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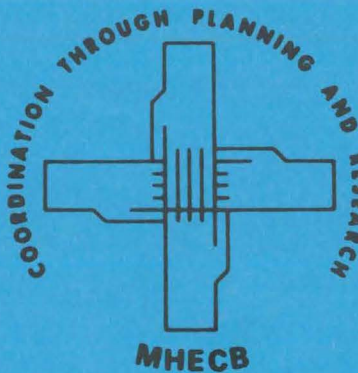
FINANCIAL AID IN MINNESOTA:

A STATUS REPORT

March, 1979

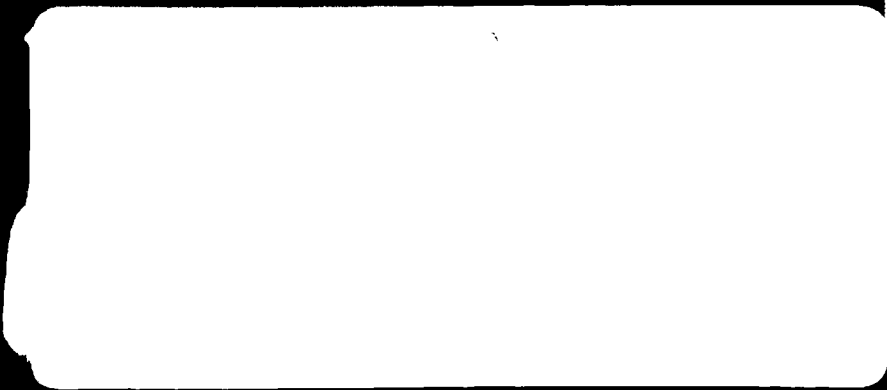
# A STATUS REPORT

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March, 1979

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STATE OF MINNESOTA

Prepared by the Staff of the  
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## SUMMARY

This paper reports on the status of the financial aid and tuition reciprocity programs administered by the Higher Education Coordinating Board. Introductory chapters present a brief summary of the history of financial aid since World War II and a discussion of the principles of need analysis which form the basis for determining student eligibility for various kinds of assistance. The main section reviews the Minnesota programs. Each program's objective, background, current activity, and funding are described.

### General Highlights

Approximately 100,000 applications for assistance from one of the state's ten financial aid programs or four tuition reciprocity programs are now received each year. This total includes some 70,000 different students. Over 40,000 receive some form of financial aid while about 10,000 participate in the tuition reciprocity programs.

In Fiscal 1979 state scholarship and grant appropriations totaled \$25.7 million, with work-study programs providing \$1.6 million. State loan programs financed by revenue bonds at no cost to the state made available an additional \$34.4 million. Sixty-two percent of the funds went to students attending public institutions, 31% to students attending private institutions, and 7% to students in proprietary institutions.

Compared to other states Minnesota ranked fourth in per capita expenditures for need based grant assistance in Fiscal 1979. At the same time, Minnesota ranked among the three lowest states in administrative costs per applicant, recipient, and funds awarded.

## Minnesota Scholarship and Grant-in-Aid Programs

Highlights in the State Scholarship and Grant-in-Aid Programs include the following:

- (1) Between Fiscal 1976 and Fiscal 1979 the number of applicants grew from 30,648 to 51,109, an increase of 67%. In comparison, the increase in undergraduate enrollment during this period was only 3.5%.
- (2) Approximately two-thirds of all applicants were offered a monetary award in the last two years.
- (3) Since 1976, no applicants who have applied by the priority deadline have been turned down because of insufficient funds.
- (4) The percentage of students receiving awards is greatest at private colleges (28% in 1979) where tuition is high and smallest at AVTI's (15% in 1979) where tuition is low. Similarly, the average award is highest (\$985 in 1979) at private colleges, lowest (\$456 in 1979) at AVTI's. However, the percentage of awards going to students at private colleges has dropped from 40% in Fiscal 1975 to 32% in Fiscal 1979.
- (5) In 1977, the state adopted a new policy which ties state awards to the availability of federal Basic Educational Opportunity Grants (BEOG) so that the federal award plus the state award, up to a maximum of \$1,100, cannot exceed 75% of the student's demonstrated need. This policy change, combined with an increase in the BEOG award ceiling, reduced the average state award from \$881 in Fiscal 1977 to \$692 in Fiscal 1978. The average state award in Fiscal 1979 was \$711.
- (6) In 1979, the highest average award (\$777) went to students with family income in the \$15,000 - \$18,000 range. Average award size decreased as family income departed in either direction from this range. The average award was smaller for low income students because more of them attended low cost institutions and received higher BEOG's.
- (7) The percentage of award recipients with family incomes less than \$15,000 has decreased from 64% in Fiscal 1977 to 51% in Fiscal 1979. The shift to more awards to higher income students is the result both of inflation and of an increase in the maximum BEOG award from \$1,400 to \$1,600.

## Minnesota Student Loan Program

Highlights in the status of the Minnesota Student Loan Program are as follows:

- (1) In Fiscal 1978, instate private post-secondary institutions accounted for nearly 40% of all loans and 36% of the total dollars. However, the proportion of loans and loan dollars going to students at these institutions has been decreasing since 1975.

- (2) The highest average loan (\$2,839 in 1978) goes to students at the University of Minnesota. This reflects the University's large graduate and professional enrollments.
- (3) The number of loans to students at out-of-state institutions has been increasing at a faster rate than loans to students at instate institutions. In Fiscal 1978, out-of-state loans accounted for 15% of all loans in comparison to only 4% in Fiscal 1975.
- (4) At the University of Minnesota average loan size has increased from \$1,750 in Fiscal 1975 to \$2,839 in Fiscal 1978. Smaller increases have occurred at private instate colleges and at out-of-state schools. Loan size has generally decreased in other systems.

### Minnesota Work-Study Program

Highlights in the Minnesota Work-Study Program are:

- (1) In Fiscal 1978 approximately 3,200 students at 94 institutions received a total of \$1.6 million of assistance.
- (2) Institutional expenditures of allocated funds has been about 95% in the last two years. Utilization of allocated funds has been highest at the University of Minnesota, state universities, and private schools. It has been lowest at private vocational schools and community colleges.
- (3) Relative to enrollment, the University of Minnesota used the largest proportion of state work-study funds until Fiscal 1978 when in midyear they returned a large portion of their original allocation. In Fiscal 1978, community colleges used the most funds relative to enrollment.

### Interstate Tuition Reciprocity

In 1977-78 tuition reciprocity benefits went to 5,776 Minnesota students in Wisconsin and 3,039 Minnesotans in North Dakota. In the same year 2,709 Wisconsin residents and 1,986 North Dakota residents attended Minnesota schools under tuition reciprocity.





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## I. HISTORY AND DEVELOPMENT OF FINANCIAL AID

Student financial assistance has undergone a remarkable expansion over the last three decades as a result of the development of major federal and state aid programs. These programs have been instrumental in providing increased access and choice to students as the objective of financial assistance has gradually evolved away from rewarding scholastic achievement toward the removal of economic barriers to higher education.

