

August 2016



Highlights of Financial Aid Awarded, 2015

Grants, Loans and Earnings
from Work-Study Jobs
Received by Undergraduates
Attending Minnesota
Institutions



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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 also serves as the state's clearinghouse for data, research and analysis on postsecondary enrollment, financial aid, finance and trends.

The Minnesota State Grant Program is the largest financial aid program administered by the Office of Higher Education, awarding up to \$180 million in need-based grants to Minnesota residents attending accredited institutions in Minnesota. The agency oversees tuition reciprocity programs, a student loan program, Minnesota's 529 College Savings Plan, licensing and early college awareness programs for youth.

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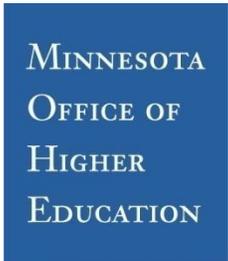
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Executive Summary

Financial aid totaling \$3.05 billion helped Minnesota undergraduates and their families pay for postsecondary education in Fiscal Year 2015.¹ The money was provided by state and federal governments, postsecondary institutions and private sources. Minnesota undergraduates received \$1.5 billion in grants, \$1.4 billion in student loans, \$134 million in parent loans and \$39 million in federal and state work-study earnings.

The Minnesota Office of Higher Education produces a Financial Aid Awarded report once every two years. These reports contain annual data for Fiscal Year 2015 on grants, loans, and work-study earnings at the institution level and by type of institution.

Key Findings from 2015

Enrollment

- Undergraduate headcount enrollment in Minnesota decreased 7.8 percent from fall 2012 to fall 2014 or 3.9 percent annually on average.
 - 271,047 undergraduates were enrolled at Minnesota postsecondary institutions in fall 2014 of whom 212,299 (78 percent) were Minnesota residents.
 - Enrollment declines contributed to decreases in student borrowing, parent borrowing and some grant programs.

Minnesota State Grant Program

- Total amount of State Grants awarded to undergraduates increased 10 percent from 2013 to 2015, due to increases in funding by the State Legislature.
 - \$161 million in 2013
 - \$177 million in 2015
- The number of students awarded a Minnesota State Grant decreased seven percent from 2013 to 2015.
 - Approximately 103,000 recipients in 2013
 - 95,000 recipients in 2015
- Average State Grant per student increased
 - \$1,565 in 2013
 - \$1,856 in 2015

A number of factors contributed to increases in the total amount awarded, decreases in the number of recipients, and increases in the average grant per recipient between fiscal years 2013 and 2015:

- Increased state appropriations in 2015
 - Funding by the State Legislature in 2015 was 14.3 percent higher than 2013.
 - The maximum state grant per student increased and additional students became eligible for state grants.
- Decreased enrollment

¹ Minnesota Fiscal Year 2015 corresponds to the 2014-15 academic year. It started July 1, 2014 and ended June 30, 2015.

- Decreases in enrollment between 2013 and 2015 led to a decrease in the number of students applying for a state grant.
- The Office used its statutory authority in 2015 to increase grants for students as result of unspent funds.

Federal Pell Grants

- Total amount of Federal Pell Grants to Minnesota undergraduates decreased by 15 percent from 2013 to 2015.
 - \$481 million in 2013
 - \$412 million in 2015
- Number of students in Minnesota awarded federal Pell Grants decreased 15 percent from 2013 to 2015.
 - 151,400 students in 2013
 - 122,800 students in 2015
- The maximum Pell Grant was:
 - \$5,550 in 2013
 - \$5,730 in 2015

Factors that contributed to the decrease in federal Pell Grants awarded between fiscal years 2013 and 2015 included:

- Some family incomes improved as the economy slowly improved which reduced their eligibility for Pell Grants.
- Decreases in enrollment between 2013 and 2015 led to a decrease in the number of students applying for a Pell Grant.

Institution Grants and Tuition Discounts

- Institution grants and tuition discounts to Minnesota students increased seven percent from 2013 to 2015.
 - \$729 million in institution grants and discounts in 2013
 - \$780 million in 2015
- Most (79 percent) institutional grants and discounts in 2015 were awarded at Minnesota's private not-for-profit institutions.

Student and Parent Borrowing

- Total borrowing for Minnesota undergraduates and their parents decreased 12 percent from 2013 to 2015.
 - \$1.73 billion in 2013
 - \$1.52 billion in 2015
- Total borrowing includes loans from all federal state, and other sources known to the institutions.
 - Federal Stafford loan volume decreased 15 percent from 2013 to 2015.
 - Federal Parent PLUS loans volume decreased four percent from 2013 to 2015.
 - Minnesota SELF Loan total amount borrowed decreased 22 percent from 2013 to 2015.
 - Number of Minnesota undergraduates with SELF Loans decreased by 25 percent.
 - Private postsecondary education loan volume increased by one percent from 2013 to 2015.
 - Institutional loans volume decreased 36 percent from \$8 million in 2013 to \$5 million in 2015.

