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FINANCIAL AID FOR PART-TIME STUDENTS
With Coordinating Board Recommendations

A POLICY PAPER



**MINNESOTA HIGHER EDUCATION
COORDINATING BOARD**

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FINANCIAL AID FOR PART-TIME STUDENTS
With Coordinating Board Recommendations

Minnesota Higher Education
Coordinating Board

September 1984

SUBJECT: FINANCIAL AID FOR PART-TIME STUDENTS

DATE: SEPTEMBER 5, 1984

ACTION: THE HIGHER EDUCATION COORDINATING BOARD ADOPTED THE FOLLOWING RECOMMENDATIONS:

1. The Minnesota State Scholarship and Grant Program be modified by:
 - (a) extending eligibility to students who register for a minimum of six credits, or the equivalent, per term;
 - (b) prorating the full-time cost of attendance for students who register for fewer than 12 credits, or the equivalent, per term;
 - (c) recognizing only credits, or the equivalent workload measure, associated with courses required for graduation or that can be applied toward the requirements for graduation.
2. The Minnesota Part-Time Grant Program be modified by:
 - (a) limiting grant eligibility to students who are registered for fewer than six credits, or the equivalent, per term, and to new or returning students who are registering for at least six credits but fewer than 12 credits, or the equivalent, during the first term after revision of the program statute in which they apply for a state grant;
 - (b) making all other eligibility criteria consistent with those of the State Scholarship and Grant Program;
 - (c) requiring each post-secondary institution to adopt a need analysis that is consistent with an institution's overall financial aid policy and considers both the student's educational budget and resources.

OVERVIEW OF RECOMMENDATIONS ON FINANCIAL AID FOR PART-TIME STUDENTS

Background and Rationale

Part-time students make up about one-fourth of all undergraduates attending Minnesota post-secondary institutions, yet in attempting to pay for their attendance costs, part-time students have less access to financial aid programs than their full-time counterparts even though they have the same educational objectives. Differences in treatment of part-time and full-time students suggest the need for a review of financial aid policies and practices for these students.

The Coordinating Board has been reviewing the needs of part-time students for several years. In 1979 the Board examined the state's goals and policies for serving part-time and returning students. When the Board made recommendations in June 1981, the issue of financial aid for part-time students was deferred to a long-range planning project on student financial aid. Based on the Board's recommendations, Governor Rudy Perpich recommended and the 1983 Legislature adopted major revisions in the Scholarship and Grant Program to ensure equality of opportunity.

In revising the Scholarship and Grant Program, the 1983 Legislature expressed concern about financial aid for part-time students. Governor Perpich had recommended that the Part-Time Grant Program be eliminated and part-time students served through the State Scholarship and Grant Program. The 1983 Legislature expressed its intent to eliminate the program and consolidate it into the larger State Scholarship and Grant Program. Recognizing that the implementation of the mandate could not occur immed-

imately, the legislature indicated that up to \$300,000 per year could be available from the Scholarship and Grant Program for part-time students under the existing Part-Time Grant Program.

Given these developments, the Board staff in 1984 conducted a study of financial aid for part-time students. The staff paper examined the current population of part-time students, reviewed the availability of aid for part-time students, and identified three alternative approaches to meeting the financial needs of these students. The three models were evaluated on the basis of how well they fulfill four criteria--equality of opportunity, fairness, responsiveness and accountability.

BACKGROUND

Access to the major federal and state foundation grant programs has been restricted by the establishment of minimum registration levels. To receive a federal Pell Grant, for example, a student must take at least a half-time course load equivalent to six credits per term. To gain access to the State Scholarship and Grant Program, a student must take a full-time course load equivalent to at least 12 credits per term.

Recognizing the needs of part-time students, the federal and state governments have mandated policies to assist the part-time population. The federal government expanded its role in financing part-time education in the 1980 Higher Education Act reauthorization by allowing up to 10 percent of certain campus-based program funds to be expended on students taking less than a half-time course load.

The only state program specifically designed to assist part-time students is the Part-Time Grant Program administered by the Higher Education Coordinating Board. The Part-Time Grant Program was enacted in 1977

to provide grants to needy students registered for less than full-time courseloads and pursuing programs of study leading to degrees, diplomas, or certificates.

The Part-Time Grant Program is one of several possible approaches to meeting the needs of part-time students. The Board examined the following three models:

- o A campus discretionary model that delegates responsibilities to the campus.
- o A state directed model that retains the policy determination at the state level and delegates the fiscal management and delivery to the post-secondary institutions. The Part-Time Grant Program is an example of this model.
- o A state formula model that retains the policy determination and fiscal management at the state level and leaves the delegation of the delivery an open question. The State Scholarship and Grant Program is an example of this model with a centralized delivery.

FINDINGS

Following are highlights of the study:

- o Students registering for part-time course loads attend for the same reasons as full-time students. Part-time students seek to earn the same degrees, diplomas, or program certificates as their full-time counterparts. The use of a registration level such as 12 credits per term, however, does not distinguish student motivations or need, especially for students with significant family, career and social commitments.
- o Approximately 189,000 Pell Grant recipients nationally in 1981-82 registered for course loads between half and full-time levels; this represented 7 percent of 2.7 million recipients.
- o Based on 1982-83 federal College Work Study and Supplemental Educational Opportunity Grant allocations to Minnesota institutions, about \$1.2 million was available for less-than-half-time students. Financial aid officers in Minnesota, however, indicate that they designate little, if any, of these funds to students registering for less-than-half-time course loads.
- o Employer-based assistance helps many part-time students, but in order to benefit, the student must be employed and often must be enrolled in a job-related course of study. Thus, this source of assistance may have limited value to students seeking career advancement or enhancement, the leading motivation of part-time students. Further, recent federal tax legislation may curtail tax benefits previously allowed through this form of assistance.

- o While the State Scholarship and Grant Program distributed about \$48 million in grant aid to 25 percent of all undergraduates registered at Minnesota institutions in 1983-84, the Part-Time Grant Program distributed less than \$300,000 to 2 percent of the part-time students.
- o In 1982-83, 1,245 students, or 1.9 percent of the part-time student enrollment, received awards under the Part-Time Grant Program. The total amount disbursed was \$278,850, and the average award was \$224. The allocation to campuses varied from \$51 to Golden Valley Lutheran College to \$138,553 to the University of Minnesota-Twin Cities. The allocation to eight of the 37 participating post-secondary institutions was less than \$500. At 18 of the participating post-secondary institutions, fewer than 10 students received an award.
- o In 1982-83, over half (58 percent) the Part-Time Grant Program recipients registered for less than 20 percent of a full-year course load, the equivalent of seven or fewer credits. Their average award was \$98 per student, and they received one-quarter (26 percent) of the total spending for the program. Less than 2 percent of the recipients registered for more than 80 percent of a full-year course load; these students received an average award of \$916.
- o Almost three-quarters (74 percent) of the students receiving part-time grants in 1982-83 were undergraduates, 7 percent were graduates, and 19 percent "other." Many of the students in the "other" category were baccalaureate graduates enrolled in a certificate program such as accounting.
- o In 1982-83 fewer part-time grants were awarded to students registering for half-time or larger course loads than might be anticipated on the basis of registration levels of all part-time undergraduates. While 43 percent of the part-time students registering in a community college, for example, took more than a half-time course load, only 16 percent of the part-time grants were awarded to this population. A similar situation existed in all systems for which data were available.
- o State financial aid policy treats full-time students and part-time students quite differently as a result of differences in eligibility criteria and award determination methodologies under the State Scholarship and Grant and the Part-Time Grant Programs. Some students are eligible for financial aid only if they register for a part-time course load. Other students are required to register for full-time course loads in order to be eligible for state financial aid.
- o The size of a part-time grant for eligible students at a particular institution is the same regardless of family income. That is, the maximum award equals tuition and fees. Under the Scholarship and Grant Program, however, the determination of an award is influenced by the family's financial situation. In some cases the State

Scholarship and Grant Program provides more assistance, and in other cases the Part-Time Grant Program provides proportionately more assistance.