### A. Development of Federal Programs

The first major federal program was the "G. I. Bill" instituted after World War II. The program provided aid to approximately 7.8 million World War II veterans and later to veterans of the Korean and Viet Nam Wars. With continuing technological development in the 1950's, the federal government recognized that a highly educated manpower base was in the nation's interests. Thus in 1958, Congress created the National Defense Student Loan Program (currently entitled the National Direct Student Loan Program) to provide long term, low interest loans to students of high academic ability and financial need, especially those enrolled in math, science, foreign languages, or education programs.

During the 1960's the federal government took the first major steps toward using financial aid to promote increased access through the removal of economic barriers. The Higher Education Act of 1965 provided for grants to students of exceptional financial need through the Educational Opportunity Grant Program (which has now been retitled the Supplemental Educational Opportunity Grant Program). It also expanded the 1964 College Work-Study Program, which provided for part-time employment opportunities for students in need of financial assistance, and established the Federally Insured

Student Loan Program to supplement the National Direct Student Loan Program.

The Education Amendments of 1972 furthered the federal government's commitment to providing assistance to students with financial need by establishing an entitlement program, the Basic Educational Opportunity Grant Program. This program guarantees a base amount of grant assistance to every student who demonstrates financial need according to specified criteria. The Educational Amendments of 1976 raised the maximum award from \$1,400 to \$1,600. The Middle Income Student Assistance Act, passed by Congress last fall, liberalized federal benefits and eligibility requirements even further by raising the maximum Basic Grant to \$1,800 and covering the interest on federally insured student loans for all students, regardless of income, while the student is in school.

#### B. Development of State Programs

The major state financial aid and tuition reciprocity programs have all been established since 1967 (see Table 1). The first was the State Scholarship Program. The most recent was the tuition reciprocity program with South Dakota in 1978.

Approximately 100,000 applications for assistance from state financial aid and tuition reciprocity programs are now received each year. This total includes some 70,000 different students. Over 40,000 receive some form of financial aid. About 10,000 participate in the tuition reciprocity programs.

The accompanying dramatic growth of funds committed to financial aid is evident in Table 2. In Fiscal 1969, state appropriations for scholarship and grants-in-aid totaled \$375,000 and a state student loan program did not exist. In Fiscal 1979, state scholarship and grant appropriations totaled \$25.7 million. State loan programs financed by revenue bonds at no cost to the state provided an additional \$34.4 million.

Compared to other states Minnesota ranked 11th in the total number of scholarship and grant awards and 10th in the total dollar value of awards in Fiscal 1978. On a

## TABLE 1

### Key Dates in Financial Aid

1944	Serviceman's Readjustment Act (The G. I. Bill) passed.
1958	National Defense Student Loan Program created as part of the National Defense Education Act.
1964	College Work-Study Program authorized by The Economic Opportunity Act of 1964.
1965	Higher Education Act passed.
1967	Minnesota State Scholarship Program authorized.
1969	Minnesota State Grant-in-Aid Program authorized. Minnesota-Wisconsin Tuition reciprocity initiated on a limited basis.
1972	Basic Educational Opportunity Grants established by the Educational Amendments of 1972.
1973	Minnesota State Student Loan Program authorized.
1975	Minnesota State Work-Study Program created.
1976	Minnesota-North Dakota Tuition reciprocity implemented. Educational Amendments of 1976 passed.
1977	Minnesota Part-Time Student Grant Program enacted. Minnesota AVTI Tuition Subsidy Program authorized.
1978	Middle Income Assistance Act passed. Minnesota-South Dakota Tuition reciprocity implemented.

Source: HECB Financial Aid 3/15/79





Table 2

State Student Aid Appropriations and Loan Volume  
For Fiscal Years 1968-1981

Program	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980 <sup>4</sup>	1981 <sup>4</sup>
Scholarship	-	250,000	575,000	875,000	1,590,000	2,500,000	3,175,000	3,875,010	5,000,000	5,750,000	7,434,033	9,008,951	9,008,951	9,008,951
Grant-in-Aid	-	-	200,000	600,000	1,040,000	2,200,100	3,125,000	3,875,000	8,500,000	9,400,000	13,650,000	16,650,000	16,650,000	16,650,000
Nursing Grant <sup>1</sup>	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	155,000	155,000	155,000	155,000
Part-Time Grant	-	-	-	-	-	-	-	-	-	-	250,000	500,000	500,000	500,000
AVTI Tuition Subsidy	-	-	-	-	-	-	-	-	-	-	-	3,600,000	3,600,000	3,600,000
Veteran Dependents Assistance	-	-	-	-	-	-	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000
State Student Loan <sup>2</sup>	-	-	-	-	-	-	800,000	16,700,000	22,500,000	26,500,000	31,900,000	33,900,000 <sup>5</sup>	35,000,000 <sup>5</sup>	39,000,000 <sup>5</sup>
Medical & Osteopathy Loan <sup>2</sup>	-	-	-	-	-	-	232,300	300,722	315,850	303,800	375,500	463,000	N/A	N/A
Foreign Student Assistance	-	-	-	-	-	-	-	80,000	80,000	80,800	80,000	80,000	80,000	80,000
State Work-Study	-	-	-	-	-	-	-	-	500,000	1,250,000	1,600,000	1,600,000	2,600,000	3,600,000
Tuition Reciprocity with Wisconsin	-	-	-	-	-	-	1,532,938 <sup>3</sup>	2,863,028 <sup>3</sup>	4,215,430 <sup>3</sup>	5,526,094 <sup>3</sup>	5,081,000	5,704,600	8,645,800	8,447,800
Tuition Reciprocity with North Dakota	-	-	-	-	-	-	-	-	692,224 <sup>3</sup>	775,572 <sup>3</sup>	363,870	373,200	1,320,000	1,317,500
Tuition Reciprocity with South Dakota	-	-	-	-	-	-	-	-	-	-	650,000	550,000	261,000	462,500

1. Appropriation to State Board of Nursing 1968-1977
2. Loan Volumes. No state appropriations involved.
3. Actual Payments. Program had an open appropriation under which payments to Wisconsin and North Dakota were made as necessary.

4. HECB's requested appropriations.
5. Projected figures.

Source: HECB Financial Aid 3/15/79



per capita basis, Minnesota's grant assistance amounted to \$4.53 per person.<sup>1</sup> Only five other states had higher per capita expenditures. The average was \$3.42. Estimates for Fiscal 1979 place Minnesota ninth in number of awards and seventh in the total dollar value of awards. On a per capita basis, only three states -- New York, Vermont, and Illinois -- are expected to spend more than the \$6.78 per capita anticipated in Minnesota.

At the same time, administrative costs have been low -- \$2.82 per scholarship or grant applicant, and \$4.60 per recipient in Fiscal 1979.<sup>2</sup> In each case only two states reported lower administrative costs. In addition, Minnesota ranked second among the reporting states in terms of the ratio of administrative costs to funds awarded.