- Borrowing from other loans decreased seven percent².

Factors that contributed to the decrease in student and parent borrowing between fiscal years 2013 and 2015 included:

- A decrease in undergraduate enrollment from 2013 to 2015.

Table 1: Financial Aid Awarded to Minnesota Undergraduates (in millions)

	2011	2013	2015	2013-2015 Percent Change
Grants				
Federal Pell Grants	513	481	411	-15%
Other Federal Grants	61	39	27	-31%
Minnesota State Grants	120	161	177	10%
Other Minnesota Grants*	78	46	43	-8%
Institutional Scholarships Private and Other Scholarships	661	729	781	7%
	69	66	69	4%
Total grants	1,502	1,523	1,508	-1%
Loans				
Student Loans				
Federal Student Loans	1,447	1,359	1,164	-14%
Private Student Loans	167	165	166	1%
Minnesota SELF Loans	70	52	40	-22%
Institution Loans	2	8	5	-36%
Other Loans	5	8	8	-7%
Total Student Loans	1,691	1,593	1,384	-13%
Parent Loans (Federal PLUS)	\$161	\$140	\$135	-4%
Total Loans	1,852	1,733	1,518	-12%
Work Study Earnings*	46	48	39	-19%
Total	3,399	3,304	3,065	-7%

*Includes the Minnesota GI Bill Program, Indian Scholarships, Postsecondary Child Care Grants and local and state agency grants.
**Student earnings from federal and state work study programs.

² The most common “other loan” for Minnesota undergraduates is the North Dakota Deal Loan, offered to North Dakota, South Dakota, Minnesota, Montana, Wyoming or Wisconsin resident students attending institutions in Minnesota.

Introduction

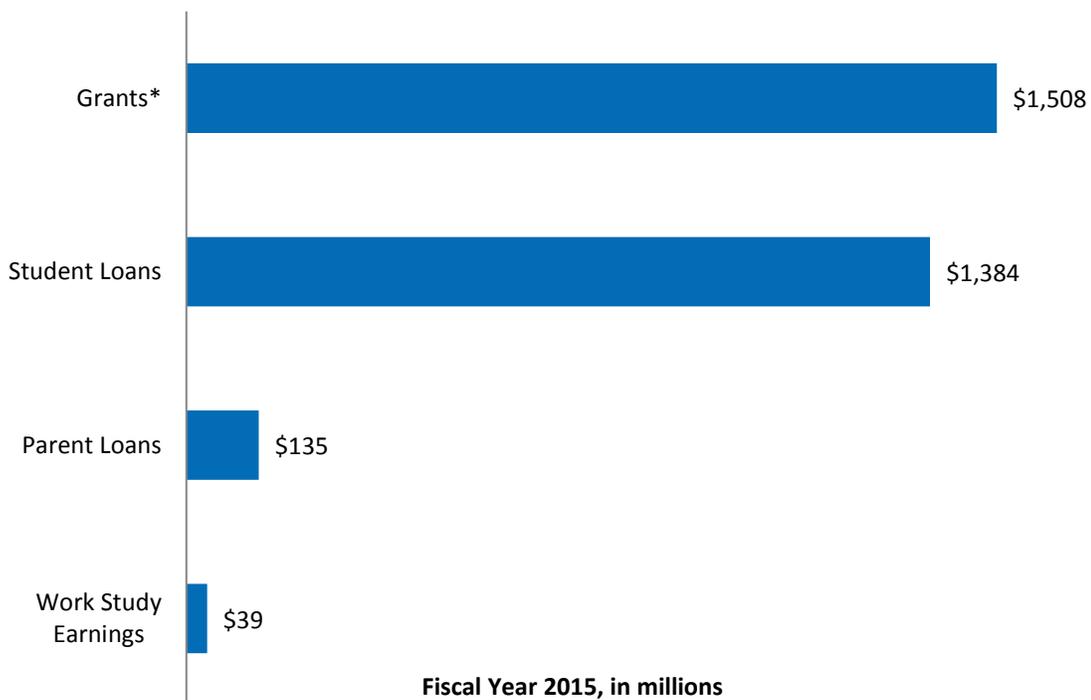
The Minnesota Office of Higher Education (the Office) produces a Financial Aid Awarded report once every two years. These reports contain annual data for Fiscal Year 2015 on grants, loans, and work-study earnings at the institution level and by type of institution.

The Office obtained data for this report from a survey of postsecondary institutions in Minnesota that participate in federal or state financial aid programs. In addition, the Office compiled data it collects on state financial aid programs administered by the Office. The report provides information on how undergraduates finance their postsecondary education and how the distribution of financial aid has changed over time. The survey for 2015 had a 96 percent response rate.

Financial Aid at a Glance

Minnesotans used a variety of financial aid resources to pay for the undergraduate education, including grants, loans, and work-study earnings. The following figure includes totals from federal, state, institutional and private sources.

