

Highlights of Financial Aid Awarded Survey, 1999

***Grants, Loans, and Earnings from Work Study
and Campus Jobs, Fiscal Year 1999***

August 1, 2000

Highlights of Financial Aid Awarded Survey, 1999

Minnesota Higher Education Services Office
1450 Energy Park Drive, Suite 350
Saint Paul, MN 55108-5227

Telephone 651 642-0567
 800 657-3866

FAX 651 642-0675
E-mail info@heso.state.mn.us
World Wide Web <http://www.mheso.state.mn.us/>

For the Hearing Impaired:
TTY Relay 800 627-3529

This document can be made available in an
alternative format by calling 651 642-0567.

© Minnesota Higher Education Services Office, 2000

This information may be reproduced. Please reference appropriately if used in any
literature.

Executive Summary

This report summarizes results from the Higher Education Services Office's 1999 biannual survey of financial aid received by undergraduates attending Minnesota post-secondary institutions.

Undergraduates attending Minnesota post-secondary institutions in Fiscal Year 1999 used \$1.1 billion in grants, education loans, and earnings from work study and campus jobs to pay for post-secondary education. In addition students and families used money from current income, family and student savings and other private funds.

While grants provided a significant amount of assistance in Minnesota in 1999, students and families increased their level of borrowing by 15 percent between Fiscal Years 1997 and 1999.

Grants from all sources totaled \$470 million in 1999 — up 17 percent from Fiscal Year 1997. Grants provided by post-secondary institutions increased by 14 percent. The amount of Federal Pell Grant assistance increased by 15 percent, and Minnesota State Grant assistance increased by 23 percent. The number of undergraduates attending Minnesota institutions who received Federal Pell Grants decreased by 2 percent from 1997 to 1999. The number of undergraduates who received Minnesota State Grants increased slightly from 1997 to 1999.

While overall student borrowing by undergraduates increased by 15 percent between Fiscal Years 1997 and 1999, most of that increase occurred in borrowing from the state's Student Educational Loan Fund (SELF) program. Borrowing from federal student loan programs increased by 3 percent while borrowing in the state's Student Educational Loan Fund (SELF) program increased by 159 percent. The increase in SELF borrowing was a result of the fact that SELF borrowing limits were changed so that they only applied to borrowing done through the SELF program. The Higher Education Services Office no longer required SELF borrowers to subtract federal subsidized loans and private loans from the SELF borrowing limits.

The increase in borrowing by Minnesota undergraduates was greater than the increase in student borrowing nationally. Between Fiscal Years 1997 and 1999, student borrowing increased by 15 percent in Minnesota compared to 10 percent nationally. However, loans make up a smaller portion of the total of grants and loans for Minnesota undergraduates

than they do nationally. For Minnesota undergraduates, student loans were 53 percent of the total of grants and loans in Fiscal Year 1999, compared to 61 percent nationally.

In addition to loans taken out by students, in Fiscal Year 1999, about 8,000 parents received \$42 million in Federal Parent Loans for Undergraduate Students (PLUS). The amount of PLUS borrowing and the number of families who borrowed was nearly unchanged from 1997 to 1999.

Table 1. Financial Aid by Type (in Millions)

	1987	1989	1991	1993	1995	1997	1999
Grants	\$227	\$258	\$301	\$367	\$364	\$403	\$470
Student Loans	\$188	\$207	\$243	\$281	\$375	\$420	\$483
Parent Loans	\$4	\$7	\$13	\$17	\$26	\$42	\$42
Earnings ¹		\$68	\$82	\$84	\$76	\$78	\$87
Total		\$540	\$639	\$749	\$842	\$944	\$1,082

Table 2. Financial Aid by Source (in Millions)

	1987	1989	1991	1993	1995	1997	1999
Federal	\$284	\$322	\$363	\$419	\$512	\$565	\$594
State	\$91	\$96	\$127	\$146	\$138	\$136	\$196
Institution		\$108	\$134	\$163	\$169	\$212	\$241
Private and Other	\$15	\$14	\$15	\$21	\$22	\$29	\$51
Total		\$540	\$639	\$749	\$842	\$944	\$1,082

¹The earnings data for Fiscal Year 1987 were not available for all institutions, so comparisons to the start of this data series were not available.

Contents

Executive Summary	i
Contents	iii
Introduction	1
Structure of the Report	1
Grants	3
Grants from Post-Secondary Institutions	3
Federal Grants	3
Federal Pell Grants	3
Other Federal Grants	3
State Grants	4
Minnesota State Grant Program	4
Other State Grants	4
Private and Other Grants	4
Loans	7
Student Loans	7
Federal Loans	7
Federal Stafford Loans	7
Federal Ford Direct Loans	7
Increase in Federal Student Loan Borrowing	8
Other Federal Student Loans	9
State Loan Program	9
Student Educational Loan Fund (SELF) Loans	9
Post-Secondary Institution Loans	10
Loans Made by Private and Other Lenders	10
Parent Loans (PLUS)	10
Earnings from Work Study and Campus Jobs	19
Work study	19
Campus Jobs	19
Off-Campus Jobs	19
Additional Information	21

Introduction

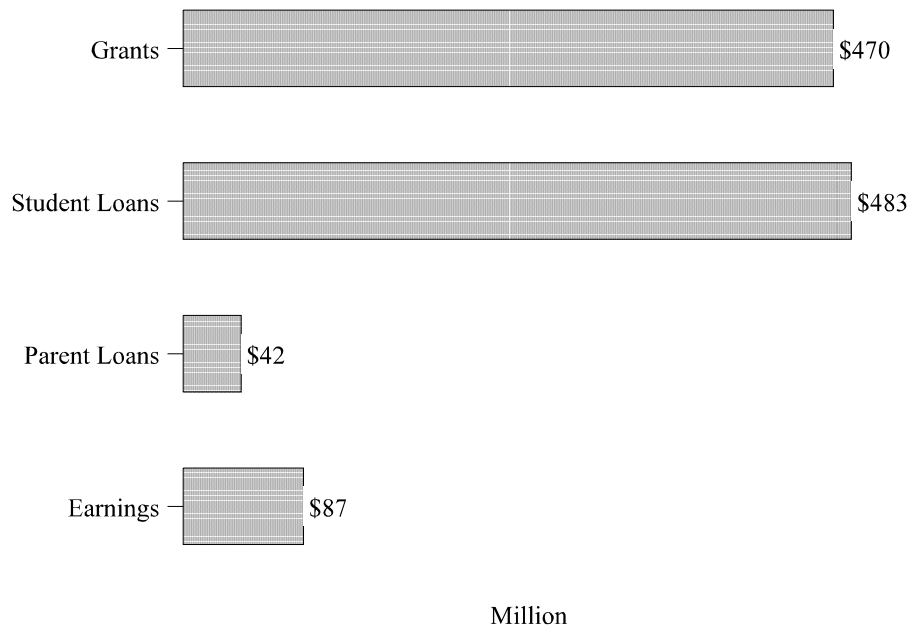
The Higher Education Services Office conducted a survey to examine non family sources of financial assistance for undergraduates attending post-secondary institutions in Minnesota during Fiscal Year 1999. The survey included information from Higher Education Services Office records and from a questionnaire completed by financial aid directors at Minnesota post-secondary institutions. This survey has been conducted every other year since 1987.