- o A campus discretionary model would enable the post-secondary institutions to respond quickly to applicants, usually a concern for serving part-time students. This approach would not ensure access to sufficient financial resources for all students, and it would not ensure that all students are treated similarly. It would be difficult to determine if funds were reaching the intended population.
- o The state-directed model would enable the state to monitor the expenditure of funds and ensure that similar students attending similar post-secondary institutions are treated similarly. This approach, however, does not ensure that sufficient assistance is available to all eligible students.
- o The state formula approach, as used in the State Scholarship and Grant Program, provides the potential of ensuring equal opportunity since the state would retain responsibility for policy management, specification of eligibility criteria, award determination methodology and fiscal management. This alternative could ensure that the treatment of students would not change if the student moves from a full-time to part-time registration level. This model would be less responsive than the other approaches because any model requiring the collection and analysis of personal financial data takes time for processing.
- o The three models are not consistent in the size of award. A campus discretionary model would award whatever the financial aid officer deemed reasonable. The Part-Time Grant Program and the State Scholarship and Grant Program extended to part-time students would produce different distributions of awards. The State Scholarship and Grant Program targets the awards to lower income students with higher costs of attendance, either as a result of higher tuitions or higher registration levels.

RECOMMENDATIONS AND RATIONALE:

Based on the study, the Coordinating Board on September 6, 1984 adopted the following recommendations:

1. The Minnesota State Scholarship and Grant Program be modified by:
 - (a) extending eligibility to students who register for a minimum of six credits, or the equivalent, per term;
 - (b) prorating the full-time cost of attendance for students who register for fewer than 12 credits, or the equivalent, per term;

- (c) recognizing only credits, or the equivalent course load measure, associated with courses required for graduation or that can be applied toward the requirements for graduation.

Rationale: The study concluded that students registering for part-time course loads pursue post-secondary education for the same reasons and as seriously as those registering for full-time course loads. Extending the State Scholarship and Grant Program to those registering for less than full-time course loads would ensure that all eligible students would be treated fairly.

The Shared Responsibility formula uses the cost of attendance (tuition and fees, living and miscellaneous expenses) as the basis for calculating need. Prorating the budget ensures that the living and miscellaneous costs are considered in the award determination.

The purpose of the State Scholarship and Grant Program is to assist students in obtaining a degree, diploma or certificate. Restricting eligibility to courses that are required for graduation (including remedial courses), or that can be applied toward the requirements for graduation, ensures that this purpose is maintained.

Impact: Implementing these changes would provide the benefits of the State Scholarship and Grant Program to 5,000 to 7,000 students not now being served adequately. Once fully implemented, this extension could require up to \$7 million in additional state funds annually. In addition, these changes will require changes in the administration of the State Scholarship and Grant Program since award size would depend on registration level. This will affect

both the Coordinating Board and the campuses' operations and will need to be addressed by the Coordinating Board Task Force on Student Aid Delivery.

In its 1985-87 budget proposal the Board requested \$5 million for Fiscal Year 1987 to fund the implementation of this recommendation.

2. The Minnesota Part-Time Grant Program be modified by
 - (a) limiting grant eligibility to students who are registered for fewer than six credits, or the equivalent, per term, and to new or returning students who are registering for at least six credits but fewer than 12 credits, or the equivalent, during the first term after revision of the program statute in which they apply for a state grant;
 - (b) making all other eligibility criteria consistent with those of the State Scholarship and Grant Program;
 - (c) requiring each post-secondary institution to adopt a need analysis that is consistent with an institution's overall financial aid policy and considers both the student's educational budget and resources.

Rationale: Making the eligibility criteria consistent between the two programs would ensure that the same standards apply to all students, regardless of their registration level. By delegating the responsibility for need analysis and delivery, the post-secondary institutions would be able to respond more quickly to the needs of students registering for less than half-time course loads. For new and returning students registering for between six and 11 credits who need a quicker response than is possible with the State Scholarship and Grant Program, post-secondary institutions would be able to determine award size and make the grant disbursement. The student would then have all

the information needed to make the initial enrollment decision. This would alleviate the most significant shortcoming of the State Scholarship and Grant Program, its inability to respond quickly.

Impact: This recommendation would eliminate eligibility for graduate, professional, and post-baccalaureate undergraduate students. Also, this recommendation would allow post-secondary institutions to consider educational expenses beyond tuition and fees, an important consideration for many lower income students. In its 1985-87 budget request, the Board requested \$2 million for the Part-Time Grant Program in Fiscal Year 1986 under the existing criteria, and \$2 million in 1987 to implement this recommendation. This represents an increase of \$1.4 million over the current biannual appropriation of \$600,000.

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EXECUTIVE SUMMARY

Part-time students are treated differently than full-time students in state financial aid policies and programs. While part-time students make up one-quarter of the state's undergraduate enrollment, they receive less than one percent of the state's grant aid.

Part-time students pursue their post-secondary educations for the same reasons as full-time students. Part-time students regularly complete programs of study and earn degrees, diplomas, and program certificates. Most older students register for part-time course loads. The use of a registration level, such as 12 credits per term, does not distinguish student motivations or need, especially for students with significant family, career, and social commitments.

A limited amount of assistance is available to part-time students from federal, state, and other sources. Students attending at least half time are eligible for the federal Pell Grant Program, but they make up less than 10 percent of all recipients. Moreover, part-time students appear to have extremely limited access to federal campus-based programs. The major state program to assist part-time students is the Part-Time Grant Program, created in 1977. The annual appropriation is \$300,000 per year compared to the \$48 million per year provided to full-time students under the State Scholarship and Grant Program. Employer-based assistance helps many part-time students, but in order to benefit the student must be employed and often must be enrolled in a job-related course. Recent federal tax legislation may limit benefits previously available under this form of assistance.

The State Scholarship and Grant Program limits eligibility to Minnesota residents registering for 12 or more credits, or the equivalent, at Minnesota post-secondary institutions. A student's state scholarship or grant reflects the cost of attendance at the post-secondary institution chosen and the financial resources the student and his or her parents reasonably can be expected to contribute. The state targets the awards to those students who have the fewest resources available from their parents.

The Part-Time Grant Program limits eligibility to Minnesota residents registered for less than 12 credits at Minnesota post-secondary institutions. To determine eligibility, an all or nothing means test is used. If a student's family income falls below a fixed criterion based on family size, the student is eligible for a full tuition grant; if the income exceeds the criterion, the student is ineligible. A student's part-time grant reflects the tuition and fees charged. No attempt is made to cover the cost of books, transportation or other expenses. Rather than target the awards, the Part-Time Grant Program allows each eligible student to receive a maximum award.

Differences in treatment suggest the need to review financial aid policies for part-time students. The Coordinating Board has expressed an interest in examining the needs of part-time students both as part of a broader study of state policies affecting part-time and returning students and as part of a long-range planning project of the state's financial aid policies. Moreover, the 1983 Legislature consolidated the existing Part-Time Grant Program appropriation with the larger State Scholarship and Grant Program; however, the legislature authorized a delay in the implementation of this mandate and indicated that the Board could spend up to \$300,000 per year under the provisions of the existing Part-Time Grant Program.

The Board initiated a study in 1984 to assess the existing treatment of part-time students and to review alternative approaches to meeting the financial needs of these students. Three models were identified--a campus discretionary model, a state directed model, and a state formula model. They were evaluated on the basis of how well they fulfill four criteria--equality of opportunity, fairness, responsiveness, and accountability.

A campus discretionary model would delegate all management functions to the post-secondary institutions. This approach would enable the post-secondary institutions to respond quickly to applicants, usually a concern for serving part-time students, especially those taking one or two courses. This approach would not ensure access to sufficient financial resources for all students, and it would not ensure that all students are treated similarly. Moreover, it would be difficult to determine if funds were reaching the intended population.

Under a state directed model, such as the existing Part-Time Grant Program, the state retains decisions on the eligibility criteria and award determination but delegates all other management responsibilities to the post-secondary institutions. This approach enables the state to monitor the expenditure of funds and ensures that similar students attending similar post-secondary institutions are treated similarly. This approach does not ensure that sufficient assistance is available to the student because the grant covers only tuition and fees.