Figure 1: Total Minnesota Undergraduate Grants, Loans, and Work-Study Earnings



*Grants include scholarships, discounts, tuition waivers and other gift aid

Source: Minnesota Office of Higher Education, Financial Aid Awarded Survey 2015

Changes in Federal Student Aid from 2013 to 2015

From 2013 to 2015, the following change occurred in federal student aid.

- The maximum Pell Grant was increased from \$5,550 to \$5,630

Changes in Minnesota Student Aid from 2013 to 2015

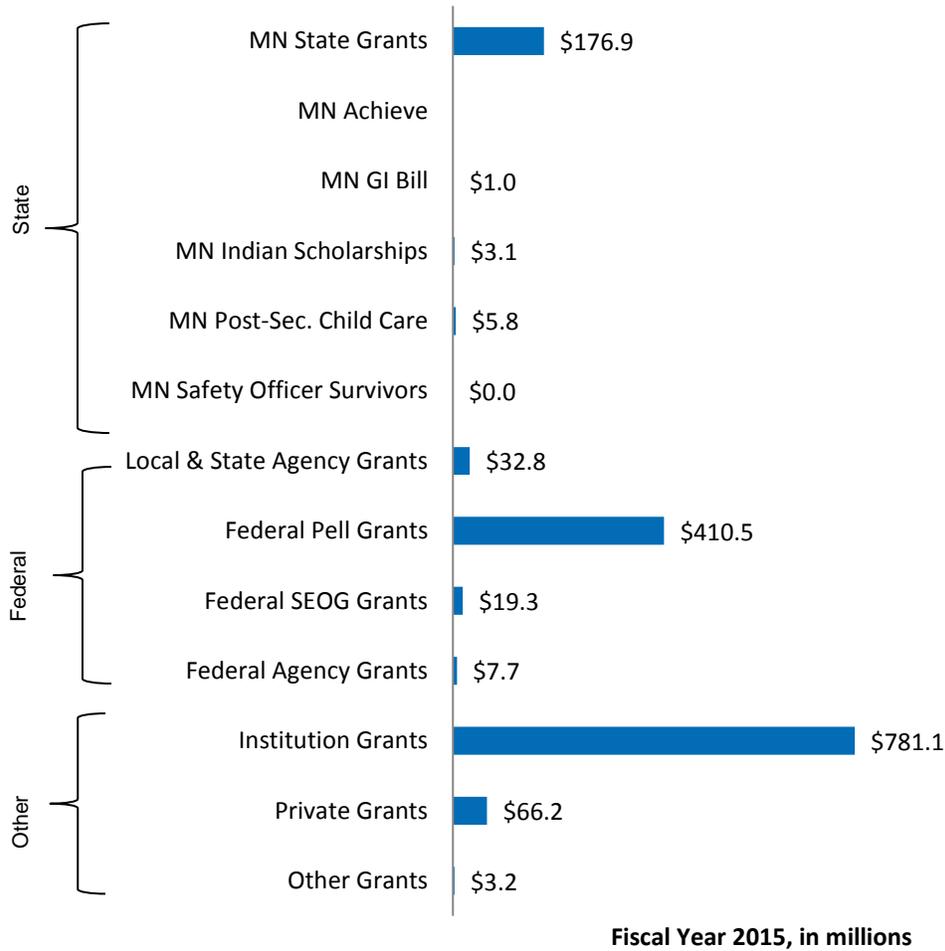
From 2013 to 2015, the following changes occurred in student aid for Minnesotans.

- The Minnesota State Legislature increased funding for several financial aid programs including:
 - Minnesota State Grants +\$46.7 million (\$23m per year) or +14%
 - Minnesota Indian Scholarships +\$800,000 (+\$400,000 per year) or +13%
 - Minnesota G.I. Bill +\$1.9 million (\$984,000 per year) or +69%

Grants

Minnesota undergraduates received \$1.5 billion in grants in 2015, a 1 percent decrease from 2013. The largest sources of grants were institutions (in the form of scholarships, tuition discounts, tuition waivers and other gift aid), federal Pell Grants and the Minnesota State Grant.