### C. Coordination of State and Federal Programs

The almost \$52 million from state programs represented only about 37% of the more than \$140 million Minnesota students received in financial aid in Fiscal 1978. Almost \$51 million came from federal sources and over \$38 million from private sources. Sixty-two percent of the funds went to students attending public institutions, 31% to students attending private colleges and universities, and 7% to students in proprietary institutions. Details are reported in Table 3.

Additionally, while they are not financial aid programs, Minnesota residents receive federal entitlement benefits for educational purposes from the Veterans Administration and the Social Security Administration. In Fiscal 1977, over 16,000 residents received \$68.6 million in veterans educational benefits. Social Security totals are not available but are substantial.

Since 1977 state policy has been to coordinate and integrate federal and state programs. The first major step in this direction was to tie the amount of state scholarship and grant awards to the size of the federal Basic Grant award for which a student is eligible.

<sup>1</sup> National Association of State Scholarship and Grant Programs, 10th Annual Survey.

<sup>2</sup> Ibid.

TABLE 3

STATE, FEDERAL AND INSTITUTIONAL MATCHING FUNDS FOR  
MINNESOTA STUDENT FINANCIAL ASSISTANCE BY SECTOR 1977-78

<u>SOURCE AND TYPE OF FUNDS</u>	<u>ALLOCATION</u>	<u>% OF TOTAL</u>	<u>% TO PUBLIC</u>	<u>% TO PRIV.</u>	<u>% TO PROP.</u>	<u>OUT OF STATE</u>
I. STATE FUNDS	\$ 51,895,535	37	60	30	10	\$13,003,000
A. Gift Aid	17,852,535	13	52	46	2	
1. Scholarship Program	6,988,847	5	41	57	1	
2. Grant Program	10,508,928	7	58	38	3	
3. Nursing Grants <sup>1</sup>	94,760	0	-	-	-	
4. Part-Time Grants <sup>1</sup>	250,000	0	-	-	-	
5. Veterans Dependents <sup>2</sup>	10,000	0	-	-	-	
B. Loans	32,443,000	23	64	21	15	
1. Student Loan Program	31,900,000	23	64	21	15	5,423,000
2. Medical Loans	463,000	0	91	9	-	
3. Foreign Students	80,000	0	83	16	1	
C. Work-Study	1,600,000	1	76	22	2	
D. Reciprocity			100	-	-	7,580,000
II. FEDERAL FUNDS	50,680,795	36	69	26	4	
A. Basic Grants	26,343,883	19	74	20	6	
B. College Work-Study	9,053,923	6	72	26	1	
C. Supplemental Grants	7,674,027	5	57	39	4	
D. National Direct Loans	6,509,834	5	60	36	4	
E. Student Incentive Grants <sup>3</sup>	1,099,128	1	60	36	4	
III. INSTITUTIONAL MATCHING FUNDS	22,050,936	16	63	34	4	
A. State Work-Study	400,000	0	76	22	2	
B. Foreign Students	410,000	0	100		-	
C. Federal Work-Study	2,263,480	2	72	26	1	
D. National Direct Loan	18,977,456	13	60	36	4	
IV. COMMERCIAL LENDING	16,000,000	11	40	50	10	1,150,000
TOTAL	\$ 140,627,266	100	62	31	7	\$14,153,000

- 1) New programs-information on distribution not available at this time. 2) Only one student served by program since inception.  
3) Distribution assumed.

Source: HECB Financial Aid 3/15/79

## II. FINANCIAL AID PROCESS

### A. Types of Assistance

Post-secondary institutions create "packages" of financial assistance by combining resources available from federal, state, institutional and other institutional and other private sources. The types of assistance are scholarships and grants, student loans and student employment. A student's aid package is assembled with funds from programs in the following order:

1. Basic Educational Opportunity Grant (BEOG). This is the major federal aid program. It provided up to \$1,600 in 1978-79 to any student with financial need. Need is determined by assessing both family ability to pay and the total cost of education. Funds from this program provide the floor upon which all other aid programs build.
2. Minnesota State Scholarship and Grant-in-Aid and Nursing Grant Programs. Awards from these programs may provide up to 50% of need by themselves, or in combination with the federal BEOG, may provide up to 75% of a student's financial need. The maximum state award is \$1,100.
3. Funds Controlled by Post-Secondary Educational Institutions. These need based resources include several state and federal programs and funds from private sources. The major campus based state programs are:

Minnesota State Work-Study Program

AVTI Tuition Subsidy Program

Part-Time Student Assistance Program

Foreign Student Assistance Program

Veterans' Dependents Assistance Program

The major campus based federal programs are:

National Direct Student Loan Program

Supplemental Educational Opportunity Grant

Federal College Work-Study Program

Institutionally generated financial aid resources generally include:

Endowment income

Annual gifts from friends and alumni

General income budgeted for financial aid

4. Private Awards Applied for Directly by Students. These, too, are generally need based. Many have further restrictions related to academic merit, religious affiliation, personal characteristics, career goals, etc. Stipends are generally small. Examples are:

Service Club Awards (Kiwanis, Lions, Knights of Columbus, etc.)

Corporate Foundation Awards to children of employees

Union Scholarships

Awards made by secondary school parents associations

Church Awards

5. Student Loan Funds - Many students obtain loans from post-secondary institutions, private financial institutions and loans from the Minnesota State Student Loan Program.

#### B. Determination of Financial Need

As previously stated, most federal and state programs consider

financial need as the principal criterion for student eligibility.

Except for the federal BEOG Program, which uses its own need analysis system, a student's financial need is generally determined according to a standard need analysis formula known as the Uniform Methodology. This formula is administered by two national need analysis services, the American College Testing Program (ACT) and the College Scholarship Service (CSS). Both service agencies (1) provide equal treatment in that similar families are treated similarly (i.e., they each generate a like parental contribution for any given set of family financial circumstances), (2) have been sanctioned for use by the United States Office of Education, (3) include contributions toward college costs from student income and assets, (4) do not relate contributions expected from parents and students to college costs but only to family ability to pay, and (5) reassess financial need annually. Once expected parental and student contributions are determined, student financial need is calculated as follows:

Cost of Education (tuition, fees, living expenses)	<u>MINUS</u>	Expected Parental and Student Contributions	<u>EQUAL</u>	Financial Need
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### III. STATUS OF MINNESOTA FINANCIAL AID PROGRAMS

The Higher Education Coordinating Board administers 10 student financial aid programs which have been created during the past decade to help promote access, choice and diversity of opportunities for Minnesota residents. These programs include four types -- scholarship, grant, work-study and loan programs. Combined with aid from federal, institutional and private sources,

the programs provide a comprehensive package of aid for students with financial need. Approximately 40,000 students received some form of state assistance in Fiscal Year 1978 from these programs to assist in meeting their costs of attending post-secondary education.

