

**Reducing Educational Attainment Gaps in Minnesota: Recommendations for State  
Financial Aid Policies**

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## Executive Summary

College completion is essential in today's economy; yet, nationally, there are persistent disparities in two-year and four-year degree attainment rates among students of color. The situation is especially dire in the State of Minnesota, where only 36% of students of color who graduated high school in 2011 earned a degree or certificate within seven years compared to 58% of White students.

Students of color encounter several systemic barriers to college degree completion, including lower high school graduation rates, lower family incomes, and higher placement into developmental college courses. Additionally, students of color are more likely to be older, attend college part-time, have transferred to different schools, and attend two-year public colleges, factors that compromise their retention and eventual graduation rates.

In this report, we examine the role of state financial aid policies as they relate to degree completion rates among students of color. The philosophy of the current financial aid policy in Minnesota is one of shared responsibility--that students will assume 50% of the cost of attendance regardless of their income level. The current policy leaves students of color and students from low-income families shouldering greater burdens than middle/upper-class students when it comes to financing their education.

Additionally, eight-semester limits on state grant funding leave students who take longer than eight semesters to graduate (part-time students, older students, and transfer students--all of whom are likely to be low-income students or students of color) without state grant funding as they are nearing the critical stages of degree completion. The current methodology for calculating students' living and miscellaneous expenses also falls significantly short of the actual cost of living in every county in Minnesota, thus undermining the ability of students' financial

aid packages to cover their true expenses. State funding for public higher education has also declined over time, leaving Minnesota higher education institutions with no choice but to raise tuition rates to levels that are among the highest in the nation.

The consequences of the current financial aid calculation policy are that students of color and low-income students are more likely to enroll in two-year colleges as opposed to four-year colleges; take out student loans to pay for their educational expenses; and make decisions to work more hours, live off campus with family, commute longer hours, and forgo collegiate experiences that are positively associated with students' success.

Through data analysis, interviews with 22 college students, as well as interviews and focus groups with higher education faculty (4), staff and administrators (7), college alumni (9), and a former Board of Trustee we have developed X recommendations to improve Minnesota state financial aid policy:

- Recalculate the Minnesota State Grant to reflect income levels of today's student
- Increase the Living Allowance calculated for State aid to more accurately reflect the demographics of today's student who is older and more likely to have dependents
- Extend State Grant Eligibility to 12 full-time semesters
- Expand work study funding and opportunities with increased wages and award amounts
- Increase funding for tuition (or cost of attendance) based on a sliding income scale, similar to Washington State
- Increase the percentage of students of color applying for financial aid with state support at the high school, college, and higher education system levels

- Incentivize new, first time students to apply and enroll in college with small scholarships
- Incentivize students to transfer after completing 2-year degrees to 4-year degree programs with transfer scholarships
- Allow public state colleges and universities to use race based scholarships or, at a minimum, administer race based scholarships
- Incentivize colleges and universities to provide, small emergency loans for their students

## **College Degree Completion: A National Imperative**

Scholars have provided ample documentation for the various individual benefits of college degree completion, including higher wages, increased job security, greater life expectancy, and better health (Trostel, 2015). There are also indisputable societal benefits from having more individuals with college credentials, including lower crime rates, increased rates of philanthropy and volunteerism, and higher civic engagement (Trostel, 2015). Recent shifts in workforce demands have made it increasingly imperative for individuals to attain a college degree: 2.8 million of the 2.9 million jobs with high salaries, benefits, paid time off, and health insurance created during the post-recession recovery went to employees with a bachelor degree (Jones & Berger, 2019). The importance of college degree completion has also caught the attention of national policymakers, who have advocated for increased college degree attainment among U.S. citizens; for instance, the Lumina Foundation (2017) established a goal to have 60% of adults earning degrees or certificates by 2025 while, at the state level, policymakers in 43 states have established goals for postsecondary degree attainment (Jones & Berger, 2019).

Looming against the backdrop of the national calls for increased degree completion rates are significant and persistent disparities in degree completion rates based upon the race/ethnicity of students. For instance, among first-time, full-time baccalaureate degree-seeking students who began college in 2011, only 39.8% of Black students, 55% of Hispanic students, 48.6% of Pacific Islander students, 37.6% of American Indian or Alaska Native students, and 57.1% of multiracial students completed their degrees within six years compared to 64.3% of White students and 74.1% of Asian students (National Center for Education Statistics, 2018a). Among first-time, full-time degree/certificate-seeking students at two-year colleges who started in 2014, only 25.3% of Black students, 30.9% of Hispanic students, 28.1% of American Indian or Alaska

Native students, and 26.2% of multiracial students completed their degrees within three years compared to 33.5% of White students, 34.6% of Pacific Islander students, and 37.6% of Asian students (National Center for Education Statistics, 2018b).

The disparities in students' degree attainment rates across the nation can be attributed to several systemic problems in the ways in which higher education is funded and how students are expected to pay for their costs of attendance. While it was at one time possible for college students to work their way through college, pay tuition, and make ends meet, today's financial aid system leaves many students without the means to enroll in college and graduate even though they are academically qualified. The public has continuously defunded higher education institutions, so costs of attendance have risen at the same time that over 80% of annual family incomes have declined (Goldrick-Rab, 2016). While in the 1990s, only the families in the lowest income quartile had to pay more than 20% of their annual incomes on higher education, today, 75% of families have to pay more than 20% of their annual incomes even after grants are distributed (Goldrick-Rab, 2016). Even though it has never been more imperative for individuals to earn a college degree, students and families are expected to shoulder a significantly greater burden of the cost of higher education as public funding has declined.

While financial aid packages comprised of loans, grants, and work study were designed to make college more affordable for students, they have failed to adequately keep up with the rising costs of tuition, leaving students with a more substantial student loan burden to bridge the gap between their costs of attendance and ability to pay for college. Students from low-income families are hit the hardest--the costs of higher education take up a significantly higher proportion of their family incomes (Goldrick-Rab [2016] estimated that the net price of college amounts to 84% of annual income among families earning less than \$16,000) and grant programs

designed to reduce the net price of college fall short, meaning that students from low-income backgrounds are saddled with student loan debt to make up the difference. In fact, over 90% of Pell grant recipients graduate with student loan debt (Huelsman, 2014). It is even more distressing that 52% of Pell students will withdraw from higher education without earning a credential (and, of those, about 30% have student loan debt) (Goldrick-Rab, 2016).

Furthermore, there are race-based disparities when it comes to student debt: over half of Black students took out any type of student loan in 2015-2016 compared to 40% of White students and less than one-third of Native Hawaiian/Pacific Islander, Hispanic, Asian, and American Indian or Alaska Native students (Espinosa, Turk, Taylor, & Chessman, 2019). While larger proportions of Black students and American Indian or Alaska Native students were likely to receive federal grant aid, White students and Asian students were more likely to receive institutional grant aid (Espinosa et al., 2019). Black bachelor's degree recipients are also more likely to leave college with higher average debt per student compared to other racial/ethnic groups (Espinosa et al., 2019).

The current financial aid system is broken because it places undue hardships upon the populations of students who could benefit the most from earning a college credential. However, there are steps that individual states can take to level the playing field for students from low-income backgrounds and for students of color, who are disproportionately from low-income families (Espinosa et al., 2019). In this report, we document the origins of current educational disparities for students of color in Minnesota, evaluate existing financial aid policies, and provide recommendations to change the policies to achieve parity in college completion outcomes.

## Educational Disparities in Minnesota’ Higher Education Systems

Compared to the rest of the nation, Minnesota is known for having a highly-educated population. For instance, Minnesota ranks second in the nation for the percentage of the population between the ages of 25 and 64 who hold an associate degree or higher (50%) (Minnesota Office of Higher Education, 2019a) and fourth in the nation for residents’ attainment of certificates or higher (54.8%) (Lumina Foundation, 2019).

Yet, hidden within Minnesota’s overall high educational attainment rates are persistent disparities in the educational attainment rates for students of color and indigenous students. While the proportion of children of color and indigenous children enrolled in elementary and secondary education in Minnesota has increased over the last several years (Table X; National Center for Education Statistics, 2019a), the proportion of students of color and indigenous students enrolled in postsecondary education has not kept pace (Table X; Minnesota Office of Higher Education, 2019b). In 2016-2017, for instance, 32.54% of elementary/secondary education enrollees were students of color compared to only 26.63% of postsecondary education enrollees who were students of color.

Table X

*Elementary and Secondary Education Enrollment by Race/Ethnicity in Minnesota, 2010-2011 to 2016-2017*

	2010-2011		2016-2017	
	<i>n</i>	<i>%</i>	<i>n</i>	<i>%</i>
American Indian and Alaskan Native	16,296	1.94%	14,445	1.65%
Asian	50,153	5.98%	58,247	6.66%

Black	77,015	9.19%	93,636	10.70%
Hispanic or Latino	60,175	7.18%	79,090	9.04%
Native Hawaiian or Pacific Islander	551	0.07%	613	0.07%
White	618,819	73.84%	590,306	67.46%
Multiracial	15,028	1.79%	38,684	4.42%

Table X

*Postsecondary Enrollment by Race/Ethnicity in Minnesota, 2010-2011 to 2016-2017*

	2010-2011		2016-2017	
	<i>n</i>	%	<i>n</i>	%
American Indian and Alaskan Native	3,065	1.06%	2,190	0.93%
Asian	14,157	4.89%	15,640	6.61%
Black	22,783	7.86%	22,362	9.45%
Hispanic or Latino	10,444	3.61%	13,409	5.67%
Native Hawaiian or Pacific Islander	270	0.09%	267	0.11%
White	229,967	79.38%	173,556	73.37%
Multiracial	9,016	3.11%	9,130	3.86%

## High School Graduation Rates

The educational disparities in students' postsecondary education enrollment can be partially attributed to gaps in students' high school graduation rates. While high school graduation rates increased for all racial/ethnic groups from 2012 to 2017, the gaps between the graduation rates of indigenous and White students was 37.4%, between Native Hawaiian/Pacific Islander and White students was 25.3%, between Black and White students was 23.3%, and between Hispanic/Latino and White students was 21.8% (Table X; Minnesota Department of Education, 2018). The lower high school graduation rates among students of color mean that fewer students in each group will be eligible to enroll in postsecondary education.

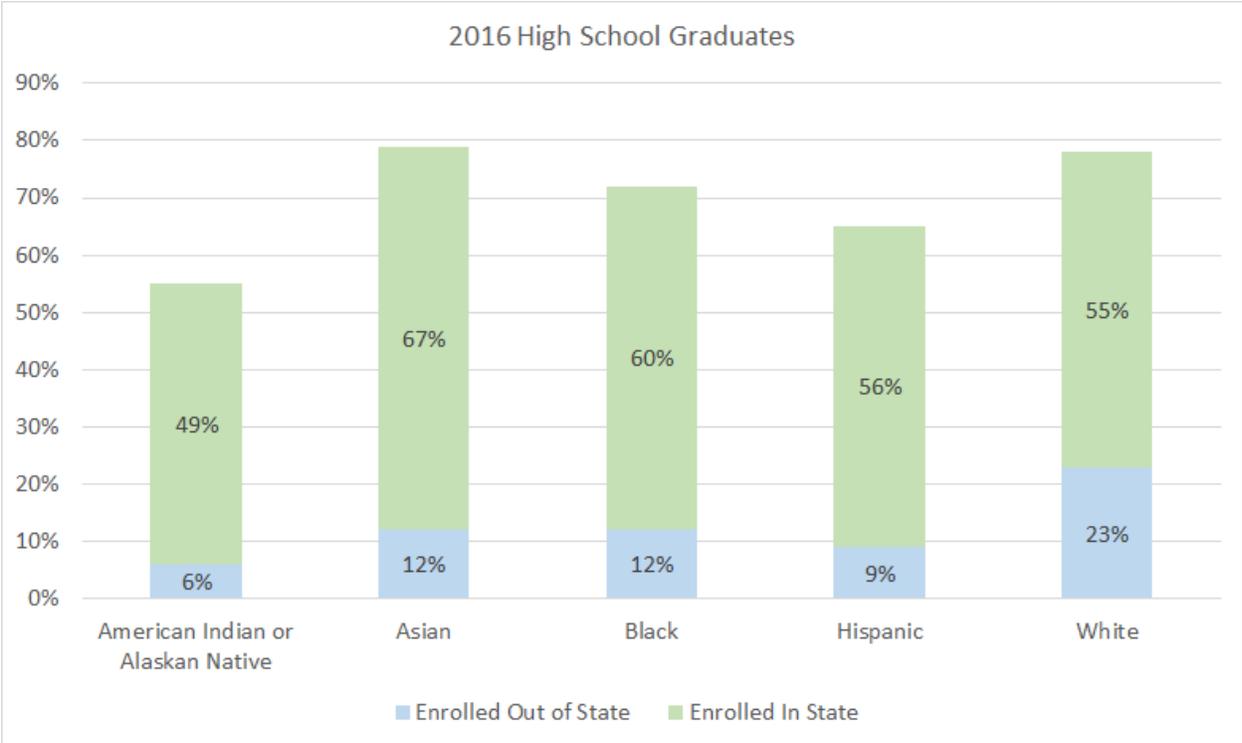
Table X

*High School Graduation Rates by Race/Ethnicity in Minnesota, 2012 and 2017*

	<i>2012 Graduation Rate (%)</i>	<i>2017 Graduation Rate (%)</i>	<i>Change from 2012 to 2017</i>
American Indian and Alaskan Native	45.4	50.7	5.3
Asian	45.9	85.5	9.6
Black	51.9	64.8	12.9
Hispanic or Latino	54.5	66.3	11.8
Native Hawaiian or Pacific Islander	55.7	62.8	7.1
White	84.8	88.1	3.3
Multiracial	56.4	71.1	14.7

**College Enrollment Disparities**

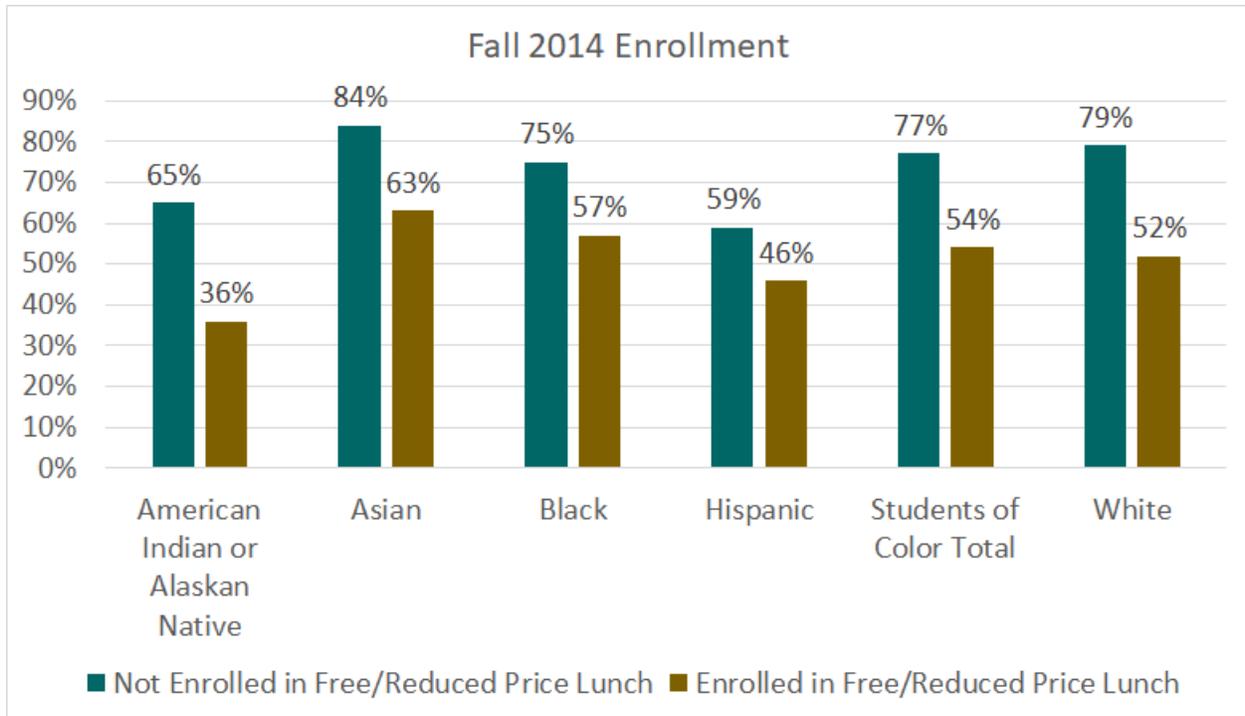
The disparities in high school graduation and postsecondary enrollment also contribute to disparities in postsecondary students’ enrollment rates. Preliminary data from 2016 high school graduates suggest that American Indian or Alaskan Native, Black, and Hispanic students have lower college attendance rates within two years of graduating than White and Asian students (Figure X; Minnesota Office of Higher Education, 2019p).



*Figure X.* Percent of 2016 high school graduates attending postsecondary education in Minnesota or out of state by race/ethnicity within two years.

The disparities within racial/ethnic groups are more pronounced when examining the rates of college participation between students who were enrolled in free or reduced price lunch at any time in high school compared to students who were not enrolled in free or reduced price lunch (Figure X; Minnesota Office of Higher Education, 2019c). Across all racial/ethnic groups,

students who enrolled in free/reduced price lunch programs were less likely to attend college compared to their peers who were not enrolled in free/reduced price lunch programs. The differences in students enrollment in college based upon their eligibility for free/reduced price lunch programs has not differed over the last decade (Figure X; Minnesota Office of Higher Education, 2019p).



*Figure X.* Percent of high school graduates attending postsecondary education in Minnesota or out of state by race/ethnicity and free/reduced price lunch enrollment (fall 2014, immediately following high school graduation).

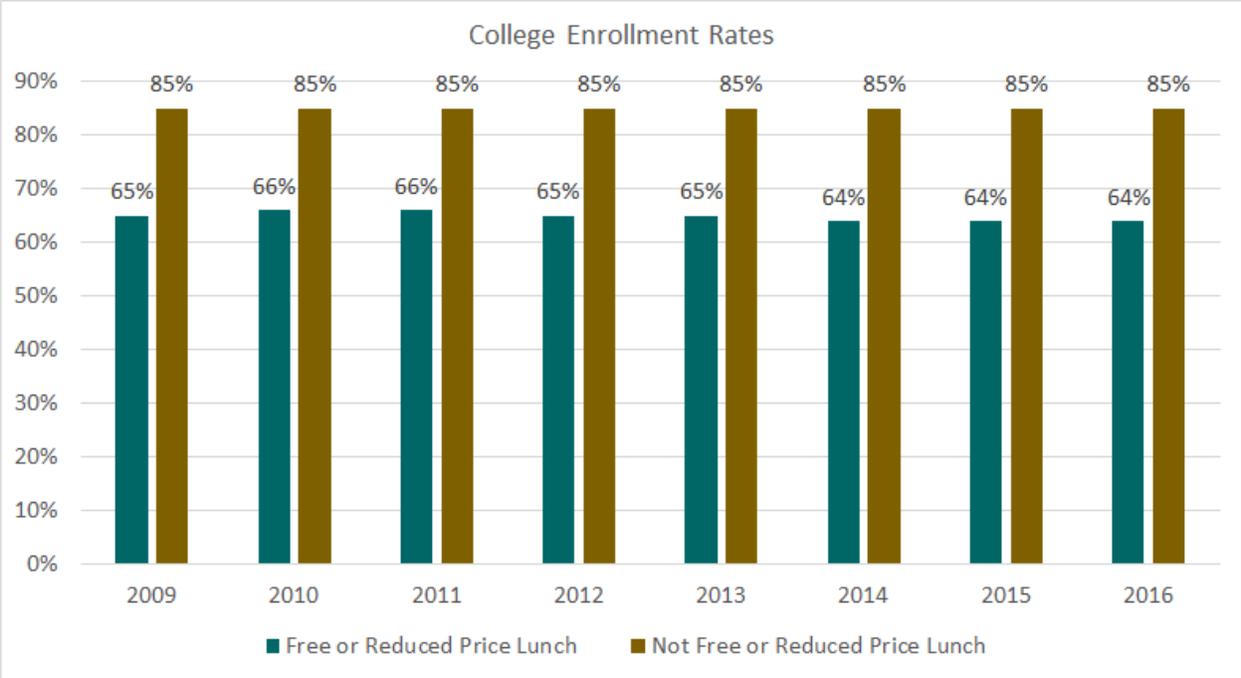


Figure X. Percent of high school graduates attending postsecondary education within two years of high school graduation by free/reduced price lunch enrollment.

**Disproportionality in Where Students Attend College**

Additionally, there are some disparities with regards to where students of color and low-income students choose to enroll in higher education. By and large, students of color are more likely to attend two-year state colleges than White students (Table X; Figure X; Minnesota Office of Higher Education, 2019b).

Table X

*Fall 2017 Enrollment Rates by Race/Ethnicity*

	White Students		Students of Color		Race Not Reported		International Students		Total
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	
State Colleges	59,287	68.24	24,867	28.62	1,684	1.94	1,045	1.20	86,883
State	34,670	74.57	8,092	17.40	530	1.14	3,202	6.89	46,494

Universities									
University of Minnesota	32,550	73.25	7,581	17.06	734	1.65	3,570	8.03	44,435
Minnesota Private Colleges	29,692	71.64	8,656	20.89	1,379	3.33	1,719	4.15	41,446

Note. Minnesota Private Colleges include only the 17 members of the Minnesota Private College Council.

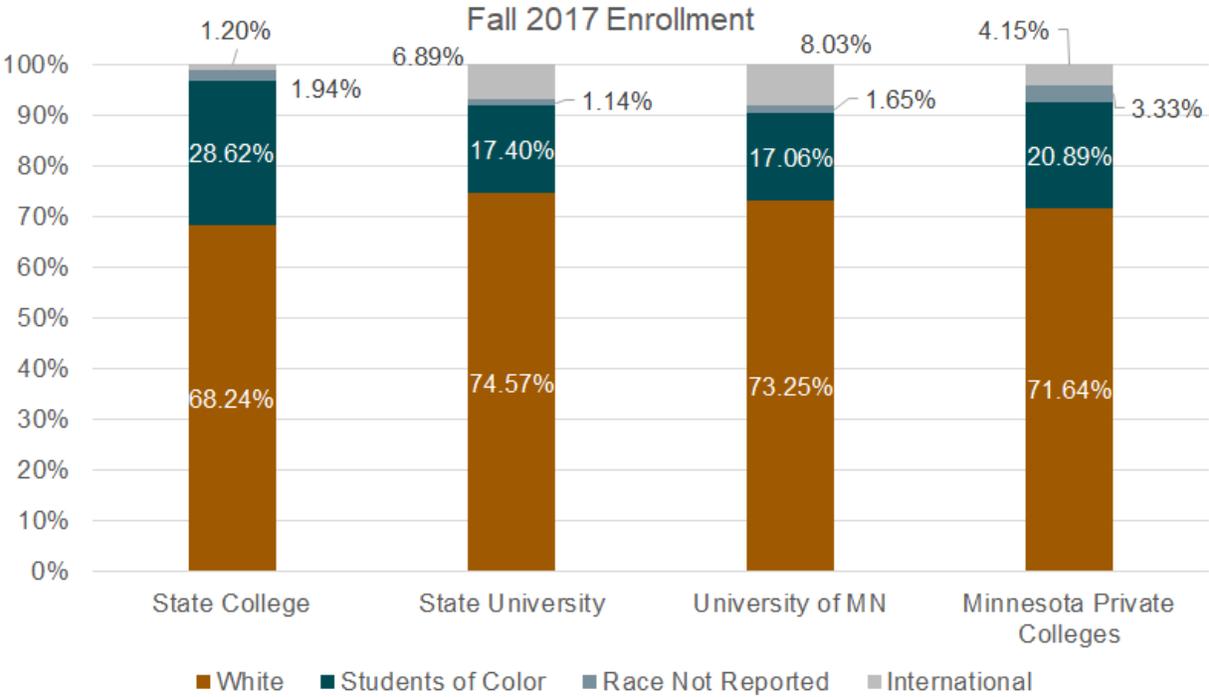


Figure X. Fall 2017 postsecondary enrollment by race/ethnicity.

When looking at the racial/ethnic groups separately and excluding international students and students who did not report a race/ethnicity, state colleges enroll the greatest proportion of Black students (14.57%), Hispanic students (7.94%), multiracial (4.64%), and American Indian/Alaskan Native students (0.96%). The University of Minnesota enrolls the greatest proportion of Asian students (8.51%) and private colleges/universities enroll the greatest

proportion of Native Hawaiian or Pacific Islander students (0.12%) (Figure X; Minnesota Office of Higher Education, 2019b).

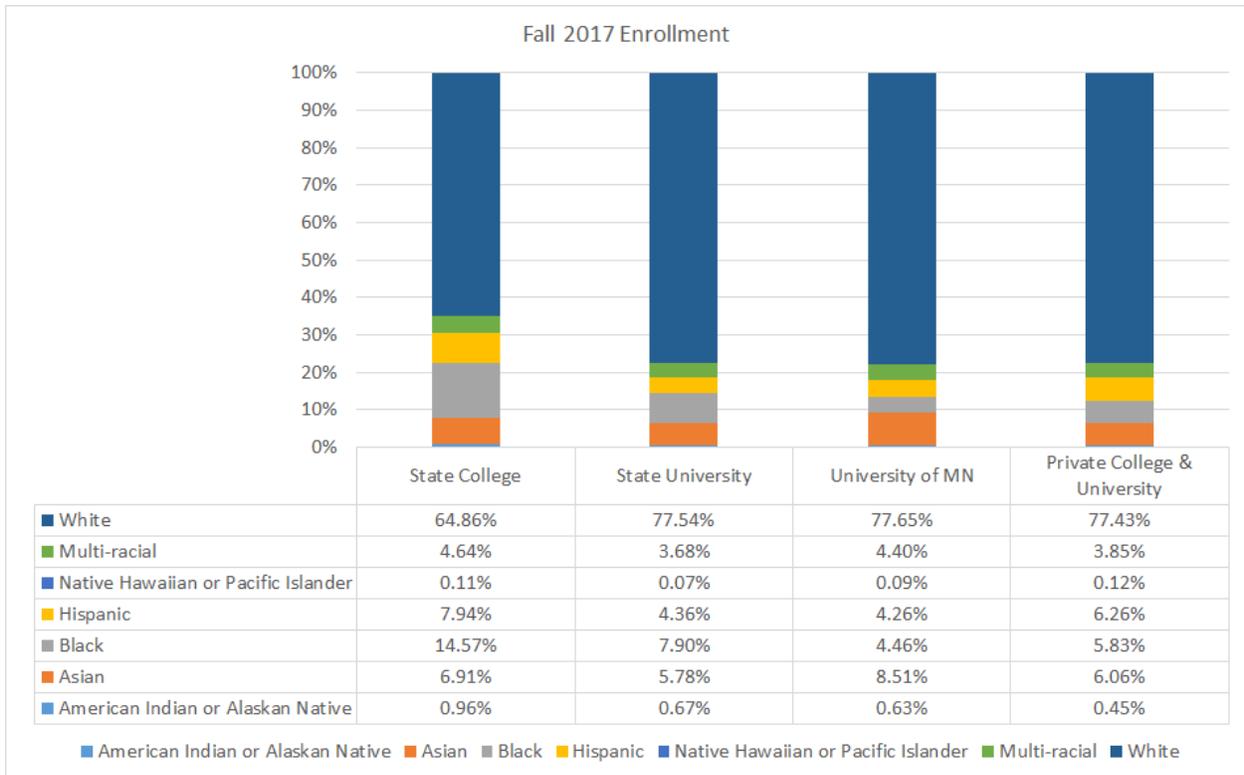
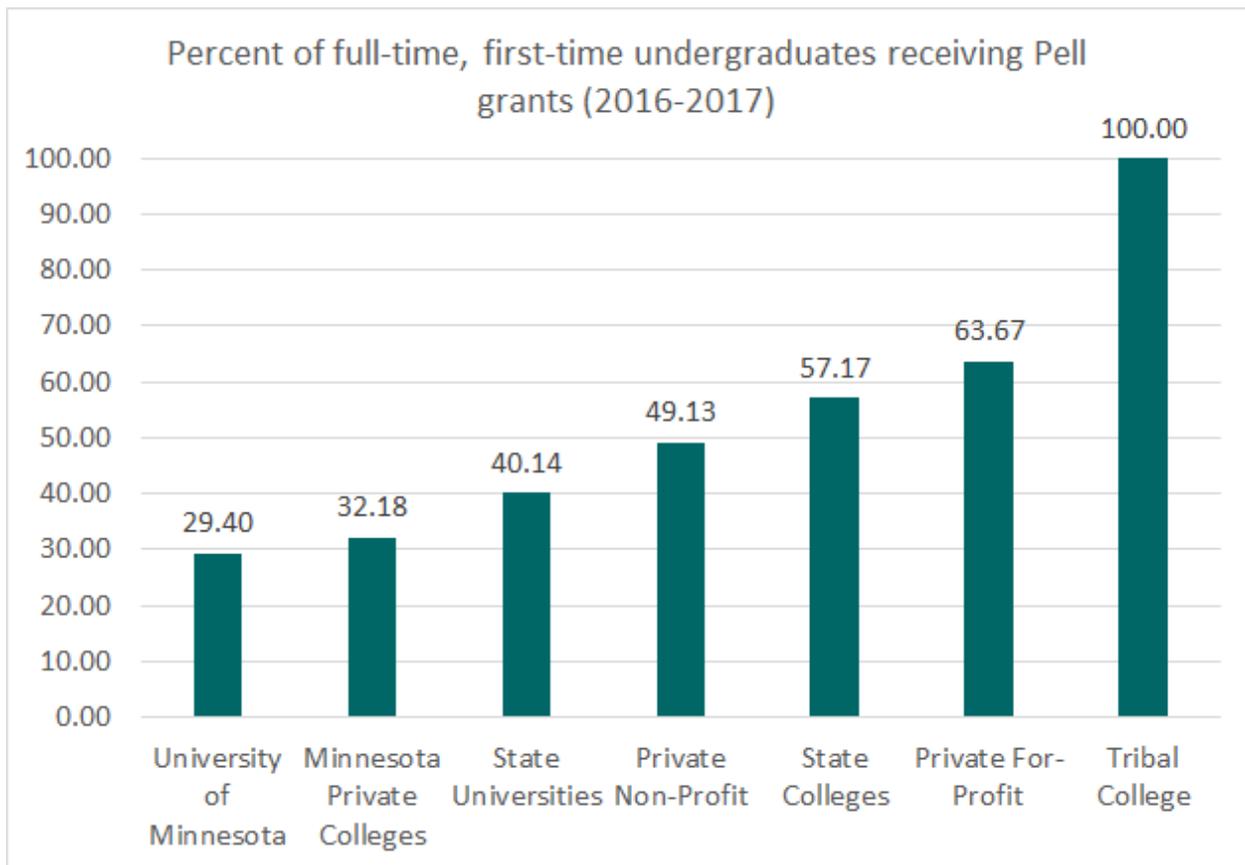


Figure X. Fall 2017 postsecondary enrollment by race/ethnicity.

Note. Minnesota Private Colleges include only the 17 members of the Minnesota Private College Council.

Tribal colleges, private for-profit institutions, state colleges, and private non-profit institutions are most likely to enroll higher percentages of students who qualify for Pell grants (Figure X; Integrated Postsecondary Data System, 2019). Among students who applied for financial aid, the median family income for students who attended private for-profit institutions and state colleges was lower (\$25,900 and \$31,900, respectively) than the median family income at state universities (\$62,800), the University of Minnesota (\$87,300), and non-profit colleges (\$75,900) (Minnesota Office of Higher Education, 2019i). At state colleges, 33% of students had

family incomes less than \$20,000 and, at for-profit institutions, 38% of students had family incomes less than \$20,000. Those numbers compare to 18% of applicants at state universities, 15% of applicants at non-profit institutions, and 12% of applicants at the University of Minnesota (Minnesota Office of Higher Education, 2019i). Lower income is correlated with increased enrollment at state colleges and for-profit institutions (Figure X; Minnesota Office of Higher Education, 2019i).



*Figure X.* Percent of full-time, first-time students enrolled who received Pell grants at different institutional types (2016-2017).

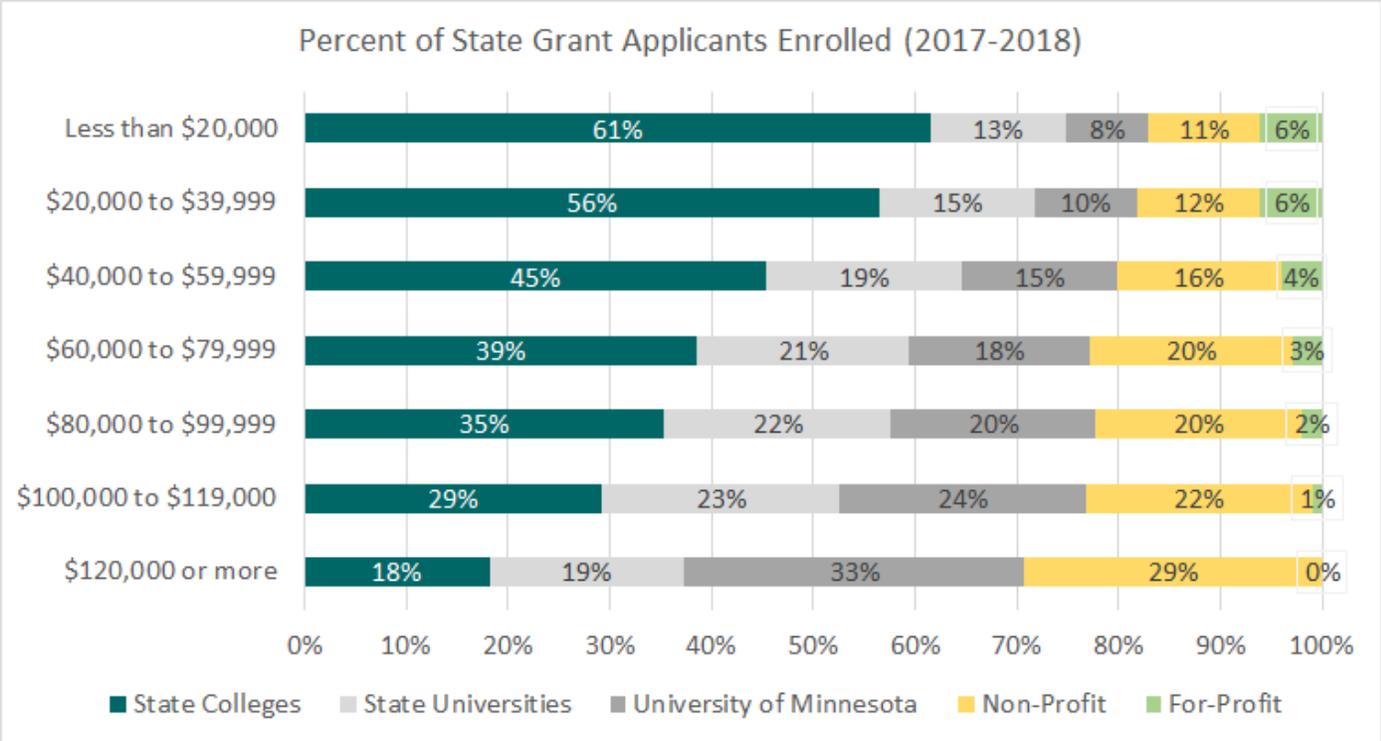


Figure X. Percent of state grant applicants enrolled by income and institution type (2017-2018).

**Disproportionality in College Attendance Rates (Part-time versus Full-time)**

Students of color are more likely to enroll part-time (11 credits or less) at state colleges, state universities, and the University of Minnesota compared to White students, who are more likely to enroll full-time (12 credits or more) at each of those institutions (Figure X; Minnesota Office of Higher Education, 2009b). Students of color are less likely than White students to enroll part-time at private colleges or universities.