The state formula approach, such as used in the State Scholarship and Grant Program, could be designed to ensure equality of opportunity for part-time students since the state would retain responsibility for policy management, specification of eligibility criteria and award determination methodology, and fiscal management. While the current State Scholarship and Grant Program retains the management responsibility for delivery of aid, that

function could be delegated to the post-secondary institutions. In addition, this alternative could ensure that the treatment of students would not change if the student moves from a full-time to part-time registration level. Because of the way applications are handled in the State Scholarship and Grant Program, the state can estimate the coverage of the total population, something it could not do under one of the other alternatives. This model, however, would be less responsive than the other approaches because any model requiring the collection and analysis of personal financial data takes time for processing.

While it is difficult to project the fiscal implication of the campus discretionary and state directed models, an estimate can be made for the state formula model through use of the Board's enrollment and financial aid data bases. A cost of \$9 million per year to extend the Scholarship and Grant Program to part-time students is projected.

Each of the alternatives has strengths and weaknesses, and any analysis needs to consider the relative importance of the criteria.

CHAPTER I. INTRODUCTION

Part-time students make up about one-fourth of all undergraduates attending Minnesota post-secondary institutions. Yet in attempting to pay for their attendance costs, part-time students have less access to financial aid programs than their full-time counterparts even though they have the same educational objectives. Differences in treatment of part-time and full-time students suggest the need for a review of financial aid policies and practices for these students.

Access to the major federal and state foundation grant programs has been restricted by the establishment of minimum credit standards. To receive a Pell Grant, for example, a student must take at least a half-time course load of six credits per term. To gain access to the State Scholarship and Grant Program, a student must take a full-time course load of at least 12 credits per term.

Recognizing the needs of part-time students, the federal and state governments have mandated policies to assist the part-time population. The federal government expanded its role in financing part-time education in the 1980 Higher Education Act reauthorization by allowing up to 10 percent of certain campus-based program funds to be expended on students taking less than a half-time course load.

The Minnesota Legislature in 1977 established a separate program for part-time students. The Part-Time Grant Program covers the cost of tuition for coursework from a single course per term up to just short of a full-time course load. Yet while the State Scholarship and Grant Program distributed about \$48 million in grant aid to 25 percent of all undergraduates registered at Minnesota institutions in 1983-84, the Part-Time Grant Program distributed less

than \$300,000 to 2 percent of the part-time students. Moreover, the two programs use different approaches for determining eligibility and award size. As a result, the treatment of part-time students is not consistent with that of full-time students.

The Coordinating Board has been reviewing the needs of part-time students for several years. In 1979 the Board examined the state's goals and policies for serving part-time and returning students.¹ When the Board made recommendations in June 1981, the issue of financial aid for part-time students was deferred to a long-range planning project on student financial aid.

Based on the Board's recommendations, Governor Rudy Perpich recommended and the 1983 Legislature adopted major revisions in the Scholarship and Grant Program to ensure equality of opportunity. As part of the Board's overall financial aid planning effort, subsequent projects focused on student loan options and the definition of student dependency.

In revising the Scholarship and Grant Program, the 1983 Legislature expressed concern about financial aid for part-time students. Governor Perpich had recommended that the Part-Time Grant Program be eliminated and part-time students served through the State Scholarship and Grant Program. The 1983 Legislature expressed its intent to eliminate the program and consolidate it into the larger State Scholarship and Grant Program. Recognizing that the implementation of the mandate could not occur immediately, the legislature indicated that up to \$300,000 per year could be available for part-time students under the existing Part-Time Grant Program provisions.

Given these developments, the Board staff in 1984 conducted a study of financial aid for part-time students. The Board staff was assisted by a

¹ Minnesota Higher Education Coordinating Board, Post-Secondary Education for Part-Time and Returning Students (June 1981).

special advisory committee comprised of representatives from each post-secondary system. A list of members appears in Appendix A. Consultation also occurred with the Board's regular financial aid advisory committee and its student advisory committee and the Higher Education Advisory Council.

This paper reviews the availability of aid for part-time students and examines whether existing policies and programs for part-time students are consistent with four criteria typically used to evaluate state financial aid policies--equality of opportunity, fairness, responsiveness, and accountability.

Chapter II highlights the characteristics and objectives of part-time students. The third chapter summarizes existing sources of financial aid available to part-time students. Chapter IV compares the eligibility criteria and award determination methodologies of the Part-Time Grant Program and the State Scholarship and Grant Program. The final chapter identifies and analyzes three alternative models that could be used to meet the needs of part-time students. The models are evaluated on the basis of the four criteria to determine how well each would achieve state policy goals and objectives. Financial implications of the various alternatives are indicated and will be treated in more detail in the Board's biennial budget request to the governor and 1985 Legislature.

CHAPTER II. CHARACTERISTICS OF PART-TIME STUDENTS

Part-time students constitute a large and diverse group. Students registered for fewer than 12 credits per term, or the equivalent, are considered part-time students. But the meaning of part-time goes beyond course load levels; it often is used to refer to adult students, lifelong learners, and returning students. This chapter examines the enrollment patterns of Minnesota part-time students, their objectives, and the implications for financial aid.

ENROLLMENT PATTERNS

Part-time students make up a significant share of post-secondary enrollments in Minnesota. In fall 1982, part-time students accounted for 28 percent of all students and 25 percent of all undergraduates enrolled in Minnesota post-secondary institutions. As shown in Table 1, undergraduate students, the subject of most financial aid policy, included 53,400 registered for fewer than 12 credits.

Part-time undergraduate students were distributed differently across systems than were full-time undergraduate students. While 12 percent of the full-time undergraduates attended a community college, 34 percent of the part-time undergraduates attended a community college, as shown in Figure 1. The University of Minnesota also had a larger share of the part-time undergraduate students, 46 percent, than it did of the full-time undergraduates, 23 percent.

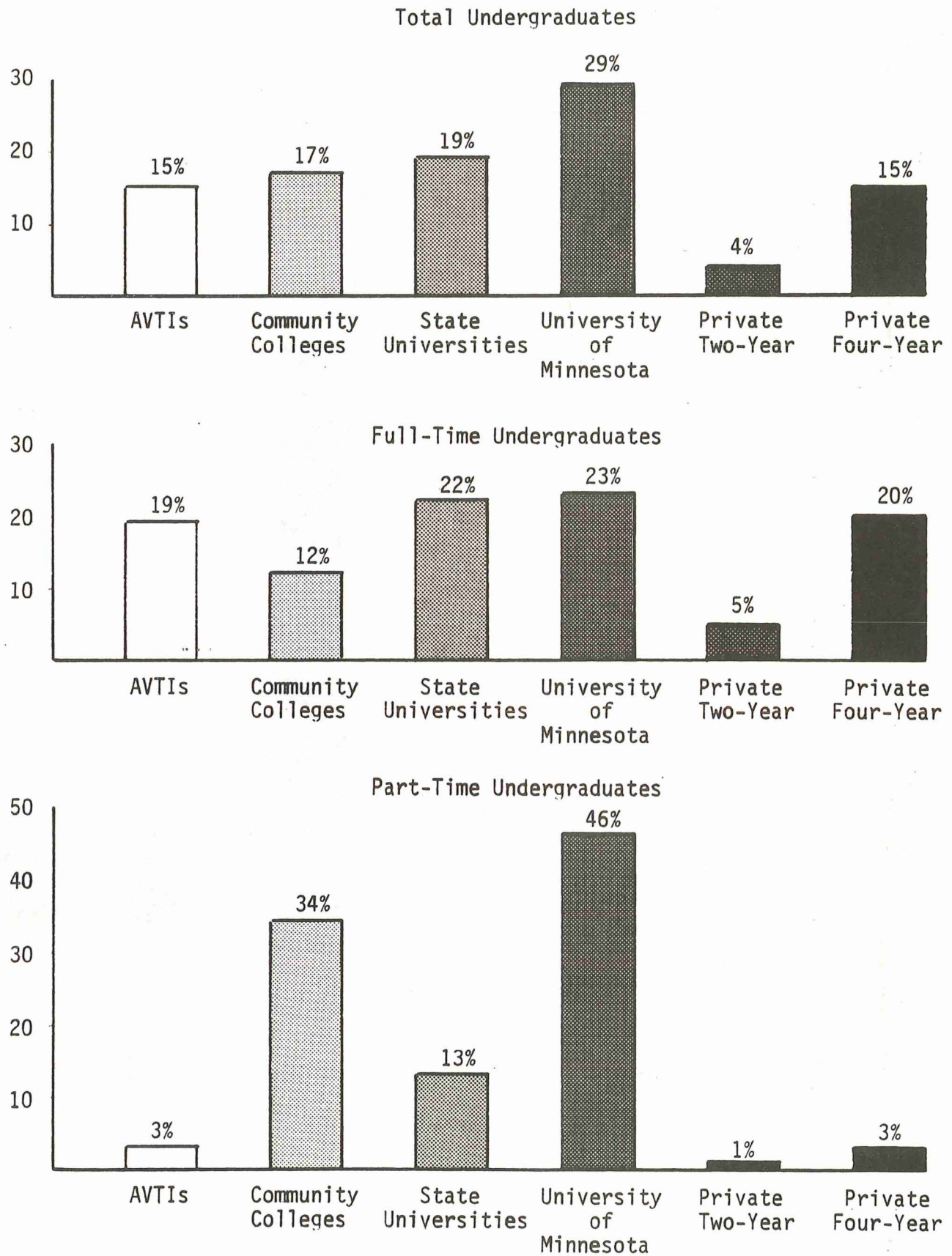
The Community College and University of Minnesota Systems likewise had the largest percentages of their undergraduate population enrolled part-time. As shown in Figure 2, half the students enrolled in the Community College System