In Fiscal Year 1999, undergraduates received \$470 million in grants to help pay for post-secondary education. In the same year, undergraduates and their families borrowed \$483 million in student loans and \$42 million in parent loans. Students also earned \$87 million in work study and campus jobs, as shown in Figure 1. Undergraduates and their families paid for the rest of their education and living expenses from current income, family and student savings, and other private sources.

Structure of the Report

The second section of this report includes information about grants. The third section includes information about student and parent loans. The fourth section includes information about undergraduate earnings from work study and campus jobs. The fifth section provides information on how to obtain the detailed survey results in ***Financial Aid Awarded, Fiscal Year 1999***.

Figure 1. Types of Financial Aid, 1999



Source: Minnesota Higher Education Services Office

Grants

Grants reduced the amount students and their families paid by \$470 million in Fiscal Year 1999. This compared to \$403 million in Fiscal Year 1997. Of the \$470 million in grants in 1999, the largest portion, \$185 million, came from post-secondary institutions. In addition, \$127 million came from the federal government, \$123 million from the state of Minnesota, and \$36 million from private and other sources, as shown in Figure 2.

Grants from Post-Secondary Institutions

Grants and scholarships provided by post-secondary institutions were a major source of discounts to students' price of attendance. Institution grants provided \$185 million in Fiscal Year 1999. This was a 14 percent increase over the \$163 million students received in Fiscal Year 1997. From 1987 to 1999, institution grants nearly quadrupled, going from \$48 million to \$185 million.

Federal Grants

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

Federal Pell Grants

The largest federal grant program is the Federal Pell Grant Program. The Federal Pell Grant Program provided \$103 million to 65,000 undergraduates attending Minnesota post-secondary institutions in Fiscal Year 1999. This was a 15 percent increase from the \$90 million received in Fiscal Year 1997. The change from 66,000 recipients in 1997 to 65,000 recipients in 1999 was a 2 percent decrease.

The maximum Federal Pell Grant award increased by 21 percent from 1997 to 1999, from \$2,470 to \$3,000.

Other Federal Grants

Minnesota undergraduates received about \$20 million in Supplemental Educational Opportunity Grants (SEOG) and \$4 million in other federal agency grants in Fiscal Year 1999.

State Grants

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

Minnesota State Grant Program

About 62,000 students attending Minnesota post-secondary institutions as undergraduates received \$109 million in Minnesota State Grants in Fiscal Year 1999. In comparison, about 61,000 students received \$89 million in Minnesota State Grants in Fiscal Year 1997.

Overall fall headcount enrollment in Minnesota post-secondary institutions increased by 6 percent from fall 1996 to fall 1998.

Other State Grants

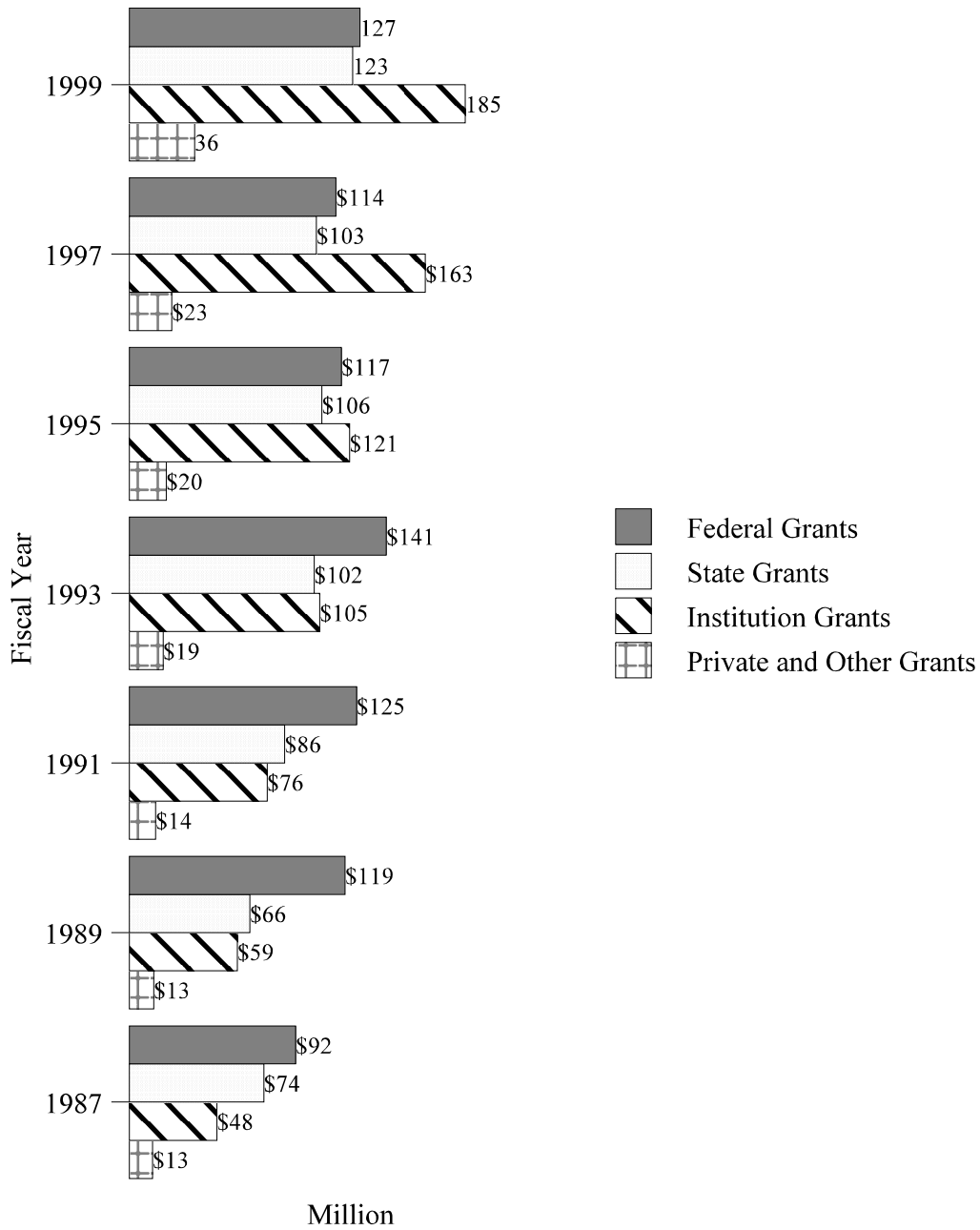
Minnesota undergraduates received about \$4 million in Post-secondary Child Care Grants, \$160,000 in Nursing Grants to Persons of Color², \$60,000 in grants to the survivors of safety officers killed in the line of duty, and \$9 million in grants from other state and local agencies in Fiscal Year 1999. The amounts that undergraduates received from each grant program are shown in Figure 3.