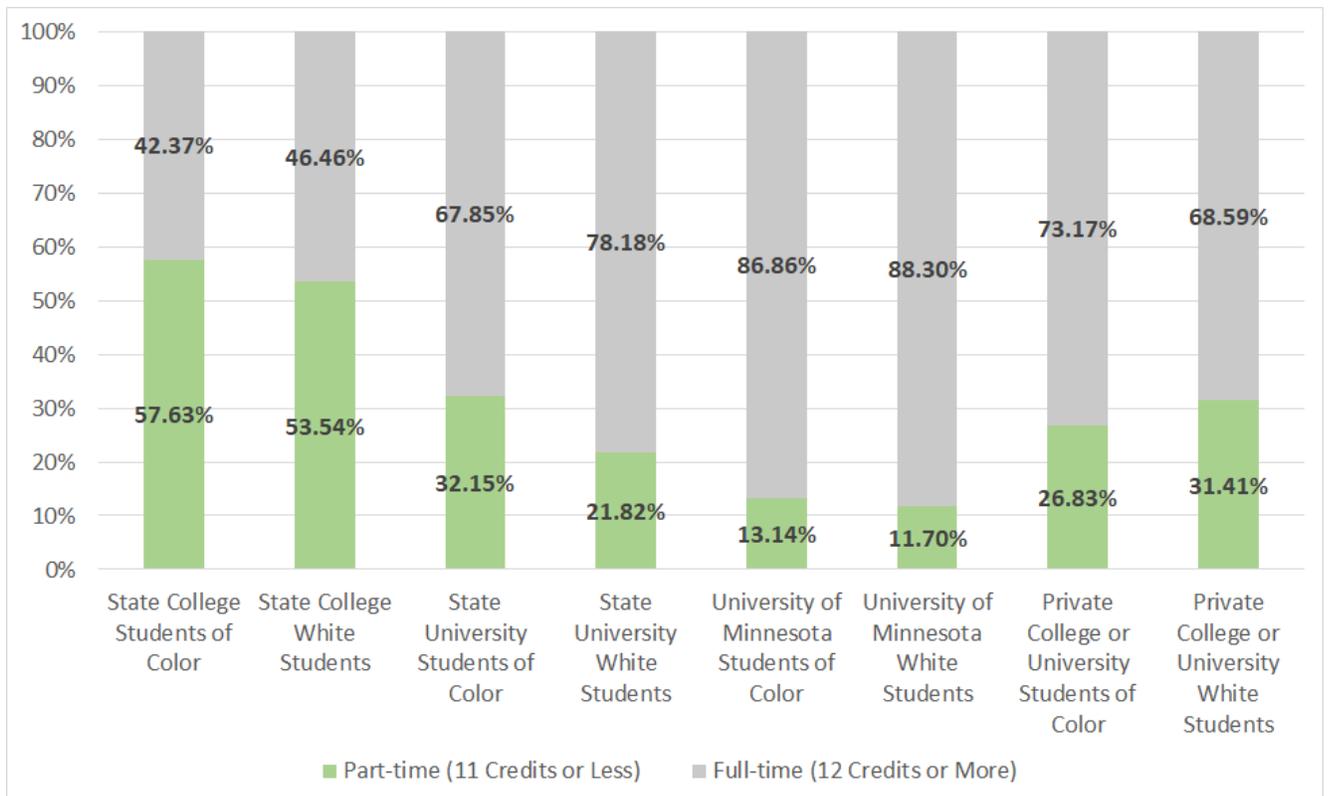


Figure X. Enrollment rates in fall 2017 by institutional type and race/ethnicity.

Note. Minnesota Private Colleges include only the 17 members of the Minnesota Private College Council.

### Disproportionality in College Persistence and Completion Rates

When enrolled in postsecondary institutions, Minnesota high school graduates of color also have lower persistence and completion rates compared to White students. Among the 2011 Minnesota high school graduates, only 54% of students of color persisted or graduated within four academic years compared to 72% of White students. Some groups, such as American Indian or Alaskan Native, Hispanic, and Black students, had the lowest four-year persistence/graduation rates (Figure X; Minnesota Statewide Longitudinal Education Data System, 2019a).

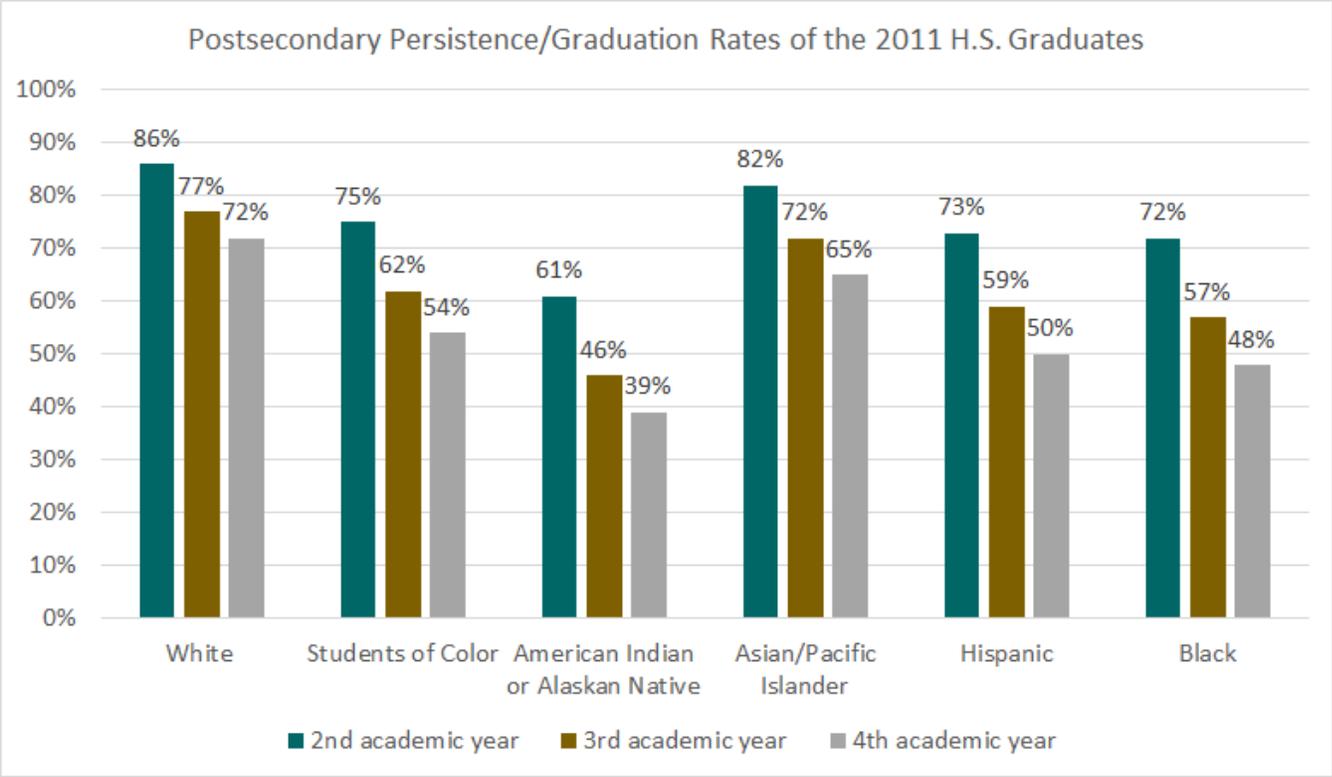


Figure X. Postsecondary persistence or completion rates among 2011 high school graduates by race/ethnicity.

Furthermore, while 58% of White 2011 high school graduates earned a degree or certificate within seven years, only 36% of students of color earned a credential in the same time frame (Figure X; Minnesota Statewide Longitudinal Education Data System, 2019a).

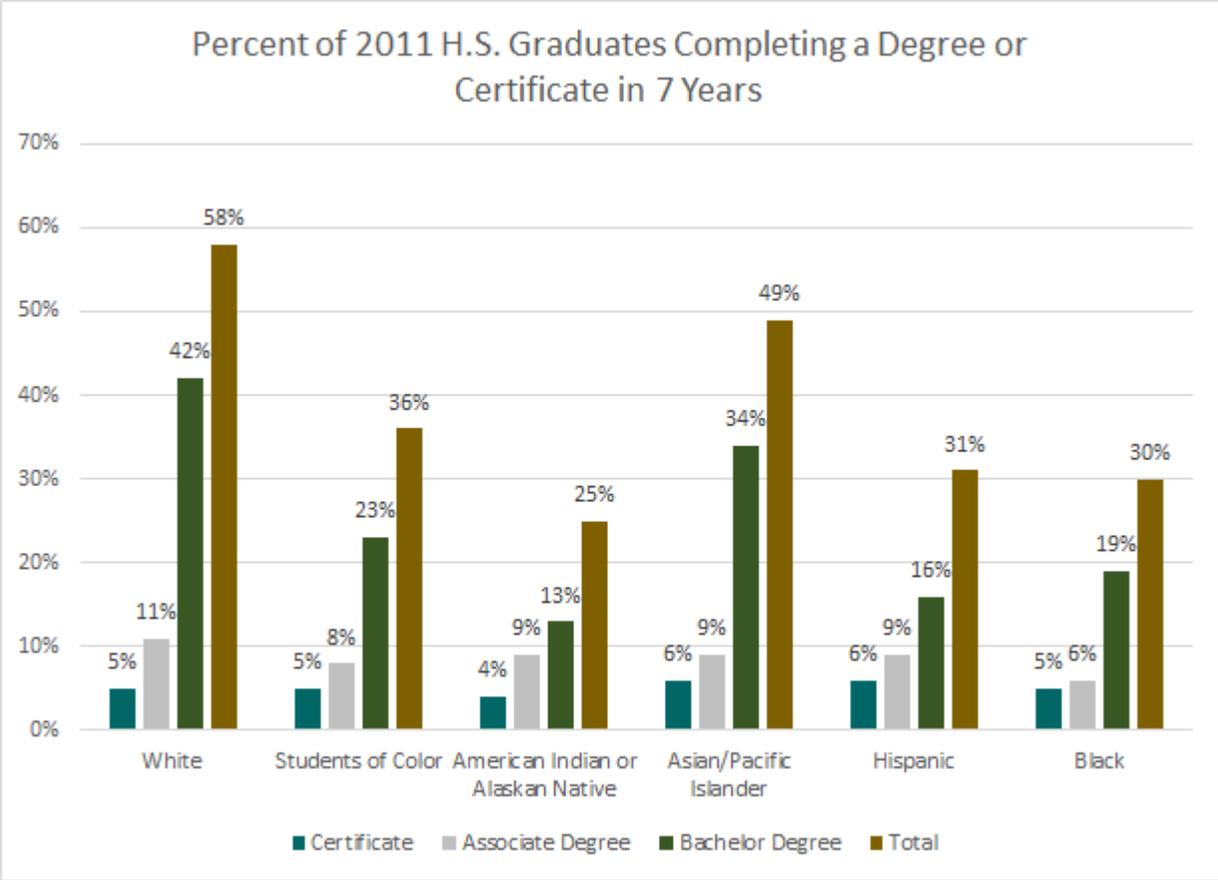


Figure X. Postsecondary persistence or completion rates among 2011 high school graduates by race/ethnicity.

Even though state colleges enroll proportionally the highest number of students of color, they graduate proportionally fewer students of color compared to the University of Minnesota, state universities, and private colleges. Minnesota Private Colleges and the University of Minnesota have higher graduation rates among students of color and indigenous students than state colleges and state universities (Table X; Integrated Postsecondary Education Data System, 2019). Overall, White students have significantly higher 150% graduation rates at all colleges and universities compared to students of color (Figure X; Integrated Postsecondary Education Data System, 2019).

Table X

*Postsecondary Graduation Rates in 150% Time by Race/Ethnicity in Minnesota, 2016-2017*

	<i>State Colleges (%)</i>	<i>State Universities (%)</i>	<i>University of Minnesota (%)</i>	<i>Minnesota Private Colleges (%)</i>
American Indian and Alaskan Native	11.86	14.86	40.00	55.21
Asian	26.84	35.71	43.60	66.94
Black	13.35	20.86	56.40	55.24
Hispanic or Latino	19.71	29.43	43.40	65.82
Native Hawaiian or Pacific Islander	21.43	12.50	50.00	75.00
White	37.95	48.29	64.80	72.59
Multiracial	15.72	44.57	59.20	56.80

*Note.* Minnesota Private Colleges include only the 17 members of the Minnesota Private College Council.

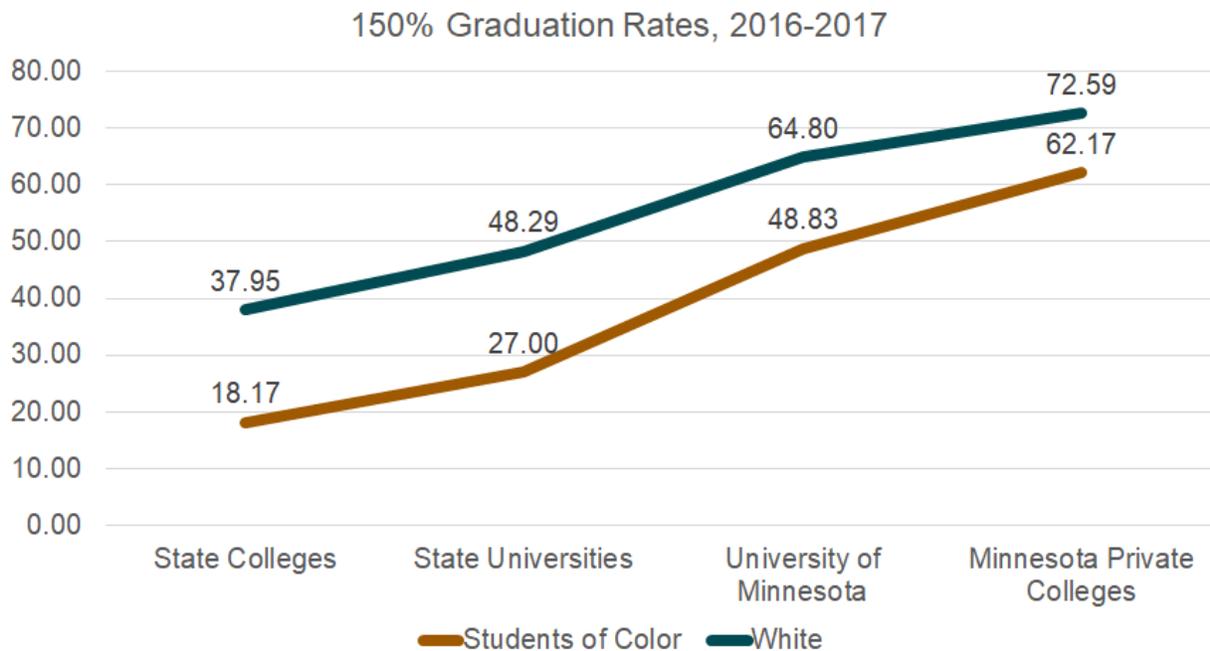


Figure X. 150% graduation rates between White students and students of color, 2016-2017.

### Disproportionality in College Credentials Earned

Furthermore, there are disparities with regards to the types of credentials earned by college students of color and indigenous students in Minnesota. Students of color are much less likely to earn bachelor degrees in Minnesota compared to White students. Of all of the White students who graduated from state colleges, state universities, the University of Minnesota, and private colleges/universities in Minnesota in 2017, 57% earned bachelor degrees compared to 42% of indigenous students, 52% of Asian students, 42% of Black students, 45% of Hispanic students, 54% of multiracial students, and 36% of Native Hawaiian or Pacific Islander students (Figure X; Minnesota Office of Higher Education, 2019d). Although median wages can vary considerably by academic program or field, on average, graduates who earn bachelor degrees in Minnesota have higher median wages than those who earn associate degrees and certificates (Minnesota Office of Higher Education, 2019e; Schneider, 2016). Disparities in the types of degrees earned can also contribute to long-term disparities in social mobility.

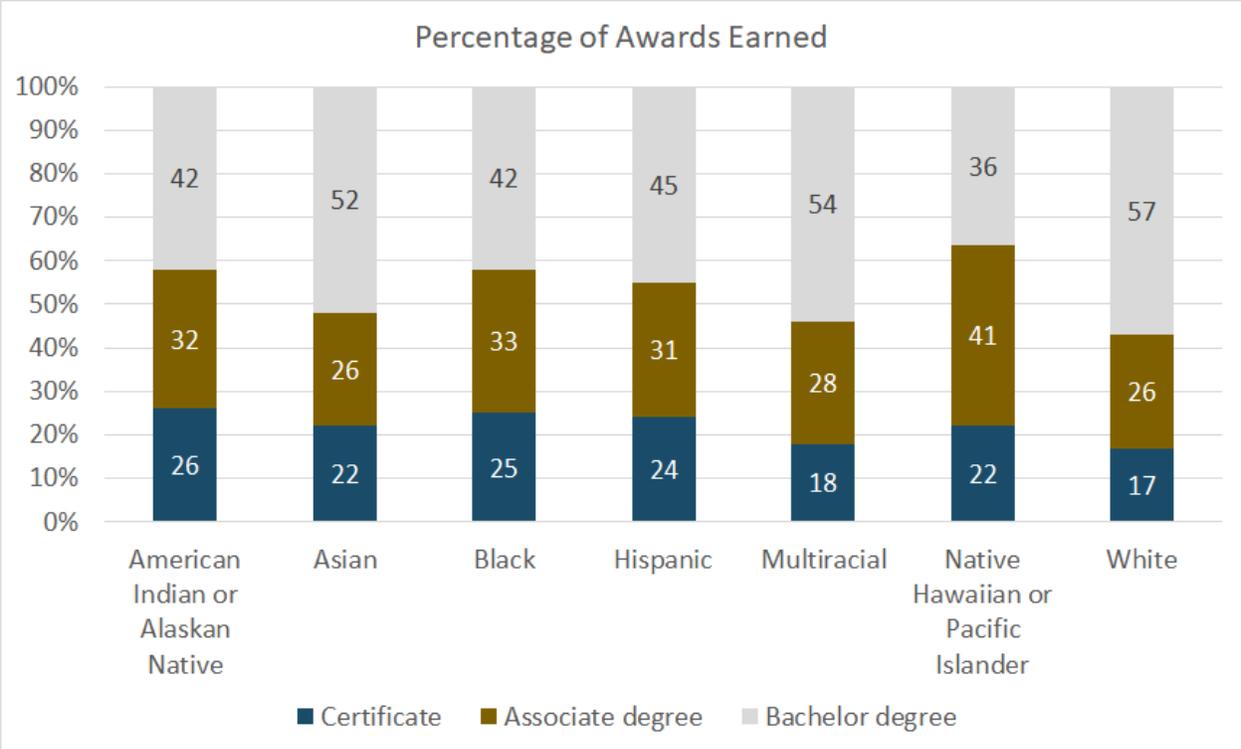


Figure X. Percentage of awards earned at state colleges, state universities, the University of Minnesota, and private colleges/universities.

In summation, even though students of color and indigenous students make up a larger share of Minnesota students in the K-12 system than in previous years, there are persistent disparities in their graduation rates from high school and in their enrollment in colleges and universities. Students of color and indigenous students are less likely to graduate from high school, less likely to enroll in postsecondary education, and less likely to persist each year of enrollment in postsecondary education. Students of color and indigenous students are also more likely to enroll at two-year colleges compared to White students, have significantly lower graduation rates at all colleges/universities, and are less likely to earn bachelor degrees.

**Student Retention and Completion**

While experts have suggested several factors are associated with lower persistence and completion rates, students of color are likely to encounter additional barriers not faced by their

White peers. For instance, students of color are more likely to enroll part-time and are more likely to be first-generation students compared to White students. Additionally, students of color are older, more likely to be from low-income families, are more likely to be transfer students, and are more likely to enroll in developmental courses. Those factors can sometimes serve as barriers to students' college completion.

### Part-Time Enrollment

As noted above, students of color are more likely to enroll part-time at most colleges and universities in Minnesota (Figure X). Students who attend part-time at any Minnesota institution have lower first-year retention rates (fall to fall enrollment) than full-time students (Figure X; Minnesota Office of Higher Education, 2017).

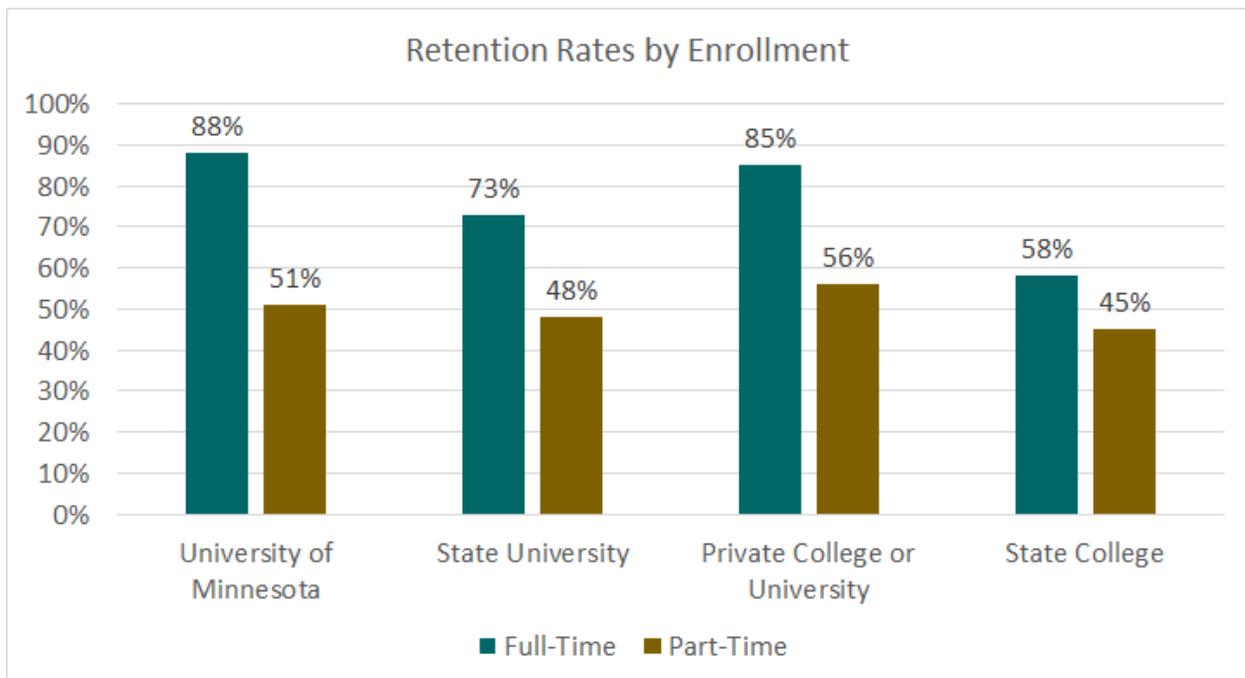


Figure X. Retention rates by enrollment level and institutional type.

### First-Generation Students

Additionally, students of color are more likely to be first-generation college students.

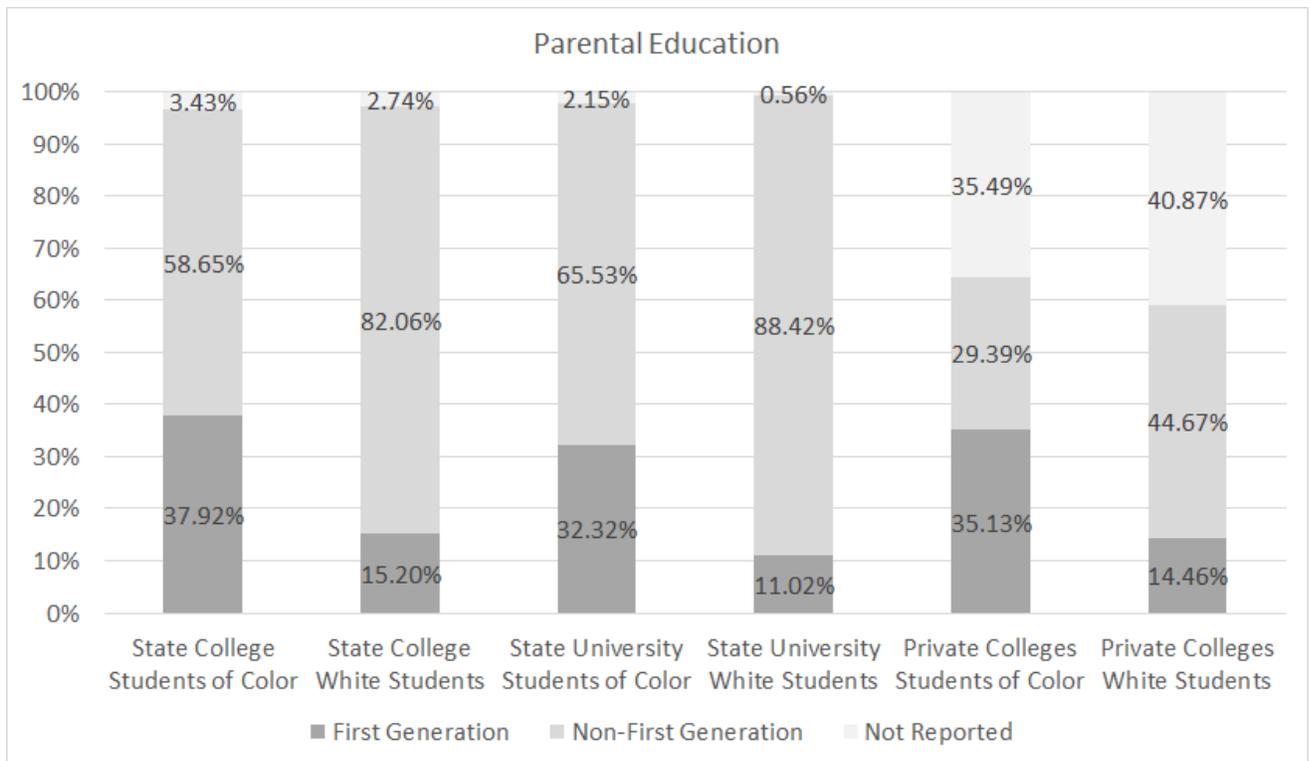


Figure X. Parental education by race/ethnicity and institutional type, fall 2017 enrollment.

Note. The University of Minnesota did not report parental education and state colleges and universities reported first-generation as neither parent attended college. The private colleges reported whether neither parent attended college, neither parent completed any postsecondary credential, and neither parent received a bachelor’s degree, which were summed to equal “first-generation” status.

### Low-Income Backgrounds

Students of color are also more likely to be from low-income families. Economics, race/ethnicity, and higher education are intertwined in ways that continually reproduce social stratification. Proportionally, students of color and indigenous students are more likely to qualify for free or reduced price lunches compared to White students (Table X; Minnesota Office of Higher Education, 2019c).

Table X

*Percent and number of high school graduates who qualified or did not qualify for a free or reduced price lunch (2014)*

	Qualified for Free or Reduced Price Lunch		Did Not Qualify for Free or Reduced Price Lunch	
	<i>n</i>	%	<i>n</i>	%
American Indian or Alaska Native	637	72%	249	28%
Asian	2547	65%	1375	35%
Black	4020	84%	783	16%
Hispanic	2337	77%	685	23%
White	11810	26%	33054	74%
Students of Color	9541	76%	3092	24%

Students of color and indigenous students who qualify for free or reduced price lunch at any time in high school are significantly less likely to enroll in Minnesota higher education institutions compared to their peers who did not qualify for free or reduced lunch (Table X; Minnesota Office of Higher Education, 2019c).

Table X

*Percent enrolled in Minnesota or an out-of-state college in the fall immediately following high school graduation (2014)*

	Qualified for Free or Reduced Price Lunch: Percent Attending College	Did Not Qualify for Free or Reduced Price Lunch: Percent Attending College

American Indian or Alaska Native	36%	65%
Asian	63%	84%
Black	57%	75%
Hispanic	46%	69%
White	52%	79%
Students of Color	54%	77%

The resulting effects mean that, of the students of color attending college, the number who qualified for free or reduced lunch attending college (5,152) more than doubles that of those who did not qualify for free or reduced lunch (2,380). Of the 7,532 students of color attending higher education, 68% qualified for a free or reduced lunch (5,512) compared to 19% of White students attending higher education who qualified for a free or reduced lunch (6,141 out of 32,254) (Table X; Minnesota Office of Higher Education, 2019c).

Table X

*Number of students attending higher education by enrollment in free/reduced price lunch (2014)*

	Number Who Received Free/Reduced Price Lunch and Enrolled in Higher Education	Number Who Did Not Receive Free/Reduced Price Lunch and Enrolled in Higher Education	Total Enrolled
American Indian or Alaska Native	229	162	391
Asian	1,605	1,155	2,760
Black	2,291	587	2,878

Hispanic	1,075	4,723	5,798
White	6,141	26,113	32,254
Students of Color	5,152	2,380	7,532

**Age**

Students of color tend also tend to be older than White students across all institutional types, with more pronounced differences at state universities (Figure X; Minnesota Office of Higher Education, 2019b). The differences in students’ ages are also reflected in recent 2017 graduation rates (Figure X; Minnesota Statewide Longitudinal Education Data System, 2019d). Students of color who recently graduated with a credential in 2017 are more likely to be older than White students, with some significant variation by race/ethnicity. For instance, 51% of recent Black graduates were 35+ compared to 34% of American Indian or Alaska Native students, 19% of Asian students, 25% of Hispanic students, 37% of Hawaiian or Pacific Islander students, 25% of multiracial students, and 24% of White students.

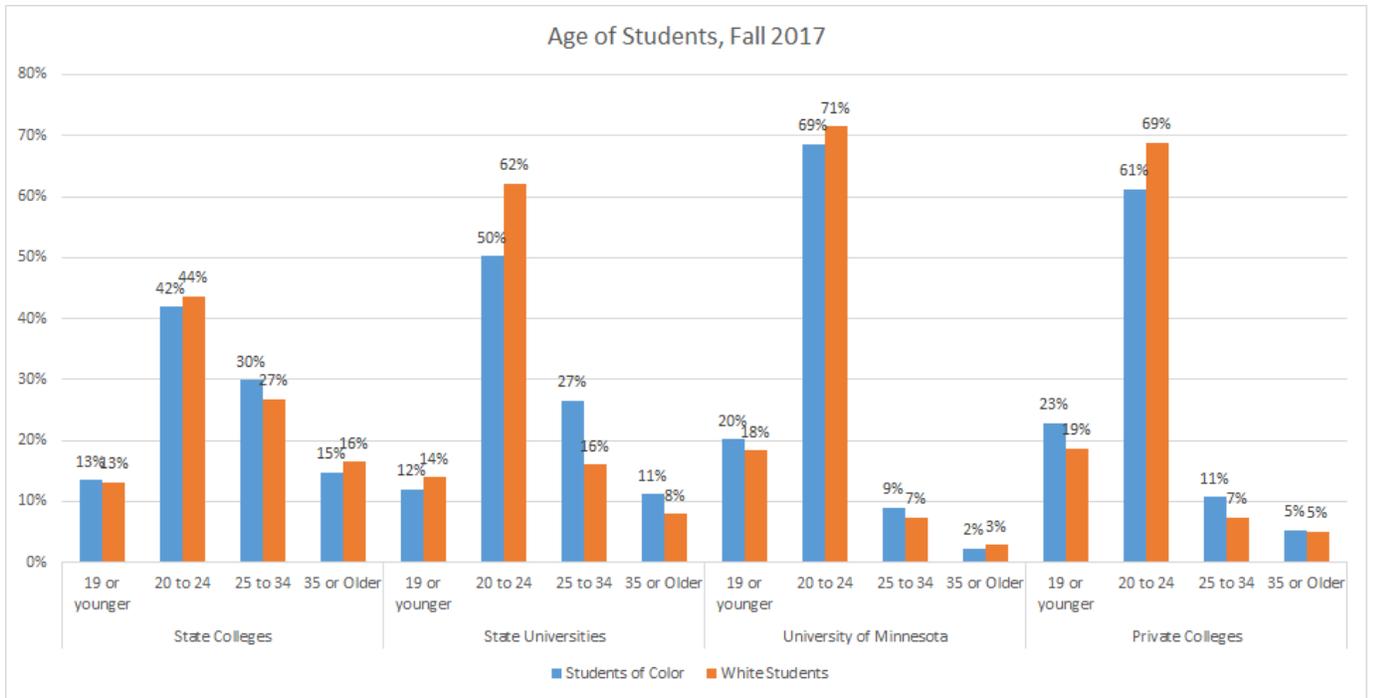


Figure X. Age and race of students enrolled at four institutional types, fall 2017.

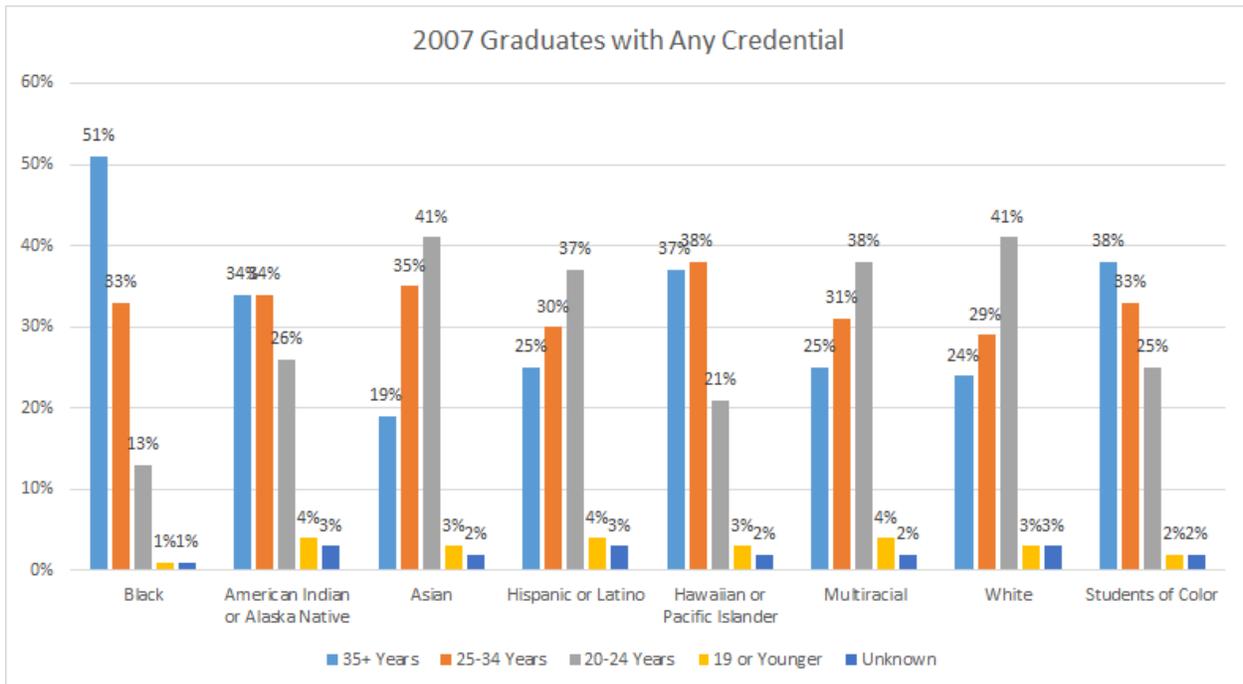


Figure X. Age and race of 2017 graduates with any credential.

## **Transfer Students**

Students of color are also more likely to be transfer students. Recent new student enrollment data from 2018 suggest that some students of color groups are more likely to be transfer students; for instance, 56% of Native Hawaiian or Pacific Islander new undergraduate students were transfer students, 48% of Black students were transfer students, 39% of American Indian or Alaska Native students were transfer students, 36% of multiracial students were transfer students, 34% of Asian students were transfer students, and 33% of Hispanic students were transfer students compared to 36% of White students who were transfer students (Minnesota Statewide Longitudinal Education Data System, 2019c).

Transfer students often take longer to complete their degrees, often because they may experience difficulty in transferring credits or because they may change majors, which requires extra classes to complete. Students who attend part-time and receive Pell grants tend to have the lowest graduation rates across institutional types (Figure X; National Center for Education Statistics, 2019b). The group with the third lowest rates of graduation across all institutional types are part-time transfer students, followed by part-time transfer students. In general, students who attend part-time, receive the Pell grant, and have transferred from another institution have among the lowest eight-year graduation rates across all institutional types compared to their peers.

