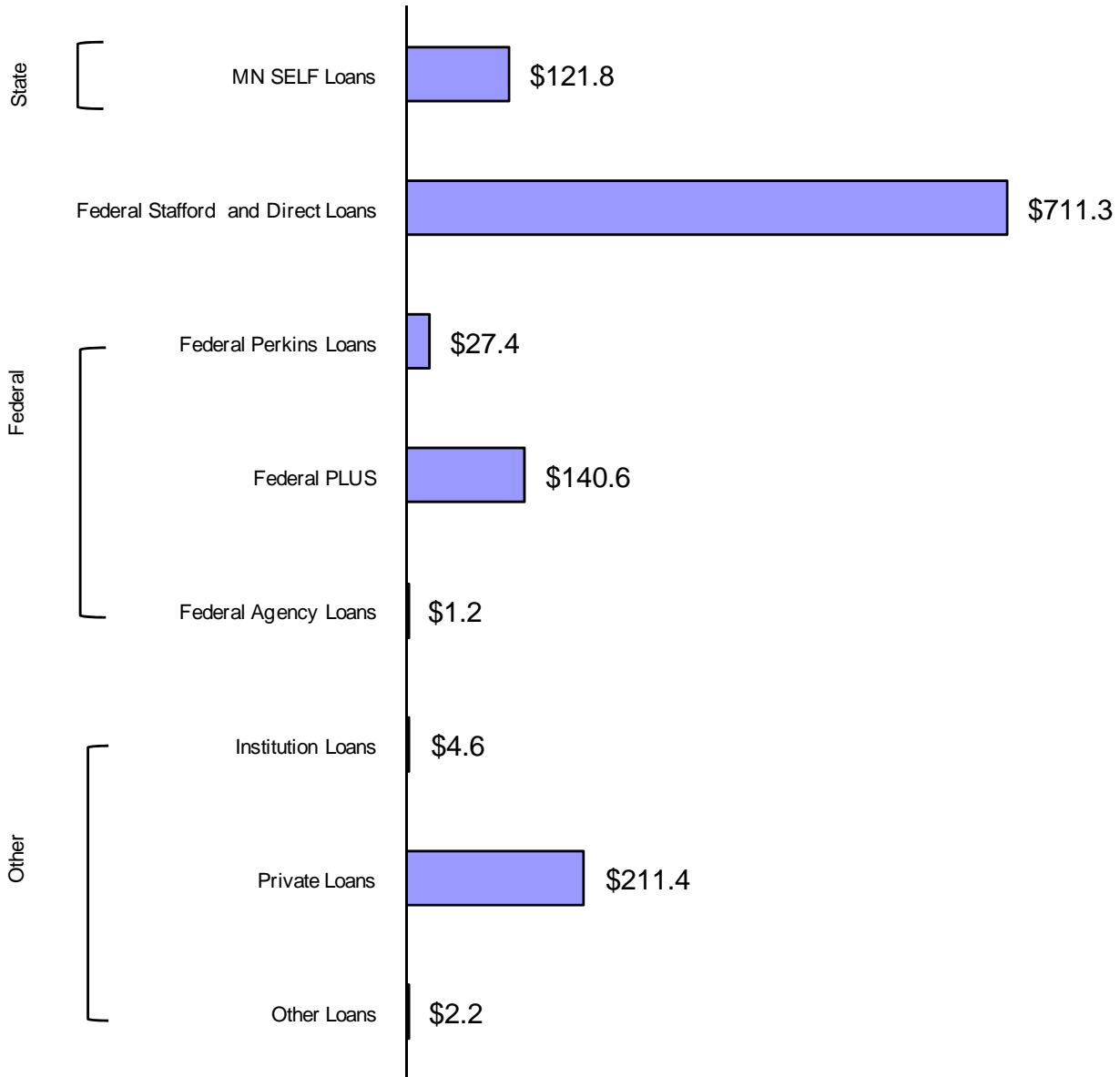
Loans

Loans enabled students and their parents to defer paying \$1.22 billion until after the student was no longer attending postsecondary education. Of the \$1.22 billion, \$740 million came from federal student loans, \$122 million from state student loans, \$214 million from private postsecondary education loans, and \$5 million from institutional loans and \$141 million from federal parent loans.