Private and Other Grants

Minnesota undergraduates received \$36 million in grants from private and other organizations in Fiscal Year 1999. The \$22.5 million in private grants was unchanged from the amount undergraduates received in Fiscal Year 1997. Grants from other sources are grants that do not fit into the categories identified above. Grants from other sources were about \$13 million in 1999, compared to \$800,00 in Fiscal Year 1997.

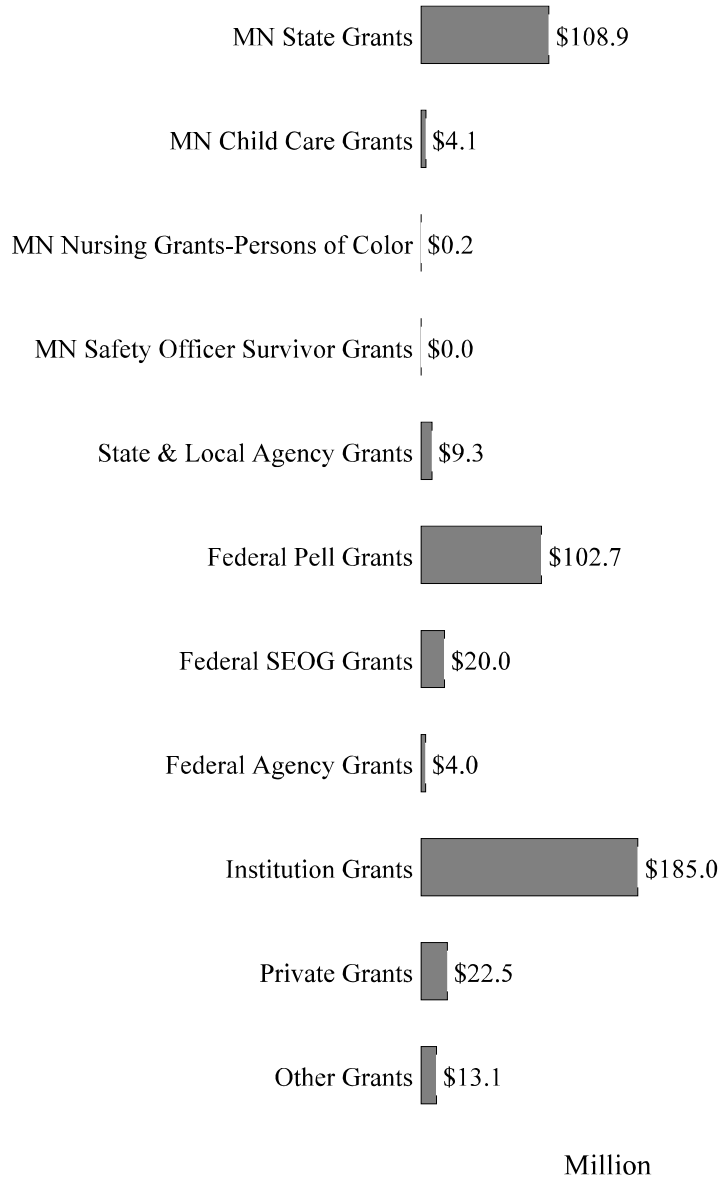
²The Nursing Grants to Persons of Color program was repealed after Fiscal Year 1999.

Figure 2. The Mix of Grants Has Changed Over Time



Source: Minnesota Higher Education Services Office

Figure 3. Grant Amounts by Program, 1999



Source: Minnesota Higher Education Services Office

Loans

Loans enabled students and their parents to defer paying another \$525 million until after completion of the student's post-secondary education.

Student Loans

Students used loans from federal, state, post-secondary institution, private, and other sources. Overall, undergraduate student loans increased by 15 percent from Fiscal Year 1997 to 1999. Although loans have increased every time the survey has been conducted, the increase from 1993 to 1995 was the largest increase.

Federal Loans

The largest programs that allowed students to defer part of the price of attendance to be paid with future income were the Federal Stafford and the Federal Ford Direct Loan Programs.

Federal Stafford Loans

Undergraduates at 82 percent of Minnesota institutions borrowed from private lenders through the federally guaranteed Stafford Loan Program. The federal government subsidized the interest if market rates exceeded the rate the student paid. The Federal Stafford Loan Program included subsidized and unsubsidized loans.

Federal Ford Direct Loans

Students at 18 percent of Minnesota institutions borrowed through the Federal Ford Direct Loan Program. The federal government also guaranteed Federal Ford Direct Loans. Students obtained the loans at their post-secondary institutions. The federal government provided loan capital, rather than private lenders. Federal Ford Direct Loans also included subsidized and unsubsidized loans.

Increase in Federal Student Loan Borrowing

Student borrowing by Minnesota undergraduates from federal loan programs increased by 3 percent from Fiscal Year 1997 to 1999, as shown in Figure 4. This compares to an increase of 45 percent from Fiscal Year 1993 to 1995 and 12 percent from 1995 to 1997.

Changes in federal legislation in 1992 contributed to the increase in student borrowing by expanding eligibility and increasing borrowing limits. Many of the changes took effect in Fiscal Year 1994.

Rate of Increase in Student Borrowing Was Greater Than Rate of Increase in Tuition and Personal Income

The rate of increase in student borrowing was greater than the rate of increase in tuition from Fiscal Years 1987 to 1999. Undergraduate borrowing more than doubled from 1987 to 1999, while tuition at the University of Minnesota doubled. Tuition at Minnesota State Colleges and Universities increased by 80 to 90 percent from 1987 to 1999.

The rate of increase in borrowing was also greater than the rate of increase in Minnesota per capita personal income. These comparisons are shown in Figure 5.