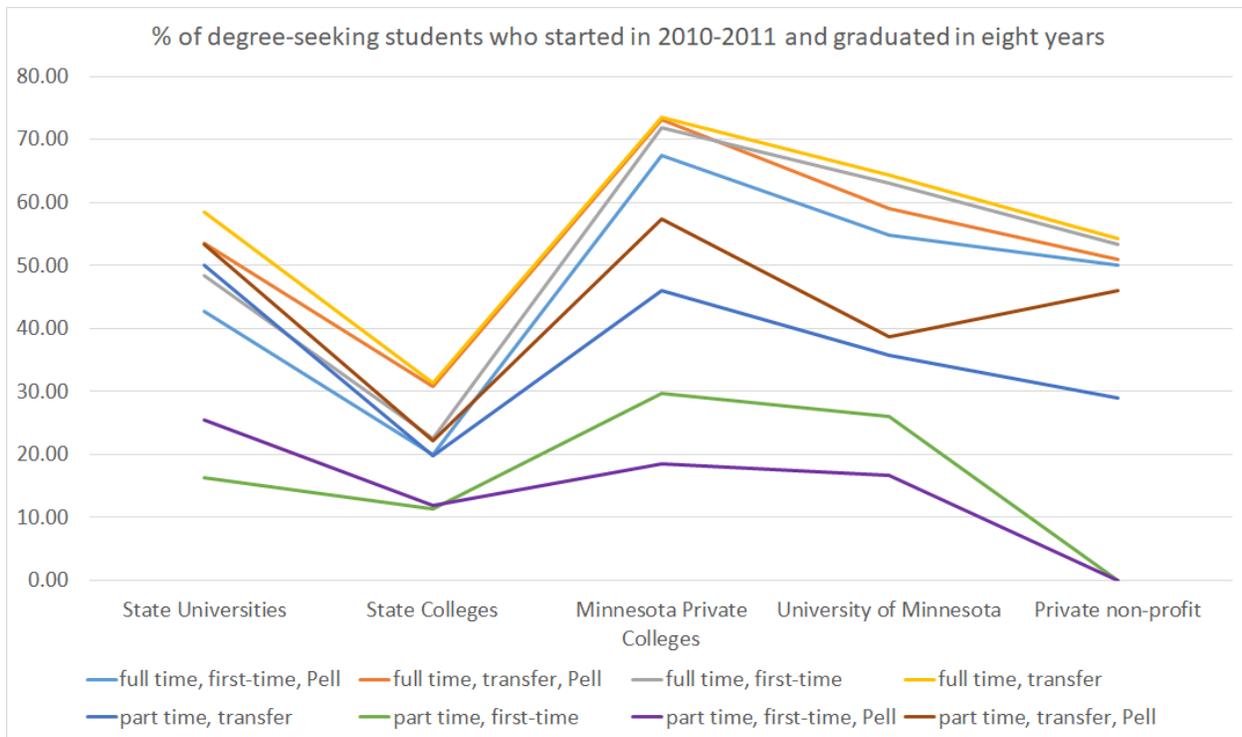


Figure X. Eight-year graduation rates among students who started in 2010-2011.

### Developmental Education Courses

Students of color are more likely to enroll in developmental education courses, which can serve as a roadblock to their degree completion or delay degree completion (Figure X and Figure X, Minnesota Office of Higher Education, 2019p; Minnesota Statewide Longitudinal Education Data System, 2019b). Students from lower-income backgrounds are also more likely to enroll in developmental education courses compared to their peers (Figure X, Minnesota Office of Higher Education, 2019p). Students who enroll in developmental courses tend to have lower second-year persistence rates compared to their peers across all institutional types (Minnesota Office of Higher Education, 2019o). Furthermore, students who enroll in developmental education have lower 150% graduation rates compared to their peers (Figure X; Minnesota Office of Higher Education, 2019o).

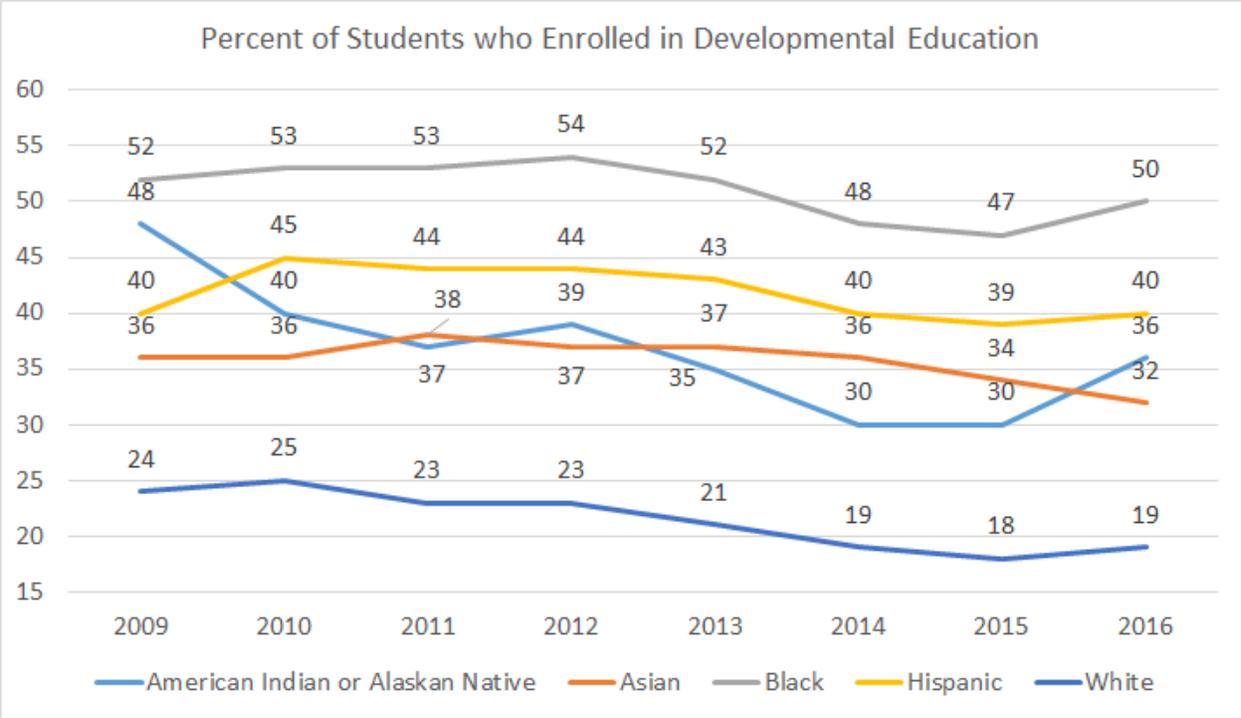


Figure X. Percent of students who enrolled in developmental education, by race/ethnicity and high school graduation year.

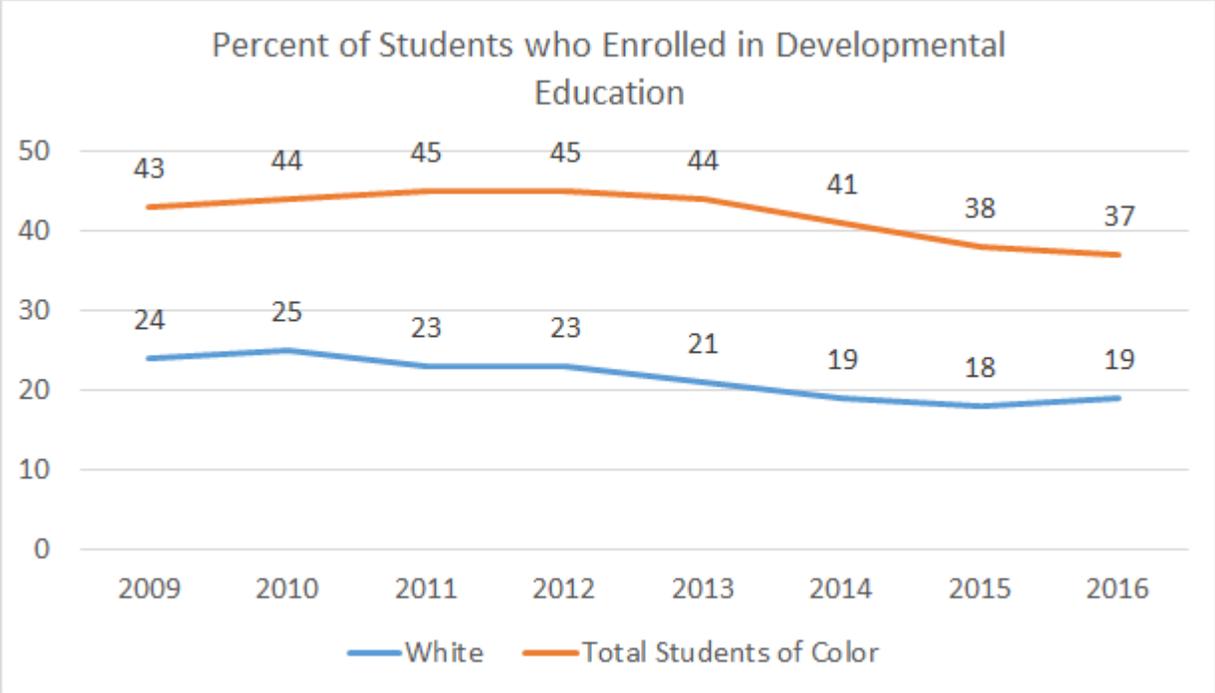


Figure X. Percent of students who enrolled in developmental education, by race/ethnicity and high school graduation year.

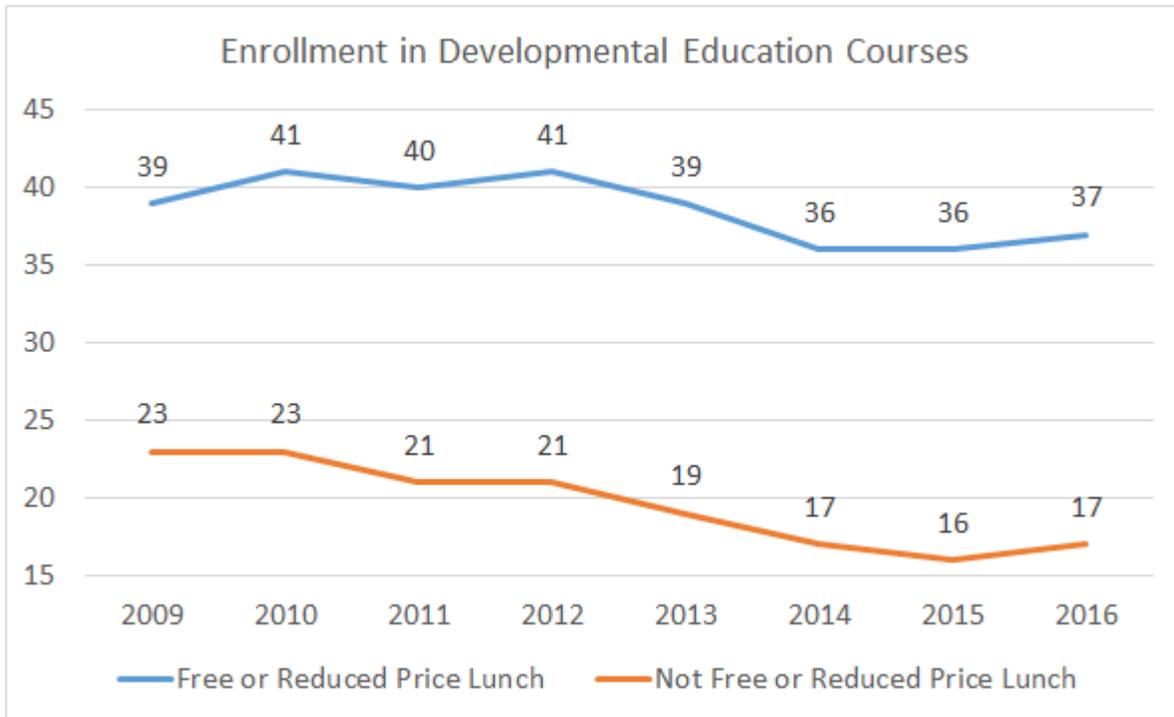


Figure X. Percent of students who enrolled in developmental education, by income and high school graduation year.

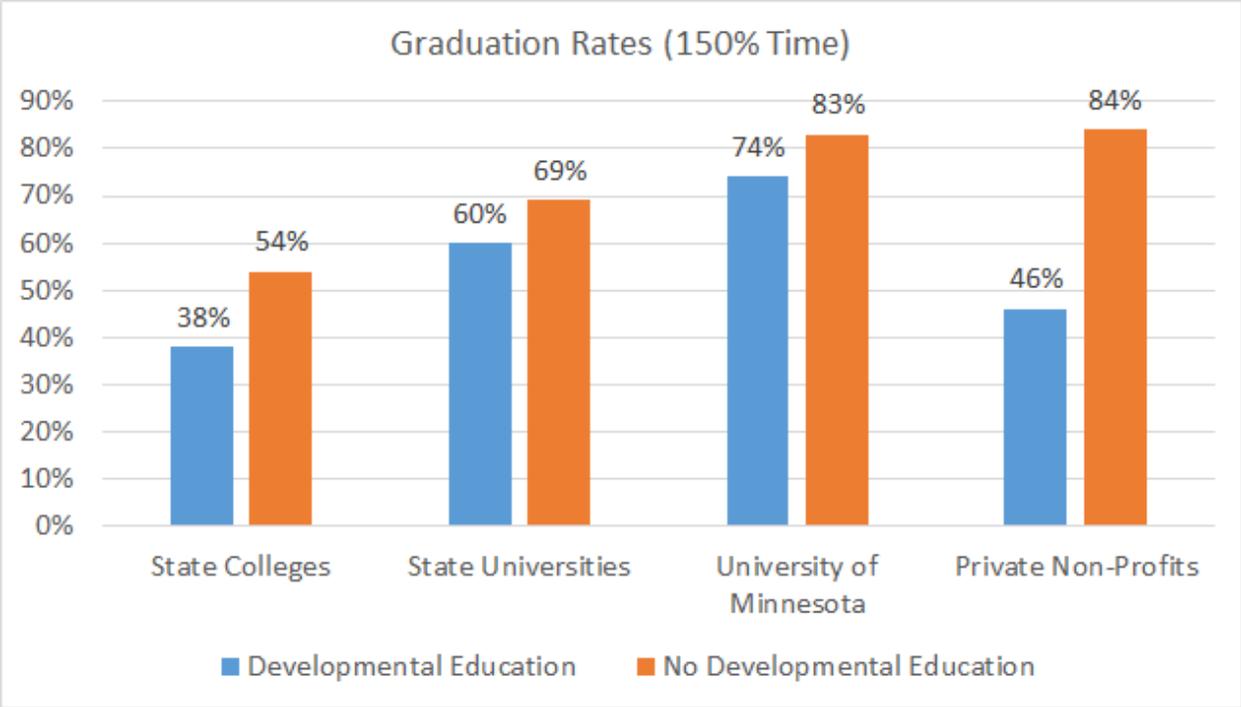


Figure X. Graduation rates in 150% time for 2011 high school graduates, by institutional type and development education enrollment.

**Higher Education Finance in Minnesota**

**Financial Aid Application Rates**

Minnesota ranks 24th in the nation for the percentage of undergraduates who applied for financial aid in 2015-2016 (63%) (Figure X; The Institute for College Access & Success, 2019).

Completing the Free Application for Federal Student Aid (FAFSA) is an important step in determining students’ eligibility for financial aid, including state financial aid programs such as the state grant. There is also an association between college attendance and completion of the FAFSA: over half of the students who did not attend college in 2013 cited that they did not complete the FAFSA because they did not know they could complete the application (59.5%), they did not have enough information about how to complete a FAFSA (56.2%), or they believed

their grades or test scores were too low to qualify for financial aid (60.7%) (National Center for Education Statistics, 2016).

There are also some disparities between students' application rates at different types of institutions in Minnesota, with dependent students at private for-profit and public two-year colleges filing at lower rates than dependents at public four-year colleges or private non-profit colleges (Figure X). Schools that tend to have higher rates of dependent students apply for financial aid and lower rates of independent students applying for financial aid tend to be private non-profit institutions (Figure X). Schools that have approximately the same rates of dependent and independent applicants tend to be state colleges and universities (Figure X).

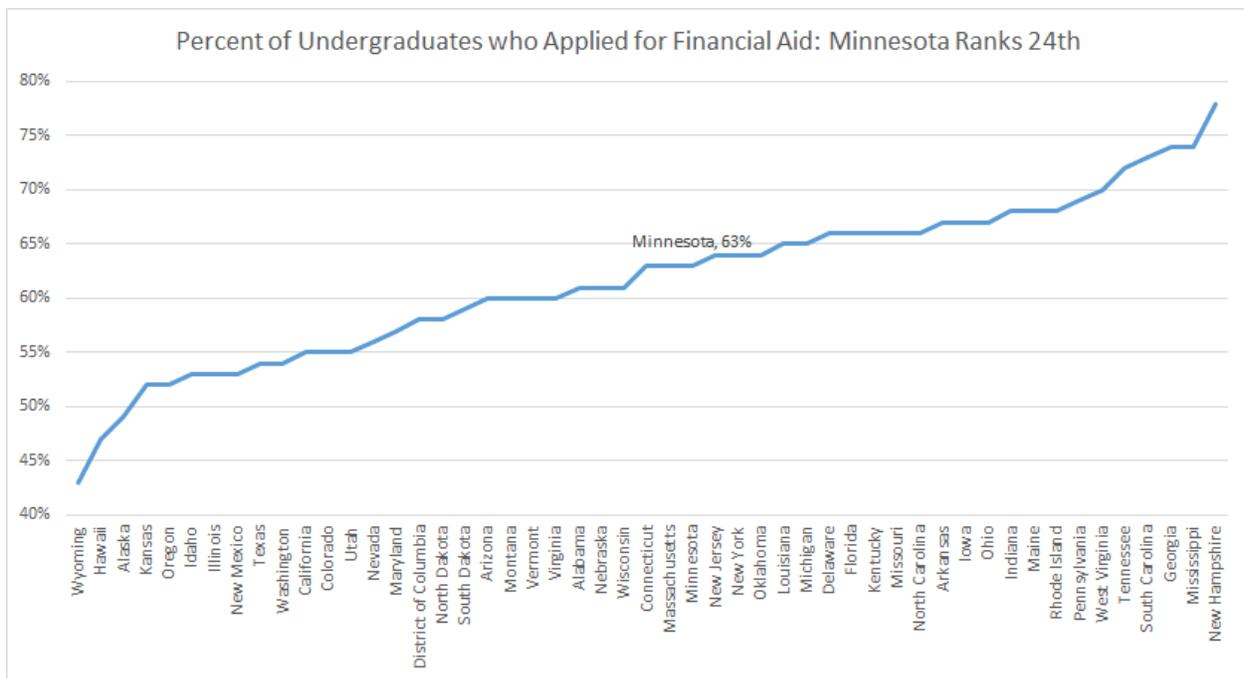


Figure X. Percent of undergraduate students in each state who applied for financial aid, 2015-2016.

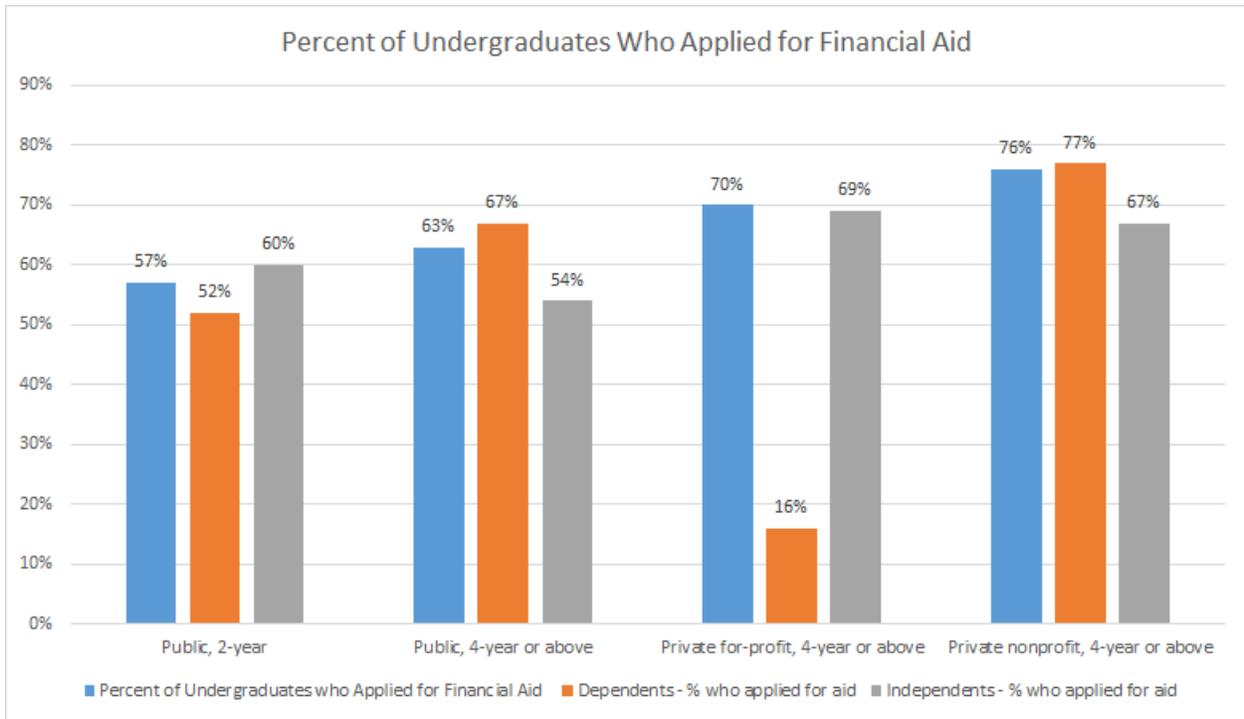


Figure X. Percent of dependent and independent students who applied for financial aid in 2015-2016 by institutional type.

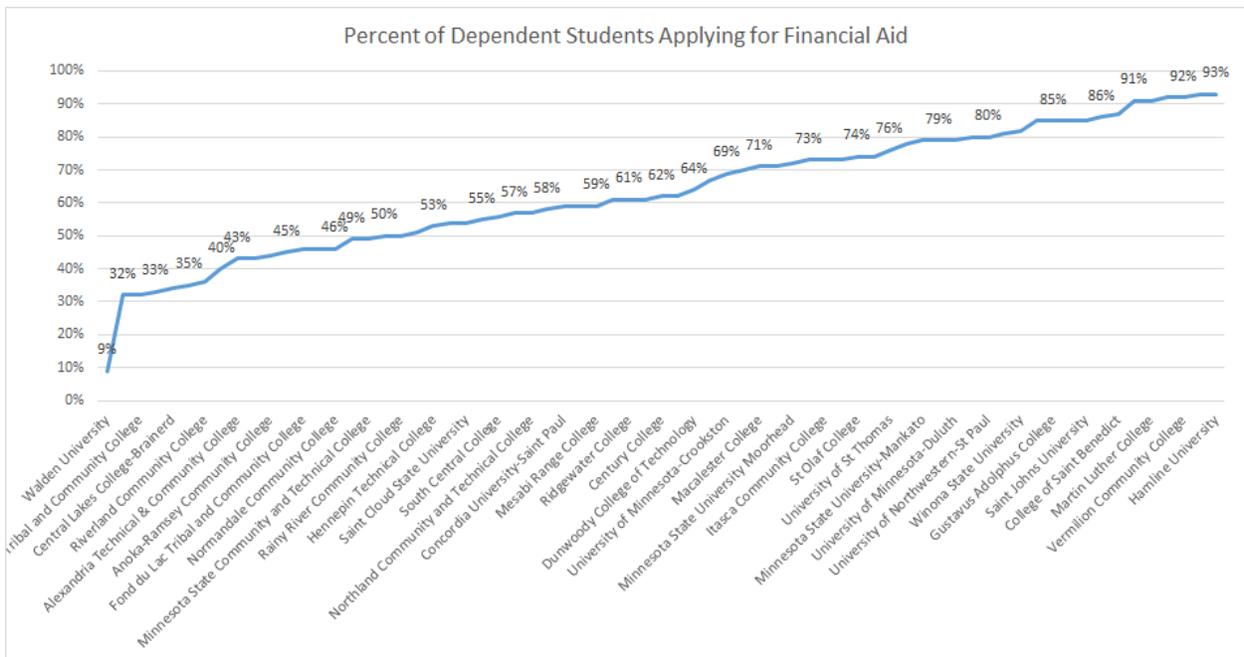


Figure X. Percent of dependent students applying for financial aid at each institution, 2015-2016.

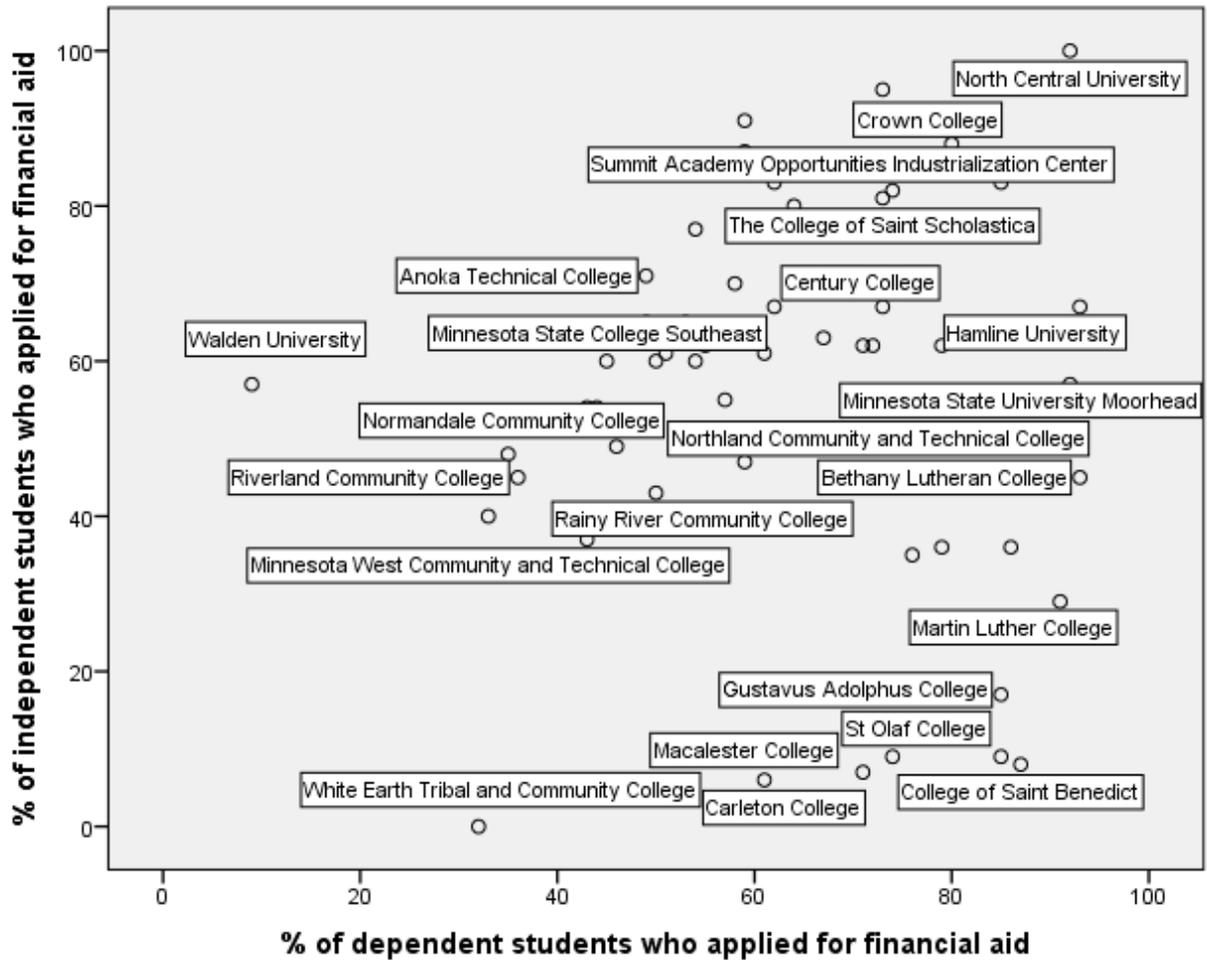


Figure X. Percentage of independent and dependent students who applied for financial aid.

Additionally, there are some institutions that often have higher percentages of students of color enrolled with lower-than-average percentages of dependent and independent students who apply for financial aid (Figure X and Figure X). Nationally, more dependent students of color are likely to complete the FAFSA compared to White students, although independent Asian students tend to have lower FAFSA filing rates compared to all other groups. While it is not possible to analyze disparities in the proportion of students of color who do and do not apply for financial aid across institutions, it is possible to analyze whether there are institutions who have higher-than-average proportions of students enrolled who are students of color along with lower-than-

average percentages of dependent students and independent students who apply for financial aid. The average percentage of students of color enrolled in the sample was 22.54%, the average percentage of dependent students who applied for financial aid was 63.35%, and the average percentage of independent students who applied for financial aid was 55.25%. The schools with a higher-than-average percentage of students of color and a lower-than average percentage of dependent students applying for financial aid are presented in Table X.

Nationally, there is a negative relationship between FAFSA degree completion rates and percentage of poverty rates in school districts: FAFSA degree completion rates tend to be lower in school districts with higher levels of poverty (Page, Lowry, & Nurshatayeva, 2017).

Minnesota is one of the few states in which the gaps between school district poverty and FAFSA completion rates are lower, although trends suggest that higher poverty districts are seeing fewer FAFSA applications (Page et al., 2017). Although experts suggest that up to one-third of students who do not complete the FAFSA would be eligible for Pell grants (Page & Scott-Clayton, 2016), many students do not complete the FAFSA because they assume that they would not be eligible for financial aid (Davidson, 2013). Common barriers to FAFSA applications include lack of student information about the FAFSA application, misconceptions about the costs of education (which deter students from even considering college as an option), and the complexity of the FAFSA application form (Davidson, 2013).

Several students interviewed for this project noted the complexity of the FAFSA application and shared some of their personal challenges completing the FAFSA. Sean, for instance, discussed knowing very little about the financial aid application process in general:

I knew little to none about financial aid. Honestly, for financial aid I knew is that. just basic basic stuff like, oh yeah, you're gonna get some money from the state or federal

governments. I didn't like the specifics of it. It's not like FAFSA I had to fill out but I didn't know like a whole lot regarding financial aid in high school until I started researching senior year and start asking my parents about it and stuff.

Jose noted that

I didn't know (financial aid) was even in existence. I always heard the rumors of college is so expensive. The reason why people in lower class communities can't go is because they couldn't afford it. So I always thought that when I entered, it's like oh, it is still expensive but I can find I can apply for financial aid that helps. I didn't know that I could do that. I didn't even know that something like that was available.

Jose next described receiving financial aid information from his college counselor. Maggie described learning about financial aid “mostly through like counselors in high school who gave like the forms and like resources to apply to that kind of stuff. That's how I found out about it.” Similarly, Ivan discussed that he knew about FAFSA after getting accepted to colleges, who sent him information about the FAFSA:

The FAFSA was like I just knew it because when I got accepted to colleges like they send all the information regarding financial aid. And that was the only thing I knew about financial aid beforehand like when I was in high school. I didn't know there was financial aid.

Many of the students interviewed were first-generation students who conveyed that their parents were not able to help them with their applications. Students therefore turned to their older siblings or college counselors for assistance. Yalisa shared that “Most of my knowledge is from my brother and my cousin because they both went to U of M and they are graduated.” Roger, for instance, received assistance at Normandale Community College:

For Normandale, we went to an open house and they basically just like had computers set up for everybody to like apply and so I just sort of sat there and they like answered all the questions and filled in all the blanks. My mom wasn't really much help, we had to ask whether a person who was like leading the event or tour was like I have asked them like, hey, do I fill in this thing, or that thing? So my mom didn't really know and she wasn't really much help. For Normandale, it was sort of like and then we got to know how it worked entirely and I had to go to the financial aid office and ask them how that stuff worked. And so yeah I was pretty much how that went.

Shayla also noted that she had a counselor at Normandale Community College help her with submitting the FAFSA application. Shayla, like many of the other students who were interviewed, knew about the financial aid application but had a unique family situation and did not know how to respond to some questions on the FAFSA because of her situation. She said,

I knew quite a bit about just my two sisters had like had to use it beforehand, but the hardest thing about it was like figuring out whether or not we had to put my dad on the form because we never lived with my dad. My dad never had custody of us. So we actually didn't have to claim him or he didn't put him down. But then there's like a short period of time when I lived with him, so he claimed me. So I remember meeting with someone at Normandale till so to walk me through the process of it. So like yeah I knew it existed though.

A common experience among students was that they did not know the details of the financial aid process. Ivan discussed that,

Yeah. I think one of the major issues of going to college is not enough information about college scholarship options or like financial aid. Like how much you can get. Like I didn't

know there was I think a little calculator that can estimate the price cost and they'll be really hopeful but I didn't know about them.

Clara mentioned

I don't remember having anything I knew... Since my mom got loans, I remember being aware of those as a kid. Like, oh I don't know what they were, but I knew that you get them you would be able to get money to pay for your expenses when you're in college. So I knew that. But in terms of specifics I had no idea. And that's basically that's what resulted in me being in Milwaukee and not having enough money because I was banking on the fact that, oh, you know I don't have any money, I'm like lower income, I'm poor, they're gonna give me loans at least. And that wasn't that wasn't the case, like there wasn't enough loans for me either...So I really opened my eyes to financial aid and all the ins and outs of the things that you have to do and the things you qualify for...so just kind of that it's a more complicated process than getting money to pay for school. Yeah, so definitely in high school I had very limited knowledge. They probably briefly talked about financial aid for like a presentation in class maybe like 10 minutes.

Some students received more high school support with applying for financial aid, for instance, Kava, who attended high school in North Carolina, discussed receiving assistance within the college-going culture of his high school from his high school guidance counselors, peers, and teachers, although he had to conduct a lot of ancillary searching on his own to get answers to questions:

But anyways before that application, you know guidance counselors, teachers, you know there was I was in AP classes and also a lot of my peers were doing the same thing. So we kind of all did it together. You know what school are you doing, or how do you do

this, and their parents had a little bit of a leg up, and so just kind of doing that same thing asking questions. Google was very helpful and then FAFSA. FAFSA was one of the biggest things you know. My parents were like, you do your FAFSA before you do your application, you know that kind of thing. And so that was pretty straightforward actually. I mean. I know our school had a lot of sessions where, like, you don't understand the FAFSA come to our open hours library and we can have someone walk through it with you, but you know my parents had went through it with my older sister and so with me it wasn't too difficult. I think it was just, "dad, what's your social security number again?" kind of thing. So it wasn't as difficult as we thought.

Other students encountered more challenges in the application process. For example, Narissa noted that barrier of verification, which is a secondary process whereby students need to verify their income (or family income) through their financial aid offices. The verification process can serve as a barrier to many students and further increase the complexity of the financial aid application process (Selingo, 2017).

I hated it (applying for financial aid), so because my parents were divorced and my dad got remarried my FAFSA pretty much got like, what is it, everything on there needed to be verified because it was like discrepancies. Pretty much every college I would have to like give them more information and talk to both of my parents and have them sign forms. And so I didn't get all of my financial aid until like late April because I was just so late about and I didn't know that that's what I had to do. So of course like, knowing how much money I'm going to be able to receive I'm going to each school's very important. So I was really really late and I actually had to get an extension too. To confirm that I was going to go to the U because I wasn't sure yet. I didn't receive my financial aid. So I was

like really stressed out do you want to go to college where it's annoying right. It seems like every year I have to do the whole verification process again. And of course every year I'm putting it off because I was like, Oh, I haven't gotten the information back because with his restaurant he has to like he has to have like an external source to his taxes and that takes a long time. It just happens every year.