TABLE 1. MINNESOTA POST-SECONDARY EDUCATION HEADCOUNT
BY ENROLLMENT AND REGISTRATION LEVEL, FALL 1982

<u>Class</u>	<u>Number</u>	<u>Percent</u>
Undergraduates		
Full-Time	158,224	64%
Part-Time	53,400	22
Subtotal	211,624	86%
Graduate, Professional and Unclassified		
Full-Time	18,662	8%
Part-Time	15,567	6
Subtotal	34,229	14%
TOTAL	245,853	100%

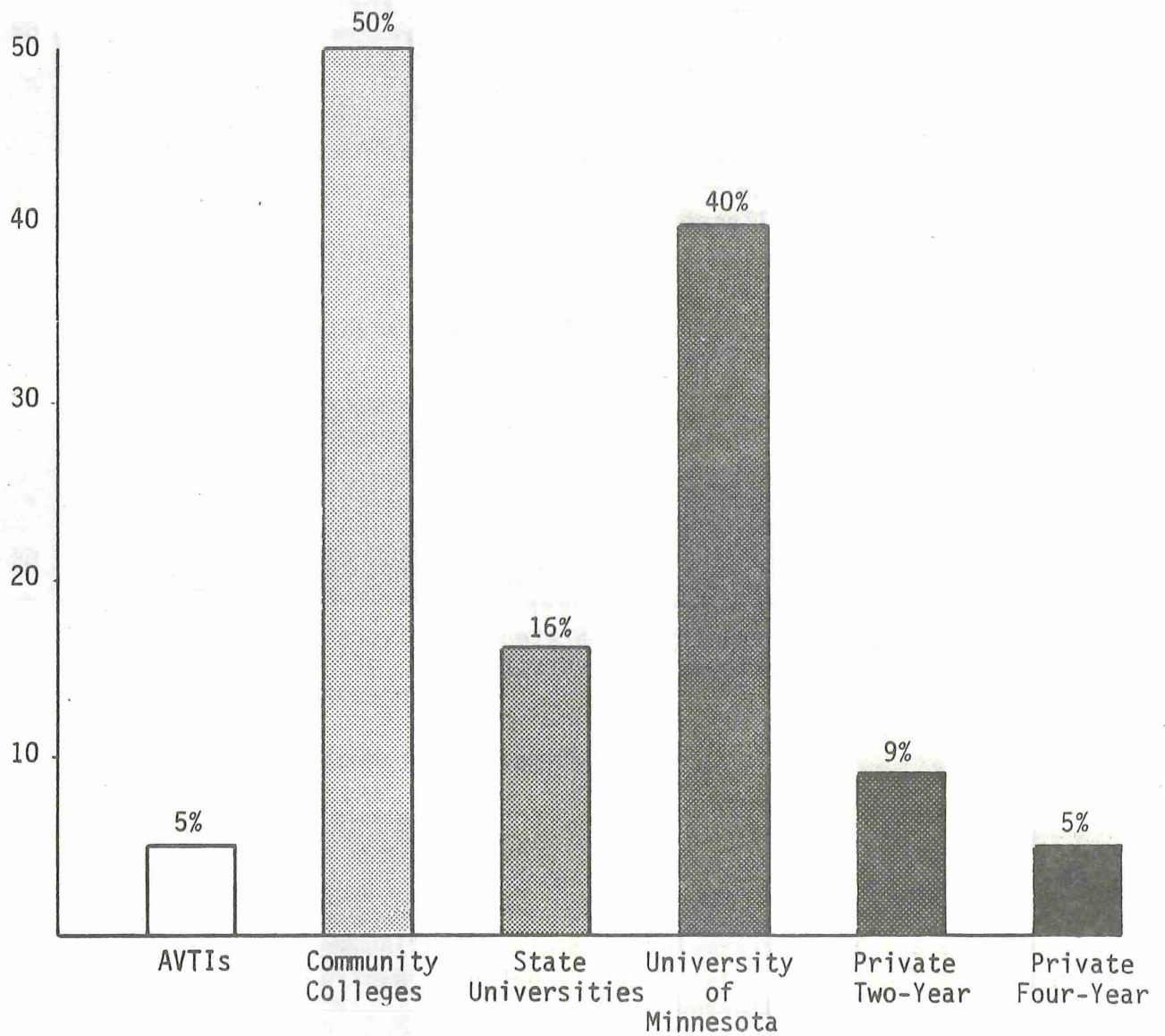
SOURCE: Minnesota Higher Education Coordinating Board,
Basic Data Series No. 11, Fall 1982 Post-
Secondary Education Enrollment Survey
(April 1983).

FIGURE 1. DISTRIBUTION OF UNDERGRADUATE FALL HEADCOUNT ENROLLMENT BY SYSTEM, FALL 1982



SOURCE: Minnesota Higher Education Coordinating Board, Basic Data Series.

FIGURE 2. PERCENTAGE OF UNDERGRADUATE HEADCOUNT ENROLLED PART-TIME,
BY SYSTEM, FALL 1982



SOURCE: Minnesota Higher Education Coordinating Board, Basic Data Series.

were part-time. The University of Minnesota had 40 percent of its undergraduate student body enrolled part-time. None of the other four systems had more than 16 percent of its undergraduate student body enrolled part-time.

Part-time undergraduate enrollment grew by 30 percent between fall 1978 and fall 1982--from 41,124 to 53,400. But the proportion of students enrolled part-time remained relatively constant, increasing from 22 percent to 25 percent of total undergraduate headcount in the four-year period. Further, little change in the percentage of undergraduates enrolled part-time occurred within any of the systems.