Increase in General Consumer Debt

The increase in student borrowing was consistent with the increase in consumer installment debt in the U.S. economy. Nationally, outstanding student loans were about 11 percent of outstanding consumer installment debt in 1998. Outstanding debt includes loans taken out in the current year and loans taken out in previous years. Outstanding consumer installment debt, which excludes mortgages, doubled from 1987 to 1998. Outstanding U.S. student loan debt tripled over the same period. While both consumer debt and student debt increased, student debt increased more quickly than consumer debt, as shown in Figure 6.

Increase in Loans Was Less in Minnesota Than Nationally

The increase in borrowing by Minnesota undergraduates also can be compared to the increase in student borrowing nationally. Nationally, students increased the amount they borrowed from \$9.9 billion in Fiscal Year 1987 to \$33.9 billion in 1999, an increase of 241 percent. In Minnesota, the increase was from \$188 million in 1987 to \$483 million in 1999, an increase of 157 percent — smaller than the national increase, but still a large increase, as shown in Figure 7.

Loans as a Portion of the Package of Grants and Loans

For Minnesota undergraduates, student loans were 53 percent of the total of grants and loans in Fiscal Year 1999, compared to 61 percent nationally, as shown in Figure 8.

Other Federal Student Loans

Minnesota undergraduates borrowed \$22 million in Federal Perkins Loans, and about \$3 million in federal agency loans in Fiscal Year 1999. The amounts that undergraduates in Minnesota received from each loan program are shown in Figure 10.

State Loan Program

Minnesota operates one state loan program, the Student Educational Loan Fund (SELF) Program.

Student Educational Loan Fund (SELF) Loans

About 17,500 undergraduates attending Minnesota institutions borrowed \$58 million in SELF loans in Fiscal Year 1999 — a 100 percent increase in the number of undergraduate borrowers from 1997 to 1999. The amount of SELF borrowing more than quintupled from 1987 to 1999, while the amount of federal guaranteed student loan borrowing more than doubled, as shown in Figure 9.

The increase in SELF borrowing from 1997 to 1999 was a result two factors. First in Fiscal Year 1998, the SELF program no longer required borrowers to deduct subsidized federal guaranteed student loans³ from the SELF borrowing limits before using SELF loans. For example, a third year undergraduate could borrow up to \$4,500 per year from the SELF program. Prior to the change, a student who was eligible to borrow \$3,000 in a federal subsidized guaranteed loan was eligible to borrow only \$1,500 in a SELF loan (\$4,500 in total SELF eligibility minus the \$3,000 in federal guaranteed loan eligibility). Beginning in 1998, the same student could borrow up to \$4,500 in SELF loans regardless of the amount of federal guaranteed loan eligibility. Second in Fiscal Year 1999, the SELF program no longer required borrowers to deduct any non-SELF loan from the SELF borrowing limits before using SELF loans. Thus, a borrower who had \$1,000 in

³Borrowers were required to subtract the federal subsidized loans they were eligible to borrow, whether or not they actually obtained the loans.

unsubsidized federal guaranteed loans and \$2,000 in private loans could still borrow up to \$4,500 in SELF loans.

Post-Secondary Institution Loans

Institution loans were loans funded by capital controlled by post-secondary institutions. Undergraduates received about \$3 million in institution loans in Fiscal Year 1999.

Loans Made by Private and Other Lenders

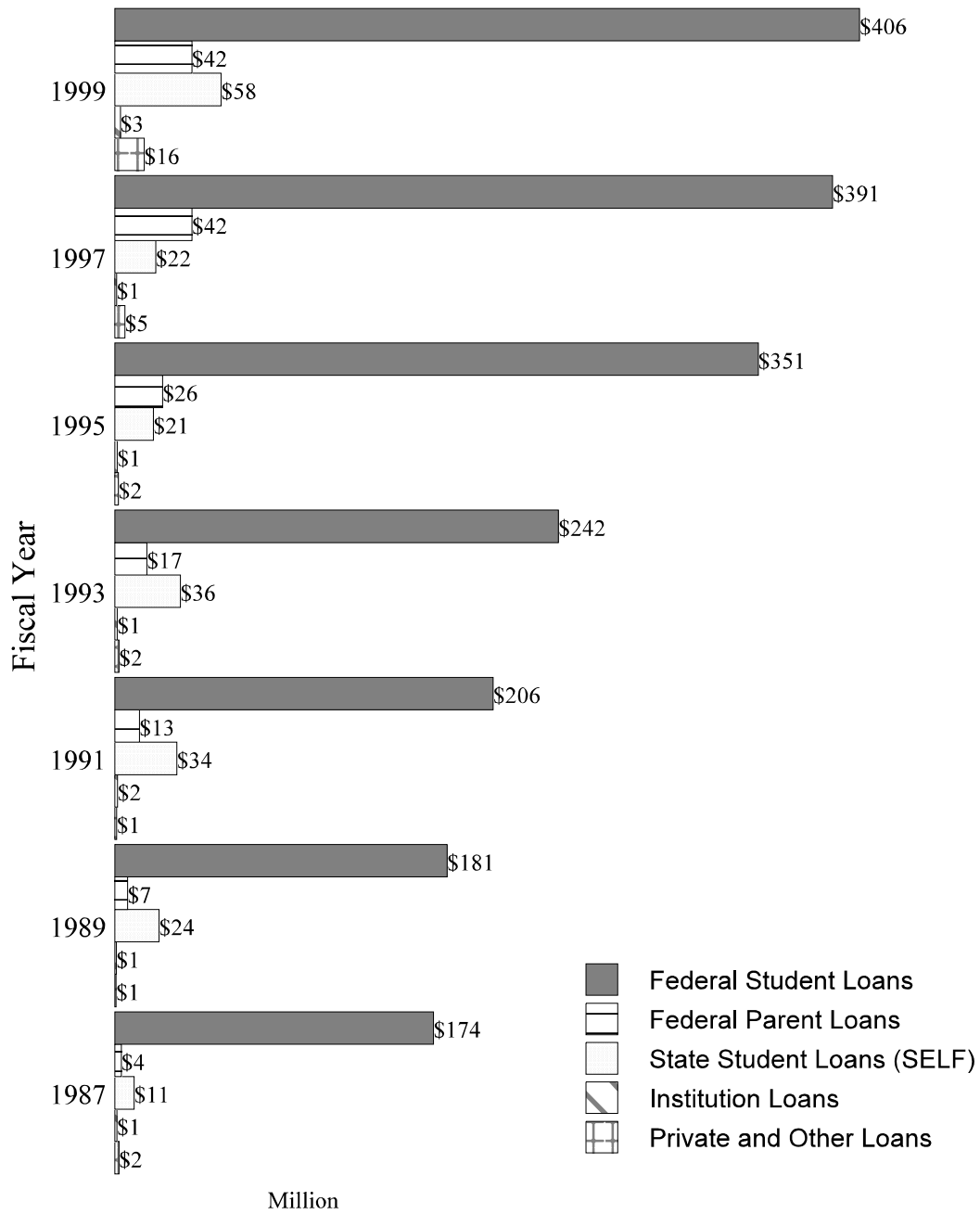
Undergraduates received about \$15.5 million in private loans in Fiscal Year 1999, more than triple the \$4.8 million received in 1997. While the increase in private loans from 1997 to 1999 was rapid, private loans represented 3 percent of the total amount undergraduates at Minnesota institutions borrowed in 1999.