Amanda, who experienced homelessness in high school after her mother died, described more significant challenges with completing the FAFSA:

Yeah, in the first year that I did it, it was hard because I remember I wasn't sure what I was supposed to put down, because it was more complicated, I remember. I think it's also hard to do. The first time I ever did financial aid paperwork, and for the most part I was doing it alone, there was I asked my social worker at school to help me. She don't really know what to do. So I kind of filled it out on my own and then it said something like you can choose to not include correct information or something, and I did that, and then there were some issues. And then all I know is that, the years after that I did, it definitely, but it's still the same concept but some part of it was different. And I remember that a financial advisor at the U of M was like, ok, you marked this differently last year. I was like, I mean it's still the same thing. My point is that my parents aren't available to do it and it doesn't have an option for it like one of my parents was not part of my life and one of them is dead. Like I just didn't have an option like that me. Yeah. It was actually really difficult and it's still kind of rough sometimes but I feel like last year or two it's gotten better when I filled it out. But it's still kind of rough. I just wish I could just click. You know one parent is deceased, the other one is not part of my life.

John, whose parents were divorced, noted that he was “just on my own” when it came to applying for financial aid.

While institutional representatives can at times be helpful for students, a few students indicated feeling dissatisfied with inconsistent advice (or poor advice) and feeling frustrated because they could not find one person who could provide them with useful guidance. Amanda noted that there was “kind of like a financial aid helper” who emailed her in her first year and she felt “like really excited because I again don't really have adults, especially at the time, I don't have adults that could help me figure out how to do anything document wise and so that, I was like Hey that's great. I can ask him for questions and stuff.” the employee than gave her incorrect information, and Amanda felt that “I was like, you're like assigned to me or you or something like You know, I don't know if this is a weird thing, that you just didn't have it right.. and I don't know I just I feel like he didn't care that much.” To receive some help, Amanda turned to her boyfriend’s father, “because he knows some stuff about financial things.” She believed that perhaps the financial aid employee was not helpful because “maybe it's burnout. I don't know maybe he was just so stressed with the general job but it was just like I don't feel like I was getting any help. I was like Why are you are you getting paid for helping me because I don't think it's helpful to be honest. And so that was really hard. But that's that's what happened. And he, I just I haven't talked to him since.” Amanda also discussed getting the run-around when it came to getting advice regarding withdrawing from the University for a semester and the impact of withdrawing on her financial aid.

Some students also discussed the anxiety that came along with applying for financial aid year after year. For instance, Amanda noted that

I would say one of the biggest things is I just wish that I could, honestly when financial aid stuff comes up once, that time of the year comes around, I always get anxious because I just wish I could explain everything and have everything laid out perfectly so that. So everything could be cleared for everyone and it just never is. So it just always puzzles me and gives me anxiety because there isn't an area that says "Okay explain why, explain why this and this." And I understand that it's probably because they have to see so many different students' financial information so then it's like that too much for them to have to read through but it just yeah. But that's one thing that's been really hard.

The higher education institutions with higher-than-average numbers of students of color with higher-than-average financial aid applicants were Saint Paul College (63% students of color, 78% applied), St. Catherine University (31% students of color, 80% applied), University of Minnesota Morris (26% students of color, 86% applied), Hamline University (25% students of color, 93% applied), and Crown College (23% students of color, 73% applied). Those are therefore institutions to explore for best practices in encouraging more students to apply for financial aid.

Additionally, there are some school districts in Minnesota with higher-than-average FAFSA completion rates (as of June 2018). School districts with over 80% completion rates include Bluesky charter school, Browerville, Cedar Mountain, Great River, Heron Lake-Okabena, Hmong College Prep Academy, Kittson Central, Lake of the Woods, Lanesboro, Lincoln International, Nicollet, Pine River, Red Lake, and Springfield (U.S. Department of Education, 2019). Those school districts are very small compared to the largest school districts in Minnesota, Anoka-Hennepin, St. Paul, Minneapolis, Rosemount-Apple Valley-Eagan, and

Osseo, who had 65-69%, 60-64%, 75-79%, 65-69%, and 65-69% FAFSA completion rates, respectively (U.S. Department of Education, 2019).

Among the five most racially diverse school districts in Minnesota--Burnsville, St. Paul, North St. Paul, Robbinsdale, and Minneapolis--FAFSA completion rates as of June 2019 were 65-69%, 60-64%, 60-64%, 55-59%, and 75-79%, respectively (U.S. Department of Education, 2019). Among the next five most racially diverse school districts--Columbia Heights, Osseo, Roseville, Willmar, and Brooklyn Center--the FAFSA completion rates as of June 2019 were 50-54%, 65-69%, 65-69%, 50-54%, and 65-69%, respectively (U.S. Department of Education, 2019).

Table X

*Colleges and Universities with Higher-than-Average Enrollment for Students of Color and Lower-than-Average Percentage of Dependents Applying for Financial Aid*

	% dependents applying for financial aid	% students of color enrolled
Century College	62	38
Carleton College	61	25
Rochester Community and Technical College	61	24
Concordia University - St. Paul	59	29
Minneapolis Community & Technical College	58	57
Leech Lake Tribal College	57	91
North Hennepin Community College	55	47
Metropolitan State University	54	43

Hennepin Technical College	53	43
Normandale Community College	46	36
Inver Hills Community College	46	32
White Earth Tribal and Community College	32	82

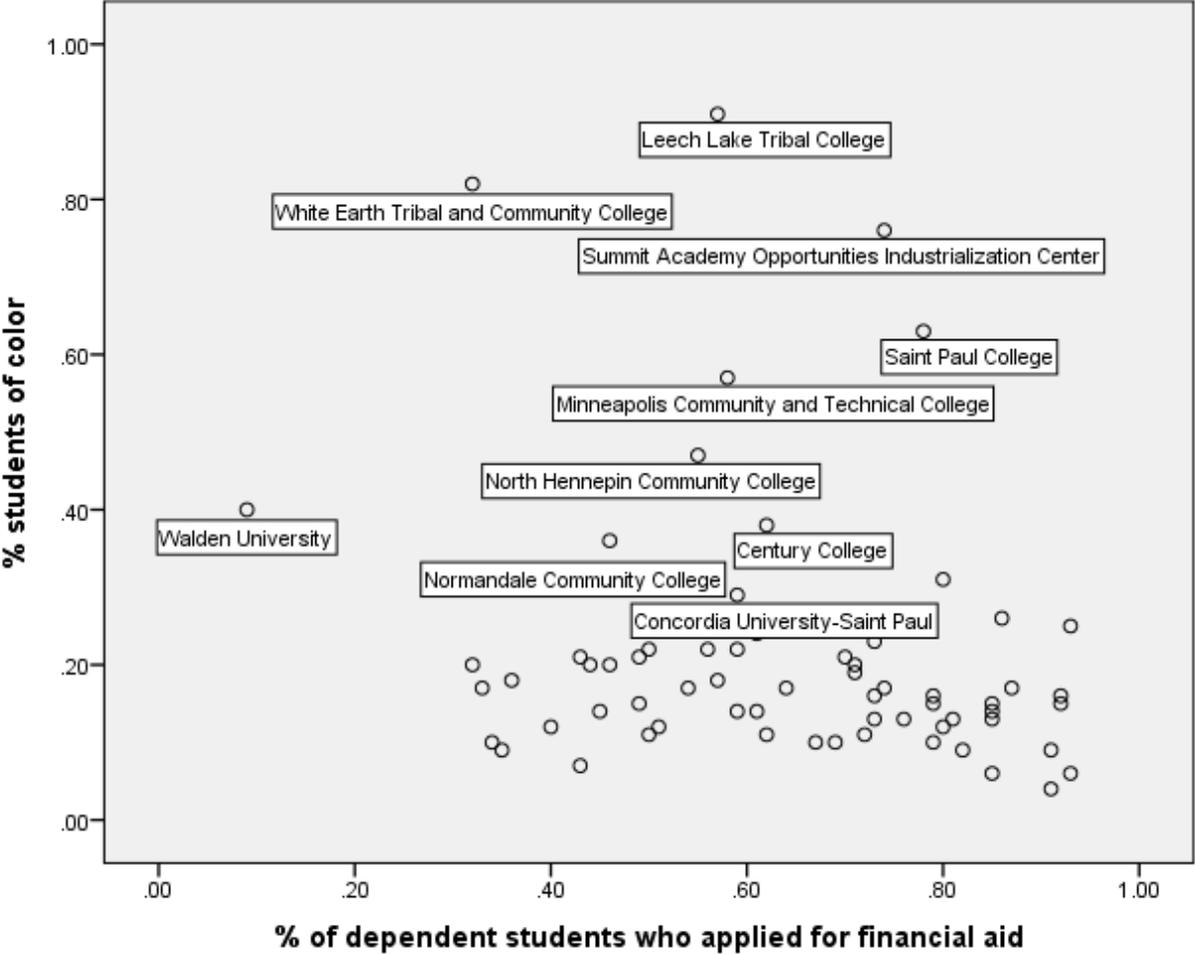


Figure X. Percentage of students of color and percentage of dependent students who applied for financial aid at each institution.

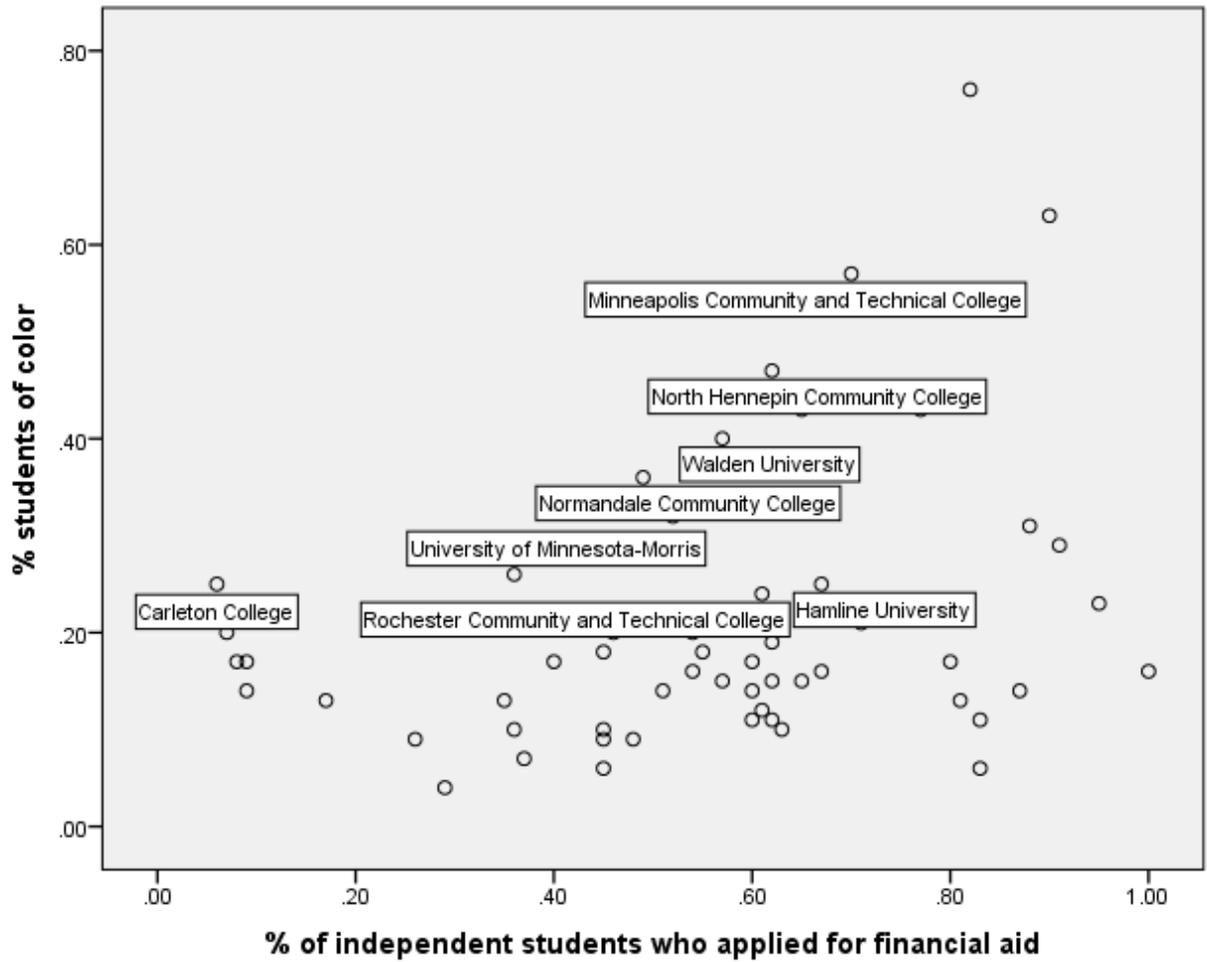


Figure X. Percentage of students of color enrolled and the percentage of independent students who applied for financial aid at each institution.

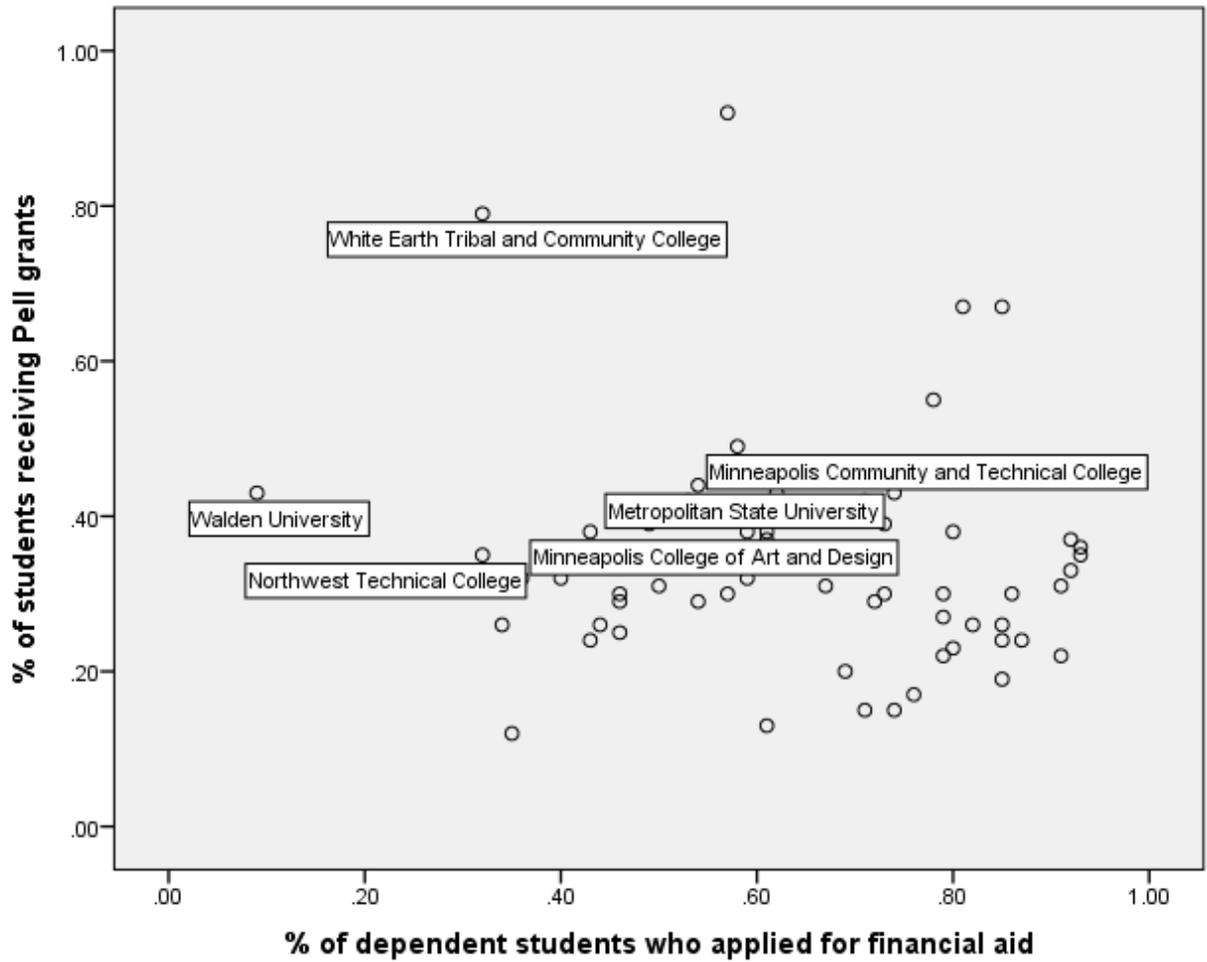


Figure X. Percentage of students who enrolled who receive Pell grants and percentage of dependent students who applied for financial aid at each institution.

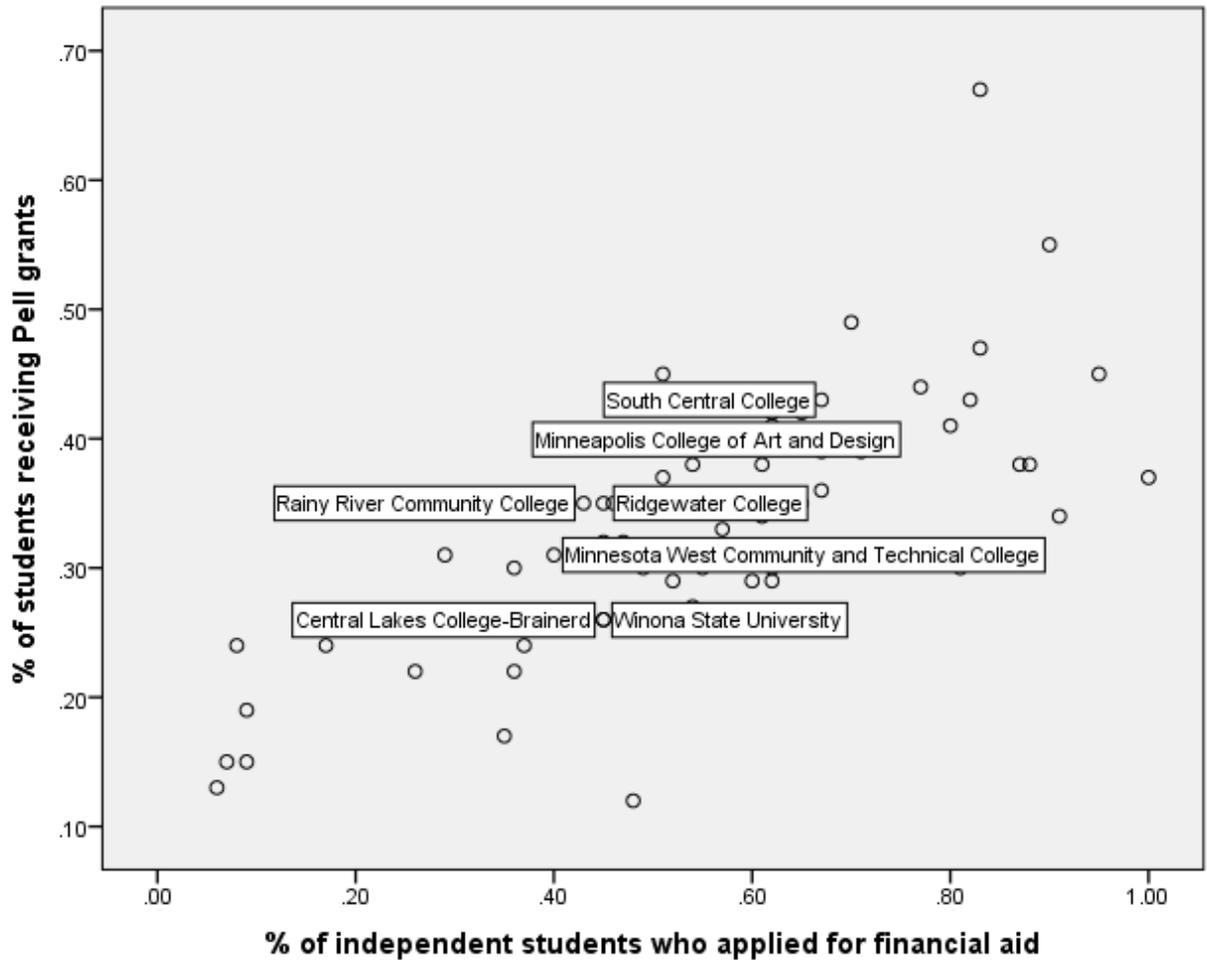


Figure X. Percentage of students who enrolled who receive Pell grants and percentage of independent students who applied for financial aid at each institution.

### System of Shared Responsibility

After experiencing a crisis in state funding in the early 1980s, Minnesota adopted a high-tuition and high-aid market model for financing higher education (St. John, Barnett, & Moronski-Chapman, 2013). The state uses the logic of both explicit and implicit shared responsibility for funding students' enrollment:

- Explicit: student responsibility (known as the “assigned student responsibility”)

- Explicit: family responsibility as defined by federal need analysis (FAFSA expected family contribution, or EFC)
- Explicit: federal and state taxpayer responsibility through aid to colleges and students (i.e., Pell grant program, Minnesota state grant program)
- Implicit: costs of attendance beyond expected work, loan contributions, grants, or scholarships

Under this shared responsibility plan, the state maintains that students “make a significant investment in their own postsecondary education up front” (Minnesota Office of Higher Education, 2019f, p. 1). All college students are required to contribute 50% to their price of attendance, meaning that they are responsible for paying 50% of their expenses via personal funds, past income (savings), current income (earnings), student loans, school sources (like scholarships or institutional aid), or private sources (e.g., employer support). For dependent students, the other 50% is met by contributions from parents (parent loans or personal funds), the federal Pell grant, or the Minnesota state grant (Minnesota Office of Higher Education, 2019g). Parental “assigned family responsibility” is calculated by multiplying  $.84 \times$  the expected family contribution (EFC, as determined by the FAFSA). Independent students shoulder an extra burden of family responsibility on top of the 50% student responsibility. For independent students, the additional “assigned family responsibility” is calculated at different rates based upon whether they have dependents ( $.40 \times$  EFC for students without dependents and  $.76$  for students with dependents).

Among the students interviewed for this report, most of whom qualified for free and reduced price lunch in high school, it was apparent that financial aid packages did not often pay for the full costs of attendance. The majority of students had packages including the federal Pell

grant, federal SEOG grant, Minnesota state grant, work study, subsidized federal loans, unsubsidized federal loans, and institutional aid (often in the form of a scholarship). Yet, even with all of those sources of funding, the majority of students took measures like working off campus, living at home, or living in low-cost housing to make ends meet. According to Roger,

Financial aid never has covered the entire cost. It's either been used to be like there is always like a thousand or so leftover that I have to pay which you would pay a semester and was like because I didn't get the state grant, it was like 4,000 that was left over even... so, it doesn't really cover everything.

Roger received assistance from his brother to make ends meet. He noted that

Whatever packages that people get for financial aid is definitely not enough. I get that it's not enough to cover anything you pretty much have to take student loans. Like if I didn't have my brother, I'd be taking a bunch of student loans every semester. If he wasn't helping me, I would have a bunch of debt. Yes, you can apply for other different scholarships but it seems like these scholarships are like, "Oh, here's 500 here, here's a few hundred there." Nothing has ever been comprehensive enough to actually cover the whole bill and for people who are coming from less-impoverished backgrounds, I have found they cover even less so. Their parents are rich enough to pay for them to go to school, but they're not poor enough to get the same amount of like scholarships and grants that someone who is poor would get. So, I imagine it's probably even worse for them. So, it's definitely not good and not able to cover people's expenses. People are forced to take loans and pay them back for a very long time.

Ula stated that

So financial aid has helped me a lot, but financial aid and loans doesn't cover everything. Usually when I work during the summer over there I earned some money. I used that money to pay for the rest of my tuition.

While several students received additional assistance from institutional aid (a scholarship known as the U Promise scholarship), they noted it was nearly impossible to receive additional scholarships to afford the costs of tuition. According to Shayla, “I mean honestly my perception is like, I don't know. I guess this is bullshit, how much college is and like how people are like, “there's plenty of scholarships,” but a lot of them are a lot harder to get than you would think. I can't tell you at times I've applied for so many scholarships and stuff like that and gotten barely any...So it's a lot harder than I thought it was going to be.”

### **Minnesota State Grant**

Because students are “expected to make an investment in their own education,” the Minnesota state grant calculations assign student responsibility first in award calculations (Minnesota Office of Higher Education, 2019g, p. 4). The Minnesota state grant program embodies several different values: students are responsible for considering price when selecting institutions, students will make better choices when investing their own money, students should decide for themselves if they are ready and able to commit to postsecondary education, and students are in the “best position to determine if the benefits from postsecondary investments will meet or exceed the price of their investments over the long run” (Minnesota Office of Higher Education, 2019g, p. 4). Such values are grounded in several assumptions, including that students are armed with enough knowledge to make choices about their financial investments and that students are eligible to attend any institution they desire regardless of their geographic location, academic eligibility, and financial status.

The price of attending a college or university consists of tuition and fees, room and board, books and supplies, and miscellaneous expenses. While tuition rates vary across institutions, the state imposes a limit upon the tuition amounts recognized in the Minnesota state grant calculation. The recognized tuition amount at two-year colleges in 2018-2019 is \$5,790 while the recognized tuition amount at four-year colleges is \$14,790 (Table X). The amount of the recognized four-year tuition is set to reflect the highest public institution tuition and fees at a public institution (typically, the University of Minnesota), while the amount recognized at two-year institutions is set to equal tuition and fees at Normandale Community College (Minnesota Office of Higher Education, 2019f).

In addition to recognized tuition caps, the state also recognizes a living and miscellaneous allowance of \$9,900 at any institution. The amount is set by statute to be 101% of the federal poverty level for nine months (Minnesota Office of Higher Education, 2019f). The living and miscellaneous expense is currently higher than 101% of the federal poverty rate given a budget surplus (it should have been \$9,126); therefore, the projected living and miscellaneous expense amount will decrease in 2019-2020 to \$9,422 (Minnesota Office of Higher Education, 2019f).

In 2018 to 2019, the state recognized the maximum price of attending a two-year institution is \$15,690 per year while the average price of attending a four-year institution is \$24,690. Although the real cost of attendance varies by student and higher education institution, the state maximum parameters represent the highest number the state will recognize in funding awards for state financial aid. For instance, while the average cost of tuition/fees and living expenses at Minnesota private colleges and universities is \$47,390, the state only recognizes \$24,690 when calculating state grant eligibility (Minnesota Office of Higher Education, 2019h).

Table X

*Recognized Minnesota State Grant Tuition and Living/Miscellaneous Allowance, 2018-2019*

	Maximum Two-Year College Expenses	Maximum Four-Year College Expenses
Tuition and Fees	\$5,790	\$14,790
Living and Miscellaneous Allowance	\$9,900	\$9,900
Total	\$15,690	\$24,690
Student's Share	\$7,845	\$12,345

The formula for calculating state grant eligibility is as follows:

- Tuition and fees (30 semester/45 quarter credits)
- + living and miscellaneous expense allowance
- = award calculation budget x enrollment ratio (number of credits enrolled ÷ 15; ratio cannot exceed 1.0)
- 50.0% student responsibility
- family responsibility (.84 x EFC for dependent students, .40 x EFC for independent students without dependents, or .76 x EFC for independent students with dependents)
- Pell Grant
- = State Grant award

Minnesota awards state grants after Pell grants, which reduces the overall obligation of the state. Full grant award eligibility is available to full-time students only. Part-time students are eligible for the grant, but the student and parent contribution amounts used in the award formula is not reduced, so students taking fewer than 15 credits may not qualify for a grant at a lower enrollment level. Minnesota state grant eligibility is also limited to Minnesota residents, graduates of a secondary school or at least 17 years of age, persons who have not defaulted on a student loan or owe child support, and those who have attended less than the equivalent of eight full-time semesters.

The eight full-time semester limitation means that many students who take longer than eight semesters to graduate are left--including students who start college by taking developmental education courses and transfer students (who are both more likely to be students of color)--without state grant resources at a time when they are critically close to graduating. Some of the students interviewed for the report discussed losing their state grant eligibility because they were transfer students and it took them longer than eight semesters to graduate. John, a transfer student, maxed out on his eligibility for the state grant and had to take out loans and work 30 hours a week to make up the difference. Roger, also a transfer student, also noted that "I did have the Minnesota State Grant, but I guess I have been in school for too long, so I am not getting that anymore." Ula, another transfer student, noted that she was planning on losing her state grant eligibility the following year:

And although so far I know it's been okay, but I know that as a transfer student I get like two years of financial aid for some of the grants meant for me. When you start on the third year after transfer some of the grants go away. So I will be starting on my third year next year and my grant will go away, and that will be another challenge to figure out how to fill the gap in tuition.

The students' responsibility to pay for higher education is 50% regardless of students' family income, a factor that creates hardships for students from low-income backgrounds. Assuming that students attend a four-year college or university at the maximum allowable tuition, fees, and living allowance (\$24,690) and qualify for a Pell grant, regardless of income level, students are responsible for paying \$12,345 under the current assigned student responsibility formula (Figure X). Lower-income students are burdened with paying the same amount as upper-income students regardless of their family income or real ability to pay for

college. Students at upper-income levels of State Grant recipients (i.e., \$50,000 to \$70,000) actually receive more funding through the Minnesota state grant program than lower-income students because their Pell grant awards decrease. As a consequence, students from lower-income backgrounds have less purchasing power in their grant packages, which means they have fewer choices in terms of institutional attendance. Furthermore, lower-income and middle-income students are more likely to take out student loans to finance their half of the tuition, fees, living, and miscellaneous expenses.

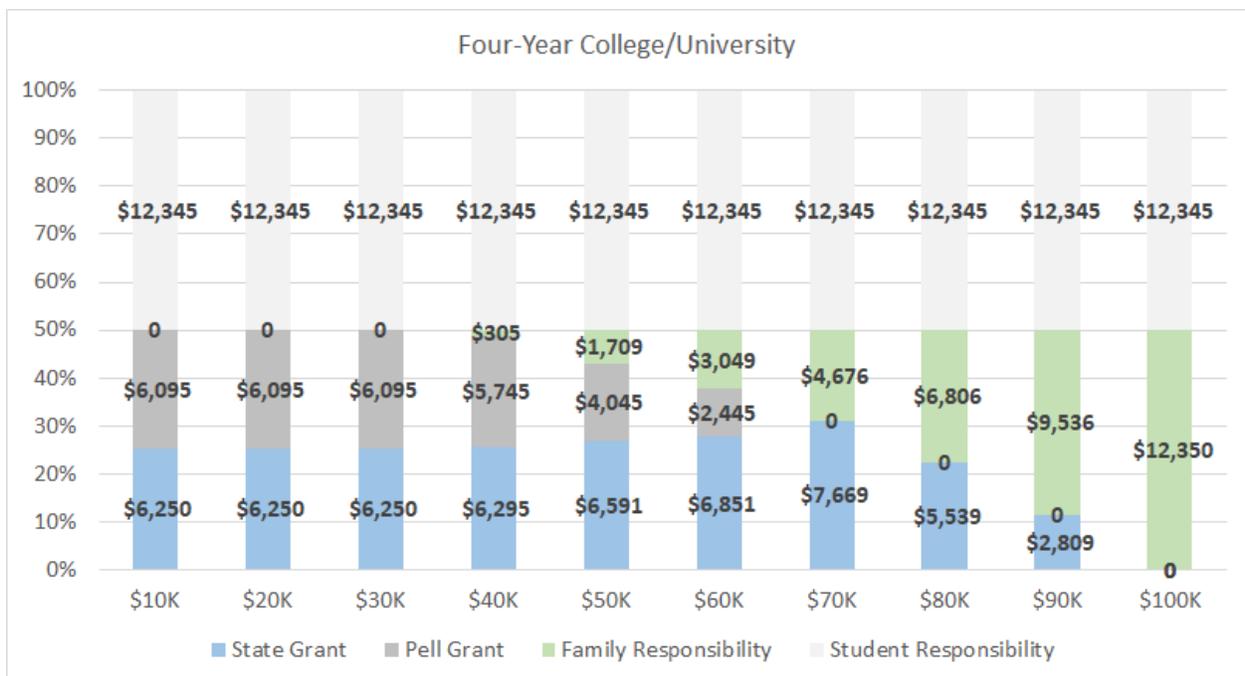


Figure X. Student responsibility, family responsibility, state grant, and Pell grant at four-year colleges/universities.

### Recognized Tuition and Fees

The recognized four-year tuition and fees costs established in 2019 by the legislature (\$24,690) for calculating the state grant is also insufficient when considering the true costs of attendance at the non-profit four year institutions who make up the Minnesota Private Colleges

(Figure X). The amount recognized by the state does not consider 50% of the true costs of attendance at over half of the institutions in the Minnesota Private College Council.

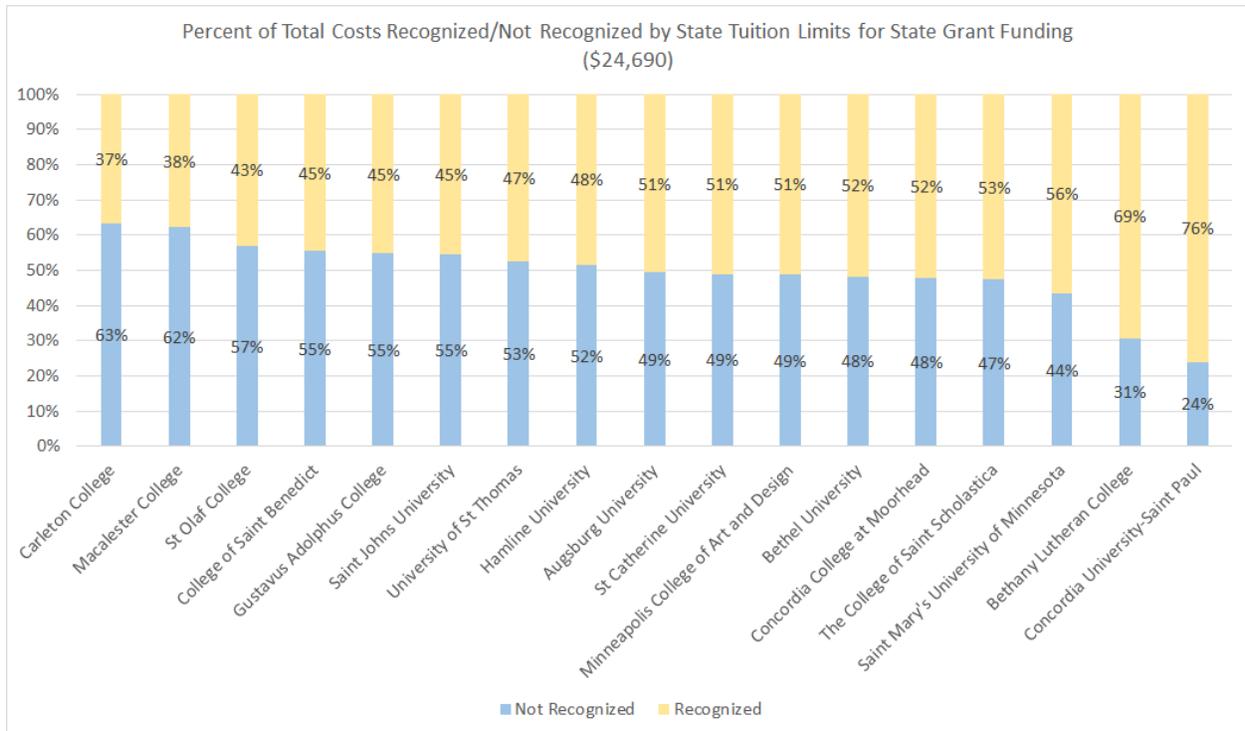


Figure X. Percent of total costs recognized and not recognized by the state and total costs at Minnesota private colleges, 2019.

The state's recognized tuition rates at two-year colleges is closer to the actual rates of tuition at public two-year colleges; however the recognized tuition for calculating state grants is significantly less than the actual tuition at private for-profit colleges (Figure X).