Figure 2: Total Grants Awarded to Minnesota Undergraduates in 2015, by program



Source: Minnesota Office of Higher Education, Financial Aid Awarded Survey

Institutional and Private Grants

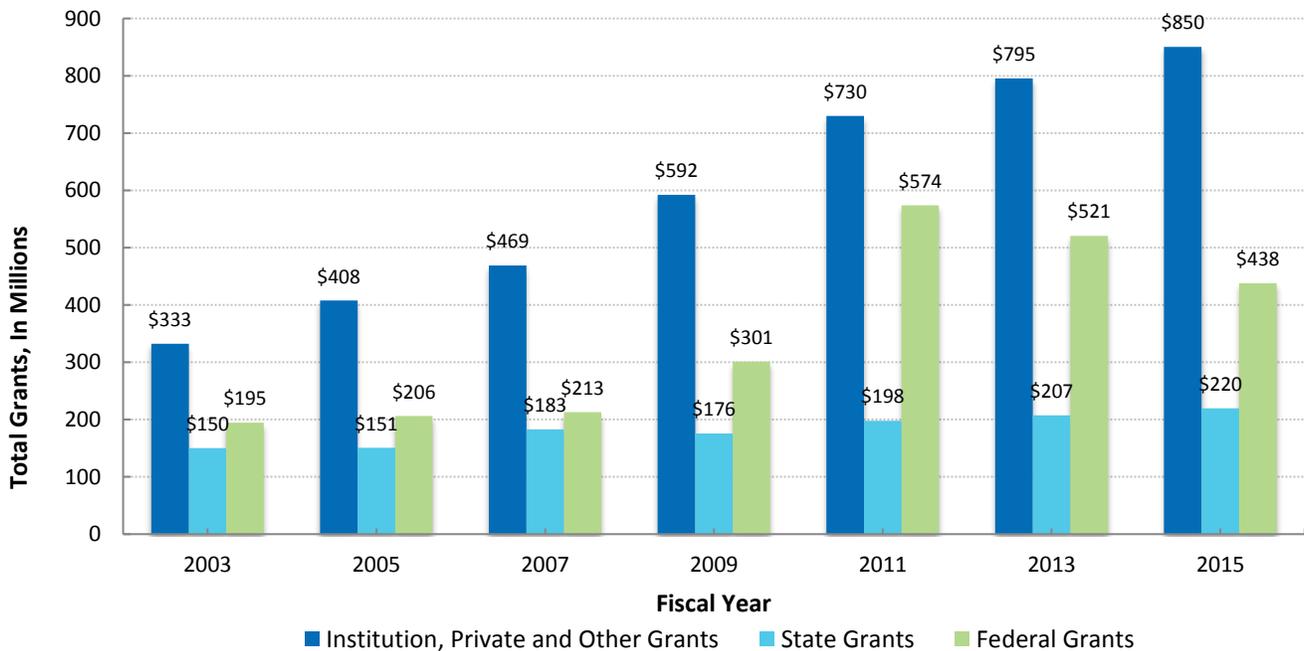
Grants from Minnesota postsecondary institutions, private donors and other non-governmental sources totaled \$850 million in 2015. This was a seven percent increase from 2013.

Institutions in Minnesota provided the largest amount of grant aid to students in 2015, totaling \$781 million in scholarships, tuition discounts and waivers, and other gift aid. Most institutional grants come from private not-for-profit institutions. Minnesota’s private not-for-profit institutions awarded \$620 million in institution grants in 2015, 79 percent of all institution grants in Minnesota. Public institutions awarded 18 percent of institution grants and private for-profit institutions awarded 2 percent of institution grants.

In addition to institutional grants, undergraduates received \$66 million in grants from private sources. Examples of these private sources include service clubs, labor unions, and private foundations.

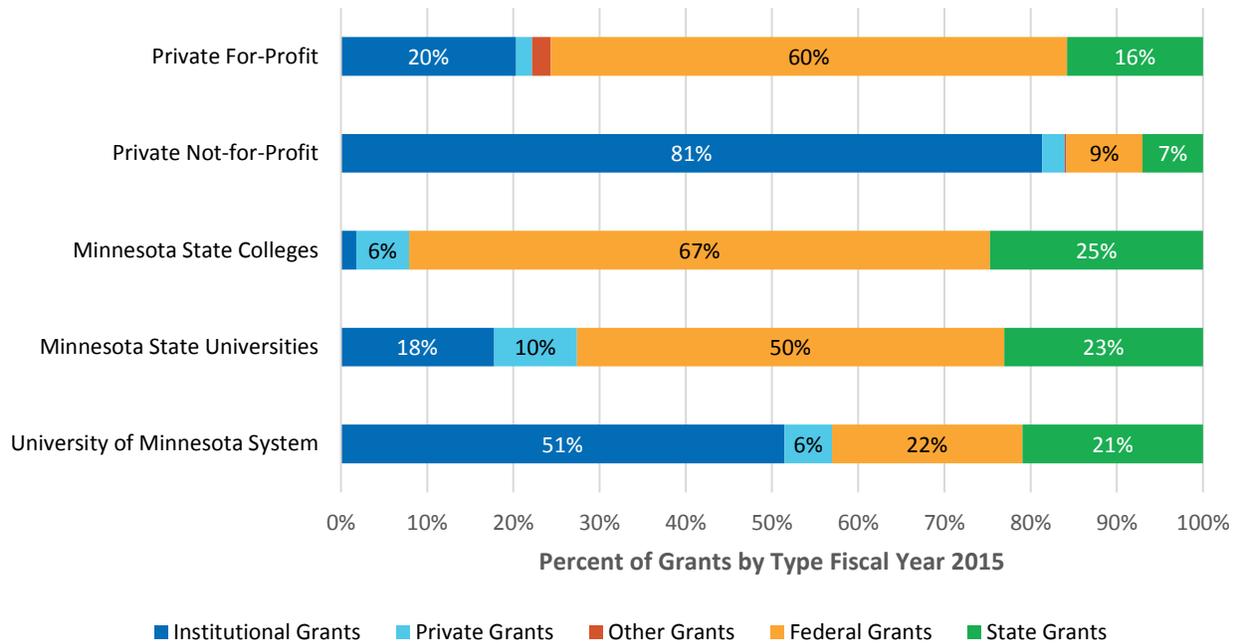
Minnesota undergraduates received \$3 million in grants from other sources in 2015, a 539 percent increase from 2013. These grants do not fit into one of the grant categories above. Examples of “other grants” include scholarships to army veterans or grants from another state to non-Minnesota resident students attending a Minnesota postsecondary institution.