Loans from other sources are loans that do not fit into one of the categories identified above. Undergraduates received about \$70,000 in loans from other sources in 1999 compared to about \$600,000 in 1997.

Parent Loans (PLUS)

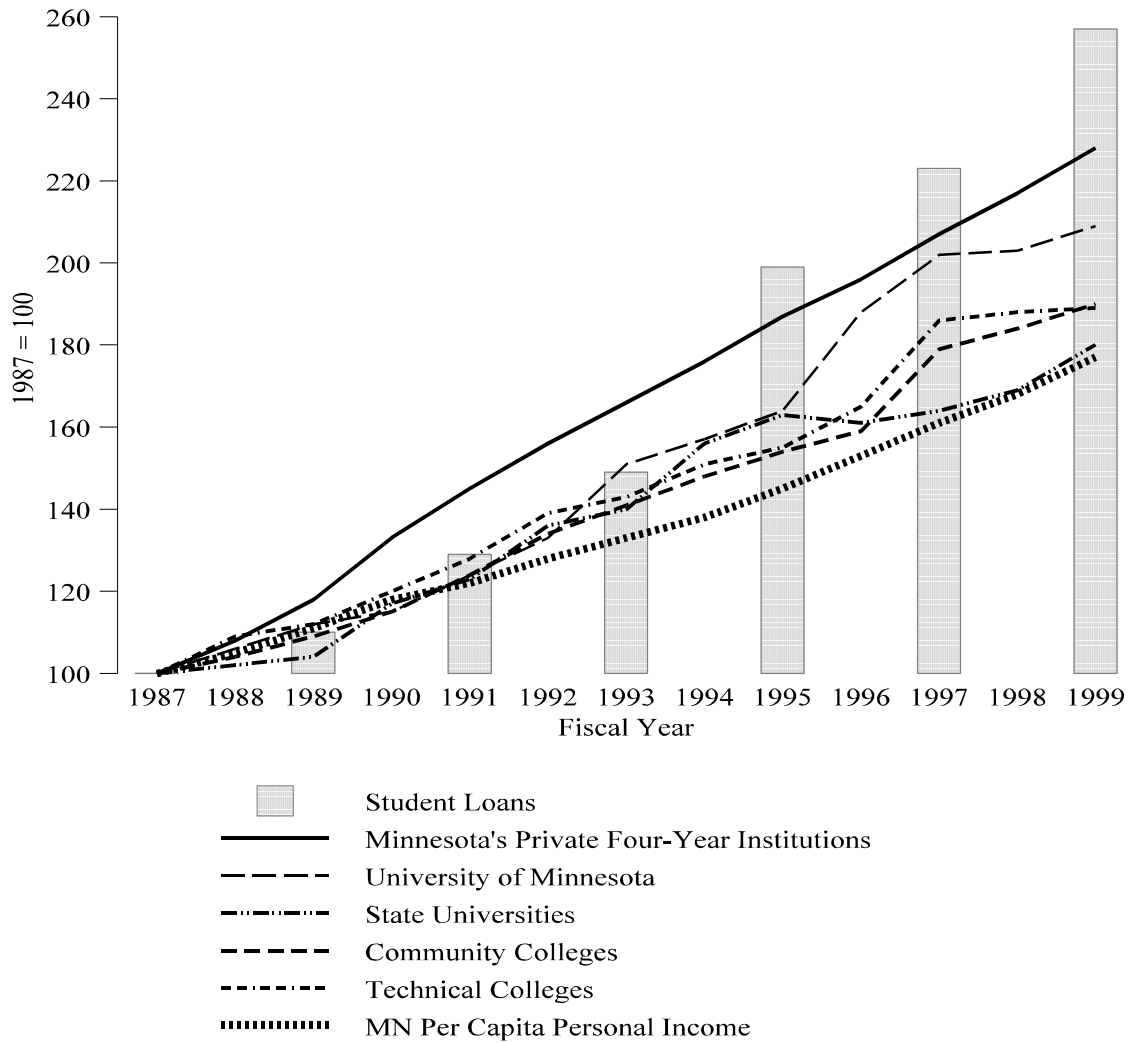
The **Federal Parent Loan for Undergraduate Students (PLUS) Program** is specifically designed for parents of undergraduate students. Parents of Minnesota undergraduates received \$42 million in PLUS loans in Fiscal Year 1999, an amount that was unchanged from 1997. The number of families that received PLUS loans also changed little, from 7,900 in 1997 to 7,800 in 1999. PLUS borrowing increased by tenfold from 1987 to 1999, from \$4 million to \$42 million. Parent borrowing in the PLUS program was about one-tenth as large as the amount of federal student loan borrowing.