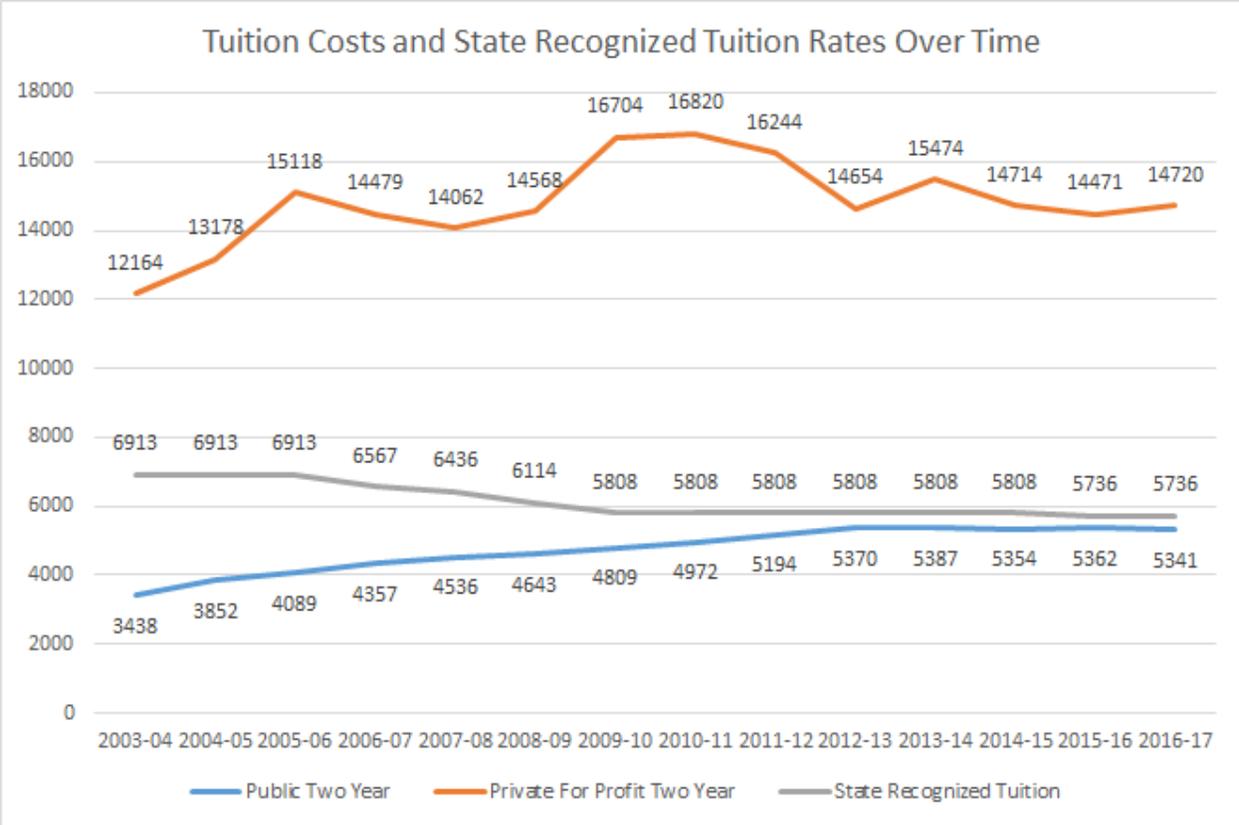


Figure X. State recognized tuition for grant calculation and average tuition at two-year public and private for-profit colleges.

**Living and Miscellaneous Expenses**

Finally, the living and miscellaneous expenses recognized by the state in calculating state grants (\$9,900 in 2019) are significantly lower than most institutions currently set their on-campus living and miscellaneous expenses (Figure X and Figure X). The amount recognized by the state for living and miscellaneous expenses is also significantly lower than the institutions’ established costs for off-campus living and miscellaneous expenses as well (Figure X and Figure X).

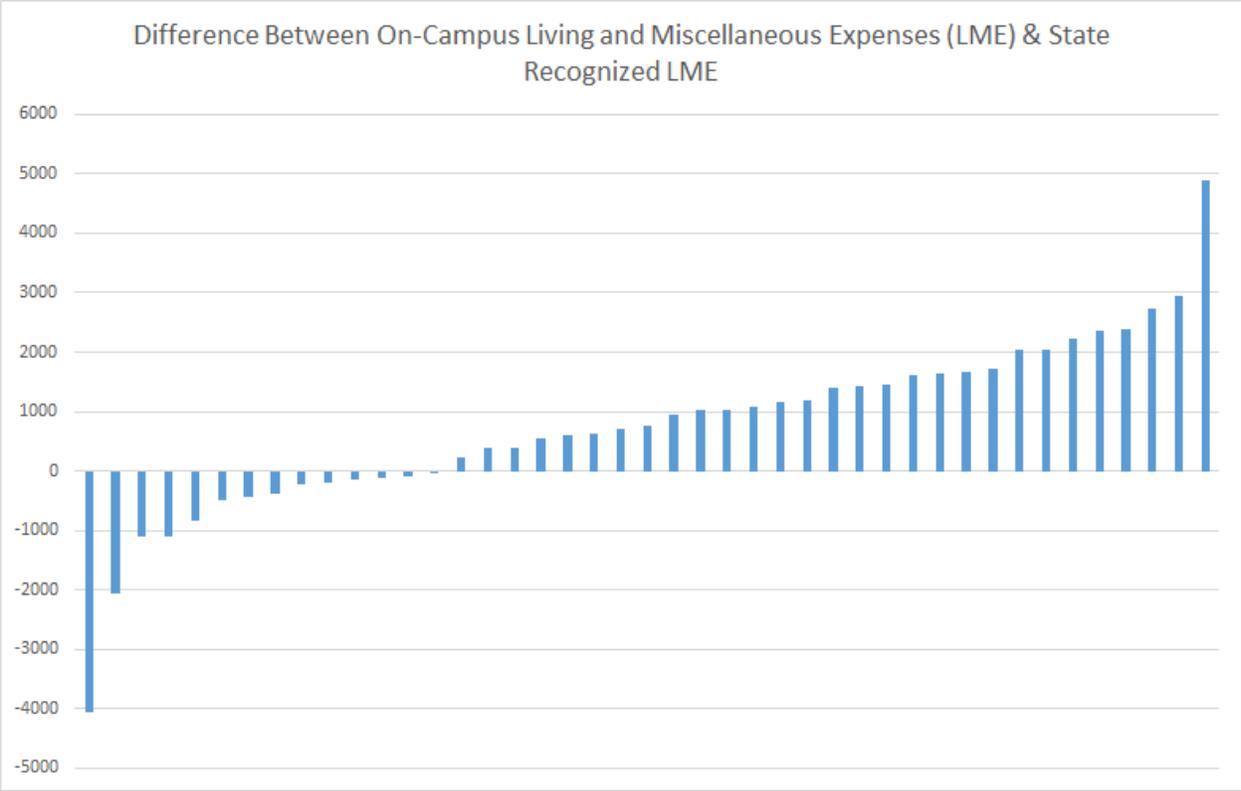


Figure X. Difference between on-campus living and miscellaneous expenses established by each institution and the amount recognized by the state in 2019.

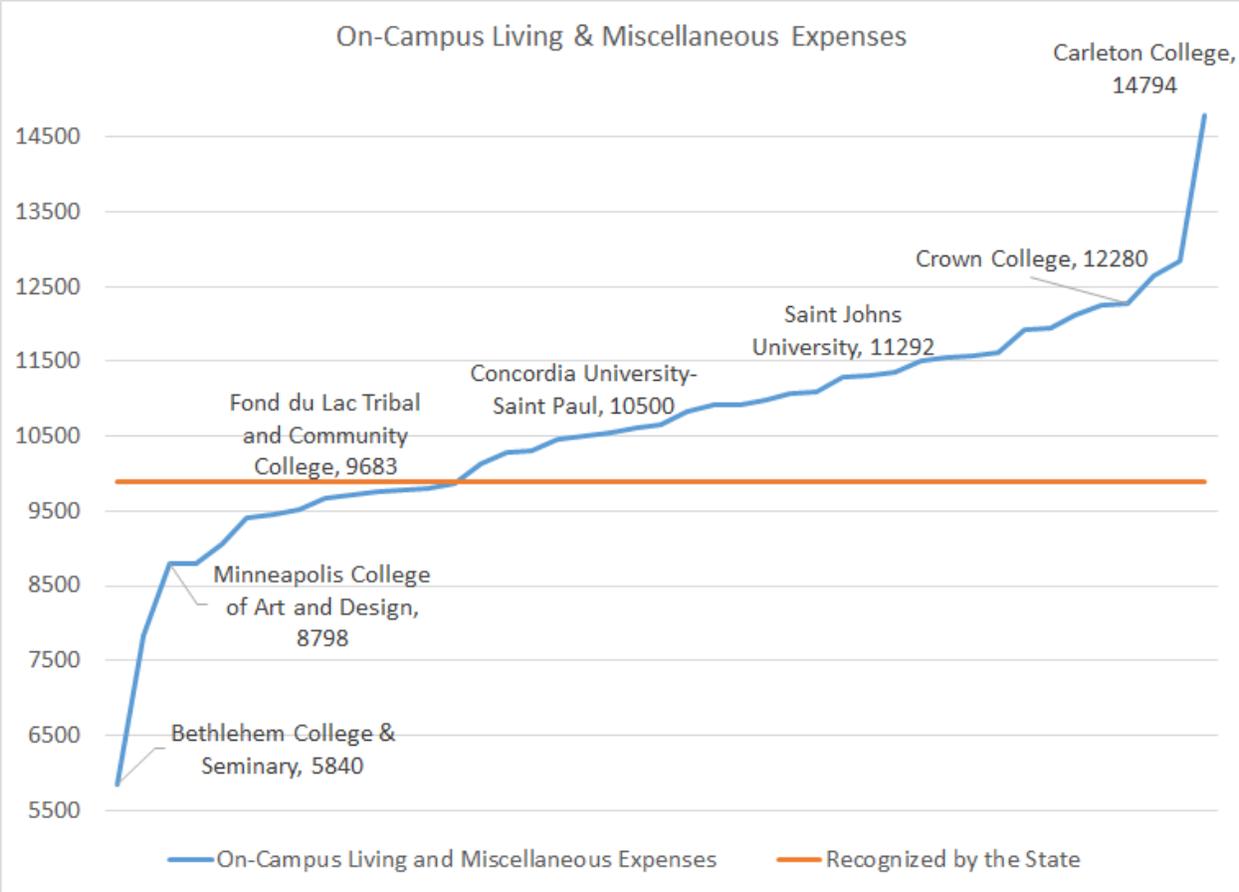


Figure X. On-campus living and miscellaneous expenses established by institutions compared to the amount recognized by the state in 2019 for calculating state grants (with a few institutions labeled).

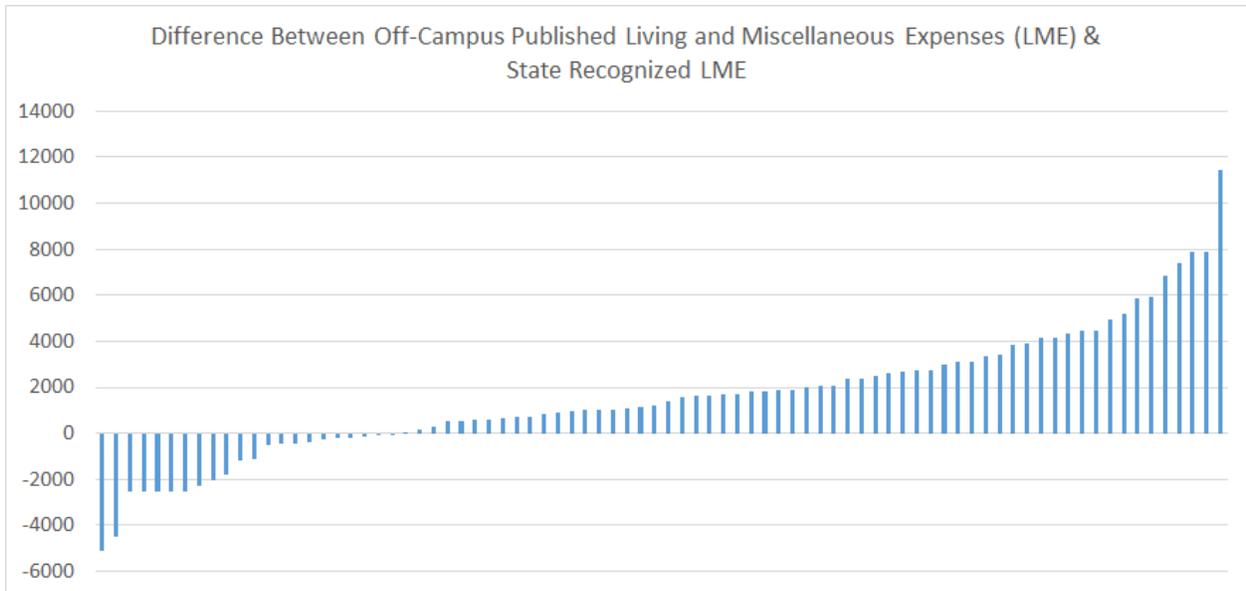


Figure X. Difference between off-campus living and miscellaneous expenses established by each institution and the amount recognized by the state in 2019.

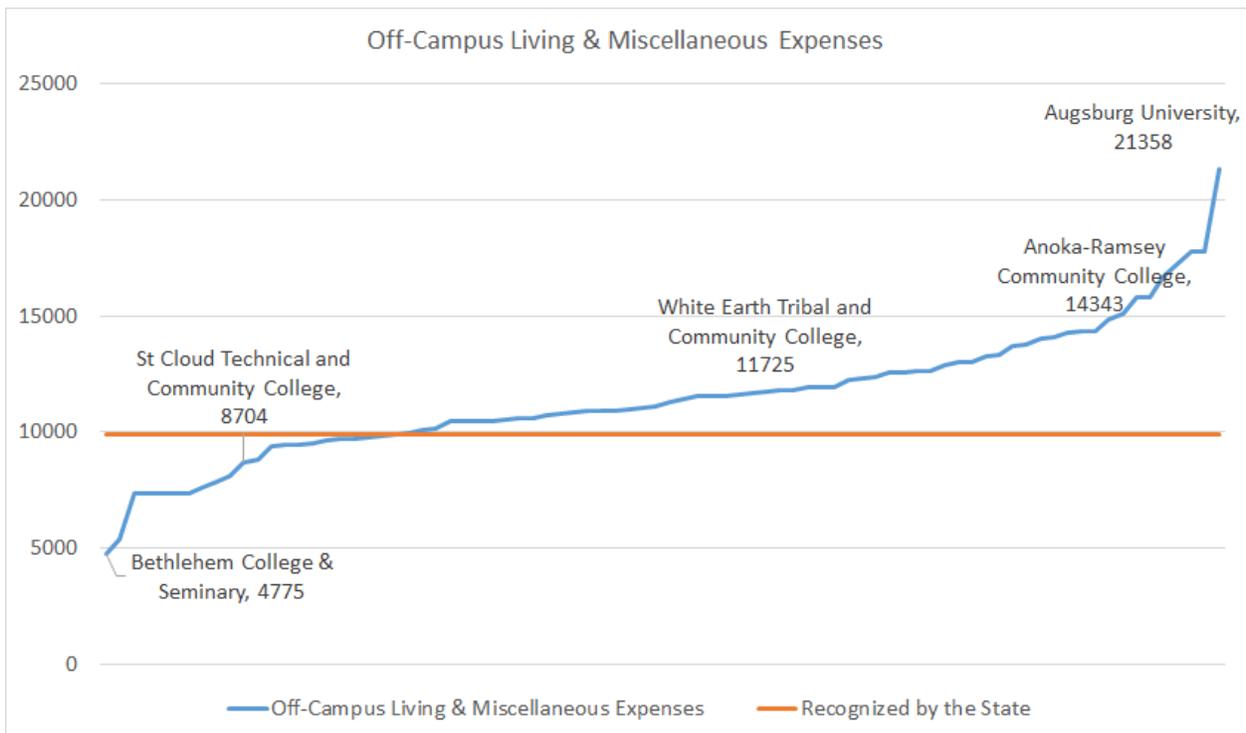


Figure X. Off-campus living and miscellaneous expenses established by institutions compared to the amount recognized by the state in 2019 for calculating state grants (with a few institutions labeled).

When calculating living and miscellaneous expenses, the state uses 101% of the current federal poverty rate for only nine months. However, the cost of living (food, transportation, housing, taxes, and other fees) recognized by the Minnesota Department of Employment and Economic Development (2018) for each institution’s county far surpasses the state recognized living and miscellaneous expenses (Figure X).

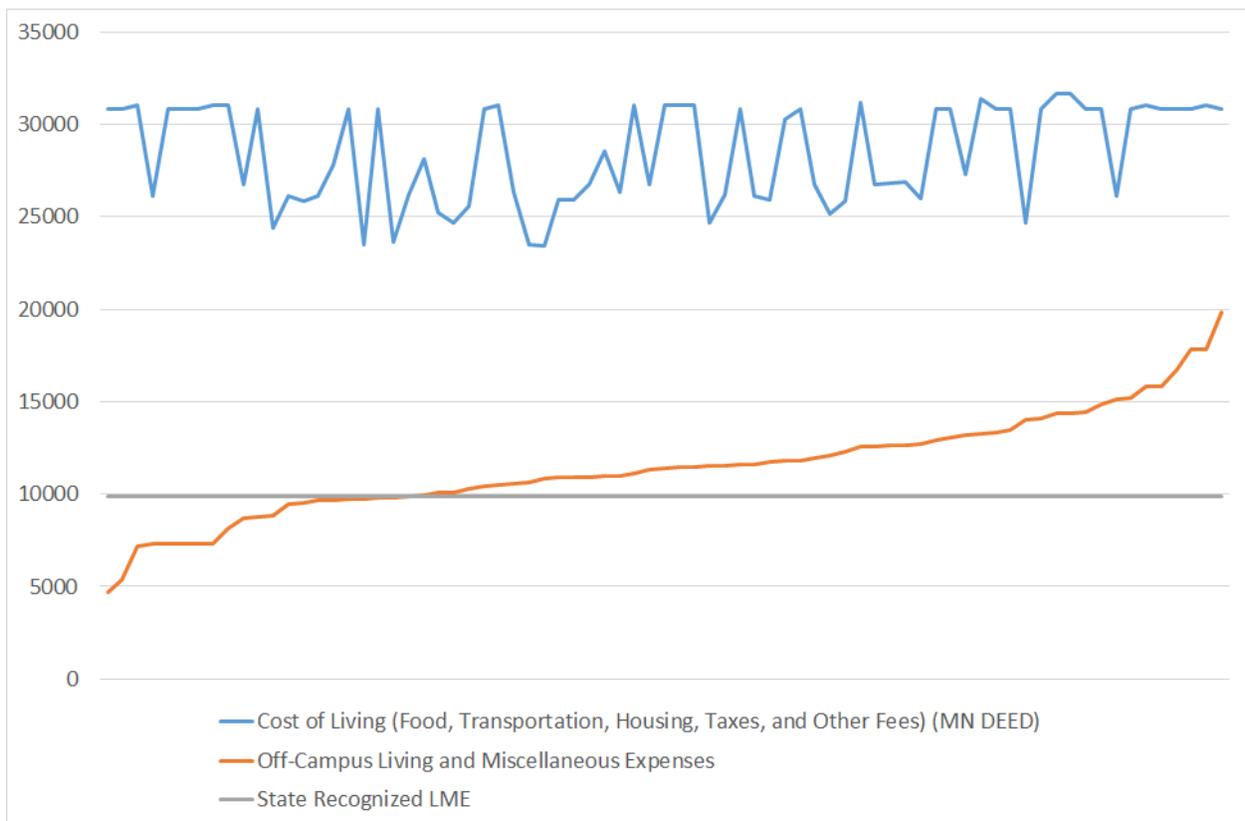


Figure X. Cost of living, institutions’ off-campus living and miscellaneous expenses, and the state recognized living and miscellaneous expenses for state grant calculation.

Students interviewed for this study often remarked about the challenges they encountered paying for their costs of living expenses. Brandon noted that

it's been kind of a struggle...you know I've been living paycheck to paycheck for the past three four months where I get a paycheck on Wednesday and then it's gone by that Saturday because I buy food, I buy necessities for the life around me, which is like getting food for the dog that me and my girlfriend have, or paying off credit card debt, or paying off student loan debt that is all that I'm paying interest off on right now. You know that money gets cut up pretty quickly and so living paycheck to paycheck while as a student as tough as it is.

Alisa also noted the precariousness of her financial aid situation: "It's definitely like cutting it close. Living paycheck to paycheck."

A few students made decisions to live on campus because their financial aid package would automatically pay for the room and board costs. Liza stated that her decision to live on campus was

...mostly because of financial aid. Because on campus housing you can you could charge it to your student account and then full financial aid it goes directly to the charges on your account. It was like THE biggest reason I chose to live on campus, I guess the most important one.

Liza decided not to live off campus because she did not think that she could adequately express the costs of living to the financial aid office:

And I guess the reason I didn't choose off campus was because I felt like I had I didn't have a way, I couldn't be like, "oh look, school this is something for housing," like to get a financial aid. I was like I probably could have done it but I was like I don't know how and I'm not sure how that works. So I just try to live on campus so that's great.

Alisa made a similar decision to initially live on campus in the residence halls before moving off campus:

What I found that when I did live in the dorms I got more financial aid because they could, I figured it was because they could better calculate what I needed because I could include or they would like to know what the cost of living in the dorm was that was like a finite price. However when you move off campus things you don't really like the FAFSA does not really not like how much you're paying for rent each month or what your cost of groceries is going to be like because it provided all that in the dorm. So I thought my funds actually decreased a bit when I moved out. However. I'm still making ends meet by choosing to live in a very cheap housing unit.

Some students made decisions to live off campus or with their parents to save money.

Jose mentioned that “When I'm living with my parents it is much better because I pay them minimal rent.” Alisha noted that “I'm still making ends meet by choosing to live in a very cheap housing unit.” According to Maggie,

Like having to pay rent every month is harder than if I lived on campus. But in the long run it is saving me money, so I don't mind would you pay for that like every month.

Finding a place that I can afford was pretty tough. But now that I have a place, it is not as stressful, like paying those hundreds of dollars a month. So I just thought. I honestly would rather live off campus and pay rent and not worry about the amount of debt that I'm incurring from living on campus.

Students who lived off campus were most likely to take out loans to be able to afford their rent: Brandon noted that, “You know I take out all my rent through student loans... Just so I feel I don't have to worry about it.” Clara shared that

I live in a pretty crappy house. So like pretty expensive, like I pay like \$580. That's kind of ridiculous for a really dumpy house, but like it is divided between my roommate and like there's people that live below me. It's like a duplex that's still just kind like crazy for the quality of the condition of the house. I have a surplus now from a loan that I use to pay rent.

Amanda reflected that “Well because of the financial aid help that I've kind of had, I mean it's mostly loans, loan stuff I've been able to pay for apartment and stuff like that.” Jana mentioned, “I get pretty good financial aid which is nice. I got pretty good financial aid and I get paid every two weeks. It kind of helps. But I've been stressing recently because I have to pay a deposit for our house next year. I can pay our rent every month paying like two rents in one month. It's pretty stressful. It is pretty stressful.” Similarly, Maggie noted that

Like having to pay rent every month is harder than if I lived on campus. But in the long run it is saving me money, so I don't mind would you pay for that like every month.

Finding a place that I can afford was pretty tough. But now that I have a place, it is not as stressful, like paying those hundreds of dollars a month. So I just thought. I honestly would rather live off campus and pay rent and not worry about the amount of debt that I'm incurring from living on campus.

Echoing those same sentiments, Ula discussed that

I mean most of the students have that, you know, like to have that extra pocket money to make sure every month, but you are paying your rent every month, you're paying your electricity bills every month, you are doing by and buy your books, so you always have those finances on your mind which is a challenge too.

Students often had to make alternate living arrangements to afford rent; for instance, Jana noted sharing a room with a roommate to afford rent. Cindy discussed living with several roommates to afford rent: “I have been lucky because I have people I live with. I share a house and we pack a bunch of people into the house, so that helps with rent.” One student mentioned living a few miles from campus

because, all the apartments are, housing is really difficult to find and that's something that stresses me out. And like I just yeah I really don't like the housing situation. I mean like there's nothing the university can do about it because there are a lot of them are independent corporate independent companies but like they drive the rates of rent up so high. And it's just like what student can afford an apartment that is eight hundred dollars a month right. I can't afford it.

Two of the students interviewed lived off campus with their significant others who paid the rent for them because they were employed full-time.

Carolina chose to work as a community advisors in the residence halls to receive a discount on housing expenses. She shared

...as a community advisor you get your room and board paid for. So the nice thing about being an apartment is they compensate me for food and gift card so I'm able to just use that for groceries and then also have my own room and share a bathroom. And yeah without that I don't think I could afford to live in an apartment. They're very, very expensive.

### **Work Study**

An additional source of state support for students is work study, a need-based program for Minnesota state residents to work on or off campus and earn wages. Although the number of

students receiving work study has decreased over the last decade (Figure X), the percentage of Minnesota residents who receive work study has not fluctuated much over the last decade, hovering around 5% of all students (Figure X; Minnesota Office of Higher Education, 2019m). The average amount of state work study funds awarded per student has increased by 40.74% over the last decade (Figure X), from \$1,274 in 2009-2010 to \$1,793 in 2016-2017.

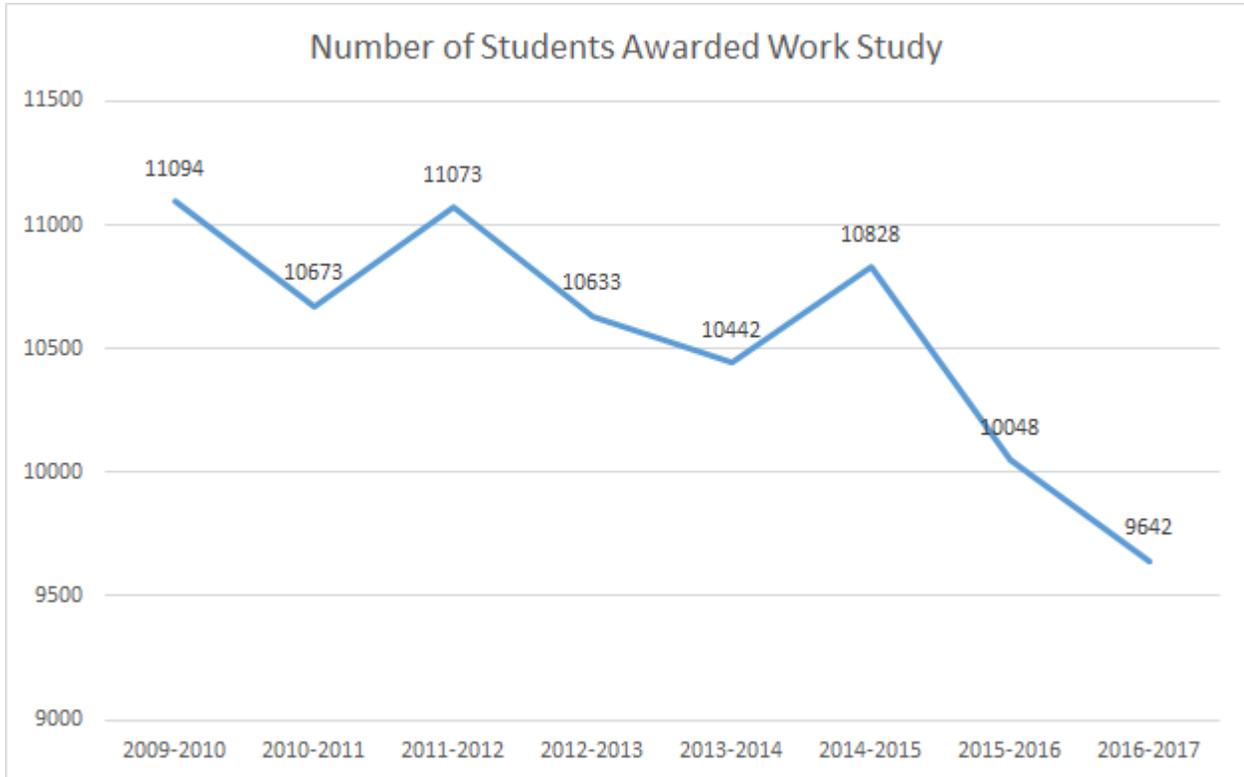


Figure X. Number of students awarded work study, 2009-2010 to 2016-2017.

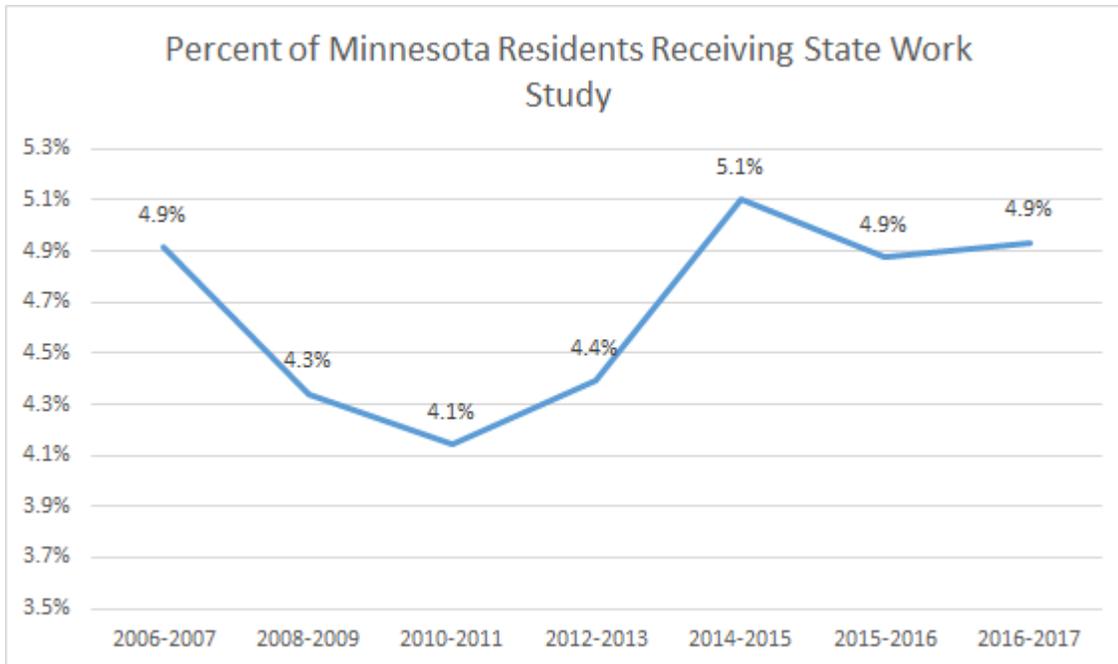


Figure X. Percent of Minnesota resident college students receiving work study, 2006-2007 to 2016-2017.

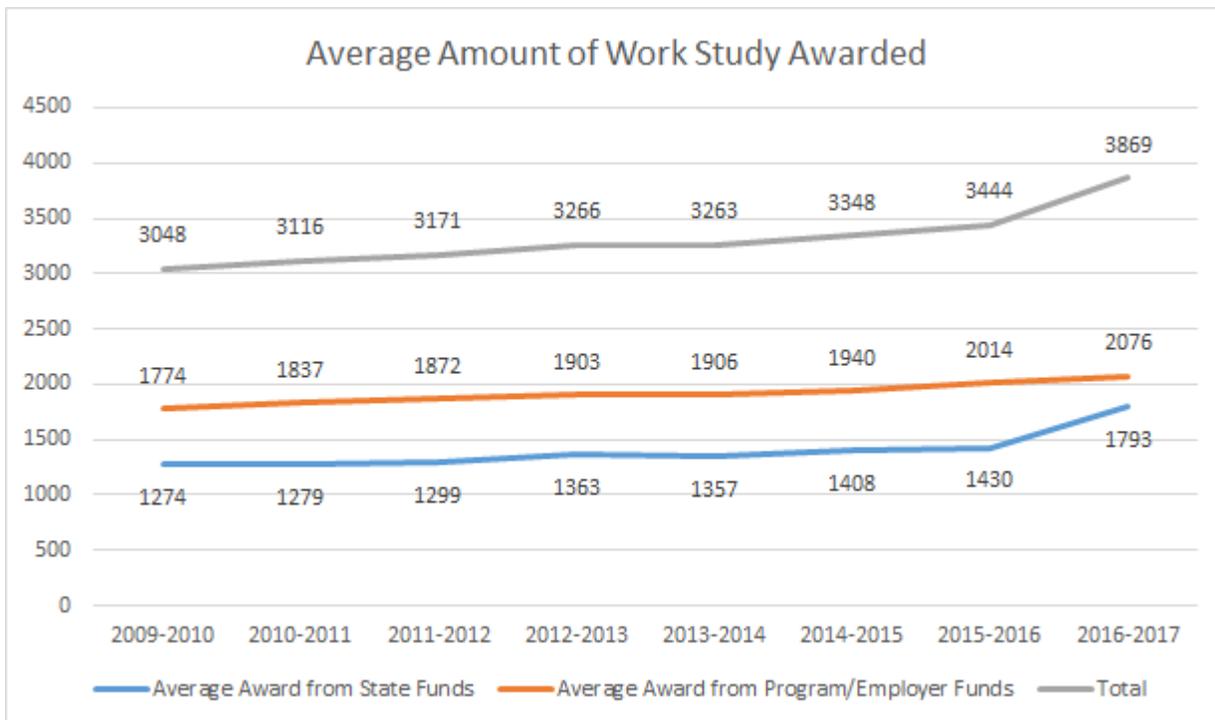


Figure X. Average amount of work study awards per student (in dollars), 2009-2010 to 2016-2017.

The average work study award has increased at a lower pace compared to the state grant program (Figure X). The average state work study award covers approximately 7.7% of the costs of public four-year institutions and 10.8% of the costs of public two-year institutions (Figure X).

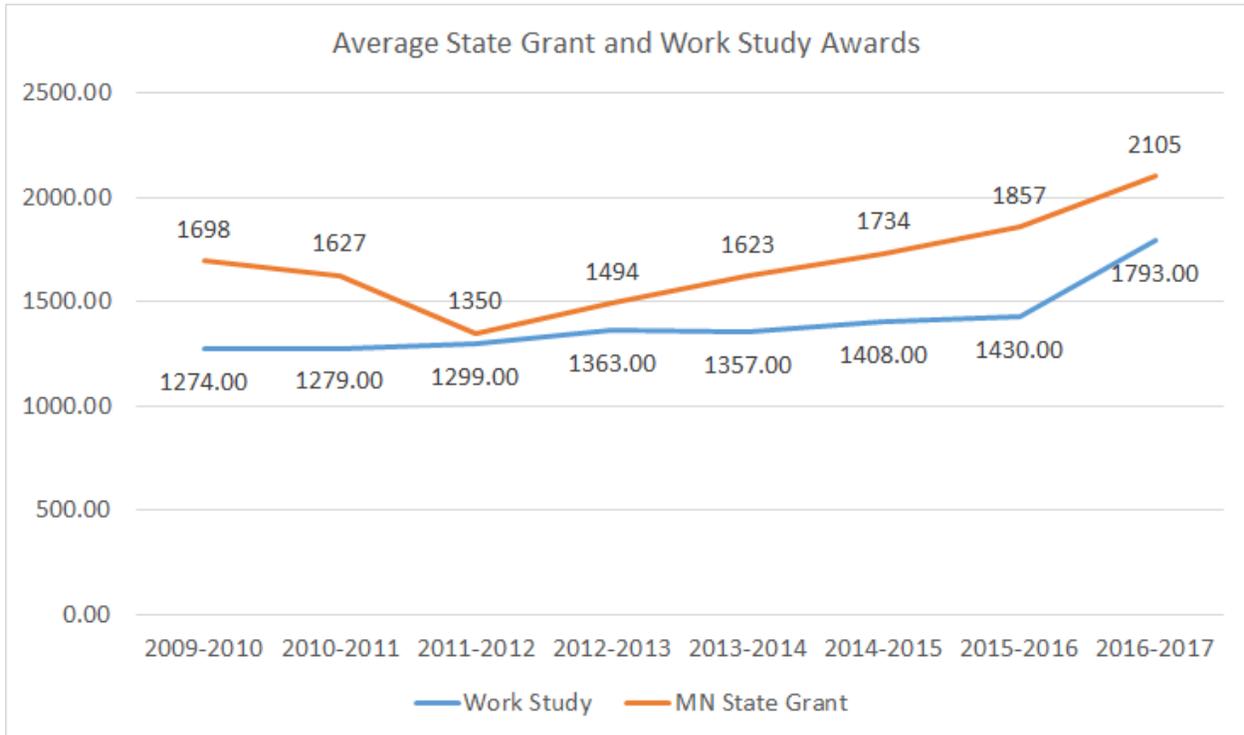


Figure X. Average amount of state grant and work study awards (in dollars) per student, 2009-2010 to 2016-2017.