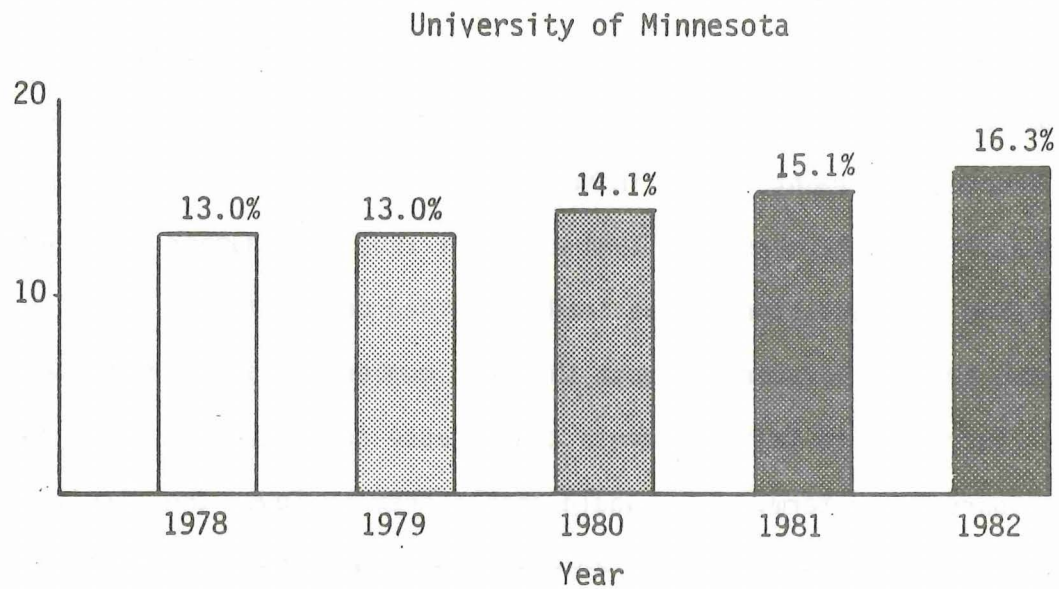
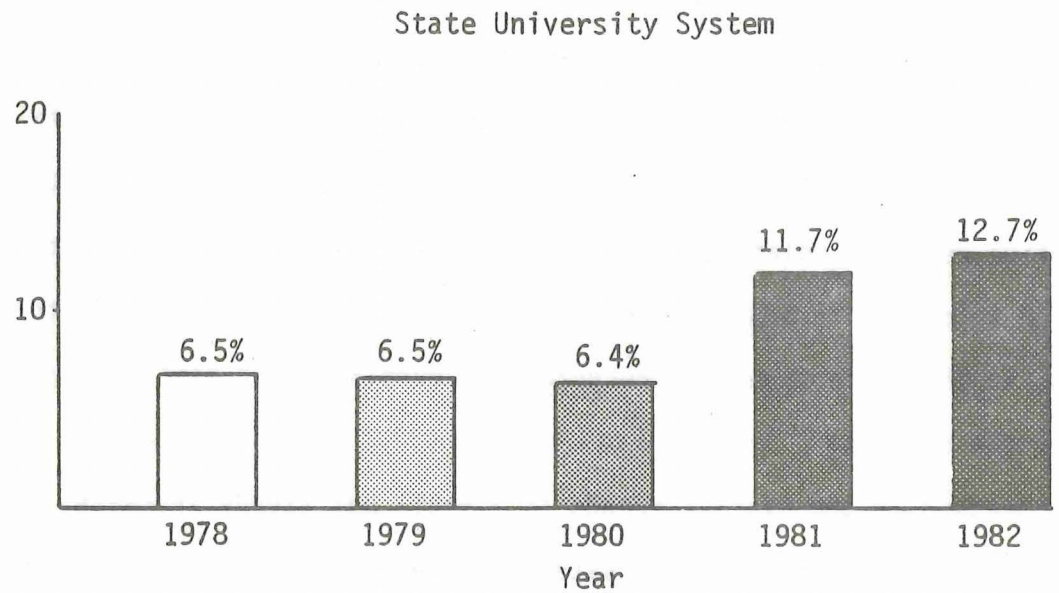
Embedded in the overall trends is a small but steady increase in the percentage of resident undergraduates enrolled part-time in the State University and University of Minnesota Systems.² As shown in Figure 3, the State University System experienced a jump from 6.5 to 12.7 percent between 1978 and 1982. The percentage of University of Minnesota resident undergraduates attending part-time increased from 13.0 to 16.3 percent between 1978 and 1982.

Recent enrollment trends indicate that the number of part-time students has stabilized. Between fall 1981 and fall 1982, the number of undergraduates registered for part-time course loads remained constant.

Two trends, however, suggest that the number of part-time students might grow. Increases in tuition levels could cause some students to register for fewer courses per term. This would enable them to lower the direct cost per term and increase the time available for earning income. In addition, several post-secondary institutions have increased their efforts to recruit "non-traditional" students, a group likely to register for part-time course loads.

² The University of Minnesota and State University System separate their student bodies into resident and extension students.

FIGURE 3. PART-TIME RESIDENT UNDERGRADUATE HEADCOUNT ENROLLMENT
AS A PERCENT OF TOTAL RESIDENT UNDERGRADUATE HEADCOUNT,
FALL 1978 - FALL 1982



SOURCE: Minnesota Higher Education Coordinating Board,
Basic Data Series.

Whether or not the part-time student population increases, it will continue to constitute a significant portion of the state's total enrollment. Consequently, state and institutional policies must address the needs of these students.

CHARACTERISTICS AND MOTIVATIONS

Part-time students enroll in formal course work for a variety of reasons. Career advancement or enhancement is the leading reason why adults seek educational training. One study, for example, found that this was the motivation for more than 75 percent of those students who had a break of five or more years in their formal education.³ In another study of adult degree-seeking students, 53 percent listed career-oriented objectives as the most important reason for going to college.⁴

Re-entry into the labor force is the objective for another group of part-time students--displaced workers and homemakers. While they may enroll part-time, they are more likely to enroll in specific job training programs full-time because time is critical.

For some part-time students, the educational objective is to fulfill an immediate need for knowledge. They are likely to use educational resources outside post-secondary institutions such as community education courses or corporate seminars.

Most adults decide to pursue a post-secondary education in response to a personal transition or "trigger." The most common trigger is dissatisfaction with the job. While some of the transitions, such as children starting school, can be predicted by the student, most occur more randomly. As a result, adult

³ K. Patricia Cross, Adults as Learners, Jossey Bass, San Francisco (1982).
⁴ Timothy J. Sewall, What Triggers Adults to Enter College?, Wisconsin Assessment Center, University of Wisconsin-Green Bay (1982), p. 7.

students do not have a long planning period between the time they decide to begin or return to a program of study and the time courses begin.

Most students who register for formal courses are pursuing a degree, diploma, or program certificate. A study of young adults, 19 to 34 years of age, residing in Ramsey County, for example, found that 94 percent of those taking degree credit courses were pursuing a degree.⁵

Returning students tend to be completing a program of study begun previously and attending at a near full-time rate. A University of Wisconsin study, for example, found that about 80 percent of adult students transfer some credits and that almost half--42 percent--entered as juniors or seniors.⁶ Most of these students progress at a near full-time rate--11.5 credits per term. Given the relatively large variation in registration level by term, many returning students will be defined as full-time one term and part-time the next. The variation in registration level could be as much a function of course offerings as changes in students' strategies or personal schedules. Because many of these students have limited flexibility in scheduling classes, last minute cancellations by the institution may cause them to take fewer courses rather than take a substitute course.

Many students enrolled part-time in a post-secondary institution are building on the post-secondary education programs they completed earlier. This group includes (1) those engaged in mandatory or voluntary continuing education, such as the physician enrolled in continuing medical education courses, (2) those broadening their educational base as their careers advance, such as

⁵ Daniel P. Mueller and Philip W. Cooper, Baby Boomers as Young Adults: A Portrait of a Generation, Amherst H. Wilder Foundation, St. Paul, Minnesota (1983), p. 151.

⁶ "Adult Students' Pace Toward Graduation," College and University, 58:31-44, 1981.

the librarian studying management information systems, (3) those improving their marketability by adding vocational or occupational certification to their academic degrees, and (4) those expanding their liberal arts background after having received a degree and been out of school for awhile. Many students with these educational objectives enroll for degree credit or in vocational programs that lead or can be applied to graduation requirements.

For many students, a part-time pattern of attendance is a good personal strategy and is good educational practice. This gives them more time to (1) devote to the coursework they are taking, (2) earn money to finance more of their education on a pay-as-you-go basis, and (3) fulfill other family, career, and social obligations.

IMPLICATIONS FOR FINANCIAL AID

Although part-time students make up about one-fourth of the state's total undergraduate enrollment and have the same educational objectives as full-time students, they are treated differently than full-time students under state financial aid policy.

Part-time students seek to earn the same degrees, diplomas, or program certificates as their full-time counterparts. And like full-time students, part-time students seek to pay for their education with savings, earnings, loans, and financial assistance from a variety of sources. But the state's student assistance programs are designed primarily for full-time students.