Figure 4. Undergraduate Borrowing Increased



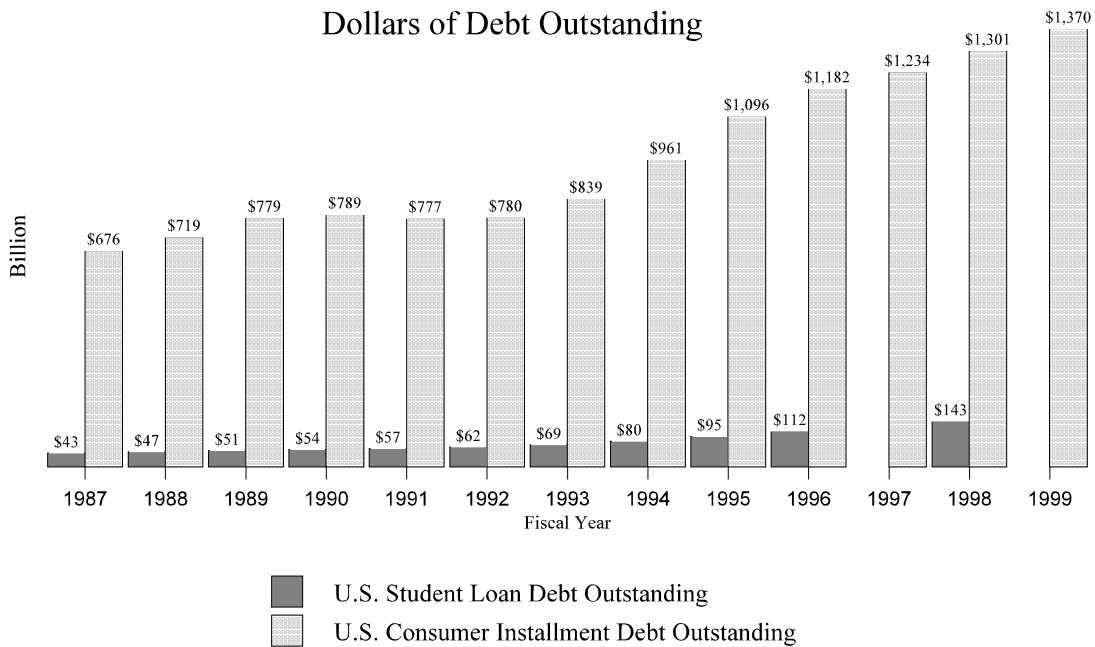
Source: Minnesota Higher Education Services Office

Figure 5. Undergraduate Borrowing Increased More Than Tuition and Inflation



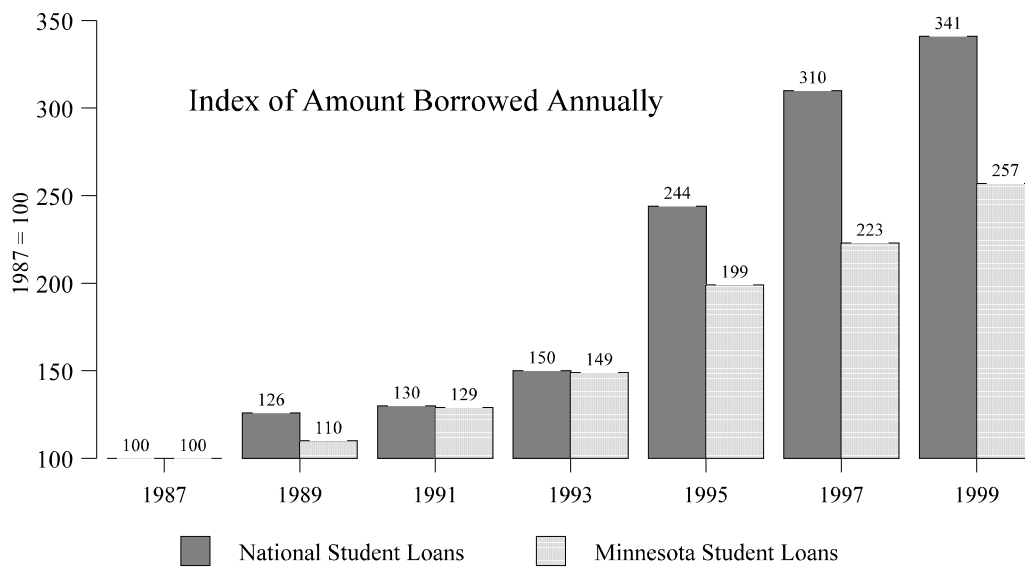
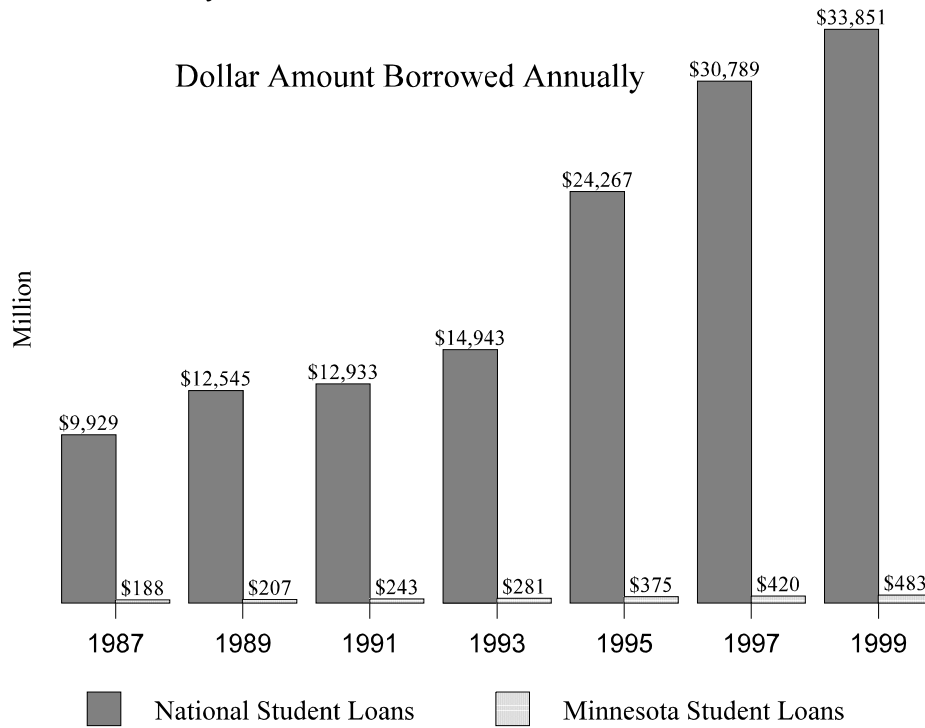
Source: Minnesota Higher Education Services Office