The largest of the programs are the State Scholarship and Grant-in-Aid Programs, State Student Loan Program, and the State Work-Study Program. The remaining programs serve a specific clientele. These programs include the Nursing Grant Program, Part-Time Student Grant Program, AVTI Tuition Subsidy Program, Veterans' Dependents Program, Medical and Osteopathy Loan Program, and Foreign Student Program. In addition, the Board administers the Interstate Tuition Reciprocity Programs. Although not direct financial aid programs, these programs enable students to attend public post-secondary institutions in neighboring states at in-state tuition rates.

The 1979 Minnesota Legislature is currently considering the Board's budget and policy recommendations for the programs for the 1980-81 biennium. The recommendations, which are detailed in The Board's Report to the Governor and the 1979 Minnesota Legislature, call for continuation of all the programs. The most significant budget and policy changes are proposed for the State Scholarship and Grant-in-Aid Programs, the State Work-Study Program, the State Student Loan Program, and the AVTI Tuition Subsidy Program. They are as follows:

- (1) To increase the maximum scholarship or grant award from the current \$1,100 to \$1,250 in Fiscal 1981 and \$1,400 in Fiscal 1982.
- (2) To extend eligibility for grants from first year, second year, and



transfer students to any full-time undergraduate enrolled in or accepted for admission to a degree or certificate program in an eligible institution.

- (3) To increase appropriations for the State Work-Study Program from \$1.6 million in Fiscal 1979 to \$2.6 million in Fiscal 1980 and \$3.6 million in Fiscal 1981.
- (4) To extend the limit on the State Student Loan Program bonding authority from the current \$125 million to \$200 million.
- (5) To remove the age barrier, which currently restricts eligibility to students under 21, from the AVTI Tuition Subsidy Program.

A. Grant Assistance Programs

1. Minnesota State Scholarship, Grant-in-Aid, and Nursing Programs

Objective: To provide financial assistance for students with need and to encourage their post-secondary educational development at the institutions of their choice (grant-in-aid program), to identify talented students in the state and provide financial assistance for those with need to continue their education at institutions of their choice (scholarship program), and to provide grants to undergraduate students who demonstrate financial need and are enrolled in nursing and licensed practical nursing programs (nursing grant program).

Background: The State Grant-in-Aid Program, authorized in 1969, is the foundation program for Minnesota's comprehensive financial aid effort. The number of students receiving assistance has grown from 364 in 1970 to an estimated 18,000 in Fiscal 1979. The State Scholarship Program, authorized in 1967, makes awards according to high school rank, but determination of award size is based on financial need as in the Grant-in-Aid Program. The number of

students receiving monetary scholarships has grown from 423 in 1969 to an estimated 10,500 in Fiscal 1979. The Nursing Grant Program, after having been administered by the State Board of Nursing since its inception, was transferred to the Higher Education Coordinating Board during the current biennium.

While increased appropriations have had the major influence on the programs, three other changes have had substantial impacts as well. One major policy change has been to relate state awards to the availability of federal Basic Educational Opportunity Grants (BEOG) so that the federal award plus the state award, up to a maximum of \$1,100, cannot exceed 75 percent of the student's demonstrated need. If a student is not eligible to receive a federal BEOG, the state award cannot exceed 50 percent of the demonstrated need, up to a maximum award of \$1,100. A second substantial policy change has been to expand eligibility in the Grant-in-Aid Program so that second year students can apply for initial year awards. These two changes were recommended by the Board and approved by the 1977 Legislature. Third, the Board began mailing applications and information to all high school seniors in Fiscal 1976. This administrative change has increased substantially the number of high school seniors applying to the programs by the priority deadline.

Students typically apply to both programs with one application while they are high school seniors. They are considered first for a scholarship, and, if eligible automatically considered for a grant. Second year and transfer students may also apply for an initial grant.

- (2) The proportion of awards going to private colleges has been dropping since 1975. The proportion going to AVTT's has been increasing. Thus the gap in percentage of recipients and funds has been narrowing.
- (3) The institution of the 75% of need limitation and increase in the BEOG ceiling reduced the average amount of an award in 1978. The reductions were greater at the lower cost public institutions where fewer students receive the maximum \$1100 award.

In determining the contribution expected from a student's family, the need analysis formula takes into account family size, assets, age of the principal income earner, and number of children attending post-secondary institutions as well as family income. However, income is usually the best single indicator of a family's ability to finance higher education. Table 6 shows award activity during the last three years by family income. Highlights are:

- (1) In 1979 awards were evenly distributed across income levels in the \$6,000 - \$24,000 range. Families with incomes below \$6,000 accounted for 18% of the awards, while families with income greater than \$24,000 accounted for 13% of the awards.
- (2) In 1979, the highest average award (\$777) went to students with family income in the \$15,000 - \$18,000 range. Average award size decreased as family income departed in either direction from this range. The average award was smaller for low income students because more of them attended low cost institutions and received higher BEOG's.
- (3) The award distribution is gradually shifting to higher income students as inflation continues and as the BEOG maximum has increased from \$1,400 to \$1,600.

Funding: Funds for the operation of the State Scholarship and Grant-in-Aid Programs during the current biennium were appropriated at levels intended to assure 100% funding of existing need according to BEOG and state policies that were in effect during the preceding 1976-77 biennium. The consequence is that the programs have been able to meet the full needs of all students who applied through May for the 1977-78 academic year (Fiscal 1978) and all those who applied through August for the 1978-79 academic year (Fiscal 1979) without expending the entire

TABLE 6

Scholarship and Grant Awards by Income  
During Fiscal Years 1977-1979

Family Income	# of Awards			% of Awards			# of Dollars (in millions)			Average Award		
	1977	1978	1979	1977	1978	1979	1977	1978	1979	1977	1978	1979
\$0 - 6,000	3,532	4,126	5,391	17.0%	16.2%	17.6%	2.96	2.49	3.56	837	603	660
6,001 - 9,000	2,780	2,903	3,008	13.4	11.4	9.9	2.45	1.96	2.02	882	676	672
9,001 - 12,000	3,308	3,357	3,379	16.0	13.2	11.1	2.89	2.46	2.42	872	732	717
12,001 - 15,000	3,673	3,751	3,744	17.7	14.7	12.3	3.01	2.89	2.87	819	769	766
15,001 - 18,000	4,912 <sup>1</sup>	4,070	3,971	23.7 <sup>1</sup>	15.9	13.1	3.72 <sup>1</sup>	3.00	3.09	758 <sup>1</sup>	738	777
18,001 - 21,000		3,390	3,963		13.3	13.1		2.42	3.05		715	770
21,001 - 24,000	1,973 <sup>2</sup>	2,154	3,029	9.5 <sup>2</sup>	8.4	10.0	1.36 <sup>2</sup>	1.53	2.32	687 <sup>2</sup>	709	765
24,000 +	558 <sup>3</sup>	1,772	3,871	2.7 <sup>3</sup>	6.9	12.8	.32 <sup>3</sup>	1.15	2.83	577 <sup>3</sup>	651	731
<b>TOTAL</b>	<b>20,736</b>	<b>25,523</b>	<b>30,356</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>16.71</b>	<b>17.90</b>	<b>22.16</b>	<b>806</b>	<b>702</b>	<b>730</b>

<sup>1</sup> Income category is \$15,000 - 19,999<sup>2</sup> Income category is \$20,000 - 24,999<sup>3</sup> Income category is \$25,000+

Source: HECB Financial Aid 3/15/79

appropriation. Table 7 displays the budgeted and expended figures. The primary factor contributing to the lower than anticipated expenditures was the 75 percent of need limitation placed on the state award when combined with a federal Basic Grant. That adjustment resulted in about \$3,472,000 in reduced expenditures in Fiscal 1978 and approximately \$4,061,000 in reduced expenditures in Fiscal 1979. The second factor contributing to the savings was the increase in the federal Basic Grant ceiling from \$1,400 to \$1,600 for Fiscal 1979. This change reduced state expenditures by an estimated \$2,768,000. Finally, while the total number of applicants to the programs is still increasing, the rate of increase has slowed and should begin to stabilize in the next three years.