Figure 3: Institution Grants Increased More than State or Federal Grants



Source: Minnesota Office of Higher Education Financial Aid Awarded Survey

Figure 4: Institution Grants Make Up the Overwhelming Majority of Financial Aid at Private Not-for-Profit Institutions.



Source: Minnesota Office of Higher Education, Financial Aid Awarded Survey

Federal Grants

In general, federal grants are need-based grants, targeting students from low and moderate-income families who would be unlikely to attend a postsecondary institution without financial assistance.

Federal Pell Grants

In 2015, Federal Pell Grants provided \$411 million to 122,841 undergraduates attending postsecondary institutions in Minnesota. This was a 15 percent decrease from 2013, where \$481 million was awarded to approximately 151,400 recipients. The maximum Federal Pell Grant increased from \$5,550 to \$5,730. The average Pell Grant to a Minnesota recipient was \$3,342 in 2015, a decrease from an average \$3,179 in 2013.

Declining enrollment and increased family incomes contributed to decreased Pell Grants for Minnesotans.

Other Federal Grants

Federal Supplemental Education Opportunity Grants (SEOG) went to 27,066 Minnesota undergraduates in 2015, totaling \$19.3 million. This was a decrease from 2013, where \$20.9 million in SEOG grants were awarded to 31,056 Minnesotans. Institutions must give priority to Pell Grant recipients when awarding SEOG grants.

Minnesota State Grant Program

Minnesota State Grants totaling \$176.9 million went to approximately 95,300 undergraduates in 2015, a seven percent decrease from the 103,000 recipients in 2013. The total amount of Minnesota State Grants awarded to undergraduates increased by 10 percent from 2013 to 2015.

Changes in State Grants from 2013 to 2015 were the result of lower than expected applications. In February 2014, the Office projected State Grant spending to exceed appropriations; the Office used its authority under state law to transfer funds from the second year of the biennial budget appropriation (2014) to cover the shortfall. As a result, state grant awards were increased in 2015. This resulted in increases in state grant awards and recipients in 2015.

Other State Grants

Minnesota Postsecondary Child Care Grants awarded \$5.8 million in Child Care Grants to 2,181 undergraduates in 2015. This was a two percent increase from 2013, when \$5.6 million in Child Care grants were awarded to 2,666 undergraduates.

Minnesota Indian Scholarships totaling \$3.1 million went to 1,016 undergraduates in 2015. This was an increase of approximately \$1 million from 2013. The Indian Scholarship Program provides assistance to Minnesota resident students with financial need who are of Indian ancestry or a member of a federally recognized tribe.

Minnesota GI Bill awarded approximately \$1 million funds to 786 recipients in Minnesota in 2015. The average award was \$1,275. This program was established in 2008 to provide postsecondary aid to eligible Minnesota service members and veterans. The Minnesota Department of Veterans Affairs contracted with the Office to administer the program.

The Minnesota Public Safety Officer Survivor Grant program provides education benefits to children and spouses of public safety officers killed in the line of duty. Approximately \$49,000 was awarded to fewer than 10 recipients in 2015.

Grants from local and state agencies totaled \$32.8 million in 2015. This was a 14 percent decrease from the \$37.9 million awarded to students in 2013. Examples of these grants include Minnesota Rehabilitation Services Grants and Workforce Investment Act Grants administered by the Minnesota Department of Employment and Economic Development.