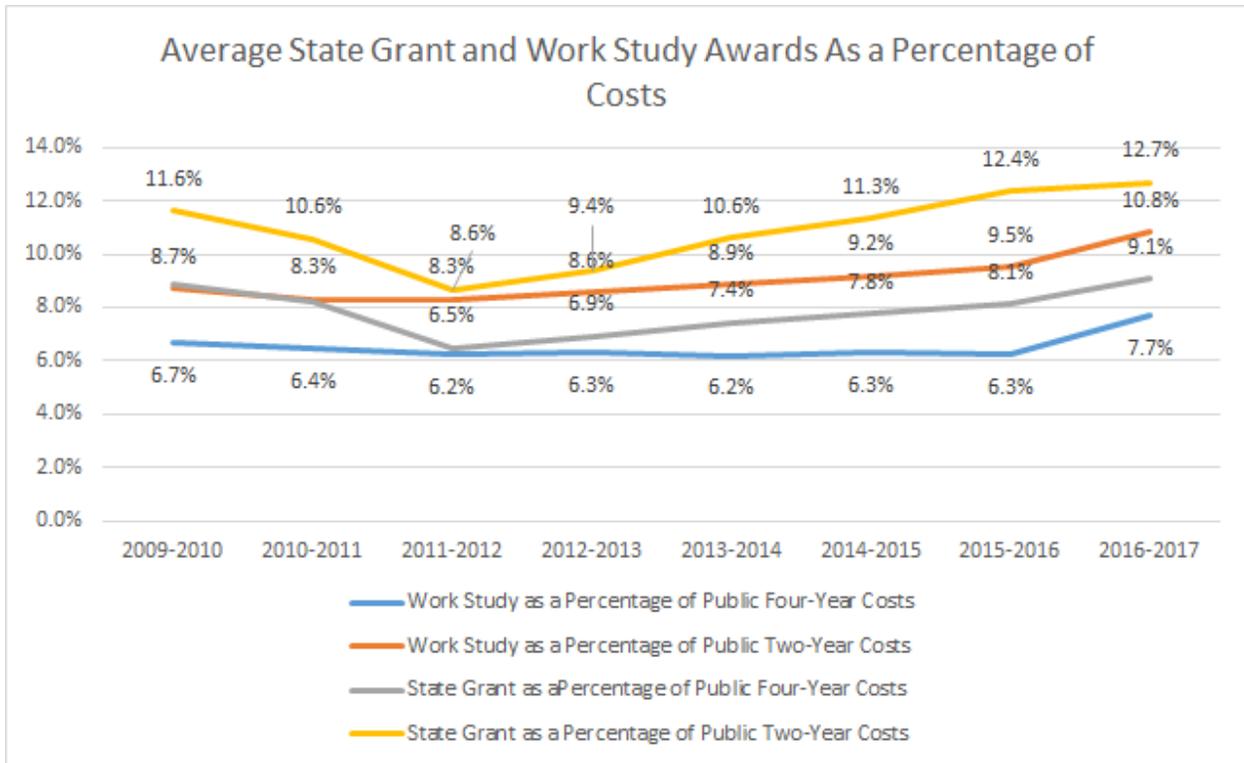


Figure X. Average state grant and work study awards as a percentage of costs at two-year and four-year public institutions, 2009-2010 to 2016-2017.

Proportionately, private colleges have more students who receive state work study awards than state colleges, state universities, and the University of Minnesota (Figure X; Minnesota Office of Higher Education, 2019n). Students at the University of Minnesota have historically made the most wages per hour (Figure X and Table X; Minnesota Office of Higher Education, 2019n).

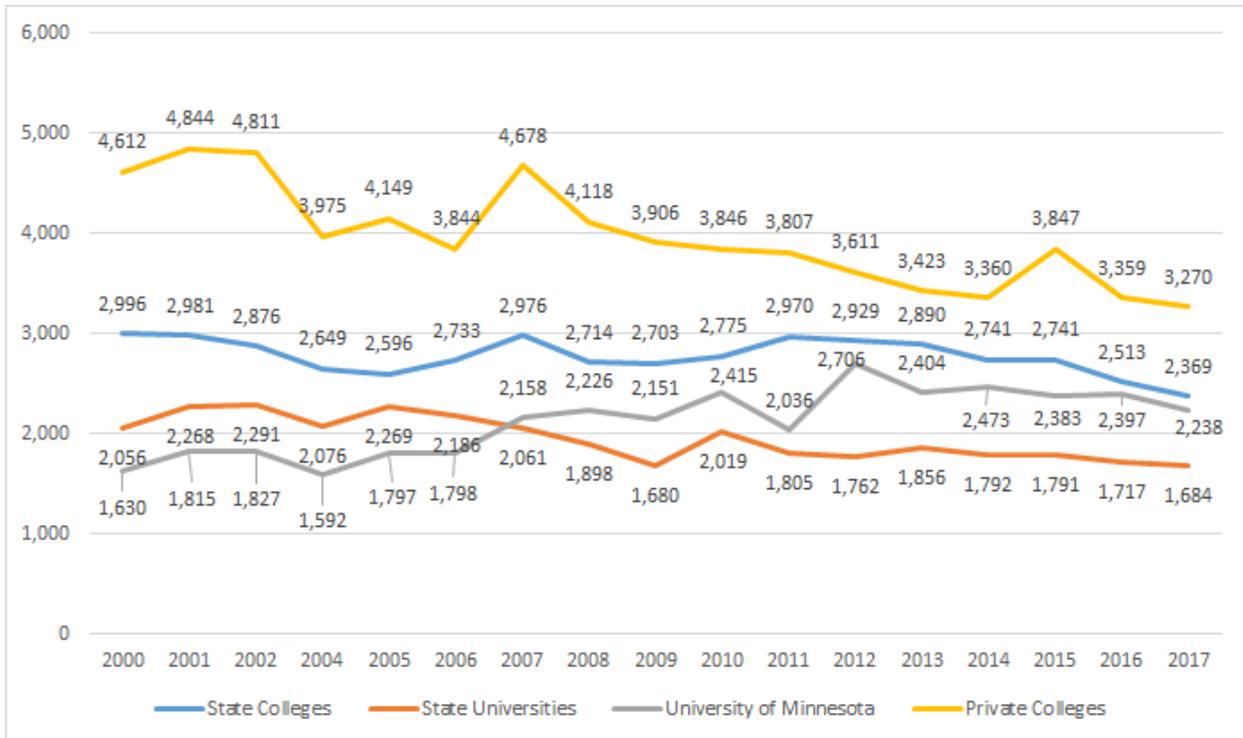


Figure X. Number of students receiving work study awards by institutional type, 2000 to 2017.

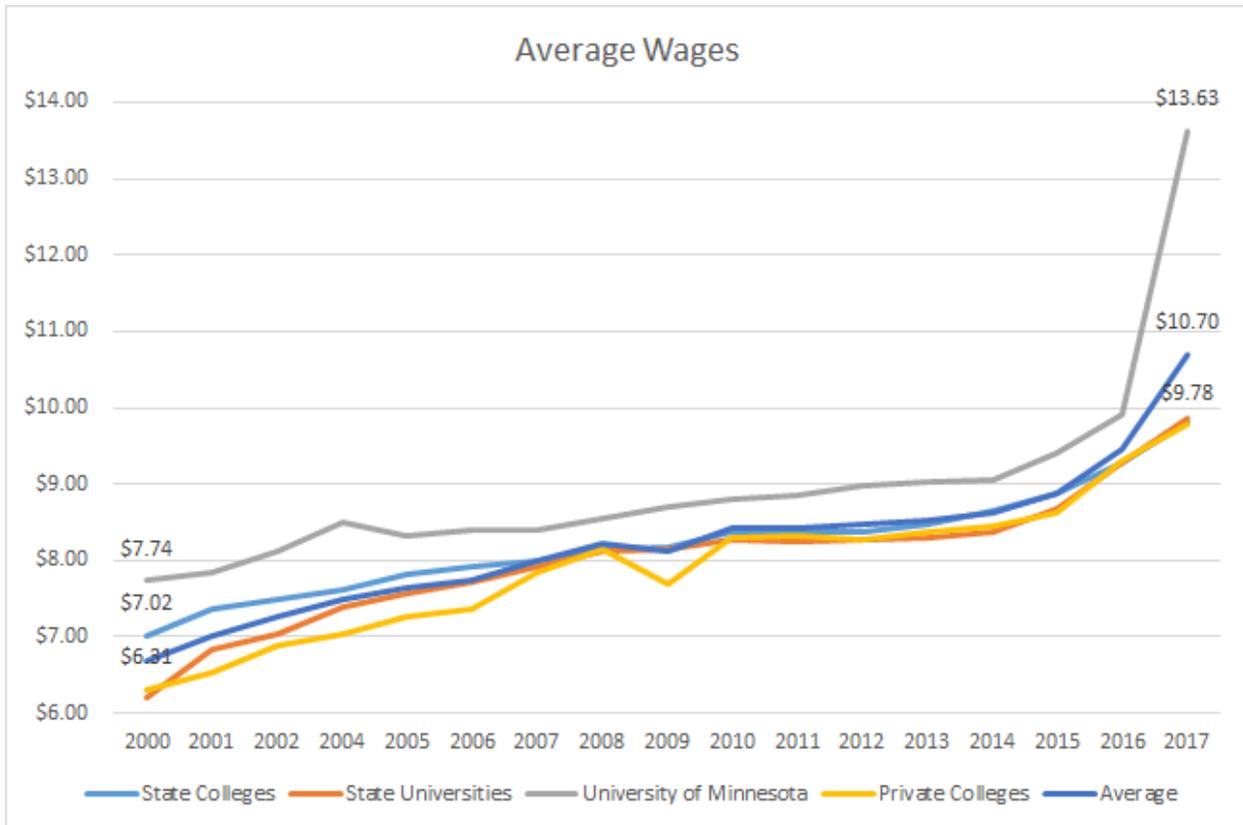


Figure X. Average hourly wages of work study award recipients by institutional type, 2000 to 2017.

Table X

*Average Work Study Wages by Type of Institution*

	<i>State Colleges</i>	<i>State Universities</i>	<i>University of Minnesota</i>	<i>Private Colleges</i>	<i>Average</i>
2000	\$7.02	\$6.21	\$7.74	\$6.31	\$6.69
2001	\$7.36	\$6.84	\$7.84	\$6.54	\$7.02
2002	\$7.50	\$7.04	\$8.11	\$6.88	\$7.27
2004	\$7.62	\$7.40	\$8.49	\$7.04	\$7.50
2005	\$7.82	\$7.56	\$8.33	\$7.27	\$7.64
2006	\$7.91	\$7.72	\$8.39	\$7.36	\$7.75
2007	\$7.99	\$7.93	\$8.41	\$7.84	\$8.00
2008	\$8.15	\$8.12	\$8.55	\$8.15	\$8.23
2009	\$8.17	\$8.15	\$8.69	\$7.70	\$8.11
2010	\$8.38	\$8.28	\$8.81	\$8.29	\$8.42
2011	\$8.38	\$8.24	\$8.86	\$8.33	\$8.43
2012	\$8.38	\$8.27	\$8.97	\$8.26	\$8.47
2013	\$8.47	\$8.30	\$9.02	\$8.37	\$8.53

2014	\$8.65	\$8.37	\$9.06	\$8.44	\$8.63
2015	\$8.88	\$8.67	\$9.40	\$8.62	\$8.87
2016	\$9.28	\$9.29	\$9.92	\$9.31	\$9.45
2017	\$9.80	\$9.85	\$13.63	\$9.78	\$10.70

While many of the students interviewed for this study qualified for work study positions, they often described some of the challenges they encountered with work study. For instance, Amanda noted that she qualified for work study but did not accept the funding because

Part of it was that I didn't know where on campus to work. It was a lot of the things that seemed to be nearby were like not as nearby as I would hope... yeah, I feel like I didn't really have too many options for employment. And then on the other point that made it hard was that I wasn't sure if I think someone had told me that they required 15 hours minimum a week from work study and I feel like that makes sense.

Similarly, Clara said that

It's been really hard for me to find a job on campus that works with my class schedule because I'm busy from 9:00 a.m. until 4:00 p.m. That's all the offices, and, I mean like I kind of like regret it...because I want to take advantage of that work study like funding that's there and have a job on campus which should be a lot more convenient. But at the same time like I don't know my schedule is gonna be and it's just it would be a lot harder for me. Another thing finding work like, you know, I don't really I don't want to like work in food service because I've worked in food service for like three years, and that was something I didn't want to do, and work study only qualifies for the food service jobs on campus, but like being a transfer student I don't want to work in food service in the

dorms because it's just like this is foreign to me. I've never lived here, I'd feel disconnected from that experience.

Similarly, John noted that

Yeah I do (qualify for work study). But. I went to go apply and you needed a specific type

of schedule and with the jobs I was looking at, like you needed to have class during this time, or be available during this specific time, and it just so complicated and I had so much other stuff I knew that I could not apply. Yeah, I think just finding a job off campus is just better for me.

The work study positions students had included working at the bookstore (Cindy), cafeteria (Roger), agricultural experiment station (Helena), orientation (Shayla), admissions (Brandon), registrar's office (Ula), housing (Ivan, Maggie, and Carolina), surgical administration center (Kava), IT services (Sean), audio/visual services (Sean), and parking services (Jana and Liza). Some of those students shared that they had "used up" all of their work study funding because it was insufficient for the number of hours they were working each week, but luckily their employers could afford to pay them even if their work study funding was depleted. Many students also described not knowing what work study funds meant or how to apply for them.

Kava noted that

The first semester that it work so it was the spring semester, I wasn't actually sure what work study meant. I didn't know what it meant. I was just like oh well here's \$3500 for work study, I don't know what that means and it wasn't until that fall semester I got my boss's e-mails like, oh you have work study do you want to use that? So, what does that mean? So I ask someone H.R. like, what does work study mean? And they explain to me

what it is, like what benefits, what's the cons and not very many cons but it would be advantageous for you to use because it's money that's already been allocated. Just go ahead and use it. So I guess it's not required to be a work study job but it ended up being a work study job.

Overall, many students noted that they had to juggle multiple jobs to make ends meet because work study funding (and job opportunities) were insufficient to cover the costs of their living expenses. Students therefore often worked over 30 hours a week at multiple jobs both on and off campus to manage the costs of higher education. Alisa worked 25-27 hours at one job (off campus), Brandon 10 hours at one job (on campus), Carolina 30 hours at three jobs (both on and off campus), Cindy 40 hours at three jobs (both on and off campus), Helena worked 30 hours at one job (on campus), Clara 20 hours at one job (off campus), Ivan 16 hours at one job (on campus), Jana 20 hours at one job (on campus), John 30 hours at one job (off campus), Jose 35 hours at two jobs (off campus), Kalia 10 hours at one job (off campus), Kava 20 hours at one job (on campus), Liza 20 hours at one job (on campus), Maggie 30 hours at three jobs (on and off campus), Mary 20 hours at one job (off campus), Roger 10 hours at one job (on campus), Sean 20 hours at three jobs (on campus), Shayla 30 hours at two jobs (on and off campus), and Ula 15 hours at one job (on campus).

Students described that the work study funding helped them to meet some additional expenses each week, mostly related to being able to purchase food; however, students also noted that work study funds were often deficient in providing their basic needs each week. Kava shared that, after receiving his work study position,

it ended up being instead of living on twenty five to thirty dollars a week for all your

expenses you know I had this paycheck coming in which. All right well here you go. You know, so ... after I got that job I don't think I really worries too much about where my next meal was coming. You know before that job I was like, well when am I going to have ramen for dinner or am I going to be able to get a quesadilla, so you know I never went hungry. I'll say that. But there were times where I'm like, well, if you make this food now, please make a lot so you have lunch for tomorrow. Now, it's like, well, you have groceries, if you need something you can eat on campus, and I think if I didn't have a job it would be a whole different conversation for sure.

Even though Jose worked 35 hours a week, he received assistance from his parents to purchase food and gas. The same was true for Roger, who worked 10 hours a week. Although she worked 20 hours a week, Clara needed assistance from her family to purchase food. Clara also noted the challenges of living in a “food desert” near campus:

...groceries were another thing, like, I would have to be picked up by my aunt or my family to get groceries and it would be I wouldn't be able to go every week, I'd have to go every other week. And there'd be times where it would just be, especially the winter, be really stressful for me, and I'd have to like go to Target Express in DinkyTown and not be able to get exactly what I want, and then walk all the way back home, or go to Bylerys, but that's too expensive. You know we are definitely in what's called a food desert here in the university, it's really bad.

Because students were juggling multiple jobs and worked so many hours each week, students often described having to forgo involvement on campus (e.g., in research labs, in student clubs) or could not engage in off-campus opportunities, such as internships. Liza noted that

Yeah I definitely feel like the issue is getting involved on campus or like around campus I feel like for me is like emotionally or mentally I am spread too thin with having a job and doing schoolwork. That's why I don't really get involved.

Alisa noted that

Well one one big hit that I think affected me for a couple of years was like I I thought you know coming into college I'd have this super great social life I'd make a lot of friends but then I really don't end up happening because...of my job. When I first started it my sophomore year I work every Friday and Saturday on an overnight shift, so I had sleep during the day so I can work at night and I thought you know that kind of impacted me. And that was a whole weekend, work pretty much it took up my entire weekend because then on Sunday have to do homework and you know it would take up my entire weekend. It's pretty much a couple years of my college career that I never really got to go out with people like those bonds.

Students also could not participate in programs to support their career knowledge; for instance,

Alisa stated that “

I just found with school and homework and work and then just responsibilities with living in an apartment, I couldn't really fit that in my schedule. I even tried to join like clubs such as like pre-Occupational Therapy I don't like couldn't end up going to those meetings due to work.

Ula similarly noted that she could not be as involved in a “multicultural club and women in business club because there are many meetings that I have to miss because I have to go to class or work and I always have to prioritize work. My priorities are work, class, and then comes my campus experiences or campus activities.” Yalisa mentioned wanting to be involved in sororities,

but could not afford to engage given the expenses. She heard that students who were late for meetings at sororities had to pay fines of \$75, and “Anyway I can't afford that though. Mm hmm yep. Not for me. Yeah definitely some of the clubs there are people that are more rich.”

Additionally, decisions to both live and work off campus have limited students' abilities to be involved on campus. Narissa noted that living and working off campus has definitely not allowed me to get more volunteer experience, or like I've never done a student group, I've never done that kind of stuff and I feel like that would have been nice. I mean not just for grad school. I feel like just like my overall well-being. But for grad school they want a lot of, for my particular like the ones that I'm looking at, they want a lot of like patient care experience.

Maggie shared that

People who have to pay for their college and their housing are definitely at a disadvantage in terms of not being able to have opportunities to do things like unpaid internships or research that's not paid. Because you just always have to be working or being stressed out about working or you have to earn incur large amounts of debt to pay for college.

Mary similarly stated that her long commute (over an hour long bus ride home) prohibited her from being involved on campus: “It doesn't make sense for me to stay on campus for a student club because then I would get home too late at night.” Although Mary knew about a commuter student club on campus, she felt as though participating at night would introduce safety concerns given her long commute home:

Oh, I feel like I mean there is a commuters club, but I feel like everything, most of the events that I would attend would happen at a later time, and I don't particularly feel safe

going around the city because I don't live on campus and I would have to go to the Uptown bus transit. And, I don't want to like generalize, but during at night there is like a lot of, I guess, scary people at that bus stop. Not that everything there is like that. There are a lot of cops coming there, so it's not like an area that you want to be in. With time and safety and just, it's like if do you want to get involved, everything's just kind of designed for people who live on campus.

### **Declining State Support for Higher Education**

Even though Minnesota has maintained the 50% assigned student responsibility with ,some minor fluctuations since 1985 (dropping to 47%, 46%, and 48.2% between 1998 and 2013), the state has steadily been decreasing its investment in higher education (National Science Board. 2018). Although state funding for higher education in Minnesota was previously above the national average from 1991 to 2007 (Hiltonsmith & Huelsman, 2014), funding has fallen dramatically over time. Minnesota's current funding per full-time equivalent student ranks 21st in the nation, just slightly above the national average (Figure X; National Science Board. 2018).

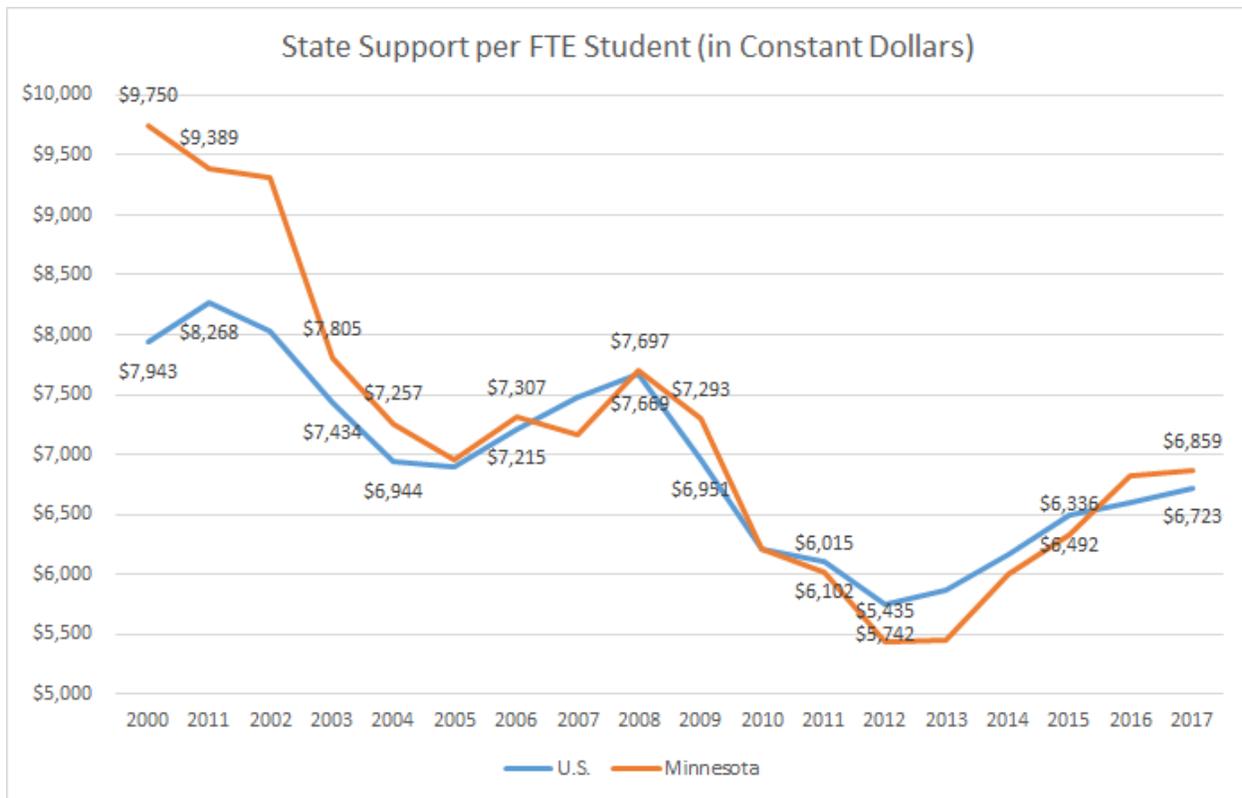


Figure X. State support per full-time equivalent student in constant dollars, 2000 to 2017.

Coupled with declining state support for higher education, these state financial policy decisions have made college increasingly unaffordable for many Minnesotans as tuition has continued to rise sharply over the past two decades (Hiltonsmith & Huelsman, 2014). Tuition and fees at Minnesota public two-year and four-year institutions have always been higher than the national average, although the gap has widened over time (Figure X; Hiltonsmith & Huelsman, 2014; The Institute for College Access & Success, 2019). From 1993 to 2013, the average yearly tuition and fees at public four-year institutions in Minnesota rose by 164% while the tuition and fees at two-year public institutions rose by 93% during the same time frame (Hiltonsmith & Huelsman, 2014).

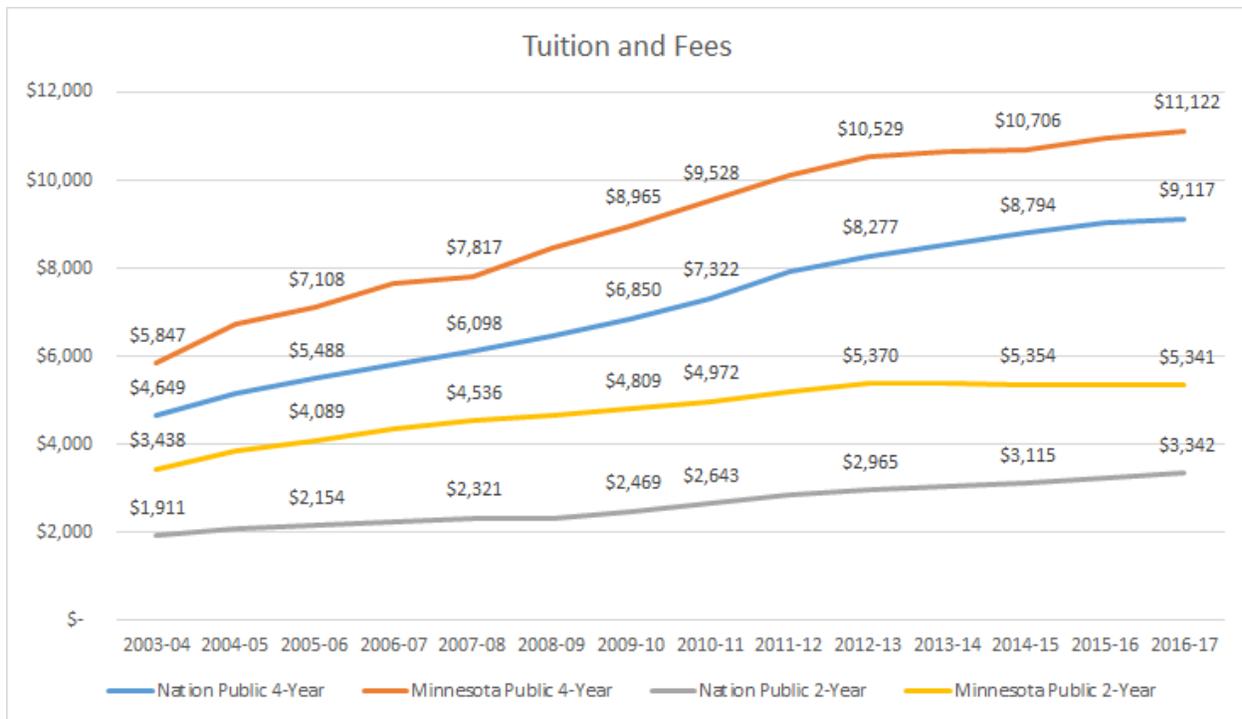


Figure X. Tuition and fees at two-year and four-year institutions, nationally and in Minnesota, from 2003-2004 to 2016-2017.

Additionally, compared to the rest of the nation, the Minnesota state grant covers a lower percentage of the overall cost of attendance at public institutions (Figure X; The Institute for College Access & Success, 2019). While the state has continued to invest more overall funding into the state grant program over the last two decades (currently totaling \$194 million to 80,893 students in 2018), the average state grant awarded to students in 2018 (\$2,401) does not cover the maximum tuition and fees allowed at two-year public colleges (\$5,790) or four-year programs (\$14,790), let alone living and miscellaneous expenses (Minnesota Office of Higher Education, 2019i). Minnesota currently ranks 17th in the nation for total grant aid awarded to students and 16th in the nation for average state grant spending for full-time equivalent students (National Association of State Student Grant & Aid Programs, 2018). Yet, the state also ranks 12th in the nation for average tuition costs at public four-year institutions and 4th in the nation

for average tuition costs at public two-year institutions (National Center for Education Statistics, 2017).

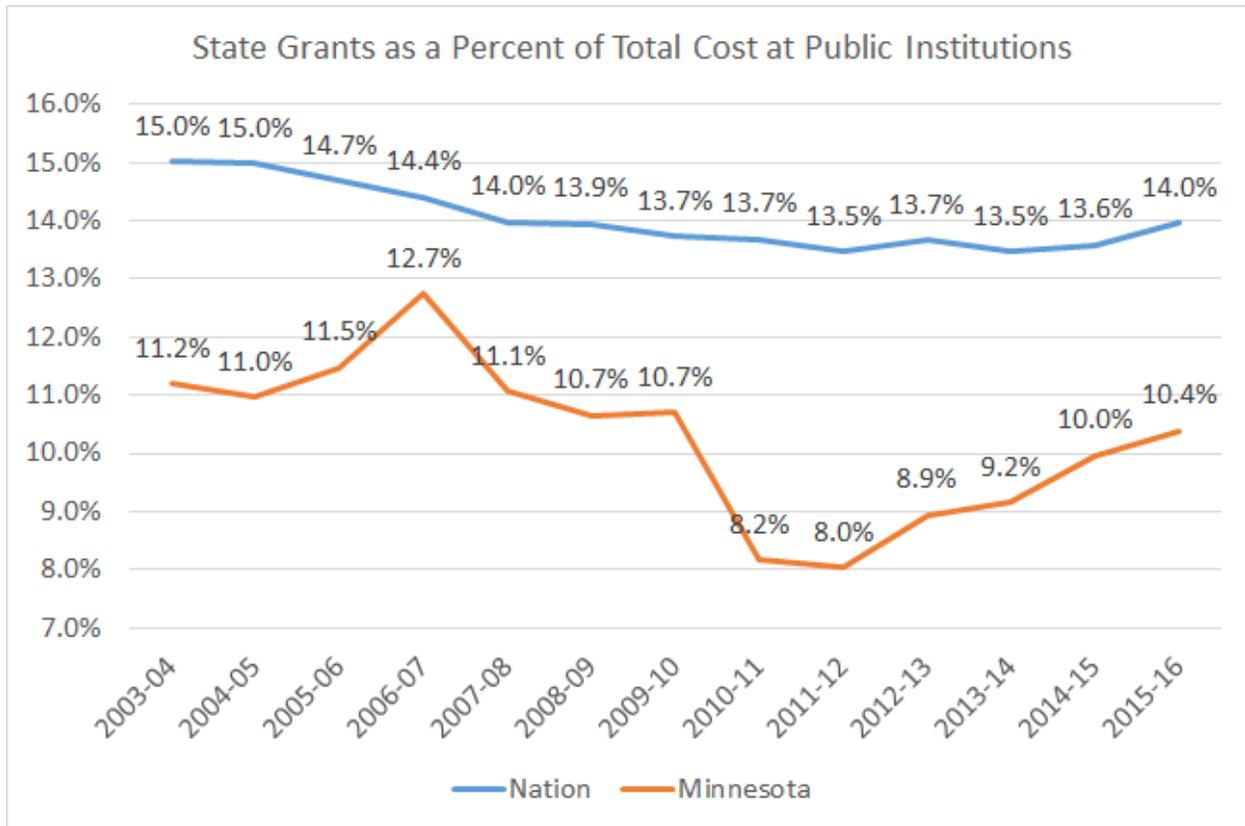


Figure X. State grant aid as a percentage of total costs at public institutions, 2003-2004 to 2015-2016.

Although the total costs of tuition, fees, room/board, and other expenses has increased dramatically at public two-year colleges, public four-year colleges, and private non-profit and for-profit colleges since 2003, the average state grant award has remained relatively flat by comparison (Figure X; National Association of State Student Grant & Aid Programs, 2018; The Institute for College Access & Success, 2019). Additionally, given the relatively flat average state grant award and increases in total costs over time, the percentage of total costs covered by the state grant has decreased since 2003-2004, although the percentage has increased slightly

between 2011-2012 and 2016-2017 (Figure X; National Association of State Student Grant & Aid Programs, 2018; The Institute for College Access & Success, 2019).

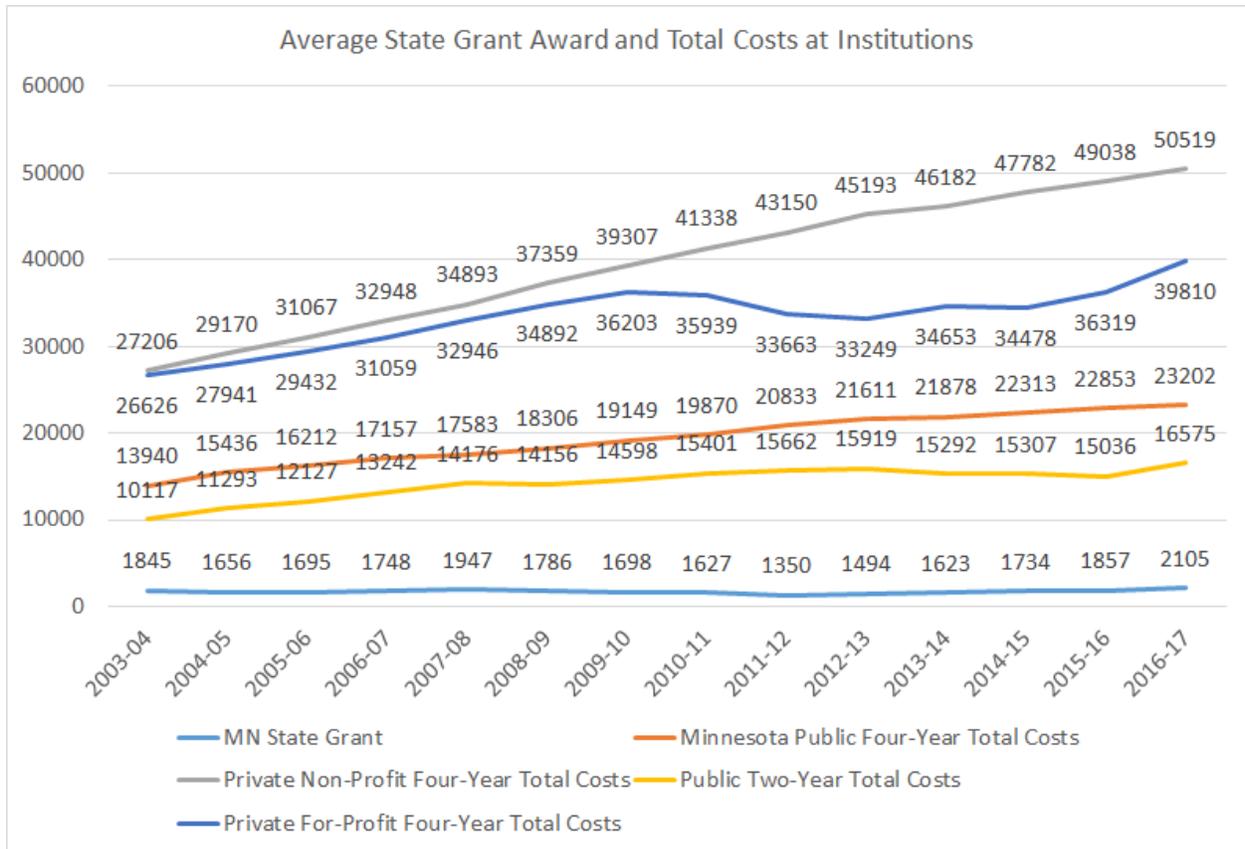


Figure X. Average state grant awards and total costs at four types of institutions, 2003-2004 to 2016-2017.