Although appropriations have increased sufficiently to provide awards for all eligible applicants, the programs are not yet entitlement programs for all undergraduates with financial need. Only students entering their first or second year of post-secondary education, or transferring from eligible junior and community institutions, may apply for initial awards. In addition, the \$1,100 maximum award ceiling established by the 1975 Legislature has not been adjusted to reflect increased educational costs.

## 2. Part-Time Student Grant Program

Objective: To provide grant assistance to students who are enrolled less than full-time and who are not eligible to receive other state or federal grant assistance.

Background: The Part-Time Student Grant Program was enacted by the 1977 Legislature to assist the growing number of part-time students in Minnesota. Students must be pursuing a program or course of study leading to a degree, diploma or certificate and not be receiving other state or federal grants. Students

TABLE 7

State Appropriations and Expenditures in the  
Scholarship and Grant-in-Aid Programs

	Fiscal 1978		Fiscal 1979	
	Budgeted	Awarded <sup>1</sup>	Budgeted	Awarded <sup>2</sup>
No. of Students	29,177	25,425	34,736	28,903
No. of Dollars	\$21,239,033	\$17,592,535	\$25,813,951	\$20,553,085

1. Figures do not include nursing grants.

2. As of 2/16/79.

Source: HECB Financial Year 3/15/79

whose tuition and fees are paid by other sources are not eligible. The amount of an award is based on the applicant's financial need, but the amount cannot exceed the cost of resident tuition and required fees or tuition and fees for a comparable program at the University of Minnesota, whichever is less. Grants are awarded for a single term. Students may apply for additional awards each term.

Activity: Rules for this new program were adopted in the spring of 1978.

Sufficient data are not yet available to evaluate the program's accomplishments.

A comprehensive review is planned for summer, 1979.

Funding: Funds for the program are allocated by the Board to eligible post-secondary institutions that wish to participate in the program. Allocations are based on a formula which takes into account the number of part-time students enrolled at each participating school. Of the 176 institutions that were eligible for appropriations for the 1978 spring term, 31 elected to receive allocations.

The allocations distributed amounted to \$113,934. The 1977

Legislature appropriated \$250,000 for Fiscal 1978 and \$500,000 for Fiscal 1979.

### 3. AVTI Tuition Subsidy Program

Objective: To provide grant assistance to eligible students who are enrolled in area vocational-technical institutes and who are not receiving state scholarships or grants-in-aid.

Background: The program was authorized by the 1977 Legislature in conjunction with the decision to institute a tuition charge of \$2 per day for AVTI students under 21. Any Minnesota resident who is under 21, who is enrolled full time in a degree or certificate program in an AVTI, and who is not receiving a state

scholarship or grant may apply. Students are eligible if they are under 21 at the time of application or are under 21 for some part of the fiscal year for which the subsidy is used. Awards are based on financial need; they provide a reduction of between 5 and 75 percent of the student's tuition.

Activity: Because the program began July 1, 1978, no data are available yet.

Funding: The appropriation for Fiscal 1979 was \$3,600,000.

#### 4. Veterans' Dependents Student Assistance Program

Objective: To pay the tuition and fees for Minnesota post-secondary students who are dependents of veterans declared prisoners of war or missing in action after August 1, 1958.

Background: The Veterans' Dependents Student Assistance Program pays tuition and fees for students enrolled in any post-secondary educational institution in Minnesota if they are dependents of Minnesota veterans who, while serving in the United States Armed Forces, were declared prisoners of war or missing in action after August 1, 1958. The annual stipend cannot exceed the maximum amount of tuition and fees charged at the University of Minnesota, Twin Cities campus.

Activity: One student has received assistance for a total expenditure of under \$2,000.

Funding: Appropriations have been \$10,000 a year since Fiscal 1975.

### B. Self-Help Programs

#### 1. Minnesota State Student Loan Program

Objective: To improve access and choice of post-secondary education for Minnesota students by providing loans to assist them in paying for the costs of education.



Background: The 1973 Minnesota Legislature authorized the Higher Education Coordinating Board to establish and administer the State Student Loan Program as a lending institution under the Federally Insured Student Loan Program. The program serves as a lender of second resort. In this role, the Board provides assistance to students who are unable to obtain necessary educational funds from private lending institutions. The program is financed through the sale of tax exempt revenue bonds and requires no state appropriations. Since its inception the State Student Loan Program has been financed by the sale of \$159,850,000 in revenue and refunding bonds of which \$122,650,000 is currently outstanding.

The return on student loan investments has been more than sufficient to meet the costs of administration and debt servicing. On each student loan, the program receives 7% simple interest annually and a one-time special allowance from the federal government when the loan is granted. The allowance, which is tied to the 91-day treasury bill rate, varies from 0% to 5% of the loan.

The federal government covers the 7% interest on a majority of the state loans while the student borrowers are in school and for nine months thereafter. This payment is known as the interest subsidy, or interest benefits.

The state loan program serves students enrolled in Minnesota post-secondary institutions and Minnesota residents enrolled in eligible post-secondary institutions in other states. Undergraduate and vocational students may borrow up to \$2,500 per academic year and \$7,500 in total; graduate and professional students may borrow up to \$5,000 per year and \$15,000 in total. All applicants must be enrolled in a degree or certificate program on at least a half-time basis. More

than 600 schools both in Minnesota and out of state are eligible to participate. Students may apply to the loan program regardless of personal or family incomes. In the past students whose adjusted family incomes were less than \$25,000 per year automatically qualified for interest benefits. Students with adjusted family incomes in excess of \$25,000 per year qualified for interest benefits if the educational institution aid office performed a needs analysis for that student and recommended that the loan be subsidized. Under legislation passed by Congress, effective November 1, 1978, all students are now eligible for federal interest benefits regardless of family income.

Activity: The State Student Loan Program provides approximately 60% of the guaranteed loans in Minnesota. Banks, savings and loan institutions, and credit unions provide the other 40%.