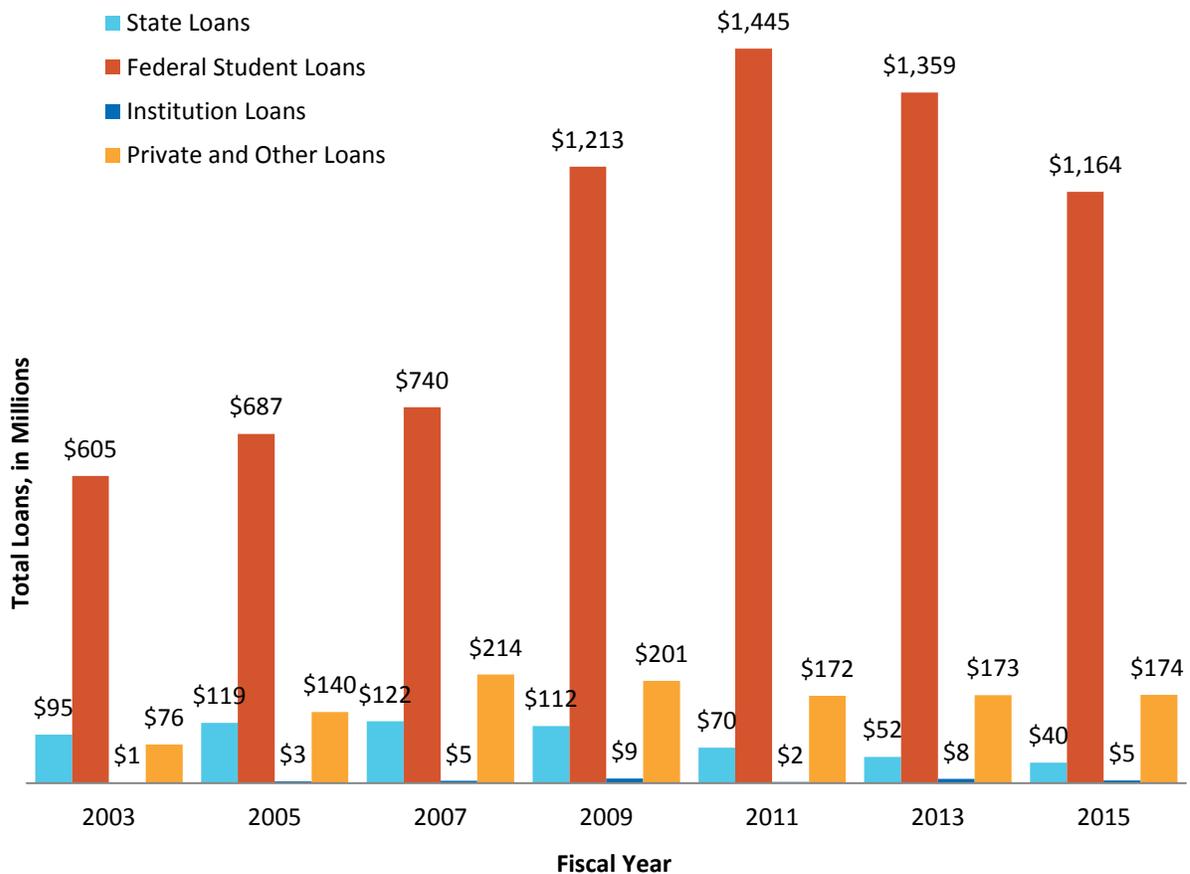
Loans

Undergraduates and their parents (in the form of PLUS loans) borrowed \$1.52 billion to finance postsecondary education in 2015. The vast majority of borrowed money (\$1.14 billion) was in the form of Federal Direct Stafford loans. In addition, the federal government lends money to students through its Perkins Loan, PLUS Loan and Federal Agency Loan programs. The Minnesota SELF Loan program lent \$40.4 million to undergraduates in 2015. Approximately \$179 million in private loans, institution loans, and other loans went to Minnesota undergraduates in 2015.

Overall, loan volume decreased from 2013 to 2015, partially due to declining enrollment.

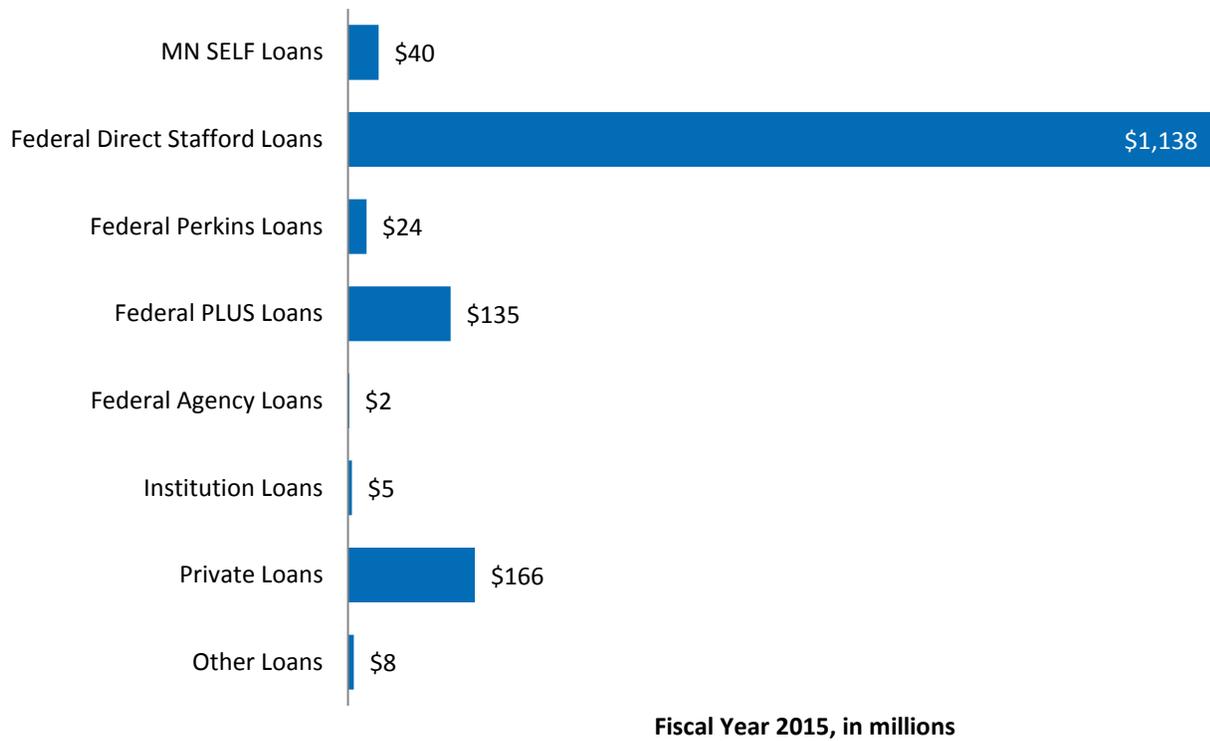
Federal Direct Stafford Loans are the largest student loan program. The average amount borrowed by Minnesota undergraduates with loans in 2015 was \$3,698 for subsidized loans and \$4,170 for unsubsidized loans. This was an increase from 2013 (\$3,565 for subsidized loans, \$3,748 for unsubsidized loans).

