

MINNESOTA PRIVATE COLLEGE COUNCIL

Written Testimony for the Senate Higher Education Committee on SF 2894
March 3, 2022

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Chair Tomassoni, Vice-Chair Rarick, and Committee Members:

I am Paul Cerkvenik and I serve as the President of the Minnesota Private College Council. The members of the Private College Council are 17 nonprofit institutions that produce about 30% of the four-year degrees granted annually in Minnesota.

Thank you for the opportunity to submit this written testimony today in support of SF2894, a bill to increase Minnesota State Grants.

I want to start by expressing special thanks and our deep appreciation for Senator Tomassoni's desire to once again author a bill at our request to improve Minnesota State Grants for the more than 66,000 lower-income students who rely on these grants to enroll in and graduate from college. We deeply appreciate his commitment to the success of students from less fortunate backgrounds.

I also want to thank Senator Rarick for presenting this bill today in the Senate Higher Education Committee.

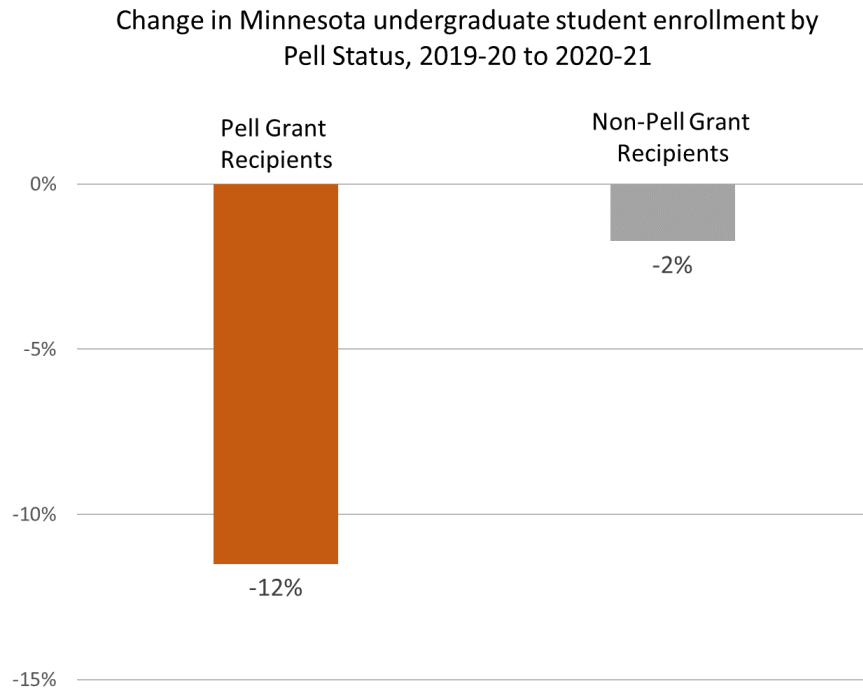
Impact of the Pandemic on Enrollment

I'd like to begin by sharing some data with you about the impact of the pandemic on college students and how that is connected to the need for increased investment in the Minnesota State Grant program.

As you all know, there has been a significant decline in postsecondary enrollment since the onset of the pandemic. Across all two-year and four-year Minnesota institutions, total undergraduate enrollment declined by 3.4% from the fall of 2019 to the fall of 2020.

It is important to know that the enrollment decline has been much larger in students from lower-income families.

As shown in the graph below, the decline in the enrollment of Pell Grant recipients – who generally have family incomes of less than \$50,000 – is 12%. By comparison, the decline in enrollment of non-Pell grant students is much smaller at just 2%.



Source: IPEDS 2020-21 unduplicated headcount data and Federal Student Aid Pell Grant recipient data. Includes all public and nonprofit Minnesota institutions.

There are other data points about the decline in postsecondary enrollment that are also significant:

- New, first-year student enrollment declined 9% in the fall 2020.
- Enrollment of students of color and Native American students declined 8%.
- And there was a 5% decline in the enrollment of first-generation students.

Preliminary data from this fall suggests that these trends have continued in the current school year.

Data from OHE shows that FAFSA filing rates are falling again for the next academic year, with FAFSA filing rates for students with incomes below \$75,000 down more than 15% compared to this time last year.

Who benefits from the State Grant program?

- 44% of the Minnesota resident students who enroll in Minnesota post-secondary institutions receive a State Grant – that’s nearly half of all Minnesota students staying in Minnesota for their college education.
- 59% of Minnesota students of color of Native American students receive a State Grant.
- 67% of State Grant recipients have family incomes lower than \$50,000.

These are the very students for whom the pandemic-driven enrollment declines have been the largest. These are students for whom the financial barriers are the highest, and for whom need-based aid provided by the Minnesota State Grant program is crucial to their ability to enroll in college, stay in college, and complete a college degree.

Why is an increase in the State Grant program a good investment?

Decades of national research has confirmed that increases in need-based financial aid have strong positive effects on college enrollment and on college success. Need-based financial aid like that provided by the Minnesota State Grant program:

- Increases post-secondary enrollment.
- Increases retention and persistence.
- Lowers student reliance on loans and on working too much.
- Increases degree completion and lowers a student’s overall costs.

The research also shows that:

- Excessive work hours have a negative effect on educational attainment and GPA.
- Financial stress and loan debt increases the likelihood of stopping out of college and have a negative effect on the persistence of students from low-income backgrounds.

The State Grant increases in SF 2894 are directly focused on the students who have been most impacted by the pandemic – those who have fallen away from higher education and those who are struggling to remain and complete a degree.

Senate File 2894

Senate File 2894 helps the students most affected by the pandemic by lowering the share of the cost of college that they are expected to pay from 50% to 46%.

Students have basically two options to contribute to the cost of their college education – working and borrowing. As an analysis done by the Office of Higher Education shows, it is not possible for students to cover 50% of their costs of college through reasonable work hours and reasonable borrowing.

Under this bill, the average grant – which includes both full-time and part-time students – **will increase by \$635.**

For the lowest income, full-time students the grant increase under this bill will range from **\$670** for students enrolled in an associate or certificate program up to **\$1,170** for students enrolled in a bachelor degree program.

For students relying on a State Grant, an increase of this size will make a tremendous difference. These grant increases will make it possible for more lower-income students to enroll in college, stay in college, borrow and work a little less, get the most out of their educational opportunity, and succeed in completing their college degree or certificate.

Request

For many lower-income students, earning a college degree makes a transformational and multi-generational difference in their lives.

According to data from DEED and the Office of Higher Education, 70% of the jobs that pay a family-sustaining wage in Minnesota require a post-secondary degree or certificate.

And according to a study by MMB, the State Grant program provides a \$4.10 return on every dollar invested in it.

We ask the Senate Higher Education Committee to support SF2894 because it will make a tremendous difference for the college students who most need your help, and because their success in higher education will make a critical difference for our communities, for Minnesota's employers, and for our State's economy.

On behalf of the more than 11,000 students at nonprofit colleges in Minnesota that rely on the Minnesota State Grant to succeed in college, thank you.