During Fiscal Year 1978, the state program received and processed 18,000 applications and disbursed \$27.8 million in loans. Current activity indicates that during Fiscal Year 1979 the program will receive and process 20,000 applications and disburse \$34 million in loans.

Table 8 shows the activity in the program during fiscal years 1975 through 1978.

Highlights are as follows:

- (1) In Fiscal 1978, the instate private sector accounted for nearly 40% of all loans and 36% of the total dollars. However, the proportion of loans and loan dollars going to students at private institutions has been decreasing since 1975.
- (2) The highest average loan (\$2,839 in 1978) goes to students at the University of Minnesota. This reflects the University's large graduate and professional enrollments.
- (3) The number of loans to students at out-of-state institutions has been increasing at a faster rate than loans to students at instate institutions. In Fiscal 1978, out-of-state loans accounted for 15% of all loans in comparison to only 4% in Fiscal 1975.

TABLE 8

Activity in the Minnesota State Student Loan Program,  
Fiscal Years 1975-1978

System	1975				1976				1977				1978			
	# of Loans	% of Total	\$ Volume (in millions)	Average Loan	# of Loans	% of Total	\$ Volume (in millions)	Average Loan	# of Loans	% of Total	\$ Volume (in millions)	Average Loan	# of Loans	% of Total	\$ Volume (in millions)	Avg. Loan
Private Colleges	2,800	26%	\$4.2	\$1,500	3,425	23%	\$5.3	\$1,547	3,375	21%	\$5.7	\$1,689	3,050	19%	\$5.9	\$1,934
Private Vocational	2,750	25%	4.7	1,709	3,275	22%	5.2	1,588	3,350	21%	4.3	1,284	3,100	19%	4.2	1,355
University of Minnesota	1,200	11%	2.1	1,750	1,850	13%	3.0	1,622	2,100	13%	3.9	1,857	2,325	15%	6.6	2,839
State Universities	1,075	10%	1.7	1,581	1,450	10%	2.2	1,517	1,625	10%	2.2	1,354	1,600	10%	2.2	1,375
Community Colleges	650	6%	.9	1,385	975	7%	1.1	1,128	1,125	7%	1.3	1,156	1,275	8%	1.3	1,020
AVTI's	1,950	19%	2.9	1,487	2,475	17%	3.6	1,455	2,475	15%	3.5	1,414	2,300	14%	2.9	1,261
Out of State (All Types)	400	4%	.7	1,750	1,100	8%	1.9	1,727	2,075	13%	3.7	1,783	2,350	15%	4.7	2,000
Total	10,825	100%	\$17.2	\$1,589	14,550	100%	\$22.3	1,533	16,125	100%	\$24.6	1,526	16,000	100%	\$27.8	\$1,738

Source: HECB Financial Aid 3/15/79



- (4) At the University of Minnesota average loan size has increased from \$1,750 in Fiscal 1975 to \$2,839 in Fiscal 1978. Smaller increases have occurred at private instate colleges and at out-of-state schools. Loan size has generally decreased in other systems.

Funding: The most recent bond sale of \$38,250,000 in July 1978 was the largest issue to date by the Board and was the first time that the bonds have been offered without a 100 percent guarantee by the federal government or a commitment by the Student Loan Marketing Association to buy loan paper generated from bond proceeds. There have been five previous bond issues ranging from \$8 million to \$37 million.

Loans made under the state program or by private lenders are guaranteed 100 percent by the Higher Education Assistance Foundation, a non-profit corporation which was created to insure loans against default in Minnesota. The Foundation's guarantee is reinsured by the federal government up to a maximum of 100 percent and a minimum of 80 percent.

Current state statutes restrict the bond issues of the Board to a maximum of \$125 million outstanding at any one time, excluding refunding bonds. The current \$122,650,000 in student loan bonds outstanding, plus the outstanding bonds for the Minnesota Medical and Osteopathy Loan Program, encumber the entire \$125 million authority.

## 2. Medical and Osteopathy Student Loan Program

Objective: To provide needed financial assistance to medical and osteopathy students who agree to practice in Minnesota rural communities designated as areas in need of medical doctors or osteopaths.

Background: The Medical and Osteopathy Student Loan Program was created

by the 1973 Legislature to provide needed assistance to Minnesota students in medicine or osteopathic medicine who intend to practice in rural areas in Minnesota that have physician shortages. Approximately 24 new students may enter the program each year. Each student may borrow as much as he or she requires to meet educational expenses, up to \$6,000 per year and up to \$24,000 in total. Interest is charged at the rate of 8% per year from the time the loan is made. Participants are selected by the Coordinating Board based upon recommendations by the Board of Medical Examiners. Annually, the Board approves a list of communities in Minnesota which are areas with physician shortages. Loan recipients may apply to the Board for forgiveness of both interest and principal if they practice in an approved area of medical shortage for a specified period of years after completing their training.

Activity: One hundred thirty-three students have received \$1,528,172 in loans from this program (see Table 9). It is anticipated that in the next year about 50 current students will be completing training and will provide substantial data to evaluate the effectiveness of the program.

The U. S. Office of Education recently has published rules implementing the Health Education Assistance Loan (HEAL) Program of loan assistance to students in the health professions. HECB staff are examining the impact of that program carefully to determine whether restructuring of the Minnesota program is in order.

Funding: To date, revenue bonds totaling \$2,320,000 have been issued to provide loans to medical and osteopathy students. The ceiling on the Board's bonding authority affects this program as well as the State Student Loan Program.

TABLE 9

## Minnesota Medical &amp; Osteopathy Loan Program, Fiscal Years 1974-1978

<u>Fiscal Year</u>	<u>Initial Awards</u>		<u>Renewal Awards</u>		<u>Total Loans</u>	<u>Total Dollar Amount</u>	<u>Average Loan Amount</u>
	<u>Number</u>	<u>Dollar Amt.</u>	<u>Number</u>	<u>Dollar Amt.</u>			
1974	40	232,300	0	0	40	232,300	5,808
1975	20	101,482	36	199,240	56	300,722	5,370
1976	24	120,000	40	195,850	64	315,850	4,935
1977	25	120,000	39	183,800	64	303,800	4,747
1978	24	135,500	40	240,000	64	375,500	5,867
Total	133	709,282	155	818,890	288	1,528,172	5,306

Number of Participants in Residency = 44

Number of Participants who have completed Training = 10

Number practicing in eligible rural area = 4

Number of Loans Repaid = 4

Bankruptcy = 1

Source: HECB Financial Aid 3/15/79

### 3. Foreign Student Assistance Program

Objective: To provide institutions the opportunity to achieve and maintain a desirable cultural mix in their student populations and to assist foreign students to meet unexpected financial needs.

Background: The Foreign Student Assistance Program provides loans to foreign students with student visas enrolled in Minnesota post-secondary institutions. Under the program students may obtain loans to pay the difference between resident and nonresident tuition and also may receive emergency loans to meet unexpected financial needs. If students who have received assistance return home after completing their education and do not live in the United States for five years thereafter, both loan principal and interest are canceled. Students who do live in the United States following completion of training are required to repay their loans in full with interest computed at the rate of 8% from the date of the loan.