For a financial aid program to serve all types of part-time students, it must be more flexible than if it were to serve only students who register regularly for full-time course loads. Part-time students vary their registration levels from term to term. Many are returning to finish a program of study

begun years earlier. Moreover, returning students often decide to register in response to a personal transition or trigger.

The dichotomy between full-time and part-time based on the 12 credit criterion does not measure differences in registration levels in a meaningful way. A student taking 12 credits per term and following the traditional academic calendar, for example, would earn 36 credits per term while a part-time student attending four quarters per year could earn 44 credits. The student completing 36 credits would take 5.4 years to complete a baccalaureate degree while the student completing 44 credits per year would take only 4.4 years.

CHAPTER III. FINANCIAL AID AVAILABLE FOR PART-TIME STUDENTS

Although most existing financial aid programs were designed to meet the needs of full-time students, some financial assistance is available to part-time students. This chapter examines financial aid available to part-time students from federal, state, and other sources.

FEDERAL PROGRAMS

Students generally are eligible for the federal financial aid programs if they register for at least a half-time course load in an eligible program at one of the more than 7000 colleges, universities, vocational schools, technical schools, or hospital schools that participate in U.S. Department of Education programs. At schools measuring program and credit hours in academic terms (semesters, trimesters, or quarters) half-time means at least six semester hours or quarter hours per term.⁷

The major federal programs are the following: Pell Grant, Guaranteed Student Loan, Supplemental Educational Opportunity Grant, College Work Study, and the National Direct Student Loan Program.

Data are limited on the number of recipients and amount of aid provided to less-than-full-time students under these programs. It is estimated, however, that 189,000 Pell Grant recipients nationally in 1981-82 registered for course loads between half and full-time levels. This represented 7 percent of 2.7 million recipients.

⁷ At post-secondary institutions measuring progress by credit hours but not using academic terms, half-time means at least 12 semester hours or 18 quarter hours per year. At post-secondary institutions measuring progress by clock hours, half-time means at least 12 hours per week. Post-secondary institutions may choose to set higher minimums than these.

The Supplemental Educational Opportunity Grant and College Work Study Programs are operated at the campus level. An institution can choose to award up to 10 percent of its allocation for these two programs to students registering for less than half-time. Based on 1982-83 allocations to post-secondary institutions in Minnesota, about \$1.2 million was available for less than half-time students from these two programs. Financial aid officers in Minnesota indicate, however, that they designate little, if any, of these available funds to students registering for less than half-time course loads.

STATE PROGRAMS

The only state program specifically designed to assist part-time students is the Part-Time Grant Program administered by the Higher Education Coordinating Board. The Part-Time Grant Program was enacted in 1977 to provide grants to needy students registered for less than full-time course loads and pursuing programs of study leading to degrees, diplomas, or certificates. From Fiscal Years 1978 through 1983, the Part-Time Grant Program was funded by a line item allocation to the Coordinating Board as follows:

<u>Fiscal Year</u>	<u>Appropriation</u>
1978	\$250,000
1979	500,000
1980	375,000
1981	375,000
1982	300,000
1983	300,000

The 1983 Legislature consolidated the Part-Time Grant Program and the State Scholarship and Grant Program funding into a single line item. The legislation, however, allows the Coordinating Board to continue the Part-Time

Program under the separate statutory mandate with a \$300,000 annual allocation from the State Scholarship and Grant Program appropriation.⁸ The Coordinating Board allocates the appropriated funds to the post-secondary institutions according to an enrollment based formula.⁹

During the 1981-82 academic year (Fiscal Year 1982), 1,358 students, or 2.1 percent of the 66,079 part-time enrollment that year, received a grant under the program, as shown in Table 2. A total of \$264,244 was disbursed, and the average award was \$195. Thirty-five institutions participated.

In 1982-83, 1,245 students, or 1.9 percent of the part-time student enrollment, received awards. The total amount disbursed was \$278,850, and the average award was \$224. The allocation to campuses varied from \$51 to Golden Valley Lutheran College to \$138,553 to the University of Minnesota-Twin Cities. The allocation to eight of the 37 participating post-secondary institutions was less than \$500. At 18 of the participating post-secondary institutions, fewer than 10 students received an award.

In 1982-83, over half (58 percent) the recipients registered for less than 20 percent of a full-year course load, the equivalent of seven or fewer credits.¹⁰ As shown in Table 3, their average award was \$98 per student and they received one-quarter (26 percent) of the total spending for the program. Less than 2 percent of the recipients registered for more than 80 percent of a full-year course load; these students received an average award of \$916.

⁸ Minnesota Laws 1983, Chapter 239, Section 3.

⁹ The formula for allocating Part-Time Grant Program funds is as follows: (a) part-time enrollment of the institution divided by the total part-time enrollment of all eligible participating institutions, (b) multiplied by the current appropriation for the Part-Time Grant Program, and (c) multiplied by the percent of funds for part-time grants actually used by the institution during the prior year.

¹⁰ These data are based on the number of credits for which the student received a part-time grant. They could have taken additional coursework not covered by part-time grants.

TABLE 2. OVERVIEW OF THE PART-TIME GRANT PROGRAM,
FISCAL YEARS 1982 AND 1983

<u>Statistic</u>	<u>F.Y. 1982</u>	<u>F.Y. 1983</u>
Student Pool ¹	66,079	65,420
Award Recipients	1,358	1,245
Percent of Pool	2.1%	1.9%
Total Spending	\$264,244	\$278,850
Average Award	\$195	\$224
Average Terms Per Student	1.4	1.6
Participating Institutions	35	37

SOURCE: Minnesota Higher Education Coordinating Board.

¹ All students registered for part-time course loads less those reported to be non-Minnesota residents.

TABLE 3. DISTRIBUTION OF PART-TIME GRANTS BY REGISTRATION LEVEL
1982-83

Registration Level ¹	Percentage Distribution		Average Award
	All Student Levels (Undergraduate, Graduate and Other)	Total Dollar Amount	
< 20%	57.5%	25.6%	\$ 98
20-40%	27.6	33.7	268
40-60%	9.8	23.5	529
60-80%	3.5	10.4	652
Over 80%	1.6	6.8	916
Total	100.0%	100.0%	

SOURCE: Minnesota Higher Education Coordinating Board.

¹ For post-secondary institutions using the 12 credit per term and the quarter system, a 20% registration level on an annual basis is equivalent to 7.2 credits; 40%, 14.4; 60%, 21.6; and 80%, 28.8.

Almost three-quarters (74 percent) of the students receiving part-time grants in 1982-83 were undergraduates, 7 percent were graduates, and 19 percent "other." Many of the students in the "other" category were baccalaureate graduates enrolled in a certificate program such as accounting.

In 1982-83 fewer part-time grants were awarded to students registering for half-time or larger course loads than might be anticipated on the basis of registration levels of all part-time undergraduates. As shown in Table 4, while 43 percent of the part-time students registering in a community college took more than a half-time course load, only 15.6 percent of the part-time grants were awarded to this population. A similar situation existed in all systems for which data were available.

The availability of part-time grants can affect students' enrollment decisions. In spring 1984, for example, Metropolitan State University denied grants to 14 students because the funds were exhausted. Thirteen of those students did not follow through with their plans to attend during the spring quarter.¹¹

Other post-secondary institutions have established means to limit the demand for the Part-Time Grant Program at their campuses. The University of Minnesota-Twin Cities, for example, limits the amount of money allocated to graduate students. Many financial aid officers make partial awards and rank applicants by some measure of need in order to target part-time grants. Although this suggests that the existing allocation is not sufficient to meet the needs of all eligible students, it does not indicate the level of resources needed to serve the entire eligible population.

¹¹ Personal communication from Metropolitan State University's financial aid officer.

TABLE 4. PERCENTAGE OF PART-TIME UNDERGRADUATES RECEIVING PART-TIME GRANTS AND THE PERCENTAGE OF ALL PART-TIME UNDERGRADUATES REGISTERING AT LEAST HALF-TIME, SELECTED SYSTEMS¹

	Percent of Undergraduates Receiving Part-Time Grants Who Registered For At Least Half Time ²	Percent of All Part-Time Undergraduates Registering For More Than Half Time ³
Community College	15.6%	43.0%
State University ⁴	22.9	56.3
University of Minnesota	55.7	59.1
Private Colleges and Universities	16.7	60.9
Private Junior Colleges	0.0	90.2

SOURCE: Minnesota Higher Education Coordinating Board.

