Minnesota Higher Education Services Office

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980270

January 12, 1998

The Honorable Gene Pelowski, Chair
House Higher Education Finance Division
549 State Office Building
100 Constitution Avenue
St. Paul, Minnesota 55155

Dear Representative Pelowski:

The Higher Education Services Council and the Higher Education Services Office are requesting that the 1998 Legislature approve recommendations to enhance student financial aid, promote saving for college, and enhance consumer protection for students choosing to attend a private career school.

Student Financial Aid

The 1997 Legislature directed the Higher Education Services Office to make recommendations to the 1998 and 1999 Legislatures on how to use any savings resulting from federal financial aid changes to assist students. Options to be considered include, but are not limited to, reducing the assigned family responsibility for independent students and reducing the student share in the State Grant formula (*Laws of Minnesota for 1997*, Chapter 183, Article 1, Section 2, subdivision 12).

In November 1997, Congress approved a $300 increase to $3,000 in the maximum federal Pell Grant and language that could increase Federal Pell Grant eligibility to independent students without dependents and dependent students with earnings. The Services Office projects that federal changes will provide Minnesota the opportunity to enhance student financial aid by about $13.5 million in Fiscal Year 1999.

On January 7, 1998 the Services Council voted to recommend that:

- **The 1998 Minnesota Legislature reinvest the estimated $13.5 million, resulting from federal financial aid changes, in the State Grant Program to enhance access to post-secondary educational opportunities for students.**
- **Assigned Student Responsibilities, which now make up 50 percent of the recognized price of attendance, be reduced to 48 percent of the recognized price in Fiscal Year 1999.**
- **The 1998 Legislature amend the statutes governing the State Grant Program and Child Care Grant Program to extend the maximum length of eligibility beyond current law to reflect Minnesota degree requirements and attendance patterns.**
- **The 1998 Legislature amend the statutes governing state financial aid to achieve the same minimum registration level required for campus-based programs.**

Reinvesting the $13.5 million will enable the state to build on actions of the 1997 Legislature to help

1997 Minn. Laws Chap. 183 Art. 1 Sec. 2 Subd. 12

offset the shift in responsibility for paying for post-secondary education from taxpayers to students and families. Recent federal actions provide the opportunity for Minnesota to build on the effectiveness of current state policy, the Design for Shared Responsibility, and partnership with the federal government to help ensure access for Minnesota students.

Reducing the student share from 50 to 48 percent will establish a more reasonable expectation of students burdened by sharp price increases (tuition and fees) in recent years. Because of dramatic price increases over the past decade, many students work and borrow more than when the 50 percent expectation was adopted in 1983. As a result of a reduction in the student share, State Grant recipients next year would receive combined state and federal grant increases ranging from about $140 at public two-year colleges to $255 at private four-year institutions. The cost of this recommendation is about $9 million.

Since 1979, students have been eligible to receive State Grants until they have completed the equivalent of four years of full-time attendance in post-secondary education, or received a baccalaureate degree, whichever occurs first. The current State Grant requirement, however, does not correlate with the 192 credits that many MnSCU students are required to earn for completion of a baccalaureate degree. Extending the maximum eligibility by one additional term—from 12 to 13 quarters or the semester equivalent—responds to concerns raised by MnSCU students and some financial aid administrators that students are losing grant support prior to completion of their degree requirements. The estimated cost of this proposal is $4.5 million for Fiscal Year 1999.

Setting the minimum registration load at six credits, rather than eight credits per quarter or semester, would ease program administration and could benefit some part-time students. This recommendation is expected to have minimal cost impact, and no additional funding is proposed for it.

Savings

The 1997 Legislature approved several initiatives to encourage and reward saving for post-secondary education, including EdVest. Primary responsibility for implementing EdVest was assigned to the Services Office with involvement of the State Board of Investment. In early summer, it became apparent that Congress might pass significant legislation affecting saving and financing post-secondary education, and that these measures might affect planning for EdVest. Congress did pass the Taxpayer Relief Act of 1997, which included numerous financing initiatives.

Thus, the climate for college savings has changed dramatically since May 1997. Families have many more tax favored options for saving than they did one year ago. Because the landscape has changed so much, families need clear, neutral information to become aware of and to understand the various financing options. The new initiatives have different phase-in and phase-out periods as well as varying income eligibility requirements.

In order to proceed with implementation of EdVest, the Services Office is developing a preliminary program design to be included as part of a Request for Proposal to secure a third party vendor to implement the program. The RFP process is expected to generate additional knowledge that can be applied to implementation of the program. At the same time, we believe that state saving alternatives to EdVest that link to existing saving vehicles may be worth exploration.

Because of the time involved in selecting and working with a third party vendor and the process of assuring compliance with federal law, program operation may not commence before the end of the 1998-99 biennium. In view of this timeline, the Minnesota Legislature may wish to provide the Services Office with authority to carry over 1998-99 EdVest funds into the next biennium, or reallocate some or all of the 1998-99 allocation.

On January 7, 1998, the Services Council voted to recommend that:

- **the 1998 Legislature appropriate $750,000 for Fiscal Year 1999 for a campaign to make families aware of the value of saving for future education and inform them about different financing opportunities.**

Many families have limited access to reliable information about college costs and ways to pay those costs, including saving and financial aid. The importance of early information to manage college costs is more critical now than ever given recent actions by Congress and the Minnesota Legislature.

Under this initiative, the Services Office would build on it current efforts to inform families by implementing a concentrated information campaign in Fiscal Year 1999 to coincide with the implementation of new financing and saving incentives.

The proposed information campaign would have four integrated elements. These include a statewide media advertising campaign to highlight the importance of saving and planning for college costs; a statewide, public information component to be coordinated with the advertising; a community relations/ outreach component to target information to families of color, low income, or no previous post-secondary education; and an evaluation.

Private Career School Regulation

The Services Office is recommending that the 1998 Legislature approve changes in Chapter 141 of the statutes governing private career schools to enhance consumer protection. This legislation (H.F. 1364, Bettermann, S.F. 1144, Larson), was introduced in 1997.

The bill clarifies which statute governs a particular institution. Most private, for-profit schools are now regulated by Chapter 141. The new factors would be profit status and degree granting level of the institution. For-profit schools that offer programs and award degrees below the baccalaureate level would be regulated by Chapter 141. Schools that are nonprofit or offer degree programs exclusively at the baccalaureate and graduate level would be regulated by Chapter 136A.61-71.

The bill also enhances the statute. It increases the surety bond required of larger schools commensurate with tuition charges, and provides the Services Office with the authority to levy civil penalties for schools that violate the law as well as unlicensed entities that violate the law. The bill requires all schools to put HESO's name in their catalogs so that they know where they can file complaints. At the same time, the bill lessens the regulatory burden on schools that meet certain established performance indicators. This provides incentives for schools to serve their customers well.

Please let us know if you have questions or would like additional information on these proposals.