Activity: Table 10 shows the activity in the Foreign Assistance Program for Fiscal Years 1976-1978. Highlights are:

- (1) A total of 763 loans were made under this program in 1978.
- (2) The University of Minnesota and the State Universities are the only public systems that have made tuition loans. Data on private institutions are not available.
- (3) The University of Minnesota and the State Universities account for most (81% in 1978) of the emergency loans made. In addition, they are the only systems that utilized all of their allocation for emergency loans.
- (4) Expenditures for emergency loans increased only slightly between Fiscal 1976 and 1978 while total allocations remained constant. Expenditures for tuition loans, which are not allocated through HECB, have increased by 50% since Fiscal 1976.



TABLE 10

## Activity in the Foreign Assistance Program in Fiscal Years 1976-1978

System	Tuition Loans						Emergency Loans					
	Number			Dollars			Number			Dollars		
	1976	1977	1978	1976	1977	1978	1976	1977	1978	1976	1977	1978
Private Colleges	NA	NA	NA	NA	NA	NA	17	12	14	8,608	9,296	10,024
Private Vocational	NA	NA	NA	NA	NA	NA	0	0	0	0	0	0
University of Minnesota	245	294	329	224,433	263,318	336,403	79	67	83	38,184	38,898	38,717
State Universities	231	238	249	59,739	70,130	89,919	69	63	80	14,943	15,685	16,497
Community Colleges	0	0	0	0	0	0	15	10	8	4,386	3,744	3,223
AVTI's	1	0	0	720	0	0	2	0	0	493	0	0
Total	477	532	578	284,892	333,448	426,322	182	152	185	66,614	67,623	68,461
System	Total Loans						Allocation for Emergency Loans			Percent of Allocation Utilized		
	Number			Dollars			1976	1977	1978	1976	1977	1978
	1976	1977	1978	1976	1977	1978	1976	1977	1978	1976	1977	1978
Private Colleges	17	12	14	8,608	9,296	10,024	10,960	13,096	15,070	79%	71%	67%
Private Vocational	0	0	0	0	0	0	0	32	996	--	0	0
University of Minnesota	324	361	412	262,617	302,216	375,120	38,784	38,976	39,017	99	100	99
State Universities	300	301	329	74,682	85,815	106,416	16,729	15,912	16,765	89	99	98
Community Colleges	15	10	8	4,386	3,744	3,223	9,544	9,368	5,008	46	40	64
AVTI's	3	0	0	1,213	0	0	3,557	1,688	2,383	14	0	0
Total	659	684	763	251,506	401,071	494,783	79,574	79,072	79,239	84%	86%	86%

Source: HECB Financial Aid 3/15/79

Funding: The Legislature has made an annual appropriation of \$80,000 to HECB for the emergency loan part of the program since 1975. Approximately 85% of the appropriation has been expended in each of the past three years. Funds for the tuition loans come from a state allocation made directly to the University of Minnesota and from institutional sources.

#### 4. State Work-Study Program

Objective: To assist in meeting the financial needs of students, to provide students with valuable work experiences, and to provide student assistance to nonprofit service agencies, handicapped persons, and persons over 65.

Background: The State Work-Study Program was created by the 1975 Legislature to supplement the State Scholarship and Grant-in-Aid Programs and the Federal Work-Study Program by providing job opportunities for moderate income students who do not qualify for substantial grant assistance. Program funds, which the Board allocates to individual institutions, may provide for up to 80% of the amount a student earns in a work-study position.

Jobs may be on or off campus. However, each institution is required to make a reasonable effort to place work-study students with eligible off-campus employers. Eligible employers include non-profit agencies without religious or political affiliations and senior citizens or handicapped persons who employ a student to provide personal services in or about their homes.

Students earnings range from \$100 to \$2,500 per year depending on the number of hours worked and the hourly rate. Minimum wage laws generally apply.

Eligibility criteria are less restrictive than for the Federal Work-Study Programs.

Activity: In Fiscal Year 1978 approximately 3,200 students at 94 institutions received

assistance. In Fiscal Year 1977, 3,015 students were served.

Funding: Funding was increased from \$1.75 million to \$3.2 million for the 1978-79 biennium. The allocation and utilization of funds during Fiscal Years 1976-1978

are summarized in Table 11. Highlights are:

- (1) Institutional expenditures of allocated funds has been about 95% in the last two years. Utilization of allocated funds has been highest at the University of Minnesota, state universities, and private schools. It has been lowest at private vocational schools and community colleges.
- (2) Relative to enrollment, the University of Minnesota used the largest proportion of state work-study funds until Fiscal 1978 when in midyear they returned a large portion of their original allocation. In Fiscal 1978, community colleges used the most funds relative to enrollment.

Roughly 45% of the appropriations for Fiscal Year 1978 was expended to fund positions off-campus in both public and private nonprofit community agencies.

#### C. Interstate Tuition Reciprocity

Objective: To increase access and choice for Minnesota post-secondary students, to facilitate the maximum use of educational facilities and to minimize unnecessary duplication of effort among participating states and institutions.

Background: Reciprocal tuition agreements enable students to attend public post-secondary institutions in neighboring states at instate tuition rates. A limited agreement between Minnesota and Wisconsin was initiated in the fall of 1969 and expanded each year until 1973 when a comprehensive agreement involving any resident in either state attending public post-secondary institutions was signed. All University of Wisconsin System schools and Center System institutions and all Minnesota public post-secondary institutions are eligible.

After several years of negotiation the Board achieved a reciprocity agreement with North Dakota which was implemented for the 1975-76 academic year. The North Dakota agreement encompasses all North Dakota public institutions except

TABLE II

Allocation and Utilization of Minnesota Work-Study Funds,  
Fiscal Years 1976-1978

System	Percent of Enrollment <sup>1</sup>			Final Allocation			Percent of Total Allocation		
	1976	1977	1978	1976	1977	1978	1976	1977	1978
Private Colleges	22.2%	22.2%	23.3%	99,350	246,245	349,740	20.3%	17.5%	21.9%
Private Vocational	-.2	-.2	-.2	-0-	12,125	25,455	-0-	.9	1.6
University of Minnesota	32.0	31.4	30.3	150,100	553,193	384,724	30.6	39.2	24.0
State Universities	20.2	20.7	20.8	104,900	241,065	365,343	21.4	17.1	22.8
Community Colleges	7.8	7.5	7.4	61,700	165,845	210,993	12.6	11.8	13.2
AVTI's	17.9	18.3	18.2	73,937	191,260	263,475	15.1	13.6	16.5
Total	100%	100%	100%	489,987	1,409,733	1,599,730	100%	100%	100%

System	1976	Utilization		Percent of Total Utilization			Percent of Allocation Utilized		
		1977	1978	1976	1977	1978	1976	1977	1978
Private Colleges	67,719	227,326	347,121	19.9%	17.2%	22.8%	68%	87%	98%
Private Vocational	-0-	6,592	15,706	-0-	.5	1.0	-0-	54	75
University of Minnesota	148,408	552,391	384,622	43.6	41.7	25.3	99	100	100
State Universities	50,677	230,000	348,313	14.9	17.4	22.9	48	95	95
Community Colleges	34,310	137,166	183,595	10.1	10.4	12.1	56	82	86
AVTI's	38,958	170,735	240,515	11.5	12.9	15.8	53	89	91
Total	340,072	1,324,210	1,519,872	100%	100%	100%	69%	94%	95%

<sup>1</sup> Full-time resident and vocational students from HECB enrollment surveys.