Figure 5: Federal Student Loans Continued to Decrease in 2015



Source: Minnesota Office of Higher Education, Financial Aid Awarded Survey

Figure 6: Federal Direct Stafford Student Loans Are the Largest Category of Loans



Source: Minnesota Office of Higher Education, Financial Aid Awarded Survey

Federal Student Loans

The vast majority of student borrowing is through the federal Direct Stafford Loan Program.

Federal Direct Stafford Loans

The Federal Direct Stafford Loan program includes subsidized and unsubsidized loans. Students with financial need could borrow subsidized loans and interest was not charged on their loans while they were enrolled in their postsecondary education. Unsubsidized loans were given to students without financial need and interest was charged while the student was enrolled. In Fiscal Year 2015, the interest rate on Federal Direct Subsidized Loans was 4.66 percent and the interest rate on Federal Direct Unsubsidized Loans was 4.66 percent.

Minnesota undergraduates borrowed \$525 million in subsidized Stafford Loans and \$612 million in unsubsidized Stafford loans in 2015, for a total of \$1.138 billion. This was a 15 percent decrease from borrowing levels in 2013.

Other Federal Student Loans

Federal Perkins Loans were awarded to students with exceptional financial need. In 2015, \$24 million in Perkins Loans were awarded to approximately 11,500 Minnesotans, an increase of 17 percent from 2013. In addition, \$1.8 million in Federal Agency Loans (agencies other than the U.S. Department of Education) were awarded to Minnesota undergraduates in 2015.

Federal Parent Loans (PLUS Loans)

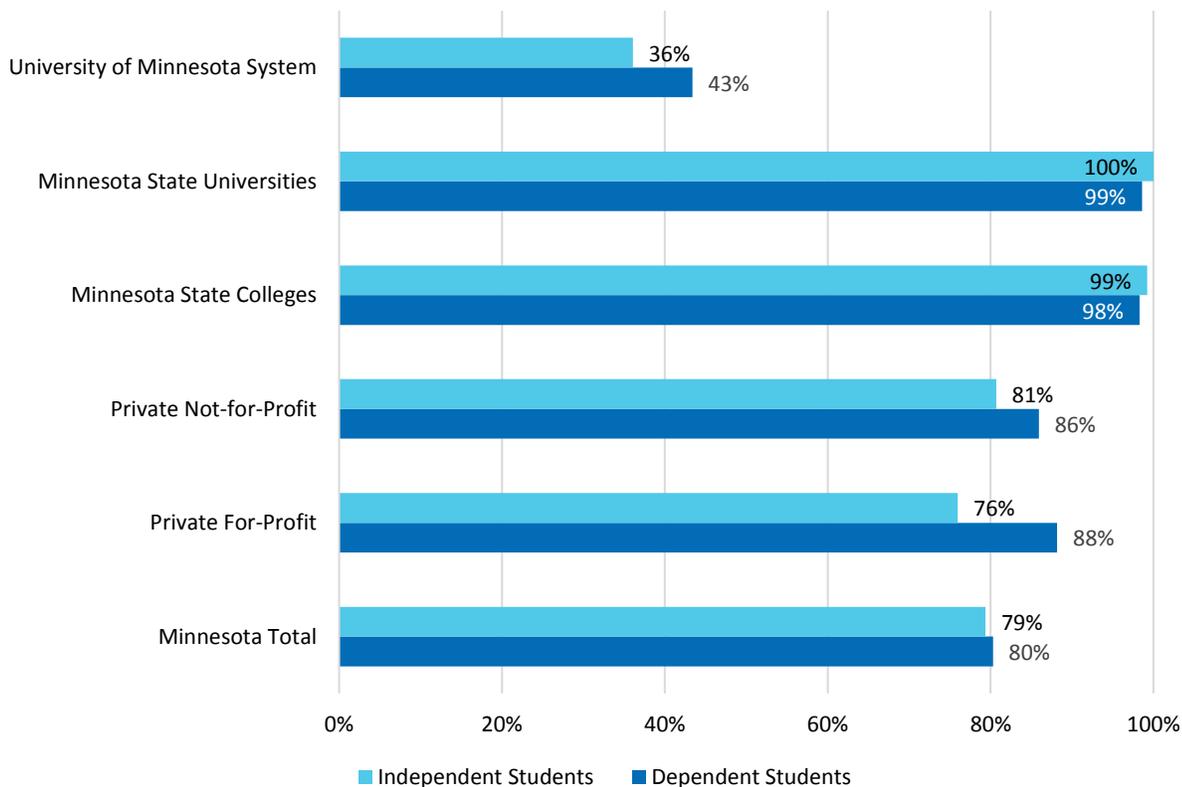
Parents of undergraduates are able to borrow through the Federal PLUS loan program. \$135 million in parent loans were distributed to parents of Minnesota undergraduates in 2015, a 4 percent decrease from 2013.