Sincerely,

Robert K. Poch
Director

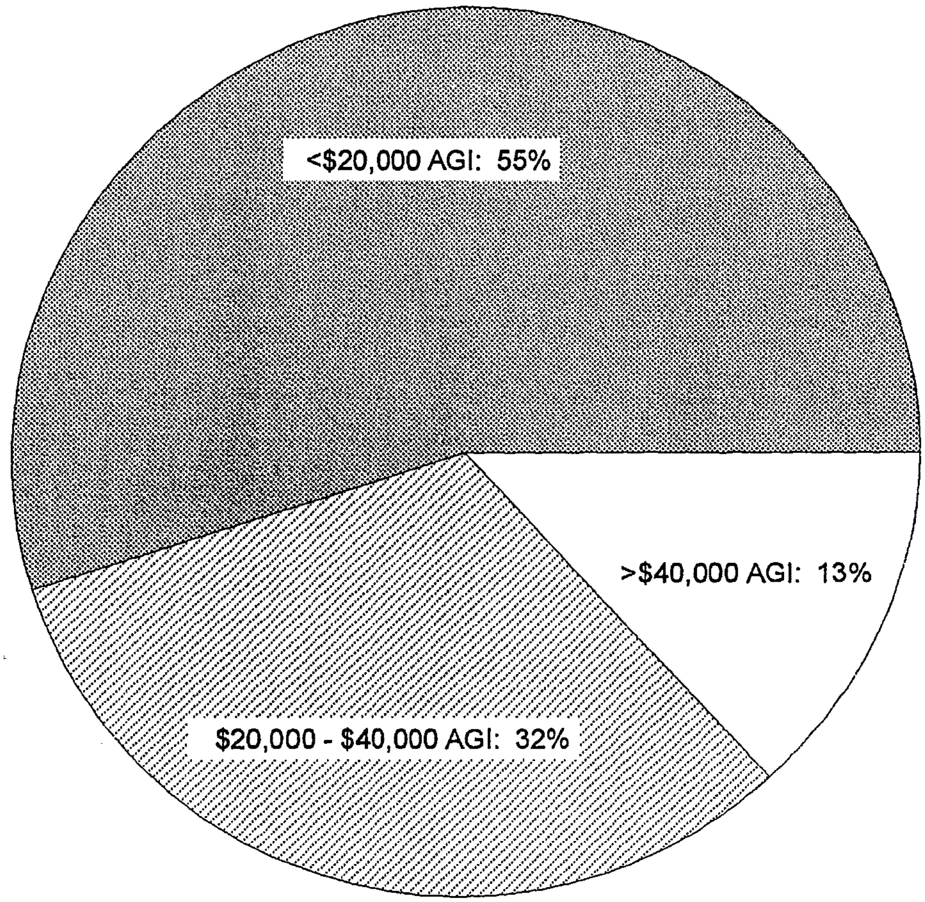
RKP:PML:kb
Enc.: figures 2-6
2-page savings campaign

cc: members, House Higher Education Finance Division
Representative John Dorn

1/14/98--also sent to:
- Representative Phil Carruthers
- Representative Matt Entenza
- Representative Mike Jaros
- Representative Becky Kelso
- Representative Anthony Kinkel
- Representative Steven Sviggum
- Representative Barbara Sykora

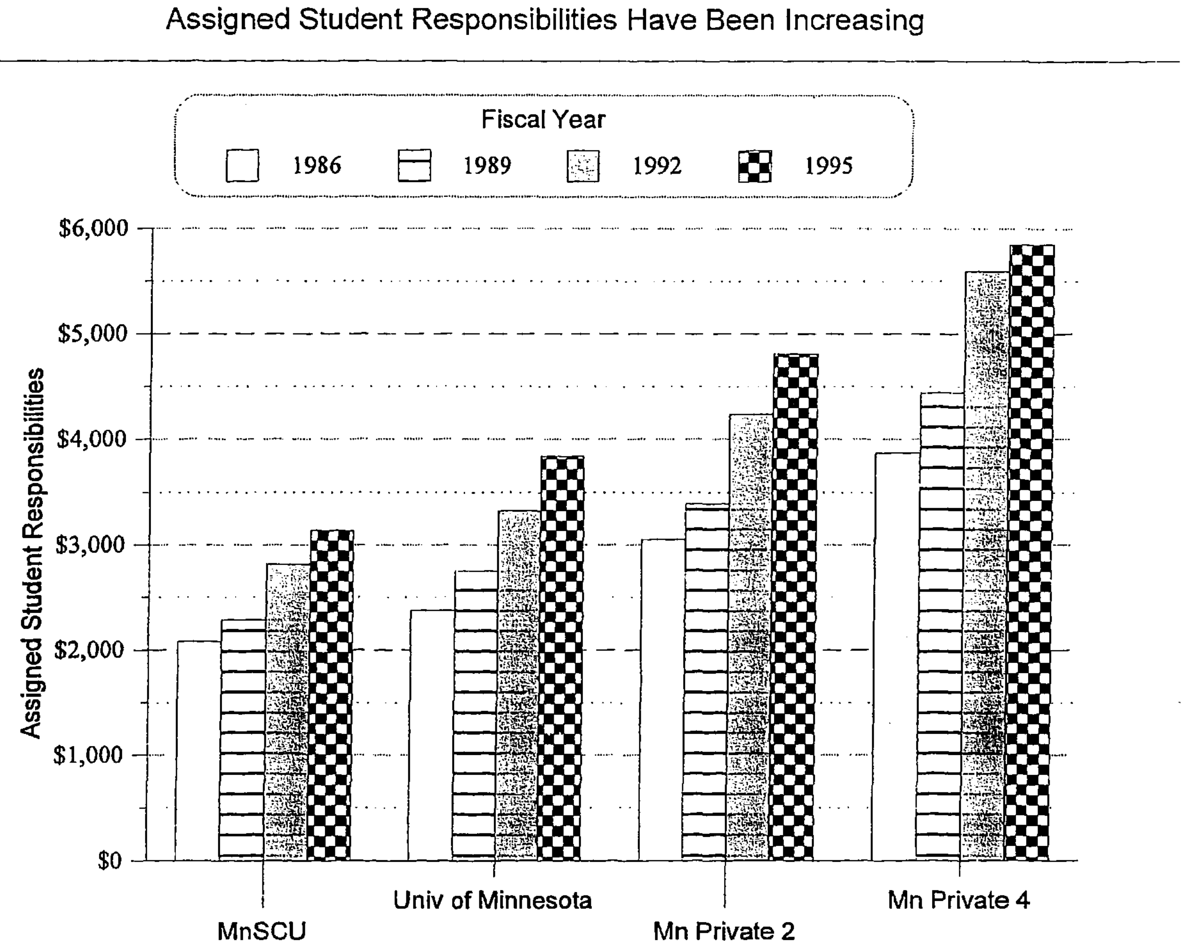
Figure 2

Distribution of Combined Federal Pell Grant and Minnesota State Grant Awards
by Adjusted Gross Income (AGI): Fiscal Year 1998