<sup>2</sup> Incomplete counts. Not included in total.

Source: HECB Financial Aid 3/15/79

the locally-controlled junior colleges and all Minnesota public institutions except the public area vocational-technical institutes. An agreement with South Dakota that is similar to the North Dakota agreement began with the 1978-79 school year. Two reciprocal agreements involving three post-secondary educational institutions in southwestern Minnesota and two colleges in northwestern Iowa also began in fall, 1978.

Activity: In Fiscal Year 1978, more than 5,500 Minnesotans attended Wisconsin institutions under the reciprocity agreement, and more than 2,200 Wisconsin students traveled to Minnesota. Similarly, more than 3,000 Minnesota residents traveled to North Dakota institutions and more than 1,500 North Dakotans registered in Minnesota institutions. The growth in participation rates at individual schools is detailed in Table 12.

Funding: Tuition reimbursements to the participating states are calculated in the following ways: Wisconsin receives the difference between its resident and non-resident tuition rates for each Minnesota resident attending a Wisconsin institution under tuition reciprocity. North and South Dakota receive a sum that equals the weighted average tuition rate reduced to a dollar per credit-hour charge. Minnesota receives like payments from these three states for their residents enrolled in Minnesota institutions. The Iowa agreements do not involve an exchange of funds.

Minnesota has owed a net balance each year to each of the participating states since the inception of the programs (see Table 13). The reason is that more Minnesota residents participate in the program. In addition, because the difference between in and out-of-state tuition is greater in Wisconsin, the reimbursement per student is higher for Minnesota students in Wisconsin than



Table 12

Participation and Average Tuition Waiver in Tuition Reciprocity  
Programs During Fiscal Years 1974-1978

<u>Minnesota Residents in Wisconsin</u>	Number Enrolled Fall Term				
	Fiscal 74	Fiscal 75	Fiscal 76	Fiscal 77	Fiscal 78
UW-Eau Claire	58	186	287	339	444 <sup>1</sup>
UW-LaCrosse	143	240	442	519	648 <sup>1</sup>
UW-Madison	190	428	639	751	878 <sup>1</sup>
UW-River Falls	582	1,087	1,319	1,528	1,617 <sup>1</sup>
UW-Stout	418	740	927	1,095	1,326 <sup>1</sup>
UW-Superior	257	349	407	458	511 <sup>1</sup>
Other	69	107	197	268	352 <sup>1</sup>
<b>Total</b>	<b>1,697</b>	<b>3,137</b>	<b>4,218</b>	<b>4,958</b>	<b>5,776<sup>1</sup></b>
<u>Wisconsin Residents in Minnesota</u>					
UM-Duluth	79	114	143	224	233 <sup>2</sup>
UW-Twin Cities	512	894	1,116	1,408	1,691 <sup>2</sup>
Mankato State	48	68	90	106	107 <sup>2</sup>
Winona State	170	237	307	300	425 <sup>2</sup>
Other	95	123	190	244	253 <sup>2</sup>
<b>Total</b>	<b>904</b>	<b>1,436</b>	<b>1,846</b>	<b>2,282</b>	<b>2,709<sup>2</sup></b>
<u>Minnesota Residents in North Dakota</u>					
University of North Dakota			735	1,012	1,166 <sup>1</sup>
North Dakota State University			765	1,151	1,444 <sup>1</sup>
North Dakota School of Science			206	274	293 <sup>1</sup>
Other			77	105	136 <sup>1</sup>
<b>Total</b>			<b>1,783</b>	<b>2,542</b>	<b>3,039<sup>1</sup></b>
Average Tuition Waiver Per FTE			\$622	\$622	\$622
<u>North Dakota Residents in Minnesota</u>					
UM-Twin Cities			100	142	182 <sup>1</sup>
Moorhead State			649	1,253	1,605 <sup>1</sup>
Other			98	149	199 <sup>1</sup>
<b>Total</b>			<b>847</b>	<b>1,544</b>	<b>1,986<sup>1</sup></b>
Average Tuition Waiver Per FTE			\$622	\$622	\$622

1. As of 3/15/79.

2. As of 11/27/78.

Source: HECS Financial Aid 3/20/79





TABLE 13

Tuition Reciprocity  
Balance of Payments, Fiscal Years 1974-1978

Balance of Payments Due Wisconsin

1974	\$1,532,938.04
1975	\$2,863,028.37
1976	\$4,215,429.89
1977	\$5,526,094.48
1978 <sup>1</sup>	\$6,698,681.55

Balance of Payments Due North Dakota

1976	\$692,223.80
1977	\$775,571.80
1978 <sup>1</sup>	\$794,294.00

<sup>1</sup> Estimated as of 3/1/79

Source: HECB Financial Aid 3/15/79

for Wisconsin students in Minnesota.

The statute originally provided for payments from Minnesota to the three neighboring states as necessary under an open appropriation. The 1977 Legislature replaced the open appropriations accounts with direct appropriations in the following amounts: \$5,081,000 for payments to Wisconsin in Fiscal Year 1978 and \$5,704,600 in Fiscal Year 1979; \$363,870 for payments to North Dakota in Fiscal Year 1978 and \$373,200 in Fiscal Year 1979; \$650,000 for payments to South Dakota in Fiscal Year 1978 and \$550,000 in Fiscal Year 1979.

#### IV. PLANS FOR THE FUTURE

During the past decade state financial aid programs and expenditures increased dramatically in an effort to provide assistance to all Minnesota students with financial need. As indicated by the activity and funding trends presented in this report, this phase of Minnesota's financial aid development is now almost complete. Given the comprehensiveness of current programs and the projected enrollment declines in the 1980's, the emphasis in state financial aid is expected to shift from reaching greater numbers of students to refining and improving the existing programs. One of the major tasks will be the coordination of the different individual programs with one another and with the major federal programs. Already, state scholarship and grant awards take into account the size of the federal Basic Grant for which a student is eligible. Further coordination efforts will be aided by a data base which is now under development. This data base will consolidate available information on all state aid recipients and thus provide information on how funds from the different state programs are being combined in individual aid packages. With such information it will be possible to evaluate the state effort in terms of the mix of work, loan and grant funds. In addition, the data

will help in addressing such other issues as the extent to which students be required to borrow against future earnings, the optimal division between institutional support and direct aid to students, and the relationship of state financial aid policies to institutional and federal policies.

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