Figure 6. U.S. Consumer and Student Loan Debt Increased*



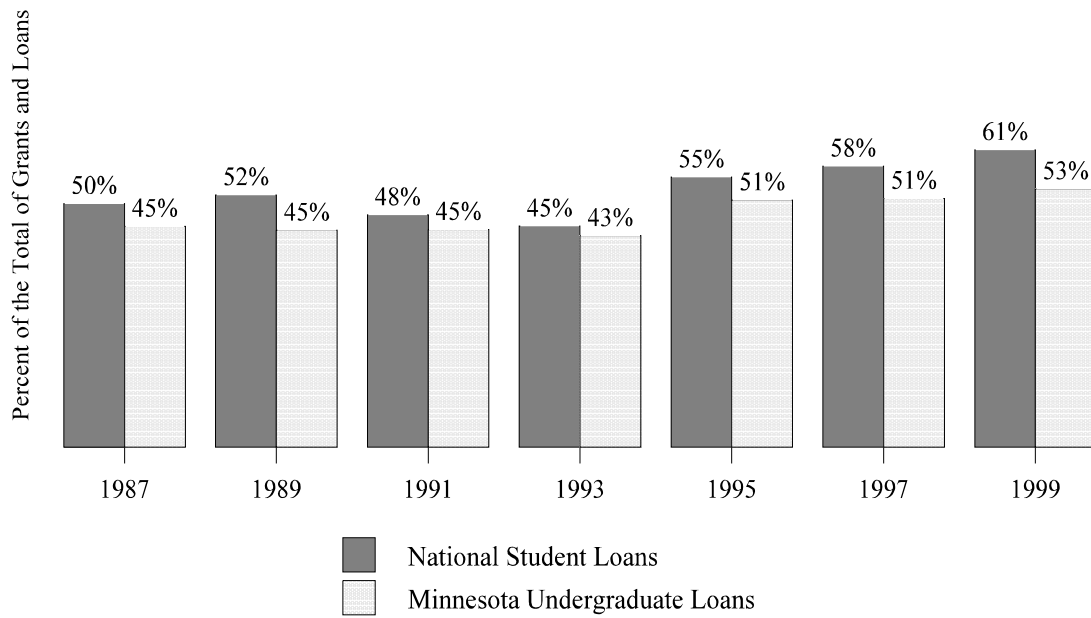
*U.S. Consumer installment debt outstanding includes student loan debt and excludes mortgages.
 Source: U.S. Department of Education

Figure 7. Undergraduate Borrowing Increased Less in Minnesota Than Nationally



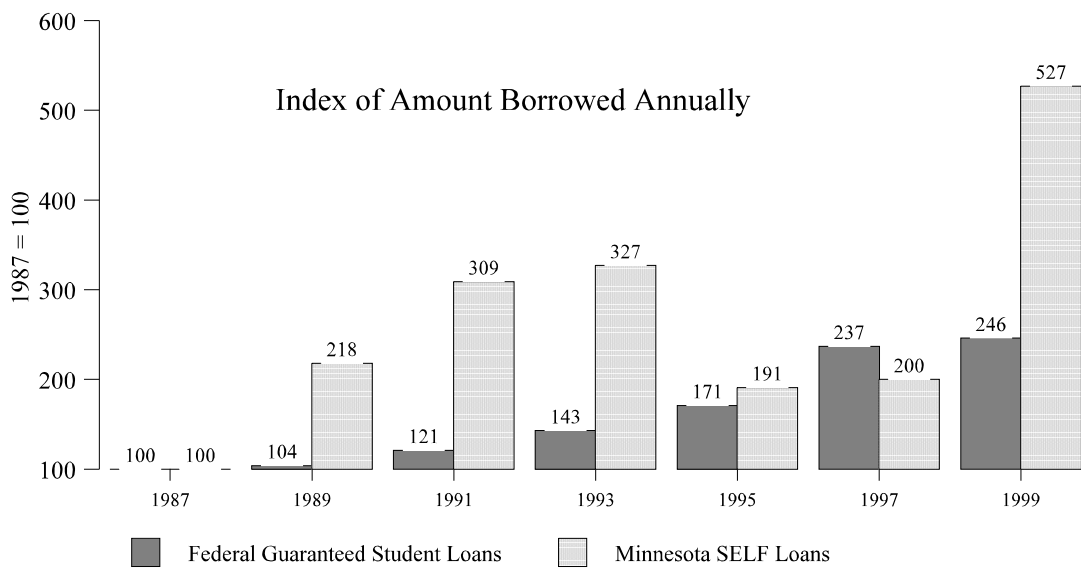
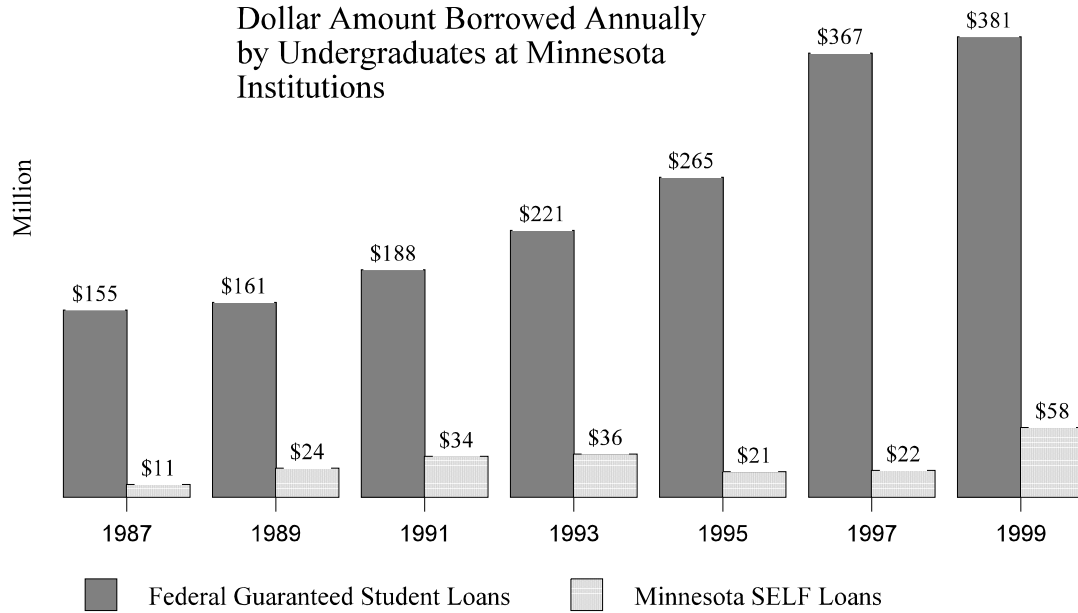
Source: College Board and Minnesota Higher Education Services Office

Figure 8. Loans Were a Smaller Portion of the Total of Grants and Loans in Minnesota Than Nationally