Source: Minnesota Higher Education Services Office

Figure 3

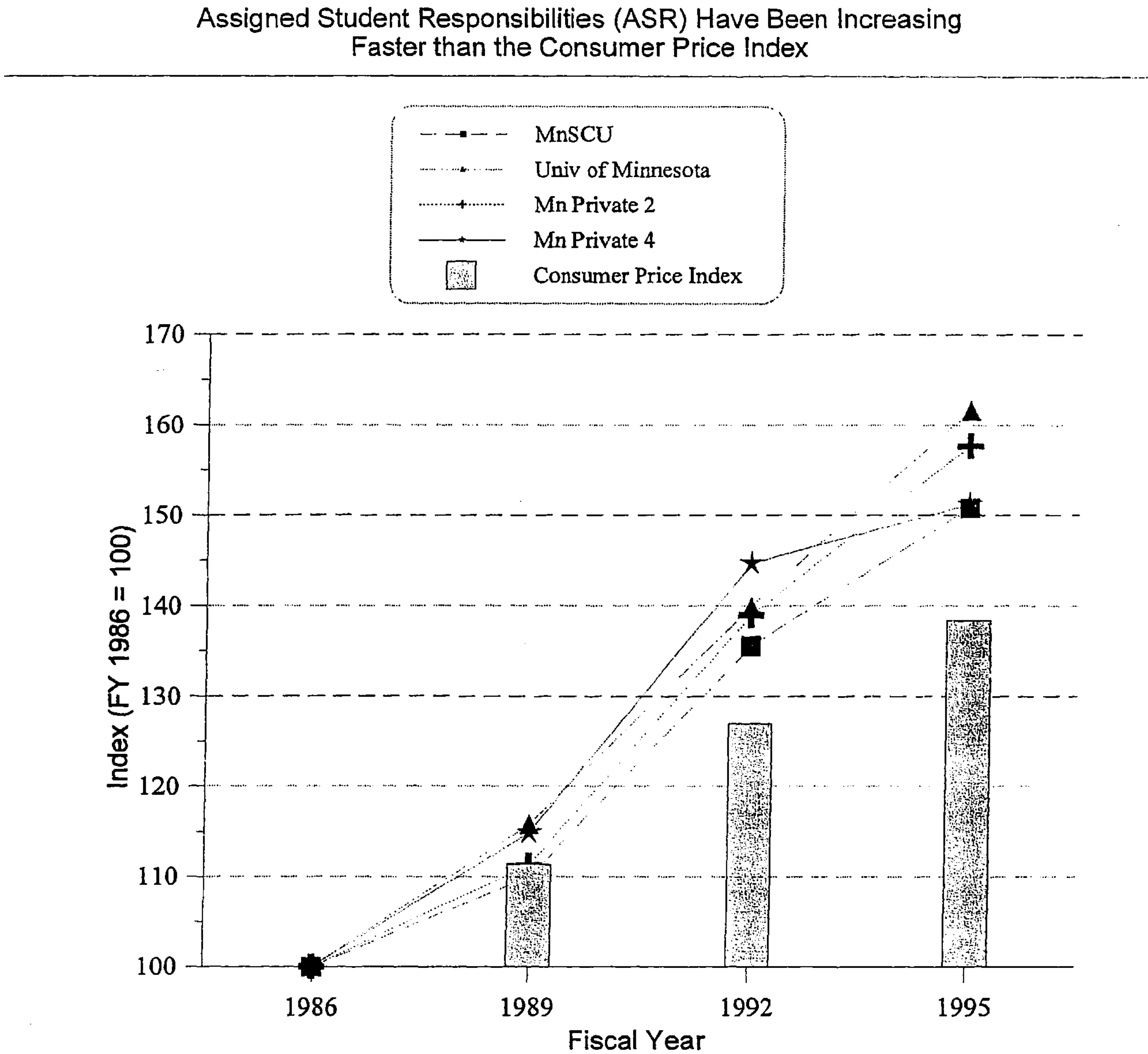


Assigned Student Responsibilities were set at 50 percent of the recognized prices of attendance throughout the period. Values in this chart are based on full–time full–year attendance.

Recognized prices of attendance include allowances for tuition and fees and living and miscellaneous expenses. Tuition and fees at public institutions are the average resident undergraduate rate. For private institutions, recognized tuition and fees are subject to tuition maximums. The values shown in this chart reflect the averages for State Grant applicants.

Source: Minnesota Higher Education Services Office

Figure 4



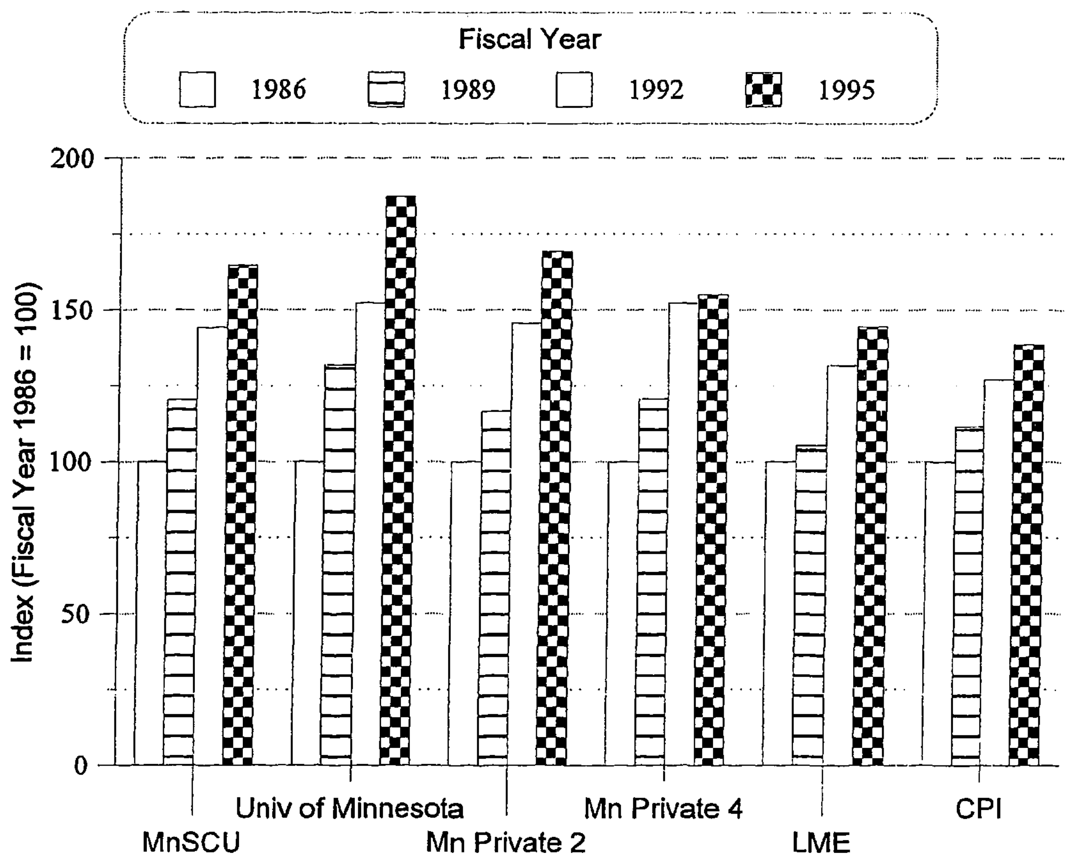
Assigned Student Responsibilities were set at 50 percent of the recognized prices of attendance throughout the period. The 1994 Financial Aid Task Force recommended lowering Assigned Student Responsibility to 40 percent of recognized prices as part of its Medium Cost Plan. Values in this chart are based on full–time full–year attendance.

Recognized prices of attendance include allowances for tuition and fees and living and miscellaneous expenses. Tuition and fees at public institutions are the average resident undergraduate rate. For private institutions, recognized tuition and fees are subject to tuition maximums. The values shown in this chart reflect the averages for State Grant applicants.

Source: Minnesota Higher Education Services Office

Figure 5

Recognized Tuition and Fee Increases Have Been Fueling the Growth in Recognized Prices of Attendance



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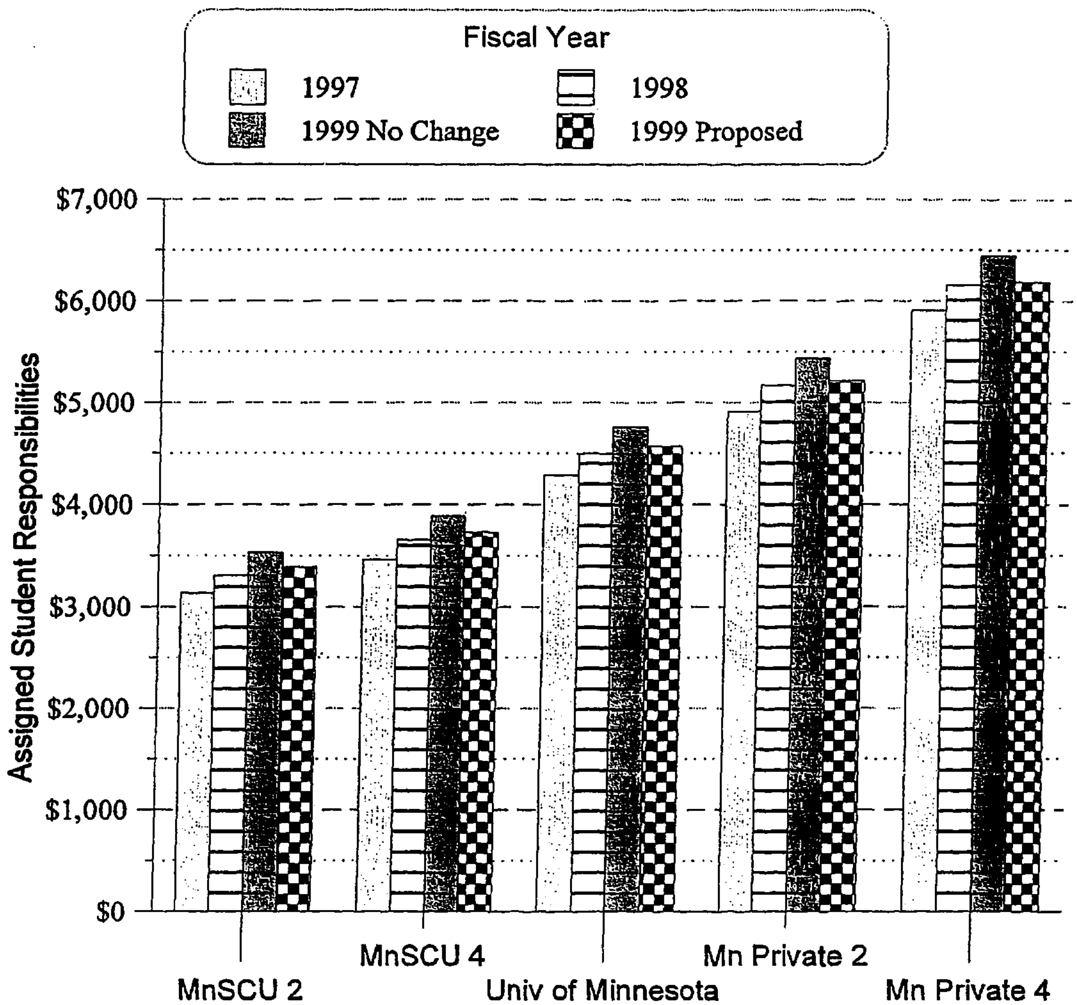
Values in this chart are based on full-time full-year attendance.