Minnesota SELF Loans

The Office administers the SELF Loan program, a state loan program for borrowers who need to borrow more than the federal annual loan maximums. In 2013, \$40 million was loaned to 6,257 undergraduates in SELF Loans, a 22 percent decrease in the total amount borrowed from 2013. The number of loans decreased by 25 percent from 2013 to 2015.

Federal loan recipients often pair their loans with SELF loans while attending a postsecondary institution. Many SELF recipients have taken out their maximum on Federal Direct Subsidized Loans during the same academic year. In 2015, 80 percent of dependent SELF recipients and 79 percent of SELF recipients did so in Minnesota. Almost all SELF recipients at Minnesota State Colleges and Universities exhausted their eligibility on Federal Direct Subsidized Loans, while SELF recipients at University of Minnesota institutions were the least likely to do so.

Figure 7: Most SELF Loan Recipients Exhausted their Eligibility on Federal Direct Subsidized Loans, 2015



Source: Minnesota Office of Higher Education, Financial Aid Awarded Survey

Loans from Postsecondary Institutions

Institutional loans are funded by postsecondary institutions. Undergraduates borrowed \$5.3 million in institutional loans in 2015, compared with \$8.3 million in 2013. This was a 36 percent decrease from 2013.

Private Student Loans and Other Loans

\$166 million in loans from private lenders were distributed to Minnesota undergraduates in 2015, a slight increase from the \$165 million lent to undergraduates in 2013. The federal preferred lender requirement restricts institutions from recommending private lenders unless the school goes through a process that requests information on loan terms and conditions. Private loan volume has dropped since this requirement was enacted.

“Other loans” are loans not fitting one of the categories identified above. Examples of “other loans” are loans administered by other states such as the State of North Dakota’s loan program, distributed to North Dakota, South Dakota, Minnesota, Montana, Wyoming or Wisconsin resident students attending institutions in Minnesota. Minnesota undergraduates borrowed \$7.6 million in loans from other sources in 2015, a seven percent decrease from \$8.2 million in 2013.

Earnings from Federal and State Work-Study Jobs

Work-study jobs, campus jobs and off-campus jobs allow students to pay for a portion of their postsecondary education. Work-study jobs were arranged by postsecondary institutions, with 75 percent of the wages paid from state or federal funds and 25 percent from institutional funds. Most work-study positions were on-campus, but a small percentage of positions were through other employers.

Federal Work-Study

Approximately 12,700 students attending Minnesota institutions earned \$23 million from federal work-study jobs in 2015, down 14 percent from \$27 million in 2013. The \$23 million was a combination of federal funds and institutional matching funds. Institutions are required to provide matching funds of at least 25 percent for federal work-study jobs although some institutions provide more than 25 percent. When institutions provide more than the 25 percent required, students may work additional hours or the pool of eligible federal work-study workers expands.

State Work-Study

Approximately 10,800 students earned \$15 million in state work-study funds in 2015, down 25 percent from 2013. Similar to the federal work-study program, institutions are required to match at least 25 percent of the funds provided by the state of Minnesota; some institutions provide more than the 25 percent in matching funds to allow students to work more hours or expand the state work-study pool of eligible workers.

Other Student Jobs

Students may also have campus jobs that are not subsidized by the federal or state government. In addition, some students work for organizations that have a relationship with their campus. Earnings from these jobs are not included in the Financial Aid Awarded survey and are not reflected in any totals in this report.

Students may also have earnings from off-campus jobs. The amount earned from off campus positions is likely to be much greater than work-study earnings. Student earnings from off-campus positions are not included in the survey to institutions and are not reflected in any totals in this report.