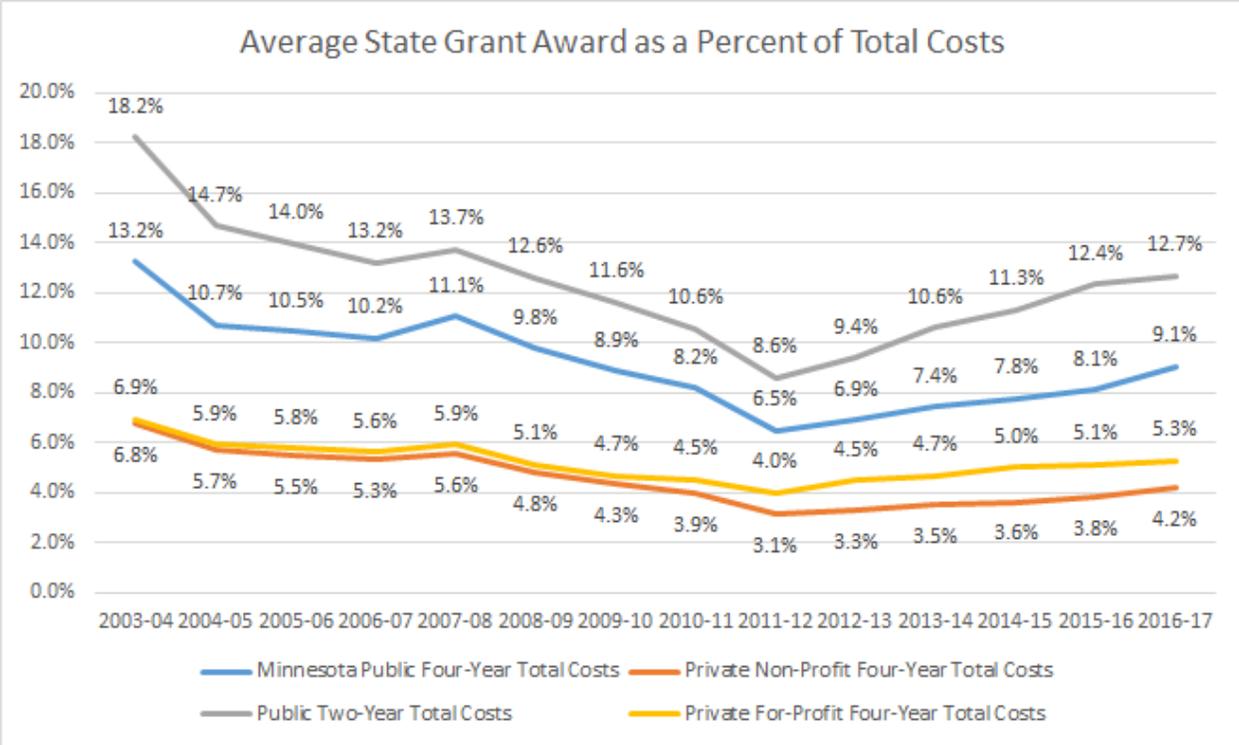


Figure X. Minnesota state grant as a percent of total costs at four institutional types, 2003-2004 to 2016-2017.

Although enrollment has been steadily declining since 2010, the number of students who received state grant funding dropped in 2015 but has remained at over 30% of all students enrolled since 2012 (Figure X; Minnesota Office of Higher Education, 2019b, 2019j).

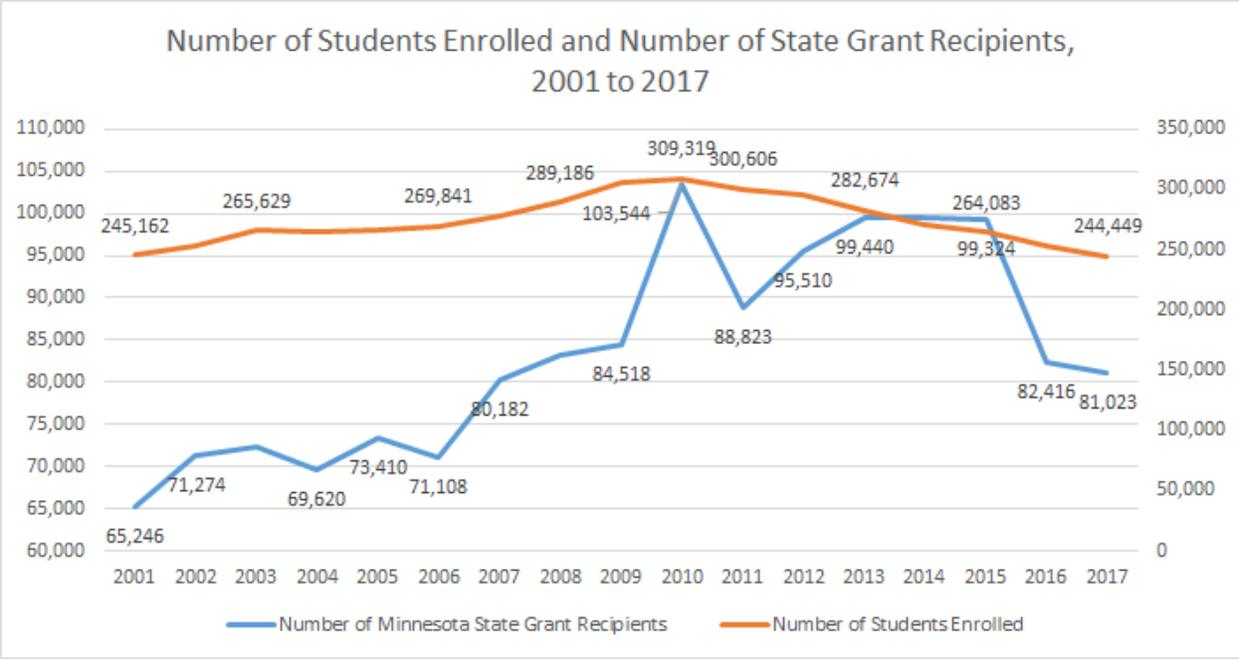


Figure X. Number of students enrolled and number of Minnesota state grant recipients, 2001 to 2017.

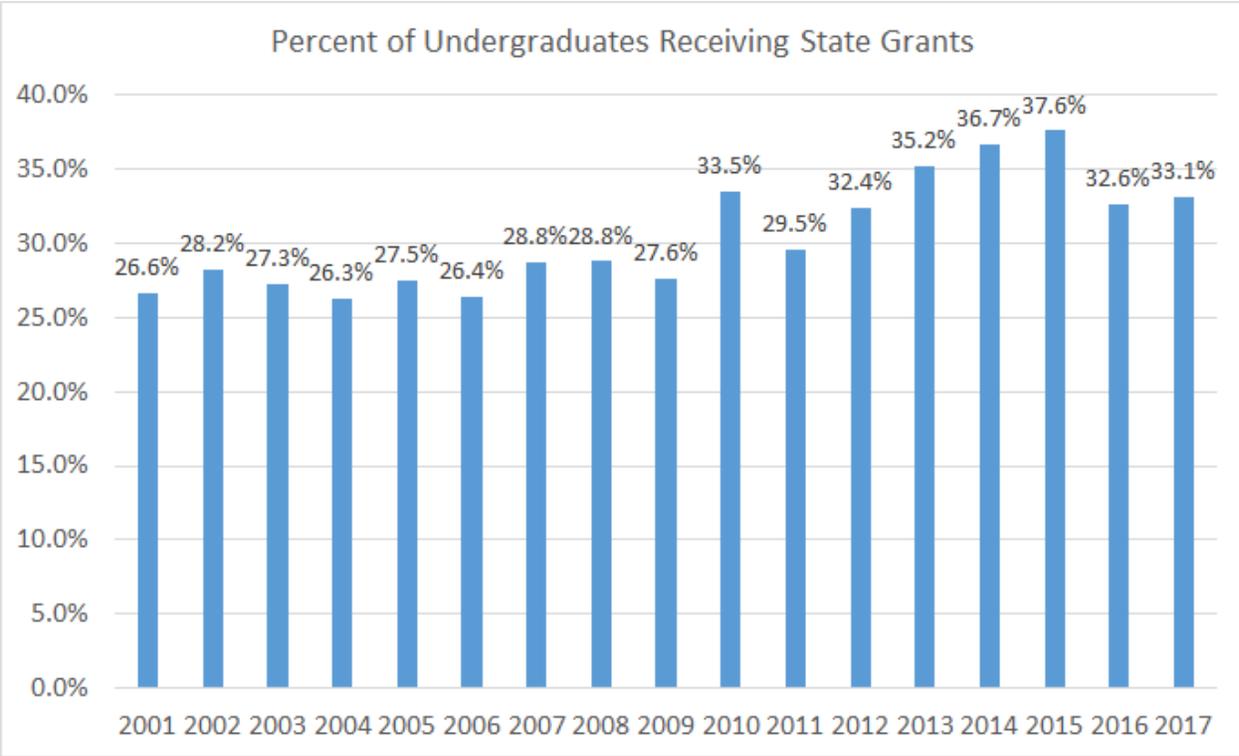


Figure X. Percent of students receiving state grants, 2011 to 2017.

When examining the average costs of attendance at public four-year institutions against the average need-based grant award per full-time equivalent undergraduates, Minnesota stands out as one of a handful of states that have high public four-year tuition rates and higher average need-based grants (Figure X). The trend also continues for tuition and fees costs at two-year public colleges (Figure X), with Minnesota having a high tuition and high aid model.

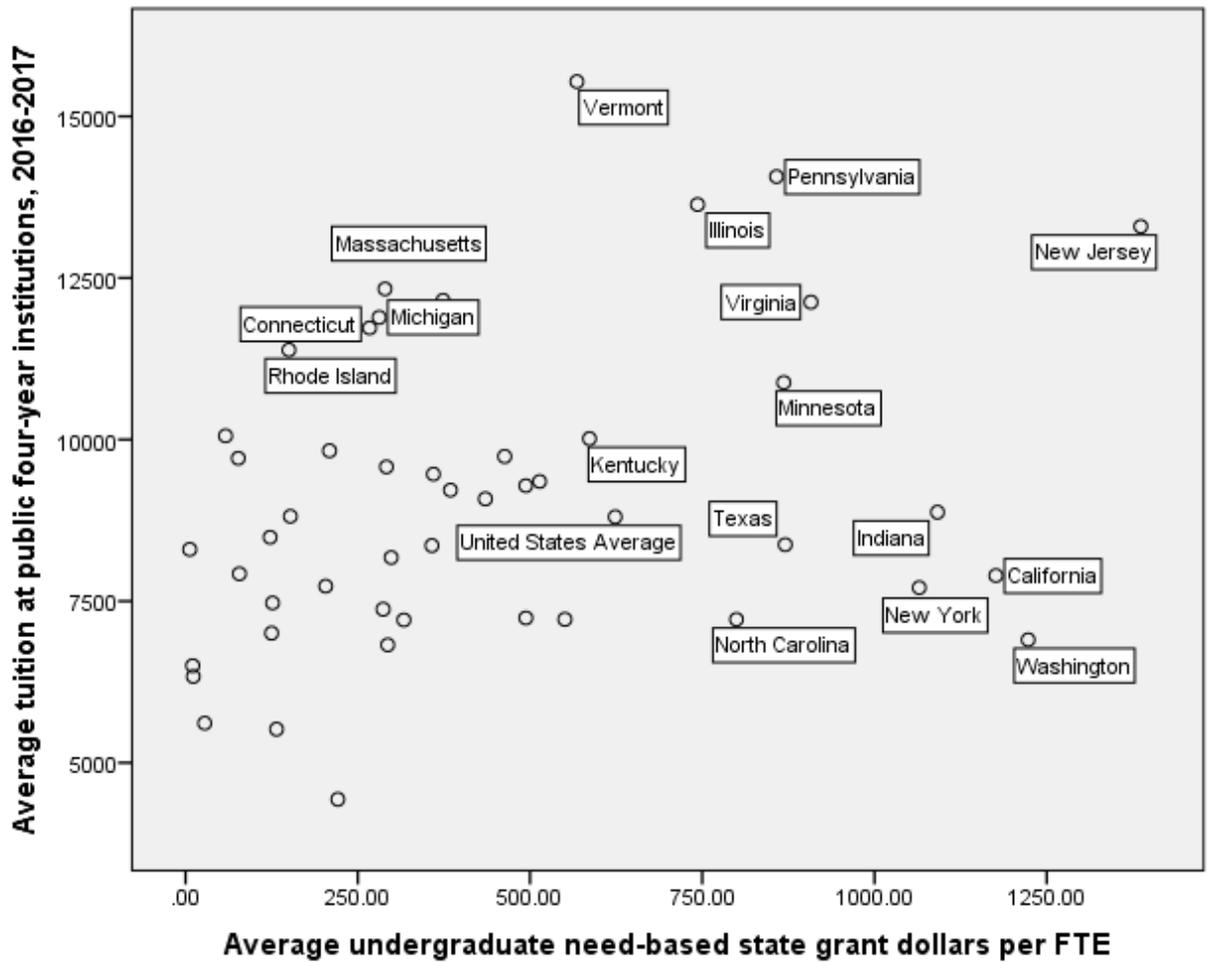


Figure X. Scatterplot of average tuition costs at public four-year institutions and average need-based state grant dollars per full-time equivalent students.

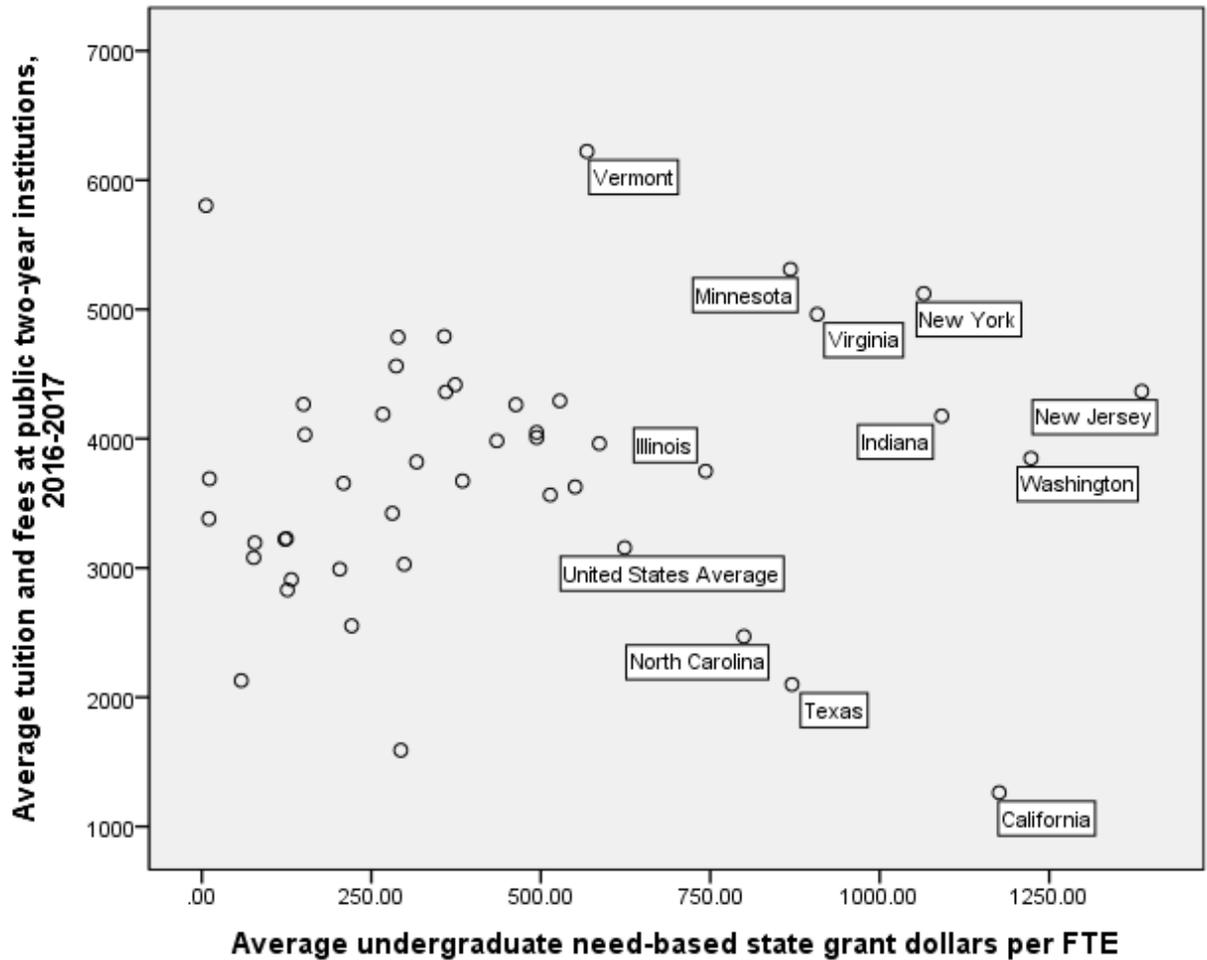


Figure X. Scatterplot of average tuition costs at public two-year institutions and average need-based state grant dollars per full-time equivalent students.

However, when examining total state grant funding, which includes both need-based and non-need-based grant funding, Minnesota’s national comparison changes. Minnesota falls behind other states in total grant spending per FTE when including non-need-based grants, making it one of the few states with higher tuition at four-year (Figure X) and two-year (Figure X) public institutions with relatively lower total grant funding.

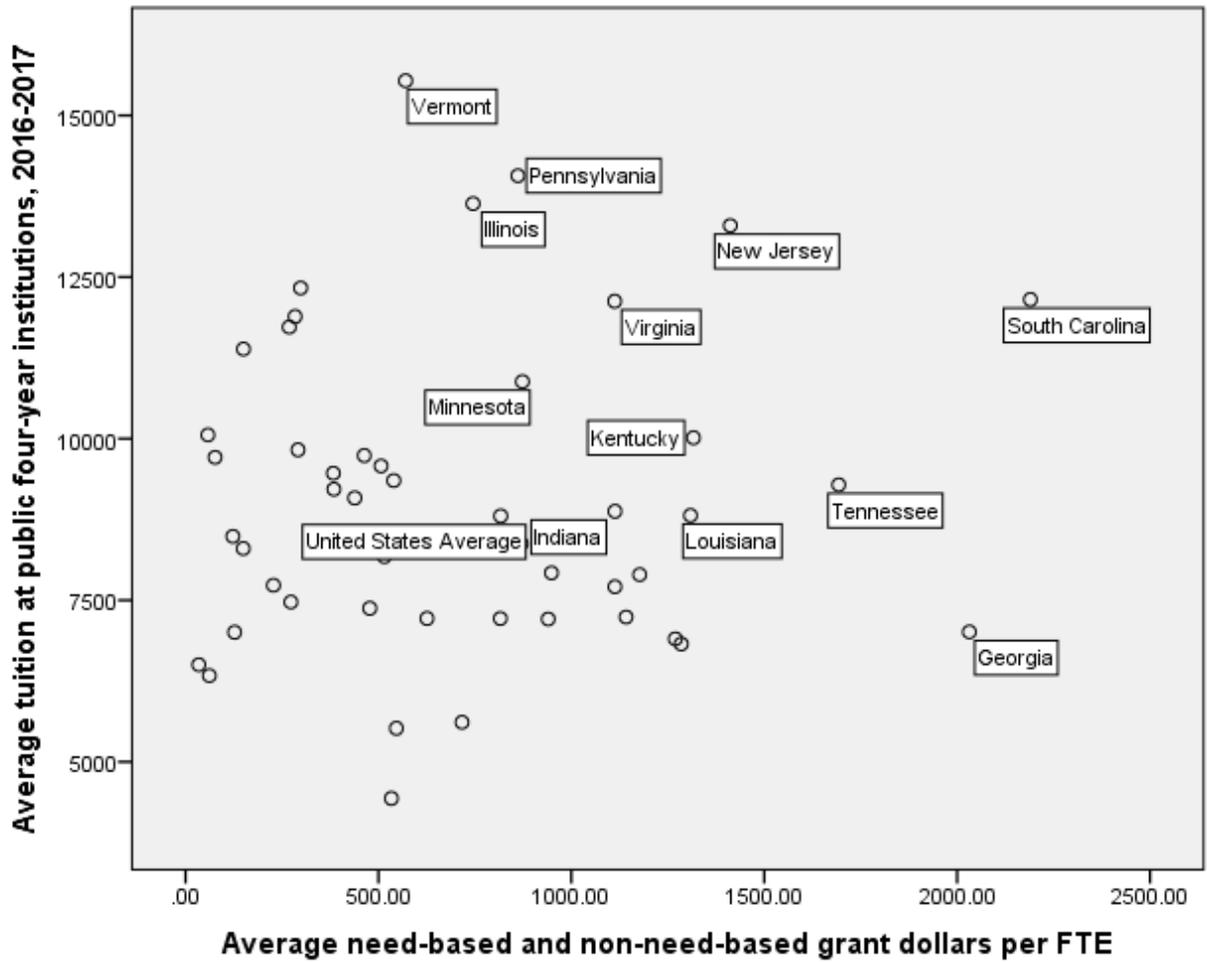


Figure X. Scatterplot of average tuition costs at public four-year institutions and average need-based and non-need-based state grant dollars per full-time equivalent students.

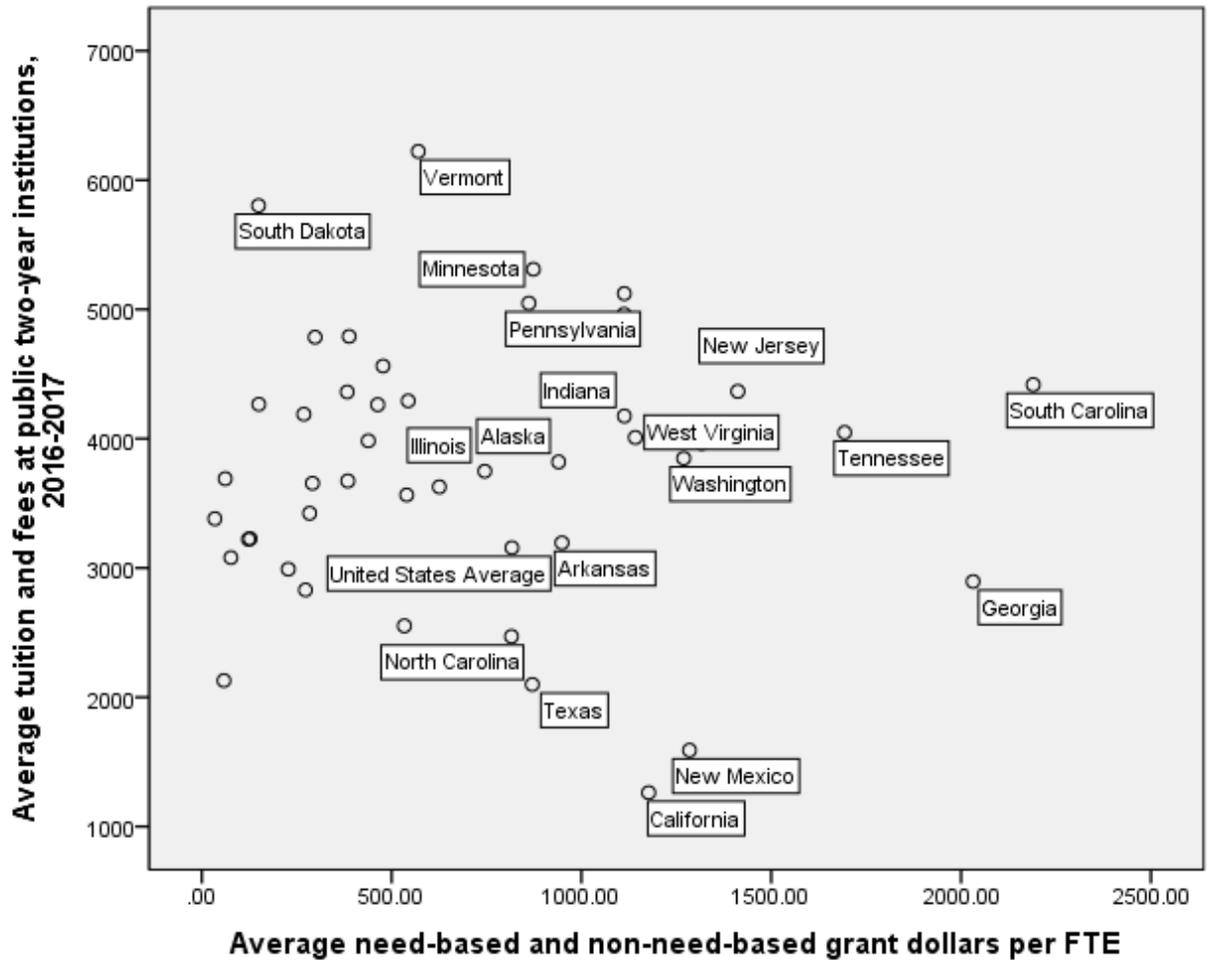


Figure X. Scatterplot of average tuition costs at public two-year institutions and average need-based and non-need-based state grant dollars per full-time equivalent students.

### Consequences of State Financial Aid Policies

#### Limited Enrollment Choices

Given the high costs of tuition and low purchasing power of state grant aid, lower-income students and students of color are more likely to enroll at two-year institutions and for-profit institutions--institutions that have the lowest graduation rates in Minnesota. Generally speaking, state colleges and private for-profit institutions tend to have the highest percent of students enrolled who receive Pell grants while also having the lowest 150% time graduation rates (Figure

X; Integrated Postsecondary Data System, 2019). Similarly, state colleges and private for-profit institutions tend to have the highest percentages of students of color enrolled and the lowest 150% time graduation rates (Figure X; Integrated Postsecondary Data System, 2019; Minnesota Office of Higher Education, 2019b). Minnesota private non-profit colleges tend to enroll the lowest numbers of students of color and also have the highest graduation rates.

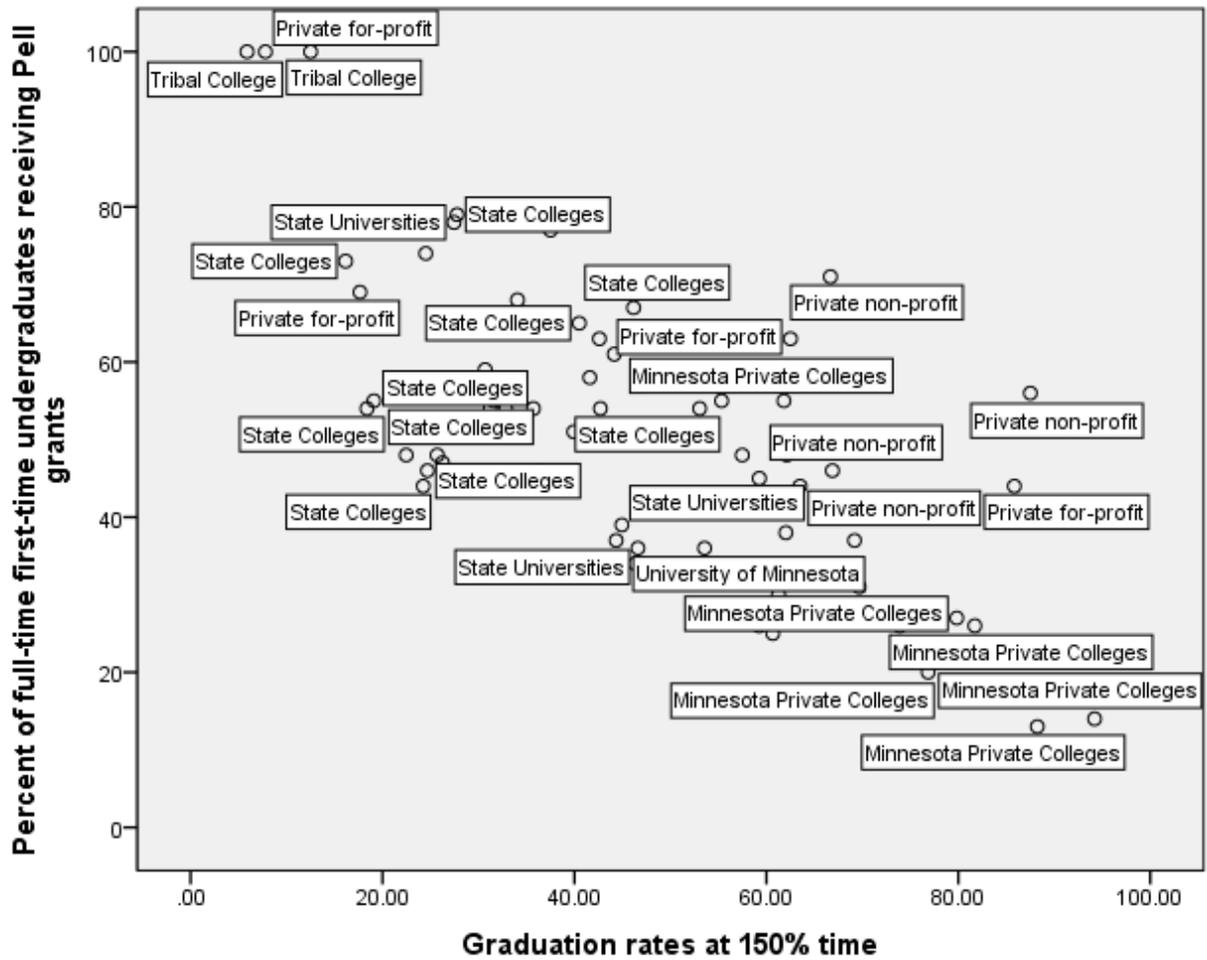


Figure X. Percent of students who receive Pell grants and graduation rates at 150% time by institutional type.

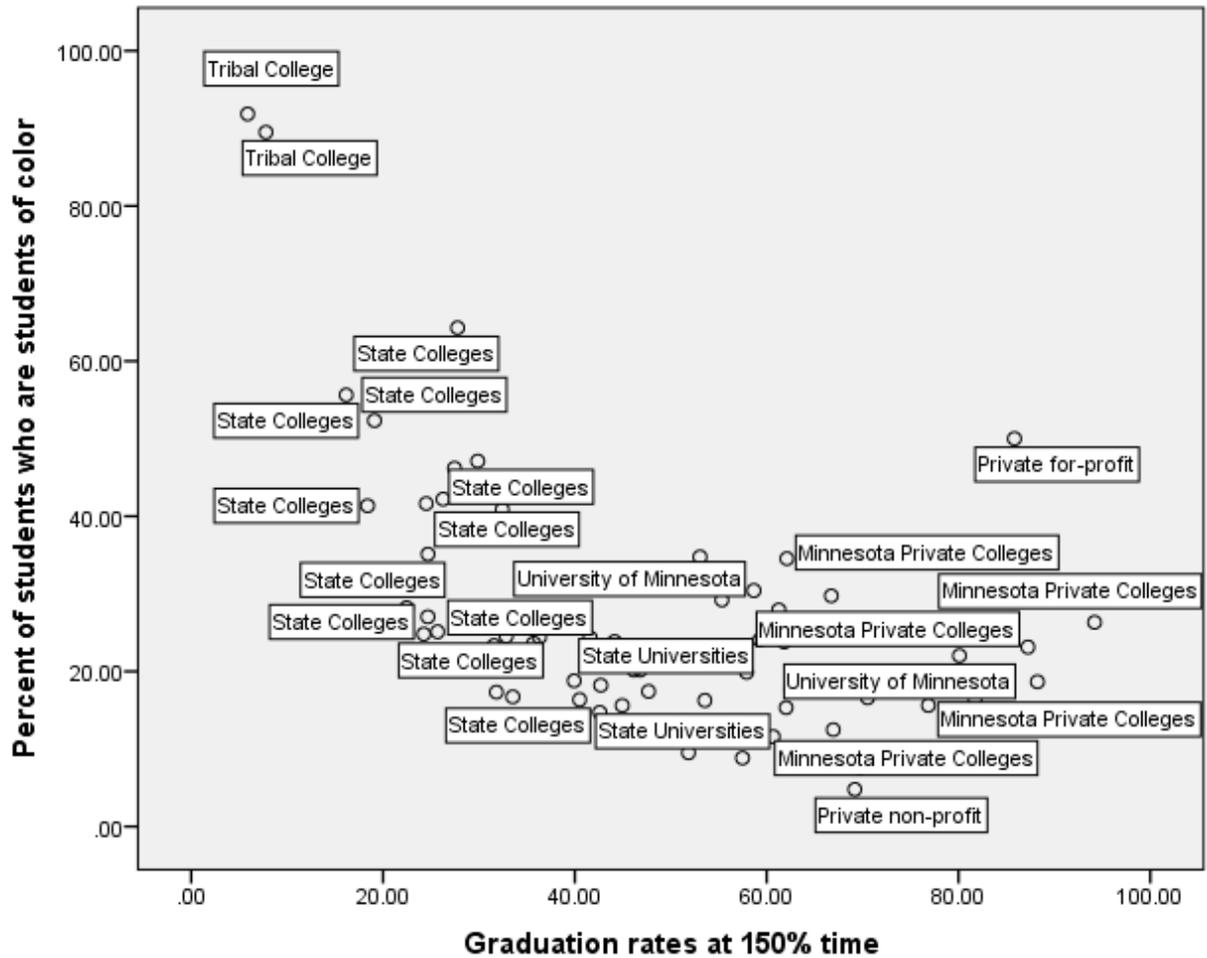


Figure X. Percent of students enrolled who are students of color (excluding international students) and 150% graduation rates by institutional type.

### Students and Families Shoulder More of the Financial Burden of Attending College

The median household income in Minnesota has remained relatively flat from 2006 (\$62,976) to 2016 (\$65,599) adjusted for inflation (Minnesota Department of Management and Budget, 2019) while tuition rates at all institutional types have increased at a higher rate during the same time frame. Consequently, the average costs at public four-year institutions have increased from 26% of median household income in 2005-2006 to 35% of household income in 2015-2016; the average costs at public two-year institutions have increased from 19% of median household income in 2005-2006 to 23% of household income in 2015-2016; and the average

costs at private non-profit institutions have increased from 49% of median household income in 2005-2006 to 75% of median household income in 2015-2016. The increased costs of attendance, relatively flat gains in median household income, and modest improvements in state grant funding are making college increasingly unaffordable for many students. These changes have forced many students to borrow more to pay for costs of attendance (Hiltonsmith & Hueslman, 2014).

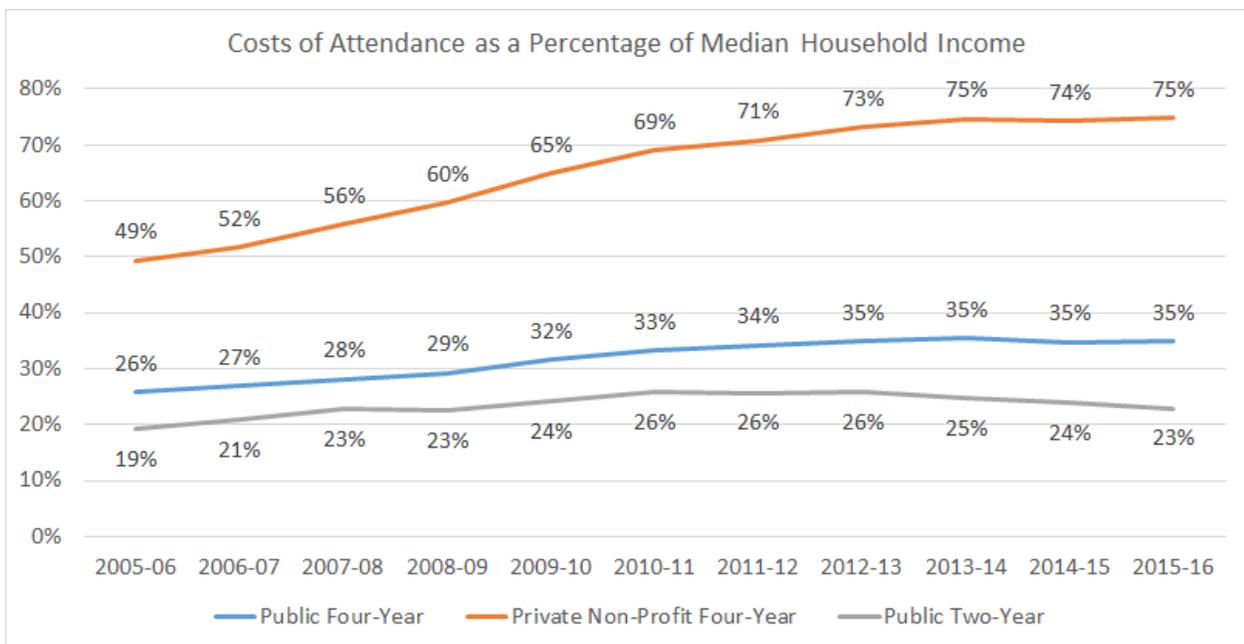


Figure X. Costs of attendance at three institutional types as a percentage of median household income (adjusted for inflation), 2005-2006 to 2015-2016.