The Living and Miscellaneous Expense Allowance is the same for all students.

Source: Minnesota Higher Education Services Office

Figure 6

Assigned Student Responsibilities Reduced by Higher Education Services Office Proposals



Values in this chart are based on full–time full–year attendance.

Recognized prices of attendance include allowances for tuition and fees and living and miscellaneous expenses. Tuition and fees at public institutions are the average resident undergraduate rate. For private institutions, recognized tuition and fees are subject to tuition maximums. The values shown in this chart reflect the averages for State Grant applicants. The values for Fiscal Year 1999 are projected to be 3 percent above Fiscal Year 1998 rates.

Source: Minnesota Higher Education Services Office

1998 GOVERNOR'S SUPPLEMENTAL BUDGET RECOMMENDATION

AGENCY: Minnesota Higher Education Services Office

PROGRAM(S): Savings Campaign

TEM TITLE: Savings Campaign

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$-0-	$750	$400	$750
- Grants	$-0-	$-0-	$-0-	$-0-
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_
If yes, statutes(s) affected:

RECOMMENDATION:

RATIONALE:

The purpose of this initiative is to make families aware of the value of saving for their future education and inform them about different financing opportunities. Implementation of this initiative in Fiscal Year 1999 would coincide with the ıplementation of several new state and federal financing .ıtiatives, including EdVest.

Many families have limited access to reliable information about college costs and ways to pay those costs, including saving and financial aid. This lack of information can hinder good planning and decision making. Low income families, in particular, may limit or rule out higher education options; other families may not plan ahead and find themselves with high work or borrowing needs. Many studies have documented that students and parents lack accurate information on college costs and are either not saving or not saving nearly enough to help pay for college.

The importance of early information to manage college costs is more critical now than ever given recent actions by the Minnesota Legislature and Congress. In the past year, both bodies passed significant financing initiatives. These include tax credits and deductions, saving incentives such as EdVest and Gopher Bonds, and financial aid enhancements.

Families throughout Minnesota need to become aware of these financing opportunities and begin, as early as possible, to begin planning to pay for future education for themselves and their children.

ıder this initiative, the Services Office would build on its current efforts to inform families by implementing a concentrated information campaign in Fiscal Year 1999. The campaign will elevate attention on the need to save for post secondary education and help consumers make good financial choices from among the increased array of options now available to them.

The proposed information campaign would have four key integrated elements.

A statewide, media advertising campaign would be conducted to highlight the visibility of saving and planning for college costs. This portion of the proposed budget, $300,000, would support development of advertisements and their placement on television, radio, and in newspapers.

A statewide public information/public relations component would be coordinated with the advertising campaign. Funding of $250,000 would support professional public relations assistance for media relations, an educational newspaper insert to be published in several daily papers throughout Minnesota, enhancement of the agency web page to focus on financing information, a telephone hotline, and design and printing of materials that focus on the new saving and financing options. An additional information option would be to appropriate approximately $50,000 to the Department of Revenue to include a four page insert, developed by the Services Office, on higher education financing in the state tax instructional booklet.

A community relations/outreach component would target information to families of color, low incomes, or no previous post-secondary education. This funding, $160,000, would help the agency build on current efforts focused on these communities. This includes the implementation of an early awareness curriculum on financing post-secondary education, translation of materials into different languages, and expansion of a pilot effort to make presentations on financing to school and community groups.

Of the $160,000, there would be $60,000 allocated to support a pilot effort to recruit and train 20 work study students to present information about financing post-secondary education to students and parents. The Services Office would allocate $45,000 to college campuses for work study and, as the employer, retain $15,000 to use for the required matching funds.

The final component would be funding, $40,000, to evaluate the information campaign.

In implementing the campaign, the Services Office would continue to seek to build partnerships with other public and private organizations. And, the Services Office would seek to encourage other education, community, and private sector organizations to use with their clientele materials developed by the Services Office.

PROGRAM IMPACT:

As a result of this initiative, families throughout Minnesota would have accurate information about college costs and strategies for planning and paying for higher education. The passage of new federal and state financing initiatives has provided opportunities for families but also created a complex set of options; different financing provisions have different effective dates, eligibility standards and rules, and often cannot be used together. Encouraged and informed about college financing, families will begin to plan earlier and enhance their ability to pay for post-secondary education. This will ease the burden of paying rising college costs and moderate the need for work and borrowing. As this occurs, financial access for all families will be improved.

LONG-TERM IMPACT:

Enhanced financial access to post-secondary education will result in an educated citizenry and productive workforce. With elevated awareness and increased understanding of how to plan and pay for college, families of all economic backgrounds in Minnesota will have enhanced opportunities to pursue future education. An educated citizenry will contribute to the economic and social well being of Minnesota.

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980270

Memorandum

To: Higher Education Services Council

From: Robert K. Poch, Director

Subject: 1998 Legislative Initiatives: Student Financial Aid Recommendations

Date: December 30, 1997

The 1997 Minnesota Legislature approved several policy and budget recommendations to enhance access to post-secondary education for Minnesota citizens. The 1997 legislation included increased funding for financial aid to help low and moderate income families pay for college. In allocating funds to higher education for Fiscal Years 1998 and 1999, the Legislature reinvested savings from recent increases in the maximum Federal Pell Grant to enhance student financial assistance. Anticipating the possibility of additional increases in the maximum Pell Grant, the Legislature directed the Higher Education Services Office to make recommendations to the 1998 and 1999 Legislatures on how to improve financial access to post-secondary education.

In November 1997, Congress passed and President Clinton signed the Fiscal Year 1998 federal appropriations bill for education funding. The bill includes a $300 increase to $3,000 in the maximum Federal Pell Grant and language that could increase Federal Pell Grant eligibility to independent students without dependents and dependent students with earnings. These Pell Grant changes will affect Minnesota in Fiscal Year 1999, the second year of the current biennium. The Services Office projects that federal changes will provide Minnesota the opportunity to enhance student financial aid by about $13.5 million.

This memorandum presents Higher Education Services Office recommendations to reinvest these funds in financial aid to enhance access to post-secondary education for Minnesota undergraduate students. Action is requested on these recommendations at the January 7, 1998 Council meeting.

The Services Office recommends that:

- The 1998 Minnesota Legislature reinvest the estimated $13.5 million, resulting from federal financial aid changes, in the State Grant Program to enhance access to post-secondary educational opportunities for students.

- Assigned Student Responsibilities, which now make up 50 percent of the recognized price of attendance, be reduced to 48 percent of the recognized price in Fiscal Year 1999.

- The 1998 Legislature amend the statutes governing the State Grant Program and Child Care Grant Program to extend the maximum length of eligibility beyond current law to reflect Minnesota degree requirements and attendance patterns.

- The 1998 Legislature amend the statutes governing state financial aid to achieve the same minimum registration level required for all campus-based programs.