Undergraduate Borrowing Continued to Increase



Loan Amounts by Program, 2007



In Millions

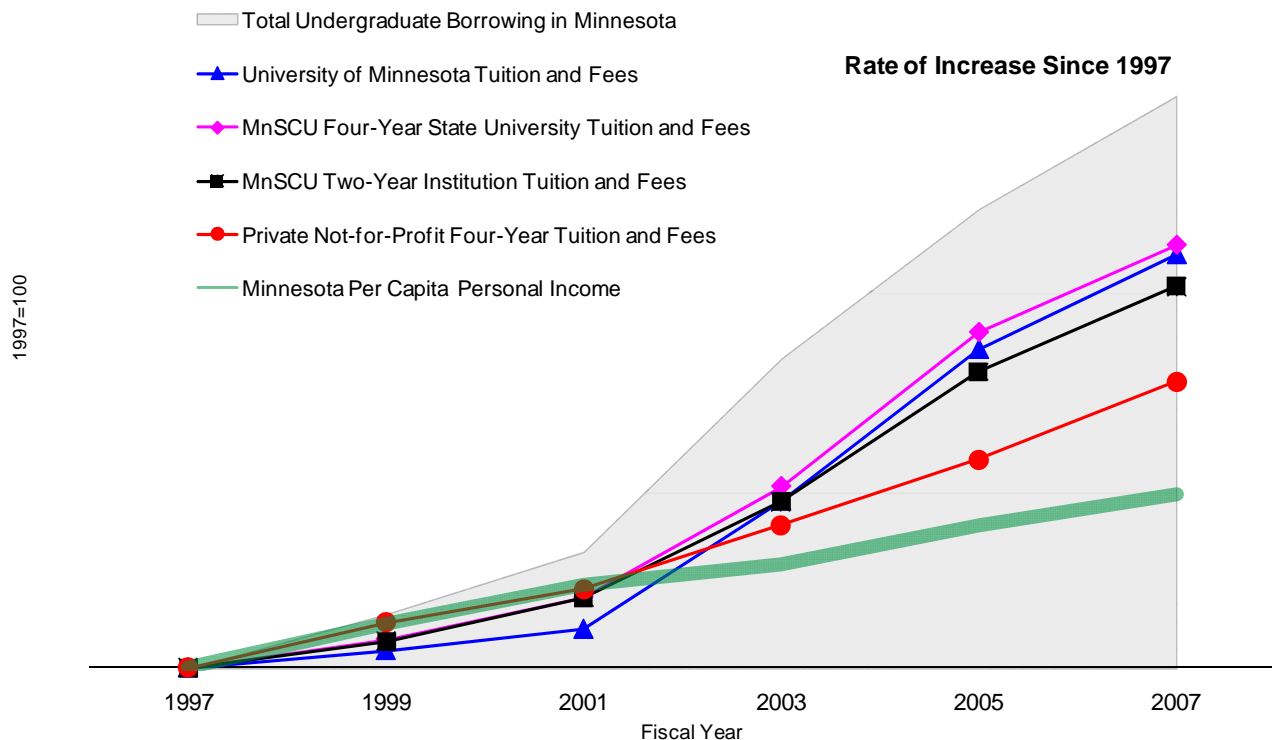
Rate of Increase in Student Borrowing Was Greater Than Rate of Increase in Tuition and Personal Income from 1997 to 2007

Students used loans from federal, state, postsecondary institutions, private and other sources. Overall, the amount undergraduates borrowed increased by 14 percent from \$949 million in 2005 to \$1.08 billion in 2007.

Overall student borrowing by undergraduates increased by 14 percent from 2005 to 2007, about the same rate of increase as tuition and required fees. Tuition and fees increased 14 percent at the University of Minnesota and 12 percent at Minnesota State Universities from 2005 to 2007. Tuition and fees increased 13 percent at Minnesota State Colleges (community and technical colleges) and 14 percent at private not-for-profit four-year institutions. Personal income per capita increased 8 percent from 2004 to 2006.

The increase in borrowing is not new. Borrowing increased faster than tuition and fees and personal income from 1997 to 2007. During this period, undergraduate borrowing increased 157 percent, while tuition and fees at the University of Minnesota and Minnesota State Colleges and Universities had percentage increases in the 105 percent to 116 percent range and tuition and fees at private not-for-profit colleges and universities increased by 79 percent. Minnesota personal income per capita increased by 48 percent from 1997 to 2007.

Borrowing by Minnesota Undergraduates Increased Faster than Tuition or Personal Income



Federal Student Loans

The largest loan programs were the Federal Stafford Loan Programs. Federal Stafford and Federal Direct Stafford loans have similar interest rates, and their other terms and conditions are similar.

Federal Stafford Loan Programs

The federally guaranteed Stafford Loan Programs are part of the Federal Family Education Loan (FFEL) family of programs. If market interest rates exceed the rate the student pays, the federal government provides a payment to lenders. In addition, the federal government guarantees the loans and provides allowances for administrative expenses. The Federal Stafford Loan Program included subsidized and unsubsidized loans. Students who met a means test could borrow Subsidized Stafford Loans and the federal government paid the interest on their loans while they were attending postsecondary education. Students who did not meet the means test could borrow Unsubsidized Stafford Loans and lenders charged interest on the loans while the student was attending postsecondary education.

Federal Stafford Loan Programs include:

- Federal Stafford Subsidized Loans
- Federal Stafford Unsubsidized Loans
- Federal Direct Stafford Subsidized Loans
- Federal Direct Stafford Unsubsidized Loans

Minnesota undergraduates borrowed \$296 million in FFEL Subsidized Stafford Loans and \$247 million in FFEL Unsubsidized Stafford Loans in 2007. Of the 108 Minnesota institutions participating in federal loan programs, 89 institutions participated in the FFEL programs in 2007.

Federal Direct Stafford Loans

Some postsecondary institutions choose to participate in the Direct Loan family of loan programs. Students obtained these loans at their postsecondary institutions. The federal government provided loan capital, rather than private lenders. Federal Direct Stafford Loans also included subsidized and unsubsidized loans.