### Increasing Loan Debt

Over the last two decades, the percentage of students who receive state grants has remained relatively flat while higher percentages of students have taken out federal subsidized and unsubsidized Stafford loans (Figure X; Minnesota Office of Higher Education, 2019k).

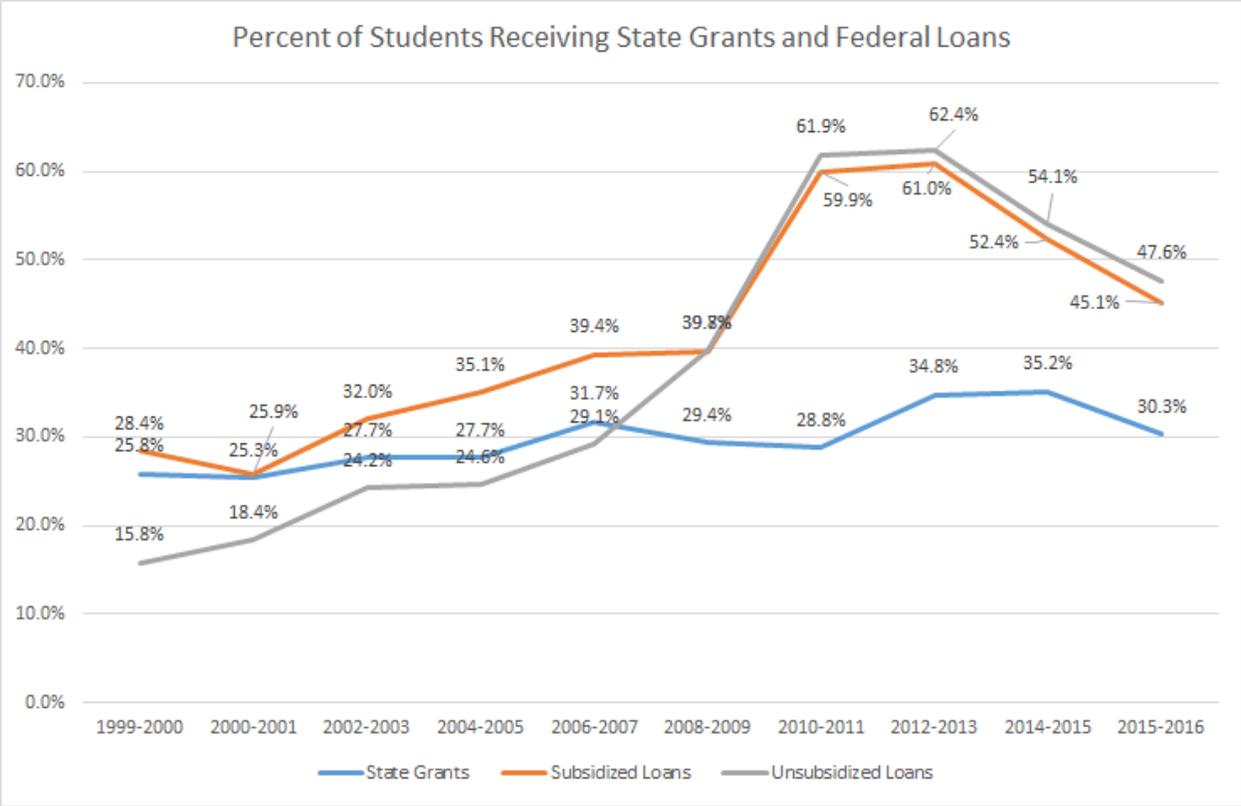


Figure X. Percent of students receiving state grants, subsidized Stafford federal loans, and unsubsidized Stafford federal loans, 1999-2000 to 2015-2016.

Note. Early financial aid award reports did not include numbers of Minnesota residents enrolled, so all undergraduates enrolled were included in the calculations of state grants, although only Minnesota residents qualify for a state grant.

Minnesota currently ranks 4th in the nation with the percentage of students who graduate with student loan debt (Figure X; The Institute for College Access & Success, 2019). Minnesota also ranks 9th in the nation for the average debt of college graduates (\$31,734) (Figure X; The Institute for College Access & Success, 2019). Minnesota also ranks 10th in the nation for the percentage of graduates’ total debt that is comprised of non-federal student loans (Figure X; The Institute for College Access & Success, 2019). The Institute for College Access and Success (2017) reported that 79% of the nation’s 2016 graduates with state loan debt attended schools in

four states: Texas, Minnesota, Massachusetts, and New Jersey, states that produce only 14% of the nation's college graduates.

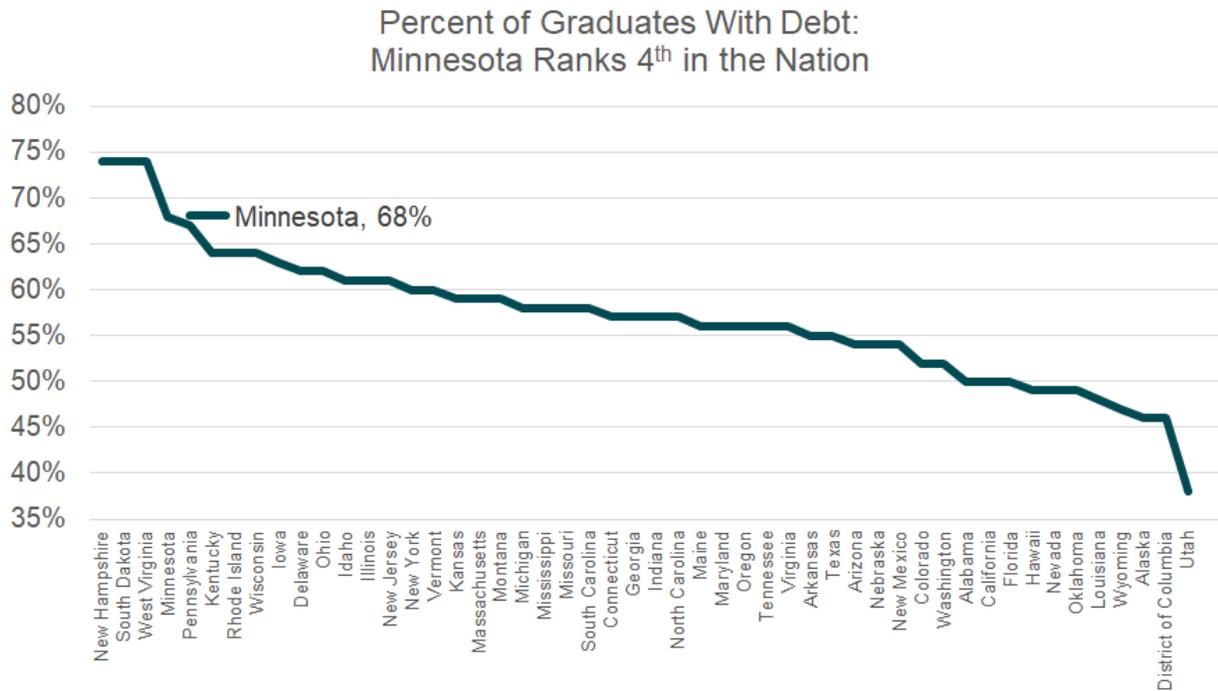


Figure X. Percentage of graduates with student loan debt in 2016.

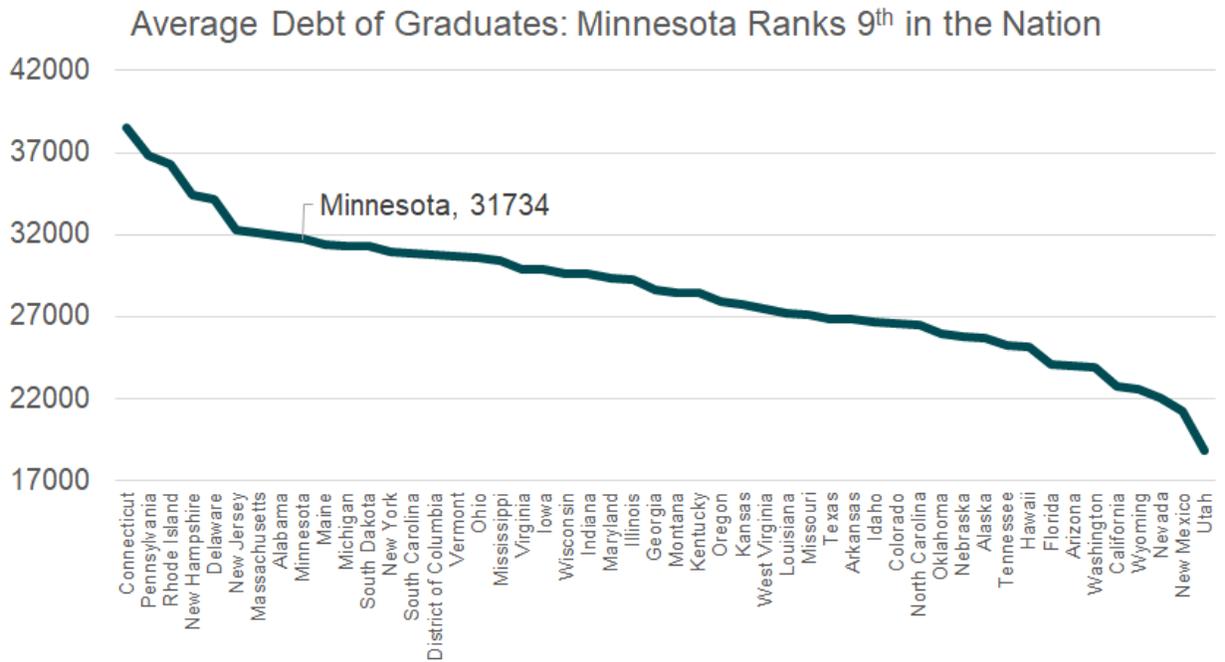


Figure X. Average debt of undergraduates in 2016.

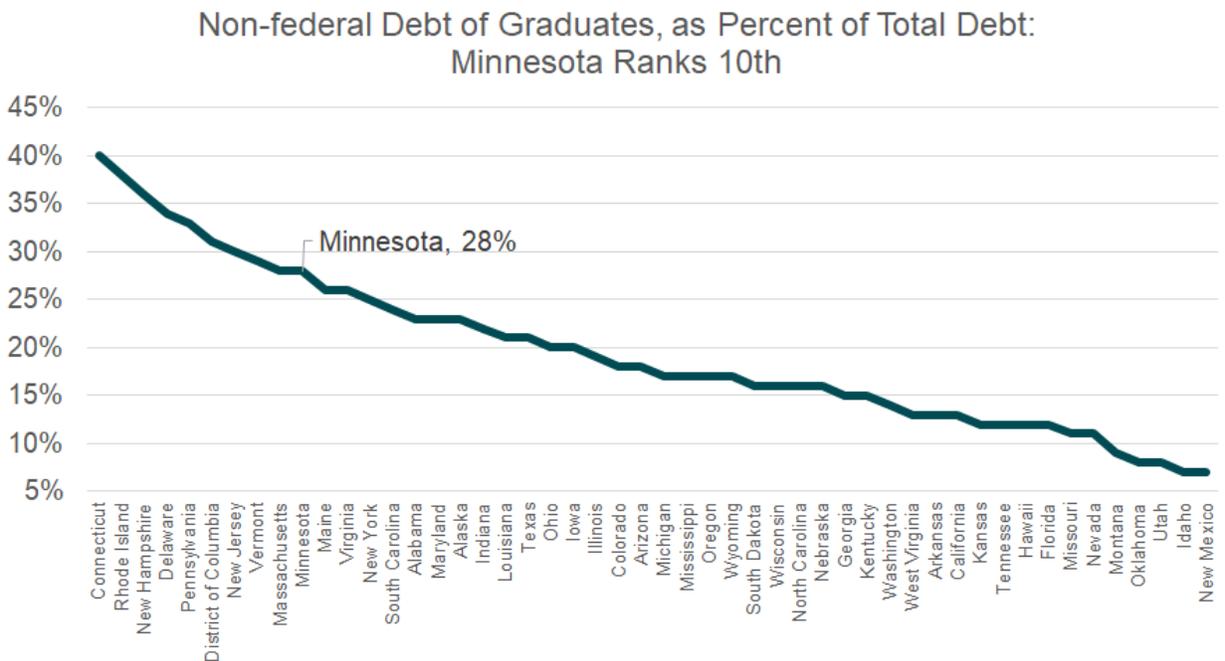


Figure X. Non-federal debt as a percentage of overall total debt of undergraduates, 2016.

While Minnesota had the sixth lowest student loan default rate in the nation--8.3% compared to 10.4% in 2015 (Minnesota Office of Higher Education, 2019I)--default rates vary by institutional type. In particular, two-year state colleges, which enroll the highest numbers of low-income students and students of color, tend to have the highest default rates ranging from 8.1% (Alexandria Technical and Community College) to 24.5% (Fond Du Lac Tribal and Community College) in 2015 (Minnesota Office of Higher Education, 2019I). Institutions that have higher graduation rates tend to have lower default rates (Figure X; Integrated Postsecondary Education Data System, 2019).

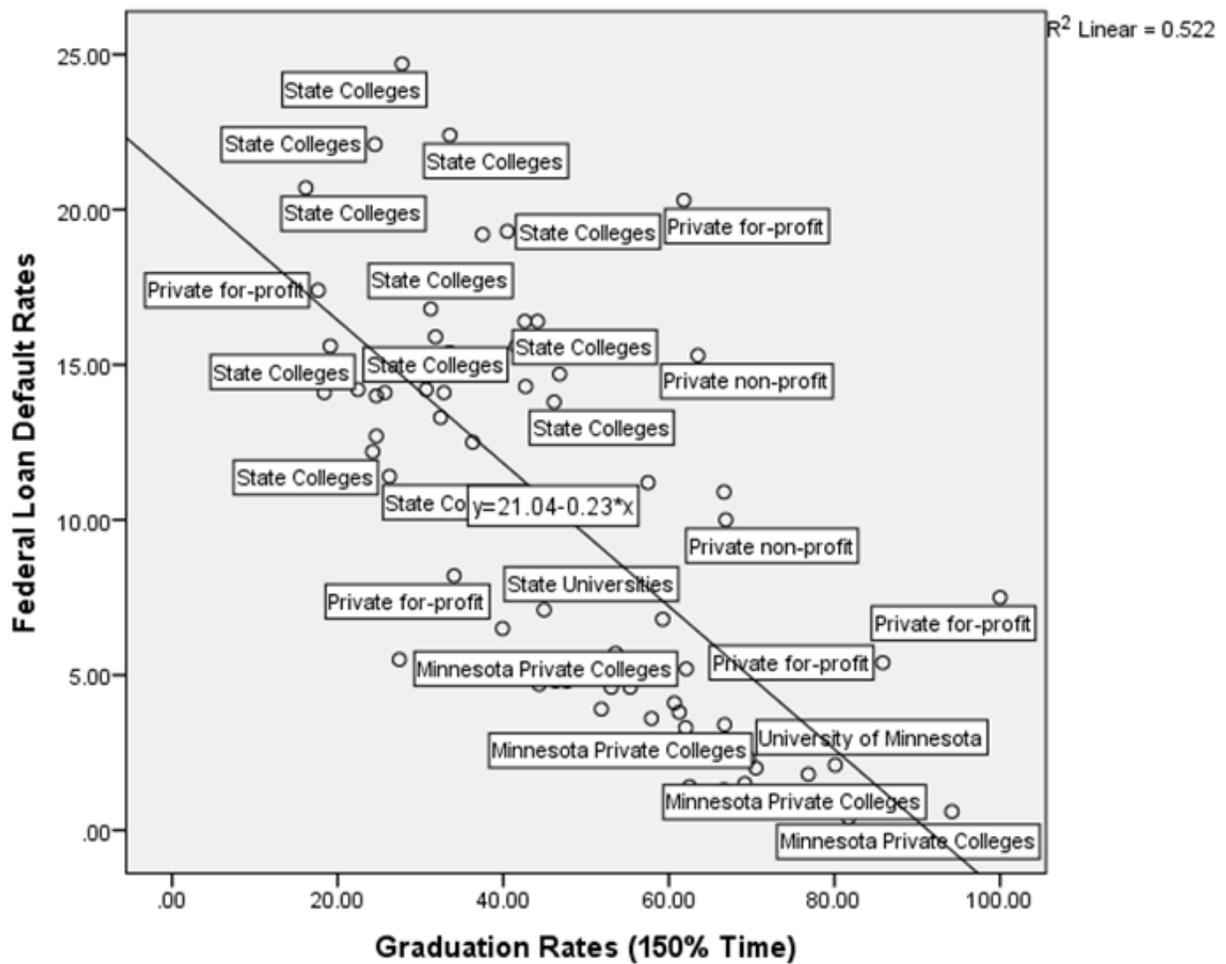


Figure X. Federal loan default rates compared with 150% graduation rates, 2017.

Nationally, there are additional disparities with regards to student loan default rates; for instance, students who receive certificates and associate degrees default at higher rates than students with bachelor degrees (29%, 12%, and 5%, respectively) (The Institute for College Access and Success, 2018). Additionally, 21% of Black bachelor degree recipients defaulted on their student loans within 12 years of entering college compared to 3% of White students and 8% of Hispanic/Latinx students; 11% of Pell grant recipients defaulted compared to 2% of non-Pell grant recipients; 10% of first-generation students defaulted compared to 4% of non-first-generation students; and, 30% of bachelor degree recipients who started at for-profit college defaulted compared to 4% of students who started at public colleges and 5% who started at non-profit colleges (The Institute for College Access and Success, 2018).

Almost all of the students interviewed for this study reported that they had student loans on top of their state grant, federal grant, work study, or other forms of institutional aid (e.g., the U Promise Scholarship). Liza noted that

It's good in like without financial aid I wouldn't be able to be in college so like my feelings are mixed about it and like I for sure I would be able to like you live on campus even though it is through loans and stuff and then that's also like the bad part of it is that like I wasn't prepared for how many loans I'm going to have to take out. I kind of was like that might have been my fault. But I think I might have been like oblivious to that. But yeah like I wasn't prepared for how many loans I would actually take out as part of my financial aid package and stuff like that I would actually need those loans to pay all the costs. So, yeah, it's been like kind of mixed, good and it's, like, kind of bad too.

Students also took out loans from several sources; for instance, on top of federal loans, Narissa took out a Minnesota SELF loan and a loan from her credit union. Amanda, who was technically

homeless while in high school because her mother passed away, was also burdened with a lot of loans to pay for her off-campus housing and tuition costs because she had sources of family support as an orphan. Carolina, who as an illegal immigrant is a DREAMer, did not qualify for federal loans and so took out a private loan to attend college. Some students like Kalia, Clara, and Kava were able to receive Parent Plus Loans, but other students were unable to have their parents co-sign loans because their parents did not have good credit.

### **Recommendations**

#### **Encourage More Students to Apply for Financial Aid**

Along with programs like financial aid completion weeks, intensive outreach to students (i.e., phone calls, emails, text messages), and social media coverage, individualized assistance is one of the key strategies toward helping more students to complete FAFSA applications (Selingo, 2017). However, Minnesota has the fourth worst counselor-to-student ratios in the nation at 723:1 (although the recommended ratio is 250:1) (American School Counselor Association, 2015). With such limited resources within schools to assist students with FAFSA completion, we recommend that the State of Minnesota hire part-time staff, such as current college students, who can temporarily work within high schools and assist students and families with completing the FAFSA from February through June of each year. College students can serve as “near-peer mentors” to provide connections with high school students (Argenti, 2017). We recommend that staff work within the most racially diverse school districts that have lower FAFSA completion rates: St. Paul, North St. Paul, Robbinsdale, Columbia Heights, Osseo, Roseville, Willmar, and Brooklyn Center.

Additionally, we recommend that the state provides incentives to schools with over 80% FAFSA completion rates to implement and insitutionalize a key variable for student of color

success and graduation. Establish metrics and goals within the schools:

file:///C:/Users/botx0006/Downloads/LessonsFromFourStatesThatAreDoingItWell.pdf

### **Recalculate Student Responsibility for the Minnesota State Grant**

Currently, the state assumes that students are responsible for paying 50% of the cost of attendance regardless of their family income level. We recommend that the state assign a level of student responsibility more proportional to students' income levels. Such a change will increase lower-income students' eligibility for state grant funding and decrease their need to take out student loans.

### **Extend the State Grant Eligibility to 12 Full-time Semesters**

Currently, the state policy limits grant eligibility to enrollment over eight full-time semesters. Because students of color are more likely than White students to attend college part-time, their graduation rates are often extended beyond four years. The existing policy disproportionately disadvantages students of color, students who take developmental education courses (who are primarily students of color), and transfer students, who all often take longer to graduate from their degrees.

### **Increase the Maximum Tuition/Fees Recognized at Private Colleges and Universities**

In 2018, 44,282 undergraduates enrolled in private colleges and universities in Minnesota, amounting to 17% of all undergraduates.

### **Expand Work Study**

The ability for students to work a part-time or full-time position to pay for their college education has significantly diminished over time (Goldrick-Rab, 2016). Clearly, the average Minnesota work study wages received by students each year, \$1,793, is insufficient to pay for the costs of tuition, living, and miscellaneous expenses. At most, the current earnings students make

through work study opportunities amount to extra pocket change each month. We recommend a three-fold increase in the amount of work study funds awarded to students up to \$10,000, an increase in the hourly wages to \$14/hour, and an increase in the total number of students who receive work study funds. Students whose family income is less than \$85,000 (the mean adjusted gross income of families at Minnesota State Universities, Minnesota Office of Higher Education, 2019i) per year should automatically qualify for \$10,000 in work study funding, which, at an average wage of \$14/hour, means students are eligible to work approximately 20 hours a week for nine months. We estimate that the income levels established for qualification would result in approximately 72,000 additional students who qualify for work study opportunities (based upon estimates of state grant recipients by income, Minnesota Office of Higher Education, 2019i). Such a strategy would provide more meaningful employment and wage-earning opportunities to students, reduce the necessity for student to work multiple jobs, and reduce the need for student to juggle both on- and off-campus employment.

### **Increase the Living Allowance**

Calculate for 12 months, consider that many students are independent students, older students, attending schools without housing etc.

### **Additional Non-Financial Aid Recommendations**

With the 2-year State Colleges comprising just over 50% (24,867) of the entire student of color higher education population in Minnesota's public and private, non-profit colleges and universities for Fall 2017, any successful effort to substantially increase the amount of people of color with 4-year degrees hinges upon increasing the retention, success, and graduation rates of students of color at 2-year institutions. The following recommendations encompass both academic and non-academic recommendations from interviews and focus groups with higher

education faculty (4), staff and administrators (7), college alumni (9), and a former Board of Trustee/Regent.

- **Have a transparent process on the State government allocation process from government to college and track the funds earmarked for students of color.**
- **Empower Minnesota State Colleges and Universities to set outcomes and make changes that positively impact the recruitment, retention, success, and graduation rates of students of color.**
- **Support data driven decision making** at the system and campus level through funding the expansion or creation of F.Y.E. positions to do this with quantitative and qualitative data.
- **Require Minnesota’s higher education systems to work in tandem to increase the recruitment, retention, success, and graduation rate of students of color to meet the state’s employment and community needs, this includes encouraging and incentivizing course transfer policies.**
- **Support campuses developing more equitable entry assessment policies** to prevent students from taking developmental courses they do not need in Math and English.
- **Provide more financial aid for students at state colleges to prepare more students of color for 4-year degrees.**
- **Revise the MAPE contract for higher education to allow MAPE members of color to teach**, if they are qualified, without the current financial penalties for public colleges that employ them. This is a common way in other colleges to diversify their faculty and teaching ranks.

- **State and college support for Holistic Advising**, which is a common interview theme. Increasing holistic advising on campuses will increase student of color retention, success, and graduation rates through advising and guiding the entire student, not just the academic student. Holistic advising's success with students is well documented, but it requires a smaller advisor to student ratio and will need financial support to implement and institutionalize the retraining of current advisors or the hiring of more advisors where it is not currently in use.
- **Educate and support the Student of Color demographic by providing access to the same types of services for evening and weekend students, as traditional daytime students**, many campuses do not currently do this, which hinders students from getting the basic support they need to successfully navigate their student career.
- **Establish rules to support colleges holding faculty more accountable on successfully educating students of color through successful performance rewards**, such as pay or retirement bonuses, increased professional development funds, exemption from campus service, or qualifying for a sabbatical earlier.
- **Support and fund educating faculty on cultural responsiveness and equity in the classroom and online.**
- **Fund specialized First Year Experience course for former wards of the State (former inmates and students who were fostered) and a position or part of a position to work with this demographic.**
- **Provide funding to incentivize community and higher education partnerships to (re)train people for fields experiencing employment shortages.**
- **Provide resources to support campus food shelves for food insecure students.**

- **Provide seed funding and resources to develop programs that support the recruiting, retention, success, and graduation of students of color.**
- **Provide resources for colleges to expand successful programs that educate and graduate students of color.**
- **Provide incentives and resources for campuses to form community partnerships to address housing insecurity, food insecurity, health, and mental health needs of their students and community.**

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## **Appendix A: Methodology**

We collected the data for this report using several methodologies. One researcher utilized the Integrated Postsecondary Education Data System (IPEDS) and downloaded over 10 years of data for Minnesota colleges and universities. The researcher downloaded financial aid data, student enrollment data, and student degree completion data for institutions. Additional quantitative data sources included the Minnesota Office of Higher Education, Minnesota Statewide Longitudinal Data System (SLEDS), and data from the Institute for College Access and Success. The researcher obtained IRB approval to analyze these quantitative data from the University of Minnesota (Appendix B).

The researchers also collected qualitative data from several sources. One researcher interviewed 22 college students who enrolled at the University of Minnesota. The researcher conducted the interviews in May 2019 after receiving IRB approval to conduct the interviews (see Appendix B). The list of student participants (by pseudonym) along with their characteristics is available in Appendix C. The researcher attempted to recruit only students of color who received state and federal financial aid. The protocol for the interview is available in Appendix D.

## Appendix B: IRB Approvals for the University of Minnesota

### UNIVERSITY OF MINNESOTA

Twin Cities Campus

Human Research Protection Program  
Office of the Vice President for Research

Room 350-2  
McNamara Alumni Center  
200 Oak Street S.E.  
Minneapolis, MN 55455  
612-626-5654  
irb@umn.edu  
<https://research.umn.edu/units/irb>

#### NOT HUMAN RESEARCH

April 18, 2019

Krista Soria

612-624-1649  
botx0006@umn.edu

Dear Krista Soria:

On 4/18/2019, the IRB reviewed the following submission:

Type of Review:	Initial Study
Title of Study:	Financial Aid Policy in Minnesota's Postsecondary Institutions
Investigator:	Krista Soria
IRB ID:	STUDY00006362
Sponsored Funding:	None
Grant ID:	None
Internal UMN Funding:	None
Fund Management Outside University:	None
IND, IDE, or HDE:	None
Documents Reviewed with this Submission:	• HRP--503, Category: IRB Protocol;

The IRB determined that the proposed activity is not research involving human subjects as defined by DHHS and FDA regulations. To arrive at this determination, the IRB used "WORKSHEET: Human Research (HRP-310)." If you have any questions about this determination, please review that Worksheet in the [HRPP Toolkit Library](#) and contact the IRB office if needed.

**Ongoing IRB review and approval for this activity is not required;** however, this determination applies only to the activities described in the IRB submission and does not apply should any changes be made. If changes are made and there are questions about whether IRB review is required, please submit a Modification to the IRB for a determination.

Sincerely,

**Driven to Discover**<sup>SM</sup>

Cynthia McGill CIP

IRB Analyst

We value feedback from the research community and would like to hear about your experience. The link below will take you to a brief survey that will take a minute or two to complete. The questions are basic, but your responses will help us better understand what we are doing well and areas that may require improvement. Thank you in advance for completing the survey.

Even if you have provided feedback in the past, we want and welcome your evaluation.

[https://umn.qualtrics.com/SE/?SID=SV\\_5BiYrqPNMJRQSBn](https://umn.qualtrics.com/SE/?SID=SV_5BiYrqPNMJRQSBn)

# UNIVERSITY OF MINNESOTA

Twin Cities Campus

**Human Research Protection Program**  
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## EXEMPTION DETERMINATION

May 24, 2019

Krista Soria

612-624-1649  
botx0006@umn.edu

Dear Krista Soria:

On 5/24/2019, the IRB reviewed the following submission:

Type of Review:	Initial Study
Title of Study:	Cultural Capital and Financial Aid: Elevating the Success of Students of Color and Indigenous Students
Investigator:	Krista Soria
IRB ID:	STUDY00006448
Sponsored Funding:	None
Grant ID/Con Number:	None
Internal UMN Funding:	None
Fund Management Outside University:	None
IND, IDE, or HIDE:	None
Documents Reviewed with this Submission:	<ul style="list-style-type: none"><li>• Michael Oakes's approval, Category: Other;</li><li>• Updated consent form, Category: Consent Form;</li><li>• Protocol, Category: IRB Protocol;</li><li>• Updated recruitment email, Category: Recruitment Materials;</li><li>• University of Minnesota Twin Cities Mail - IRB Letter of Approval.pdf, Category: Other;</li><li>• Interview Questions.docx, Category: Other;</li></ul>

**Driven to Discover<sup>SM</sup>**

The IRB determined that this study meets the criteria for exemption from IRB review. To arrive at this determination, the IRB used “WORKSHEET: Exemption (HRP-312).” If you have any questions about this determination, please review that Worksheet in the [HRPP Toolkit Library](#) and contact the IRB office if needed.

This study met the following category for exemption:

- (2) Research that only includes interactions involving educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures, or observation of public behavior (including visual or auditory recording) if at least one of the following criteria is met: (ii) Any disclosure of the human subjects’ responses outside the research would not reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects’ financial standing, employability, educational advancement, or reputation

Ongoing IRB review and approval for this study is not required; however, this determination applies only to the activities described in the IRB submission and does not apply should any changes be made. If changes are made and there are questions about whether these activities impact the exempt determination, please submit a Modification to the IRB for a determination.

In conducting this study, you are required to follow the requirements listed in the Investigator Manual (HRP-103), which can be found by navigating to the [HRPP Toolkit Library](#) on the IRB website.

For grant certification purposes, you will need these dates and the Assurance of Compliance number which is FWA00000312 (Fairview Health Systems Research FWA00000325, Gillette Children's Specialty Healthcare FWA00004003).

Sincerely,

Bri Warner  
IRB Analyst

We value feedback from the research community and would like to hear about your experience. The link below will take you to a brief survey that will take a minute or two to complete. The questions are basic, but your responses will help us better understand what we are doing well and areas that may require improvement. Thank you in advance for completing the survey.

Even if you have provided feedback in the past, we want and welcome your evaluation.

[https://umn.qualtrics.com/SE/?SID=SV\\_5BiYrqPNMJRQSBn](https://umn.qualtrics.com/SE/?SID=SV_5BiYrqPNMJRQSBn)

### Appendix C: List of Qualitative Participants

Pseudonym	Race/Ethnicity	Gender	Transfer Student	Age	First-Generation	Pell Grant	State Grant	Student Loans
Clara/Cassie	Indigenous	F	Yes	20	No	Yes	Yes	Yes
Maggie/Maddie	Indigenous	F	No	18	Yes	No	No	Yes
Cindy/Sydney	<u>Latinx</u>	F	Yes	22	No	Yes	Yes	Yes
Ivan/Isaac	Asian	M	No	20	No	Yes	Yes	No
Jose/Josh	<u>Latinx</u>	M	Yes	26	No	Yes	Yes	Yes
Kava/Ravi	Asian	M	Yes	21	Yes	Yes	Yes	Yes
Jana/Jaylia	Black	F	No	20	Yes	Yes	Yes	Yes
<u>Kalia/Kawita</u>	Asian	F	No	18	No	Yes	Yes	Yes
<u>Shayla/Djah</u>	Black	F	Yes	24	Yes	Yes	Yes	Yes
Roger/Rueben	Black	M	Yes	22	Yes	Yes	Yes	Yes
John/Jacob	Indigenous	M	Yes	22	No	Yes	Yes	Yes
Amanda/Alexandra	<u>Latinx</u>	F	No	20	No	Yes	Yes	Yes
Sean/Stephen	<u>Latinx</u>	M	No	20	Yes	Yes	Yes	Yes
Liza/Lizeth	<u>Latinx</u>	F	No	19	Yes	Yes	Yes	Yes
Mary/Marian	Black	F	No	20	Yes	Yes	Yes	Yes
<u>Carolina/Catalia</u>	Indigenous	F	No	18	Yes	No	No	Yes
Alisha/Alyssa	<u>Latinx</u>	F	No	19	Yes	Yes	Yes	Yes
Helena/Heather	<u>Latinx</u>	F	Yes	20	No	Yes	Yes	Yes
<u>Narissa/Sarava</u>	Asian	F	Yes	20	No	Yes	Yes	Yes
<u>Yalisa/Lily</u>	Asian	F	Yes	19	Yes	Yes	Yes	No
<u>Ula/Nus</u>	Hawaiian/Pacific Islander	F	No	19	No	Yes	Yes	Yes
Brandon/Brennon	Indigenous	M	No	18	No	Yes	Yes	Yes

## Appendix D: Interview Questions

Can you please begin by telling me a little bit about yourself?

- What is your gender, race/ethnicity, age, major in college, and hometown?
- What colleges have you attended?
- Did your parents attend college? What do your parents do for their occupations?
- Do you remember qualifying for free/reduced price lunch in high school?

Can you tell me more about life at home growing up? What type of educational resources did you have at home? (books, dictionary, library card, desk, your own room, computer, learning software) What types of books did you have—and about how many?

When you were in high school or before, did you and your parents ever do things like visit museums, art exhibitions, an opera, or the ballet? Did you listen to things like classical music, play a musical instrument, or sing in a choir?

Did you ever have conversations with your parents about things like books, movies, political or social issues, works of art, or art in general? If so, about how often?

Can you tell me more about what it was like to apply to college?

- What knowledge of college did you have before you attended?
- What was your knowledge of financial aid resources?
- What are some of the challenges you faced while applying to college?
  - What did you do to address the challenges?
  - Have any patterns emerged to help you address the challenges?
  - Were there any promising patterns?

What did you know about college before you started attending college?

- What were your conceptions or ideas of how college works?

Who helped you to learn more about college?

- What are their backgrounds?
- Can you tell me more about how they helped you?

What other types of non-financial resources (knowledge, culture) helped you learn about college?

What are some of the challenges you face now in college? What have you done to address the challenges? Have any patterns emerged to help you address the challenges? Have any been promising?

Can you tell me about the types of financial aid you receive?

How did you learn about those financial aid choices?

What is your general perception of what it has been like to pay for college? What is your general perception or experience with financial aid?

Can you share more about your experiences as a transfer student (if applicable)?

What other types of non-financial resources (knowledge, culture) have helped you in college?

Who is helping you now in college?

- What are their backgrounds?
- Can you tell me more about how they helped you?

What are some things that you think would help you (or have helped you thus far) to be successful in meeting your collegiate goals?

Do you have friends or family who tried college and were not successful at earning a degree?

- Can you share more about their experiences and how your experience might be different?
- What factors make (or have made) your experience different from their experiences?