BACKGROUND

Design for Shared Responsibility Assigns Price of Attendance to Three Parties

Minnesota's student financing policy, the Design for Shared Responsibility, distributes the price of attending post-secondary education among students, their families and, if necessary, taxpayers (Figure 1). The policy assigns students the primary responsibility for financing their post-secondary education. Students are responsible for 50 percent of the recognized price of attendance (tuition and fees and living and miscellaneous expense allowance). Students are expected to meet their financing responsibility through savings, earnings, loans, or gifts, scholarships and grants other than the Federal Pell Grant and State Grant.

The remainder of the price is assigned to families and taxpayers. Families are assigned the primary responsibility for covering the family-taxpayer share. The family responsibility is determined by the Federal Need Analysis. Taxpayers are assigned responsibility to cover the part of the family-taxpayer share not assigned to families. This ensures that all students have help from either their families or taxpayers to cover the family-taxpayer share.

Taxpayers fill their assigned responsibility through the state's coordination of the Federal Pell Grant and the Minnesota State Grant. The Design for Shared Responsibility gives Minnesota control over student financial aid policy while taking into account taxpayers' investments in students through Federal Pell Grants.

State Financial Aid Policy Coordinates with Federal Pell Grant Program

Under Minnesota's student financing policy, changes in the maximum Federal Pell Grant affect the amount of State Grant assistance available to students. When the price of attendance goes up and Congress does not increase the maximum Pell Grant, spending on Minnesota State Grants increases. The Design for Shared Responsibility recognizes student price increases when the Federal Pell Grant does not. On the other hand, when Congress increases the maximum Federal Pell Grant–as has occurred in recent years after a long period of little change–spending on Minnesota State Grants decreases <u>unless</u> state policymakers choose to reinvest the decrease in student assistance.

Minnesota policymakers consistently have chosen to leverage federal financial aid increases by using the additional revenue to benefit Minnesota students and families. The 1997 Minnesota Legislature, for example, complemented the increase in the Federal Pell Grant maximum from $2,470, to $2,700 with an additional appropriation of $24 million for the 1998-99 biennium. In combination with the Federal Pell Grant increases, this provides $42 million more in grant assistance for Minnesota students.

1997 Minnesota Legislature Enhances State Grant Program

The 1997 Legislature appropriated for the State Grant Program about $94 million for Fiscal Year 1998 (the 1997-98 school year) and $110 million for Fiscal Year 1999. Components of the enhanced State Grant funding are:

- inflationary adjustments in the living and miscellaneous expense allowance, private tuition maximums, and public tuition and fees;
- additional enhancement of the living and miscellaneous expense allowance beyond the inflationary adjustment; the allowance increased from $4,200 to $4,500 in Fiscal Year 1998 and will increase to $4,885 in Fiscal Year 1999;
- coverage of the federal portion of the taxpayer responsibility for students receiving State Grants in the fourth quarter of the year;
- reduction of the Assigned Family Responsibility to 80 percent for independent students without dependents other than a spouse; this category of students has been taxed more than others in the Federal Need Analysis due to changes in the 1992 Amendments to the Higher Education Act of 1965; and
- protection of an additional $25,000 in net worth beyond what is now protected in the Federal Need Analysis.

Although the Legislature approved most of the Services Office's financial aid initiatives, it did not enact a recommended reduction in the Assigned Student Responsibility from 50 percent to 45 percent of the price of attendance by the end of the biennium.

As a result of the enhanced funding, low and moderate income students during the biennium will see combined state and federal grant increases ranging from $395 to $536 depending on their institution. The current state policy of coordinating Federal Pell and State Grants has worked well to help low and moderate income students achieve access to the educational opportunity that best meets their educational needs. For the current Fiscal Year, it is projected that 87 percent of combined Federal Pell and State Grant awards will be distributed to families with adjusted gross incomes under $40,000; 55 percent of the dollars will go to families with adjusted gross incomes under $20,000 (Figure 2).

Because of the recent Pell Grant increases, the 1997 Legislature directed the Services Office to make recommendations on how to use any additional funds to assist students. Options to be considered include, but are not limited to, reducing the assigned family responsibility for independent students and reducing the student share in the State Grant formula (*Laws of Minnesota for 1997*, Chapter 183, Article 1, Section 2, Subdivision 12).

Recent Federal Actions Provide Opportunity for State

Subsequent to the 1997 Minnesota legislative session, Congress voted to raise the Federal Pell Grant from $2,700 to $3,000, and made it possible to increase eligibility to independent students without dependents and dependent students who work. If the amount appropriated for the Pell Grant Program exceeds the amount needed to fund the $3,000 maximum, the Secretary of Education can make the following adjustments to increase the income protection allowance in the Federal Need Analysis: from $3,000 up to $4,250 for single independent students without children; from $6,000 up to $7,250 for married independent students without children, and from $1,750 up to $2,200 for dependent students who have earnings from work.

It is in this context of recent federal changes that the Higher Education Services Office makes its recommendations to the 1998 Legislature to help students pay for post-secondary education.

RECOMMENDATIONS

Based on projected Pell Grant savings and a review of possible options to enhance financial assistance for Minnesota resident, undergraduate students, the Services Office makes the following recommendations:

- **That the 1998 Minnesota Legislature reinvest the estimated $13.5 million resulting from federal financial aid changes in the State Grant Program to enhance access to post-secondary educational opportunities for students.**

Financial aid increases provided by the 1997 Legislature will help offset the shift in responsibility for paying for post-secondary education from taxpayers to students and families. However, tuition and fee increases the last decade exceeded price increases in the Consumer Price Index and Minnesota Per Capita Income. The gap in families' ability to pay is growing between the highest and the lowest income families, according to national studies. Demographic shifts have increased the proportion of high school students who are poor and face economic and social barriers to post-secondary education–and the shift will continue. The recent federal actions provide the opportunity for Minnesota to build on the effectiveness of the Design for Shared Responsibility and the partnership with the federal government to help ensure access for Minnesota students.

- **That the Assigned Student Responsibilities, which now make up 50 percent of the recognized price of attendance, be reduced to 48 percent in Fiscal Year 1999.**

This action would help moderate the effects of rising college costs for low and moderate income students. The estimated cost of this recommendation is $9 million for Fiscal Year 1999.

The 50 percent responsibility was included in the Design for Shared Responsibility policy adopted by the 1983 Legislature. As the primary beneficiary of the education, the student was expected to make a significant contribution toward his or her education before determining the family responsibility and taxpayer contribution. The policy objective was to establish a rigorous, yet manageable, commitment to be expected of all students, based both upon expected current earnings and borrowing against future earnings.

From Fiscal Years 1986 to 1997, the Assigned Student Responsibility increased by $1,160, for MnSCU students, $1,911 for University of Minnesota students, and $2,040, for students at private four-year institutions (Figure 3). These responsibilities have been increasing faster than the Consumer Price Index (Figure 4). These increases were driven by increases in tuition and fees, ranging from 81 percent over the decade at MnSCU institutions to 125 percent at the University of Minnesota (Figure 5). As a result of these price increases, many students work and borrow more than when the 50 percent responsibility was adopted in 1983. In Fiscal Year 1995, for the first time, Minnesota undergraduate students received more assistance in loans than grants.

Reducing the student responsibility would help ease the growing burden of financing post-secondary education for Minnesota students and families (Figure 6). As a result of a reduction in the student responsibility, State Grant recipients next year would receive combined state and federal grant increases ranging from about $140 at public two-year colleges to $255 at private four-year institutions.

- **That the 1998 Legislature amend the statutes governing the State Grant Program and Child Care Grant Program to extend the maximum length of eligibility beyond current law to reflect Minnesota degree requirements and attendance patterns.**

Since 1979, students have been eligible to receive State Grants until they have completed the equivalent of four years of full-time attendance in post-secondary education, or received a baccalaureate degree, whichever occurs first.

The current State Grant eligibility requirement, however, does not correlate with the 192 credits that many MnSCU students are required to earn for completion of a baccalaureate degree. Over the years, students have expressed concern about having used up eligibility for state grants or child care grants before they had completed their degree requirements. Cut off from financial aid just short of graduation, some of these students must endure financial hardship to finish their degrees.

A student who attends 12 terms at the full-time rate of 15 credits a term will earn 180 credits, enough for some Minnesota degree programs. Most state university baccalaureate degrees, however, require 192 credits, and some University of Minnesota degree programs require more than 180 credits. To complete them within a 12-quarter limit, students must carefully plan to take more than 15 credits a term.