Minnesota undergraduates borrowed \$94 million in federal Direct Subsidized Stafford loans and \$75 million in federal Direct Unsubsidized Stafford loans in 2007. Of the 108 Minnesota institutions participating in federal loan programs, 19 institutions participated in the federal Direct Loan programs in 2007.

Increase in Federal Student Loan Borrowing

Borrowing by Minnesota undergraduates from federal student loan programs increased by 8 percent from 2005 to 2007.

Other Federal Student Loans

Federal Perkins Loans totaling \$27 million went to 11,900 Minnesota undergraduates. Undergraduates also borrowed \$1.2 million in federal agency loans in 2007.

Parent Loans (PLUS)

The Federal Parent Loan for Undergraduate Students (PLUS) Program is designed for parents of undergraduate students. Approximately 19,300 parents of undergraduates attending Minnesota institutions borrowed \$141 million in PLUS loans in 2007, an increase of 43 percent from the 13,500 borrowers and a 41 percent increase from the \$100 million borrowed in 2005.

The amount of loans secured by second mortgages, home-equity lines of credit and other loans to parents is not known.

State (SELF) Loan Program

The state of Minnesota operates one state loan program, the SELF Loan program. In 2007, \$122 million went to 28,000 undergraduates – a 13 percent decrease in the number of borrowers from the 32,200 borrowers in 2005 and a 3 percent increase in the total amount borrowed from the \$119 million borrowed in 2005.

Loans from Postsecondary Institutions

Institutional loans are loans funded by capital controlled by postsecondary institutions. Undergraduates borrowed about \$4.6 million in institutional loans in 2007.

Private Student Loans and Loans from Other Lenders

Undergraduates attending Minnesota institutions borrowed \$211 million in private loans in 2007, a 53 percent increase from the \$134 million borrowed in 2005. Private student loans represented 20 percent of the total amount students borrowed in 2007.

Loans from “other sources” are loans not fitting one of the categories identified above. For example, some students get loans from the State of North Dakota’s loan program to attend Minnesota institutions. Minnesota undergraduates borrowed \$2.2 million in loans from other sources in 2007.

Earnings from Federal and State Work-Study Jobs

Students earned income to pay for attending postsecondary education through work-study jobs, campus jobs and off-campus jobs. Work-study jobs were arranged by postsecondary institutions with subsidies from the federal or state government. Most work-study positions were sponsored by institutions, but a small percentage of positions were with non-profit agencies and other off-campus employers.

Federal Work Study

About 12,800 students attending Minnesota institutions earned \$19.6 million working in federal work-study jobs in 2007. This compares to \$20.5 million earned by 16,000 students in 2005.

State Work Study

Approximately 11,900 students attending Minnesota institutions earned \$20 million working in state work-study jobs in 2007. This includes a small number of graduate students. In 2007, the appropriation for state work-study was \$12.44 million. In addition, \$2.73 million was transferred into state work-study from unspent funds appropriated for the State Grant and College Savings Plan matching grant programs in 2007. The state funds were supplemented by campus matching funds of at least 25 percent.

Other Student Jobs

Students also had earnings from campus jobs that were not subsidized. The institution was the employer for some campus jobs, but other organizations, such as food service contractors, also employed students on campus. Earnings from jobs on campus are not included in this report.

In addition, students had earnings from off-campus jobs. The amounts students earned on-campus in non work-study jobs and off campus are not known, but they are estimated to be much greater than student work-study earnings.

Financial Aid by Type (in millions)

	1997	1999	2001	2003	2005	2007
Grants	\$403	\$470	\$529	\$677	\$765	\$864
Student Loans	\$420	\$483	\$555	\$777	\$949	\$1,080
Parent Loans	\$42	\$42	\$51	\$67	\$100	\$141
Work-Study Earnings*	\$30	\$34	\$36	\$24	\$39	\$40
Total	\$895	\$1,029	\$1,171	\$1,546	\$1,853	\$2,124

* Work-Study earnings are earnings from federal and state work-study programs.

Work-Study earnings from 1997-2001 and in 2007 include earnings from state and federal work-study programs. In 2003, no students received earnings from the MN State Work-Study Program; the entire State Work-Study appropriation was transferred to help cover a shortfall in the State Grant Program.

Source: Minnesota Office of Higher Education

Financial Aid by Source (in millions)

	1997	1999	2001	2003	2005	2007
Federal	\$566	\$594	\$649	\$891	\$1,014	\$1,113
State	\$137	\$196	\$231	\$245	\$288	\$325
Institution	\$164	\$188	\$235	\$293	\$354	\$421
Private and Other	\$29	\$51	\$55	\$116	\$197	\$266
Total	\$895	\$1,029	\$1,171	\$1,546	\$1,853	\$2,124

Source: Minnesota Office of Higher Education

Additional Information

Additional information, including information about financial aid awarded by each postsecondary institution, can be obtained in *Financial Aid Awarded Survey, Fiscal Year 2007*. The report is available from the Minnesota Office of Higher Education upon request and online at www.ohe.state.mn.us; click on *Reports*.