¹ Does not include the AVTI System or the private vocational because they did not report part-time enrollments by registration level.

² Based on recipients in 1982-83.

³ Based on Fall 1983 Enrollment Survey.

⁴ Does not include Metropolitan State University because they did not report part-time enrollments by registration level.

OTHER SOURCES OF AID

Part-time students may be eligible for other sources of assistance besides federal and state financial aid programs. The major source of non-governmental aid is employer reimbursement for tuition and fees. The employee pays the tuition and fees and is reimbursed by the employer upon successful completion of the course, or the company pays the educational costs in advance of enrollment. Often the training must be job related, although some employers permit employees to earn degrees under their assistance plans.

About seven million employees now receive some form of tuition aid from their employers; up to three times as many employees may be eligible for some form of tuition assistance, however.¹²

Since 1978, all tuition costs paid by employers have been tax-free, regardless of whether or not the course was job related, and employers have been able to deduct educational assistance costs as a business expense.

Under recently-enacted tax legislation, however, employees would have to begin paying taxes on educational benefits they received after December 31, 1983, unless the courses are job related. As a result of this legislation, enrollments in adult and continuing education programs may decline, according to post-secondary officials from various campuses and organizations.¹³

CONCLUSION

Although several sources of assistance are available to part-time students, it is uncertain whether they provide an adequate amount of aid to meet the needs because data are limited. It appears, however, that part-time

¹² The Chronicle of Higher Education (July 11, 1984); and Robert Leider, Don't Miss Out, The Ambitious Student's Guide to Scholarship and Loans, (Eighth Edition, 1984-85).

¹³ The Chronicle of Higher Education (July 11, 1984).

students have access to proportionately less aid than their full-time counterparts.

While students attending at least half time are eligible for the major federal programs, they make up less than 10 percent of the Pell Grant recipients and may find that access to federal campus-based programs is extremely limited.

No state policy has been developed to determine the need that part-time students have for financial assistance. The Part-Time Grant Program, the only state program available to part-time students, allocates funds to post-secondary institutions for use in serving this population. While the state monitors who receives assistance through the program, it does not monitor how well the program serves the intended population. This is because the policy for determining need is not specific. Nevertheless, the scope of this program is limited. Only one-fourth of the eligible post-secondary institutions participate. The appropriation is \$300,000 per year compared to the \$48 million per year provided to full-time students under the Scholarship and Grant Program. Only about 2 percent of the part-time population benefits from the program. Moreover, evidence from various campuses suggests that the program does not meet the total financial needs of the population.

Employer-based assistance helps many part-time students, but in order to benefit, the student must be employed and often must be enrolled in a job-related course of study. Thus, this source of assistance may have limited value to students seeking career advancement or enhancement, the leading motivation of part-time students. Further, recent federal tax legislation may curtail tax benefits previously allowed through this form of assistance.

While it is important to examine the types of programs and amount of money available to part-time students, it is as important to assess whether the forms of assistance for part-time students meet the criteria most often applied to state financial aid policy--equality of opportunity, fairness, responsiveness, and accountability.

CHAPTER IV. CURRENT STATE FINANCIAL AID POLICY

State financial aid policy addresses who will be considered for an award and how much they will receive. Eligibility criteria specify the types of students to whom the state will consider awarding money. The award determination methodology indicates the level of government support that will be provided. This chapter compares the eligibility criteria and award determination methodologies used in the State Scholarship and Grant Program and the Part-Time Grant Program.

ELIGIBILITY CRITERIA

The eligibility criteria used in the State Scholarship and Grant Program for full-time students differ significantly from the eligibility criteria used in the Part-Time Grant Program. In this section, six criteria are used to compare the two programs.

Residency

Both the Part-Time Grant Program and the State Scholarship and Grant Program restrict eligibility to Minnesota residents.

Post-Secondary Institution Attended

Both the Part-Time Grant Program and the State Scholarship and Grant Program restrict eligibility to students attending post-secondary institutions located in Minnesota. In 1983-84, 159 post-secondary institutions participated in the State Scholarship and Grant Program. Institutions approved for eligibility in the Scholarship and Grant Program may participate in the Part-Time

Grant Program; 40 institutions participated in 1983-84.¹⁴ As a result, part-time students enrolled in about three-fourths of the post-secondary institutions in Minnesota did not have access to the benefits of the Part-Time Grant Program.

Registration Level

No students are eligible for a grant from both the Part-Time Grant Program and the State Scholarship and Grant Program at the same time. The Part-Time Grant Program restricts eligibility to students registered for fewer than 12 credits or an equivalent measure. The State Scholarship and Grant Program restricts eligibility to students registered for 12 or more credits.

Enrollment Level

The Part-Time Grant Program allows all students registering for formal coursework to apply while the State Scholarship and Grant Program restricts eligibility to pre-baccalaureate students.¹⁵ Thus, high school students registered for post-secondary level courses, graduate and professional students, and undergraduates attending an eligible institution less than full-time and pursuing a course of study leading to a degree, diploma, or certificate are eligible for a part-time student grant. Under the State Scholarship and Grant Program, only undergraduates are eligible. The award may be renewed but ends after the recipient has obtained a baccalaureate degree or been enrolled for the period normally required to complete a baccalaureate degree--four years. As a result, many students are eligible for a part-time grant who are not eligible for a state scholarship or grant.

¹⁴ Not all institutions that apply for funds under the Part-Time Program necessarily make awards to students.

¹⁵ In this paper, formal coursework means any course that is required for graduation or that can be applied to graduation requirements.

Family Income Level

The major difference between the two programs is the use of financial measures as eligibility criteria in the Part-Time Grant Program. Students whose family unit earned less than an annually specified amount are eligible to apply for a part-time student grant.¹⁶ The State Scholarship and Grant Program does not use financial information as eligibility criteria but rather uses this information in determining award size.

Using financial measures as eligibility criteria as is done in the Part-Time Grant Program results in students with nearly similar financial situations being treated quite differently. While eligible students are assumed to have no available resources, ineligible students are assumed to have more than adequate resources. This would occur even though one dollar might separate an eligible from an ineligible student.

Other Financial Aid

The Part-Time Grant Program uses other financial aid as an eligibility criterion. If a student receives any financial aid, other than a Pell Grant, he or she is not eligible to apply for a Part-Time Grant. The State Scholarship and Grant Program does not use other financial aid as an eligibility criterion; rather, the program either considers other financial aid when determining award size, or allows it to cover the portion of the cost of attendance assigned to the student.

¹⁶ In 1984-85, for example, a student is considered eligible for a part-time grant if his or her combined gross income does not exceed \$9,400 for a one-person family, \$16,000 for a three person family, or \$19,875 for a family of four. These figures are based on Bureau of Labor Statistics Urban Family Budget Study, Intermediate Budget.

AWARD DETERMINATION

Awards are determined differently for full-time students under the State Scholarship and Grant Program as contrasted to part-time students under the Part-Time Grant Program. This section compares various factors involved in determining awards as they relate to the two programs.

The State Scholarship and Grant Program is based on a design--Shared Responsibility--that assigns specific responsibilities for paying costs of attendance to the student, parents, and government. The main variables are the amount parents are expected to contribute and the cost of attendance.

All applicants are required to contribute at least 50 percent of their cost of attendance from savings, earnings, loans, or other assistance from institutional or private sources. The cost of attendance consists of tuition and fees plus an allowance established by the Coordinating Board for room and board, books and supplies and miscellaneous expenses. The student share is the same for all students facing the same cost of attendance. The student share increases as the cost of attendance increases.

The remaining 50 percent of the cost is met by a contribution from parents determined by a national need analysis and by the combination of federal Pell Grant and State Scholarship and Grant awards. The governmental responsibility is the difference between the parent-government share and the amount that parents are expected to contribute. As tuition and fees increase, the government's responsibility increases.

Under the Part-Time Grant Program, the applicant's financial position affects whether the student is eligible to be considered for an award. The actual award is based on the tuition and fees at the institution.