Several alternatives have been recommended to the four years of enrollment standard. They include, for example, allowing the student to receive the equivalent of four years of aid regardless of enrollment, or basing eligibility on five years of enrollment.

Under this recommendation, a student who had earned 180 credits after the equivalent of 12 quarters of full-time enrollment would have remaining eligibility to complete 192 credits. The statute would be amended to extend the maximum eligibility by one additional term–from 12 to 13 quarters, or the semester equivalent.

This recommendation would cost approximately $4.5 million in Fiscal Year 1999. In the past, policymakers have expressed concerns that state policy not encourage students to prolong their completion of degrees. Although this recommendation extends the period of eligibility, it would not provide a major financial incentive to procrastinate. The change may enable some low and moderate income students to finish their degrees promptly, rather than stop to earn money to pay for completion of their remaining credits.

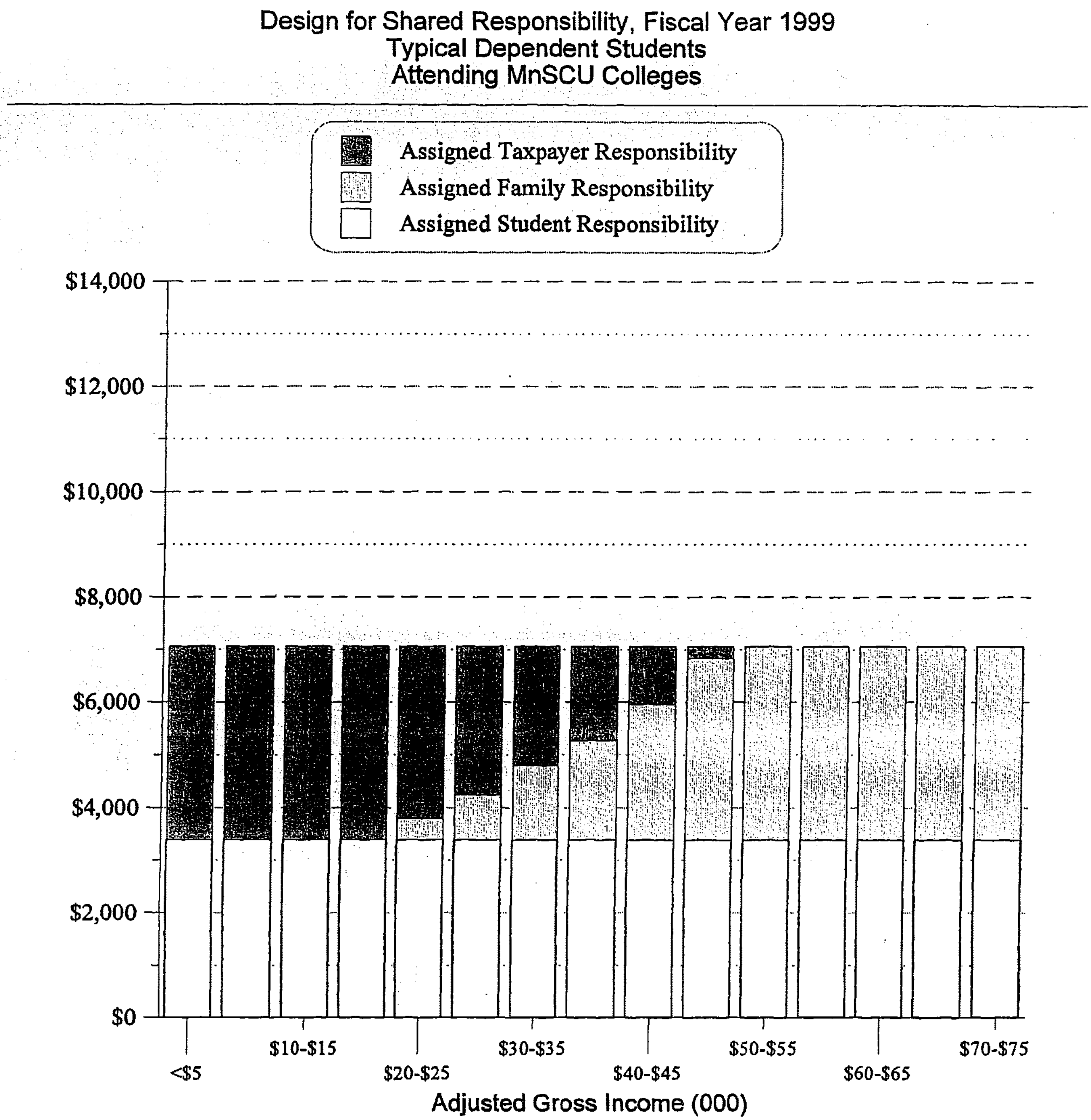
- **That the 1998 Legislature amend the statutes governing state financial aid to achieve the same minimum registration level required for all campus-based aid programs.**

Current statutes specify a minimum registration of eight credits per quarter or semester, or the equivalent for participation in the Child Care Grant Program and State Work Study Program. Other state and federal campus-based programs define the minimum registration as six credits.

Setting the minimum registration load at six credits for all campus-based programs would ease program administration and could benefit some part-time students. This recommendation is expected to have minimal cost impact, and no additional funding is recommended for it.

RKP:PML:kb
Enc.

Figure 1

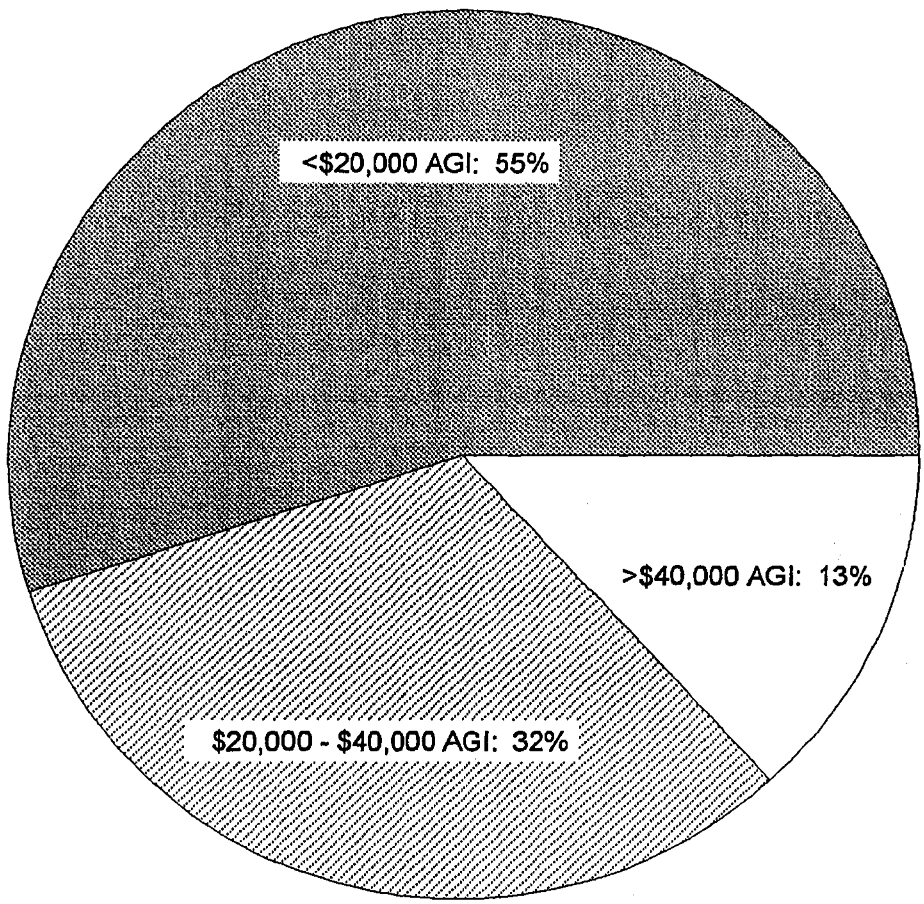


Based on average projected recognized prices of attendance, the median Assigned Family Responsibility for all applicants in each income group, and full–time, full–year registration loads. Tuition and fees values for Fiscal Year 1999 are projected to be 3 percent above Fiscal Year 1998 rates.