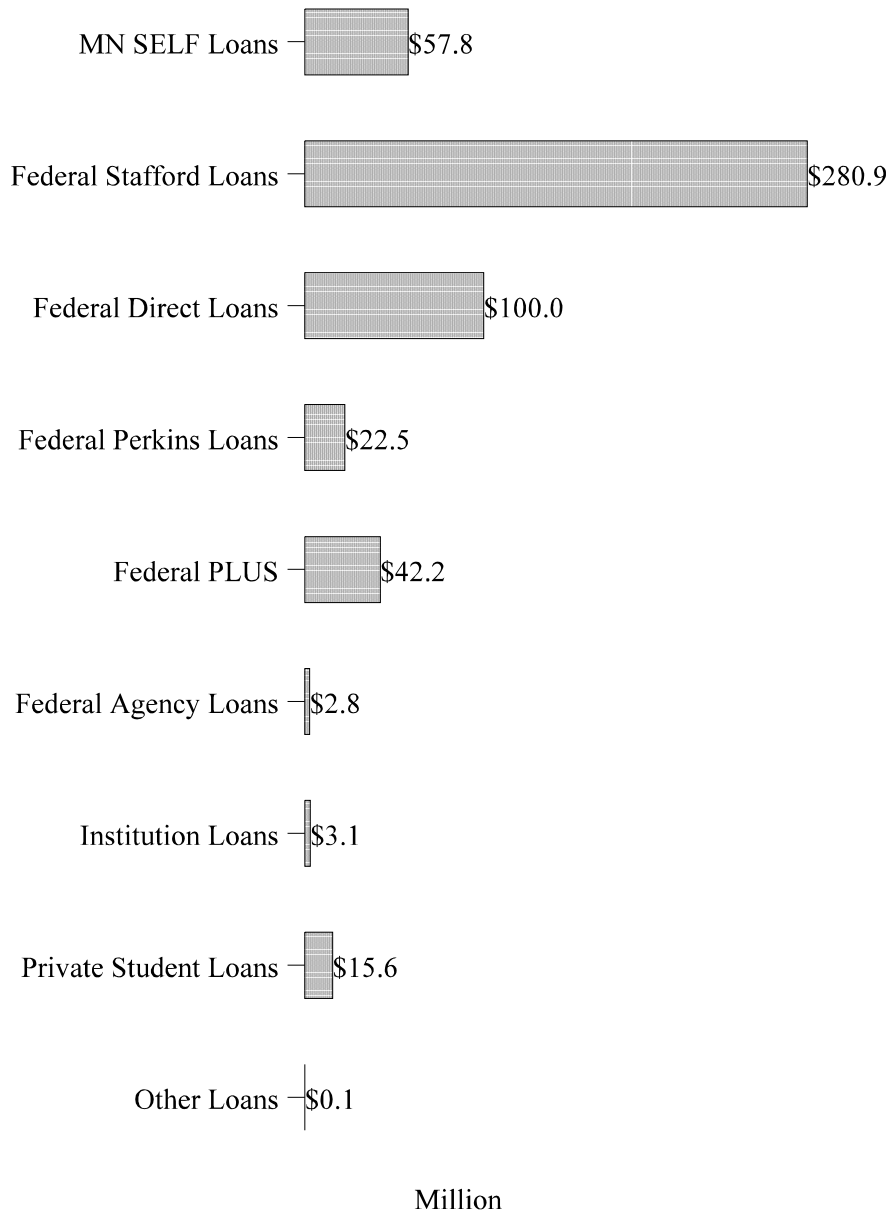
Source: College Board and Minnesota Higher Education Services Office

Figure 9. Minnesota SELF Loan Borrowing Increased Faster than Federal Guaranteed Student Loan Borrowing



Source: Minnesota Higher Education Services Office

Figure 10. Loan Amounts by Program, 1999



Source: Minnesota Higher Education Services Office

Earnings from Work Study and Campus Jobs

Students earned current income to pay for part of their price of attendance through work study jobs, campus jobs, and off-campus jobs.

Work study

Work study jobs were sponsored by the post-secondary institutions with a subsidy from the federal or state government. About 15,500 students earned \$19 million in federal work study jobs in Fiscal Year 1999. About 11,200 students earned \$15 million in state work study jobs in the same year, as shown in Figure 11.

Campus Jobs

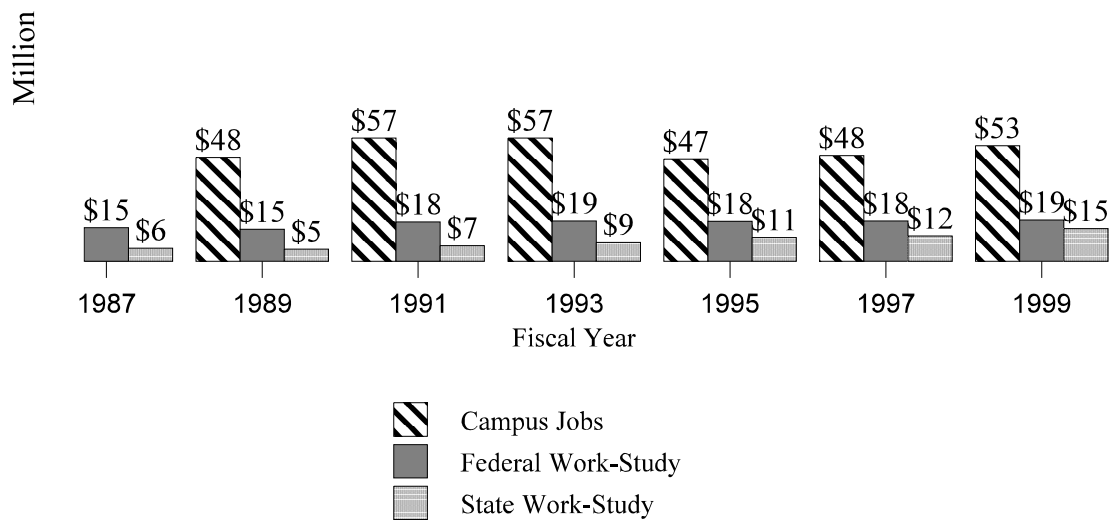
Post-secondary Institutions also had many jobs for students that were not subsidized. These campus jobs provided students with more total earnings than federal and state work study jobs combined. Campus jobs provided students with earnings of \$53 million in Fiscal Year 1999.

Students had an unknown amount of earnings from an additional category of campus jobs — jobs that take place on campus, where the employer is not the institution, but another organization. For example, student earnings from jobs with food service contractors were not reported.

Off-Campus Jobs

In addition, students had earnings from off-campus jobs, but the total of these earnings is not known.

Figure 11. Earnings from Work-Study and Campus Jobs



The earnings data for campus jobs for Fiscal Year 1987 were not available for all institutions, so comparisons to the start of this data series were not available.

Source: Minnesota Higher Education Services Office

Additional Information

Additional information, including information about financial aid awarded by each post-secondary institution, can be obtained in the *Report of the Financial Aid Awarded Survey, Fiscal Year 1999*. The report is available from the Higher Education Services Office upon request and on the Internet at:

www.mheso.state.mn.us/cfdocs/webdirectory/Common/Templates/MasterPg.cfm?PageID=511.