Source: Minnesota Higher Education Services Office

Figure 2

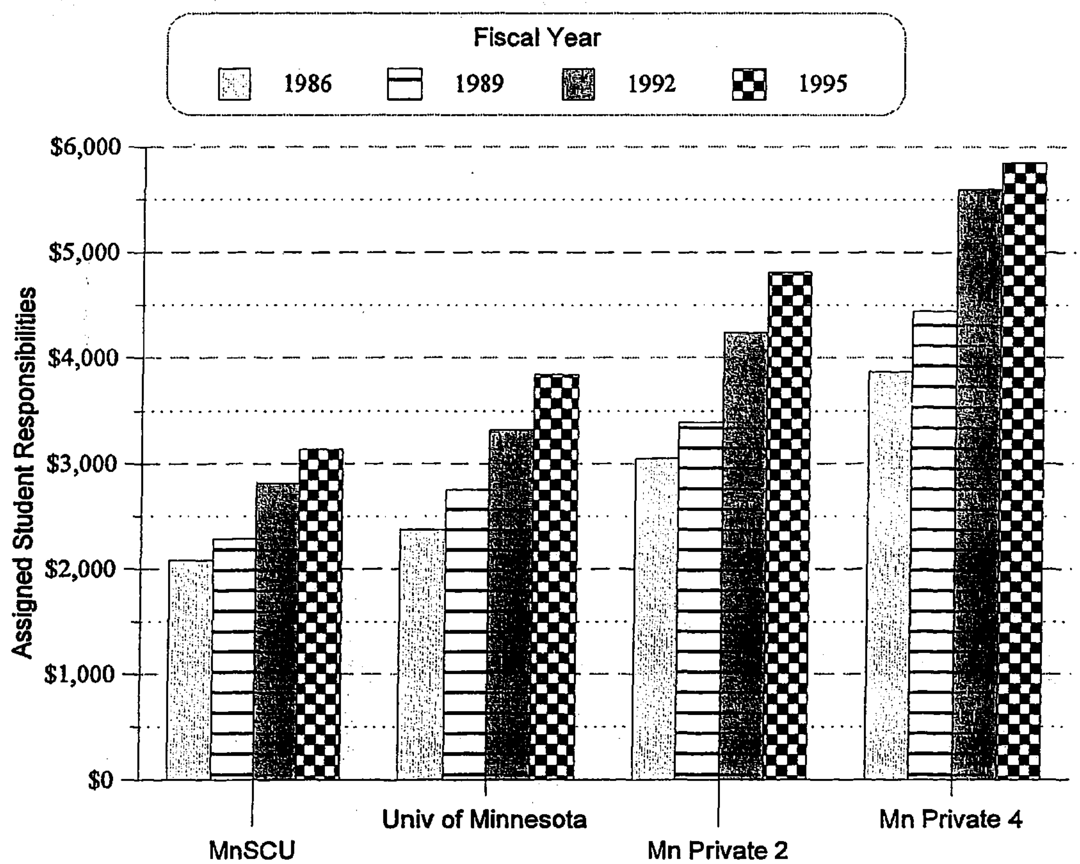
Distribution of Combined Federal Pell Grant and Minnesota State Grant Awards
by Adjusted Gross Income (AGI): Fiscal Year 1998



Source: Minnesota Higher Education Services Office

Figure 3

Assigned Student Responsibilities Have Been Increasing



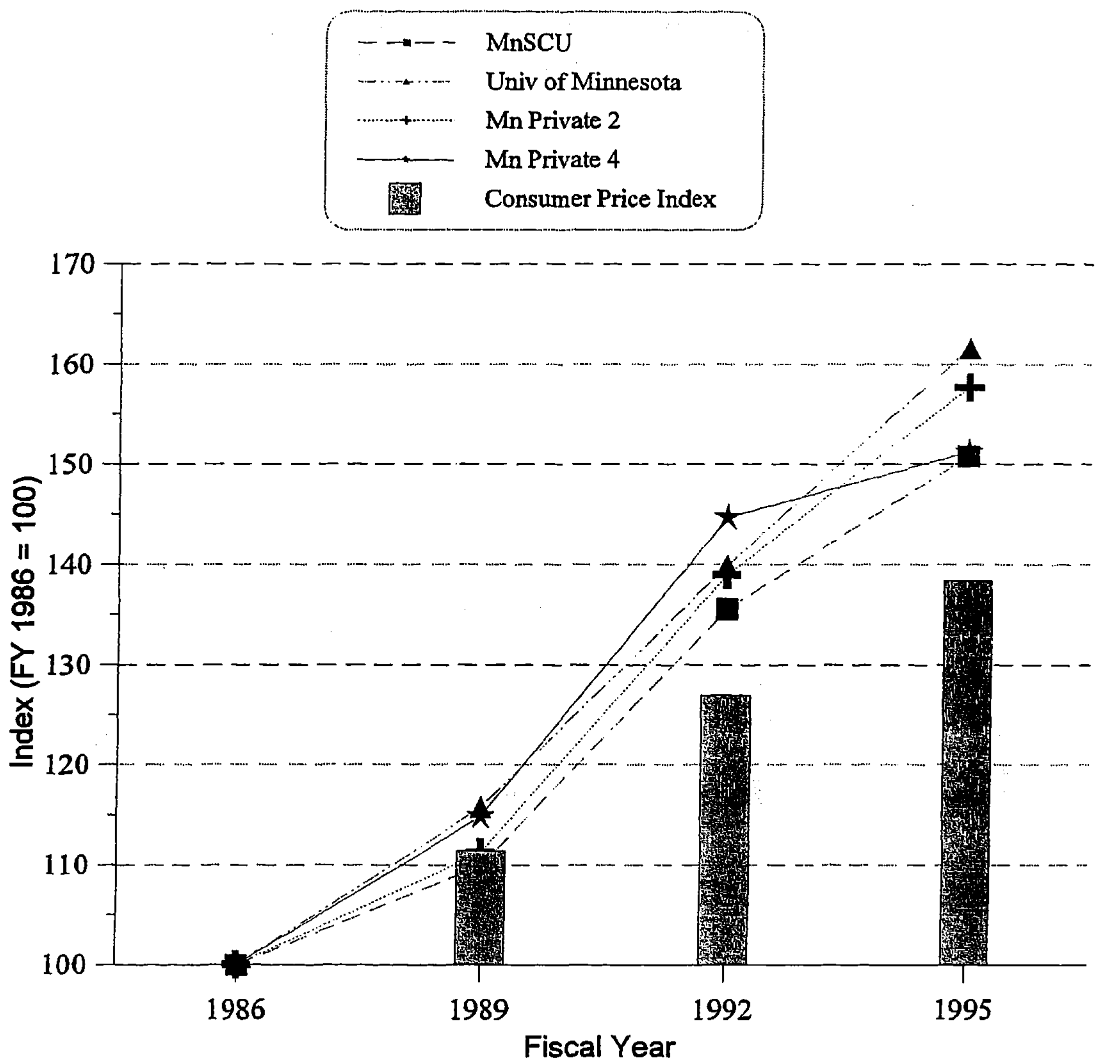
Assigned Student Responsibilities were set at 50 percent of the recognized prices of attendance throughout the period. Values in this chart are based on full-time full-year attendance.

Recognized prices of attendance include allowances for tuition and fees and living and miscellaneous expenses. Tuition and fees at public institutions are the average resident undergraduate rate. For private institutions, recognized tuition and fees are subject to tuition maximums. The values shown in this chart reflect the averages for State Grant applicants.

Source: Minnesota Higher Education Services Office

Figure 4

Assigned Student Responsibilities (ASR) Have Been Increasing Faster than the Consumer Price Index



Assigned Student Responsibilities were set at 50 percent of the recognized prices of attendance throughout the period. The 1994 Financial Aid Task Force recommended lowering Assigned Student Responsibility to 40 percent of recognized prices as part of its Medium Cost Plan. Values in this chart are based on full–time full–year attendance.

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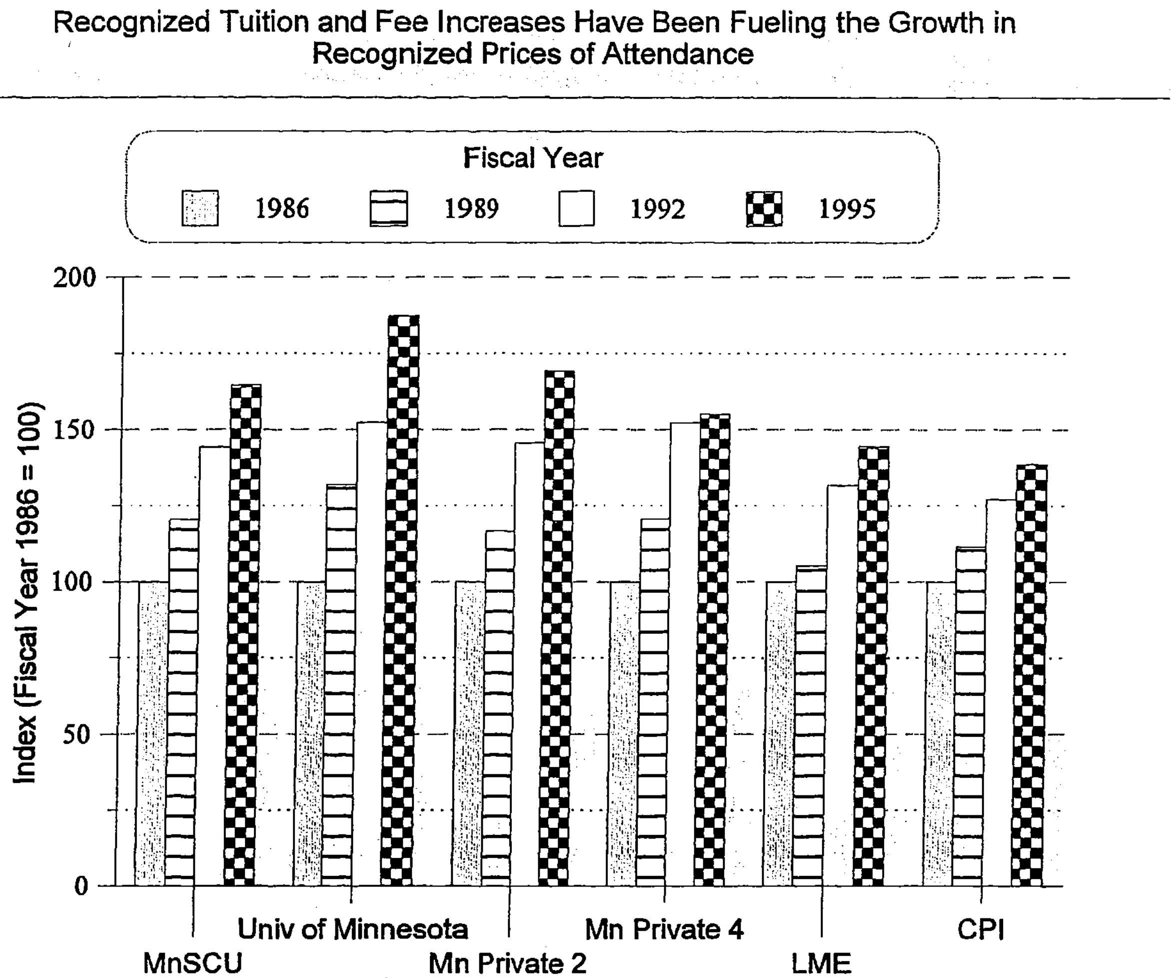
Source: Minnesota Higher Education Services Office

Figure 5



Recognized prices of attendance include an allowances for tuition and fees and living and miscellaneous expenses. Tuition and fees at public institutions are the average resident undergraduate rate. For private institutions, the recognized tuition and fees are subject to tuition maximums. The values shown in this chart reflect the averages for State Grant applicants.

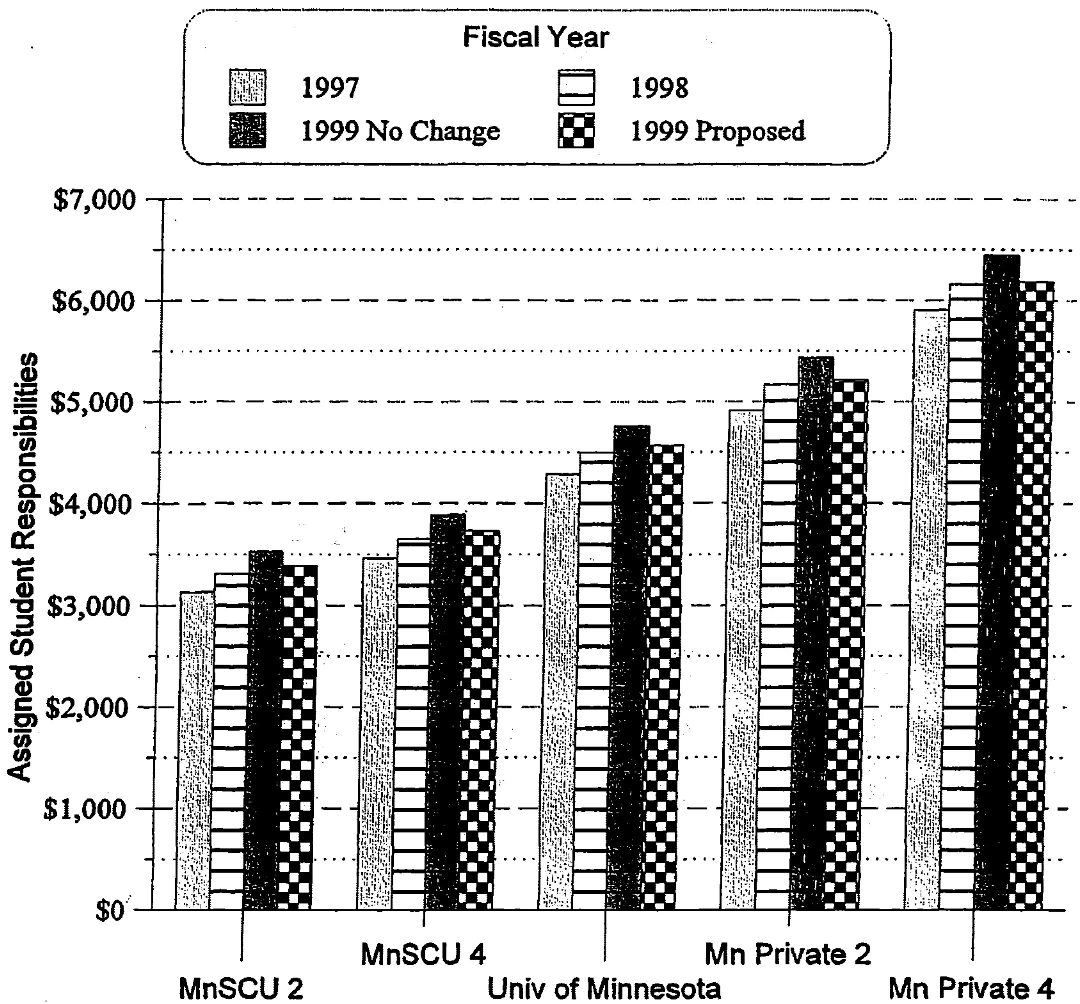
Values in this chart are based on full-time full-year attendance.

The Living and Miscellaneous Expense Allowance is the same for all students.

Source: Minnesota Higher Education Services Office

Figure 6

Assigned Student Responsibilities Reduced by Higher Education Services Office Proposals



Values in this chart are based on full-time full-year attendance.

Recognized prices of attendance include allowances for tuition and fees and living and miscellaneous expenses. Tuition and fees at public institutions are the average resident undergraduate rate. For private institutions, recognized tuition and fees are subject to tuition maximums. The values shown in this chart reflect the averages for State Grant applicants. The values for Fiscal Year 1999 are projected to be 3 percent above Fiscal Year 1998 rates.

Source: Minnesota Higher Education Services Office