Following is a comparison of eight factors that relate to the determination of awards.

Cost Base

The Shared Responsibility model bases award determination on the cost of attendance (tuition and fees, living expenses, miscellaneous expenses) whereas Part-Time Grant methodology limits the base to tuition and fees.

Tuition Cap

The Shared Responsibility model for the State Scholarship and Grant Program places a cap on the amount of tuition and fees considered in the cost of attendance. For students attending public institutions, the tuition and fees allowance is the actual amount charged by the institution.

For students attending private institutions, a cap is placed on the tuition and fees. It is based on the instructional costs per full-year equivalent student in comparable public institutions. The effect of the cap is to limit the size of award for students in private institutions by requiring them to contribute more than 50 percent to the cost of attendance.

The cap concept works differently in the Part-Time Grant Program. The cap is based on tuition charged at the University of Minnesota-Twin Cities. That is, the student's award amount is based on tuition and fees or the cost of a comparable program at the University of Minnesota, whichever is less. Using this tuition cap does not recognize the sizable subsidy provided to students through state appropriations to public institutions.

The cap used in the Shared Responsibility model recognizes the instructional cost of providing educational opportunities in the public sector and

bases the limit on tuition on that cost. Instructional cost includes both the government appropriation and the tuition and fees paid by the student.

Student Share

The Shared Responsibility model sets the minimum student share at 50 percent of the cost of attendance. In the Part-Time Grant methodology, the student share concept is not explicitly included. Implicitly, the student share consists of living and miscellaneous expenses since tuition and fees can be covered in total for eligible students.

Parental Share

The Shared Responsibility model takes the available discretionary financial resources into account in determining award size. As a result, students with limited discretionary financial resources have access to the same amount of financial support from combined parental and government sources as students with greater resources. The Part-Time Grant methodology uses neither the parents' nor the student's resources for determining the size of the award.

Government Share

The Shared Responsibility model bases government responsibility on the difference between the parent-government share and the expected parental contribution.¹⁷ The Part-Time Grant methodology implicitly bases government responsibility on tuition and fees since the maximum award equals tuition and fees.

¹⁷ Or student contribution for students claiming not to be financially dependent on their parents.

Expected Pell Award

The Shared Responsibility model assumes full use of the federal Pell Grant to cover the government's part of the parent-government share. In the Part-Time Grant Program, a Pell Grant award is deducted from the Part-Time Grant only if an applicant actually receives an award; applicants, however, are not required to apply for a Pell Grant. Although not required, most financial aid officers package the two forms of aid together.

Maximum Award

The Shared Responsibility model effectively limits the maximum award to the parent-government share (one-half of the cost of attendance) whereas the Part-Time Grant methodology limits the award to tuition and fees.

Rationing

If adequate funding is not available to fund fully the Scholarship and Grant Program, the Shared Responsibility model rations financial aid by adjusting the student share and the expected parental contribution of each applicant. The Part-Time Grant Program uses a first come, first served approach although financial aid officers can offer partial awards to extend aid to more students.

CONCLUSION

State financial aid policy treats full-time students and part-time students quite differently as a result of differences in eligibility criteria and award determination methodologies under the State Scholarship Grant and the Part-Time Grant Programs.

Some students are eligible for financial aid only if they register for a part-time course load. The Part-Time Grant Program, at its low funding

level--\$300,000 per year--does not by itself, however, provide a large incentive for students to enroll on a part-time rather than full-time basis. Other students are required to register for full-time course loads in order to be eligible for state financial aid even though such registration levels--12 or more credits--may be excessive, especially if they have significant family, career, and social commitments.

The size of a part-time grant for eligible students at a particular institution is the same regardless of family income. That is, the maximum award equals tuition and fees. Under the Scholarship and Grant Program, however, the determination of an award is influenced by the family's financial situation.

CHAPTER V. ALTERNATIVES

The existing Part-Time Grant Program is one of several possible approaches to meeting the needs of part-time students. This chapter examines three different ways to assist part-time students. The three models are evaluated on the basis of four criteria that are consistent with the goals of Minnesota financial aid policy. In addition, the financial aid implications of each model are assessed. The three models are as follows:

- o a campus discretionary model that has all of the responsibilities delegated to the campus,
- o a state directed model that retains the policy determination at the state level and delegates the fiscal management and delivery to the post-secondary institutions
- o a state formula model that retains the policy determination and fiscal management at the state level and leaves the delegation of the delivery an open question.

CRITERIA USED TO EVALUATE ALTERNATIVES

Each of the alternatives is evaluated according to four criteria--equality of opportunity, fairness, responsiveness, and accountability. These criteria have been used by the Coordinating Board in recent years to evaluate alternative financial aid policies and programs.

Equality of Opportunity

The primary goal of the state's student financial aid system is to ensure equal opportunity for all citizens to pursue a post-secondary education in institutions and programs that can best meet their educational needs, regardless of economic circumstances. The intent is to ensure that a student can feasibly finance the cost of attendance through a combination of student,

parental and governmental resources. The grant is not intended to provide an inducement to attend any post-secondary institution, only to remove the financial barriers to attendance.

Fairness

Students with similar financial situations making similar educational choices should receive similar government awards. Fairness is synonymous with equity.

Responsiveness

Financial aid must be responsive to the student's needs in order to facilitate his or her decisionmaking. In addition, it must provide a reliable source of support; a program that runs out of money by the final term is not responsive.

Accountability

The agency responsible for managing a financial aid program must account for how the funds are spent. The actions of the agency are expected to be consistent with the intention of the legislation that authorizes the appropriation of funds. This requires identifying those not served by the program and estimating what it would cost to extend coverage to the total intended population.

THE CAMPUS DISCRETIONARY MODEL

A campus discretionary model assumes that the post-secondary institution is delegated responsibility for setting the eligibility criteria and award determination methodology. This requires that the fiscal management and management of delivery be delegated as well. Under this model, the state

agency would allocate the appropriation to the post-secondary institutions. The only oversight responsibility of the state agency would be to determine if the funds were spent for financial aid purposes.

Evaluation

Equality of Opportunity. This approach would not guarantee that an eligible student has access to sufficient resources to cover the cost of attendance at the post-secondary institution that best meets his or her educational needs. Many institutions would attempt to help the student cover the cost of attendance subject to the availability of funds and the provisions of other financial aid policies and practices. But unless every post-secondary institution was committed to using the financial aid dollars to truly remove the financial barriers, the student would not be guaranteed access to sufficient aid.

Fairness. Each financial aid officer could be expected to treat similar students the same within the constraints of the program. Given the differences in institutions, however, similar students attending different institutions likely would be treated differently. Also, part-time students likely would be treated differently by the institutions than full-time students would be treated by the State Scholarship and Grant Program formula.

Responsiveness. A discretionary model would allow the post-secondary institution to respond to students in a timely manner. It would not, however, ensure a timely response. If the post-secondary institution required applicants to exhaust state and federal sources of aid first, for example, then the campus-based program would be no more responsive than the least responsive state or federal managed programs.

Accountability. Under this model, which places virtually all program responsibility at the campus, it would be difficult for the state to determine if the funds were reaching the intended student population.

Financial Implications

No realistic budget projection for this approach can be made because it is unlikely there would be common standards for determination of eligibility, need, and award size. By implication, the projections developed for the state formula approach would apply since the intended populations are the same.

STATE DIRECTED MODEL

A state directed model assumes that the state agency would specify the eligibility criteria and award determination methodology. Responsibility for fiscal management and, as a result, delivery would be delegated to the post-secondary institutions. The current Part-Time Grant Program is an example of this model. The following evaluation is based on the state's experience with the Part-Time Grant Program.

Evaluation

Equality of Opportunity. The Part-Time Grant Program does not guarantee that an eligible student will have access to sufficient resources to cover the cost of attendance at the post-secondary institution that best meets his or her educational needs. Rather, the Part-Time Grant Program makes a contribution to the student to cover only the cost of tuition and fees. The program makes no attempt to cover the cost of books, transportation, or other expenses.

The Part-Time Grant Program award determination formula does not consider the total cost of attendance or the student and his or her family's ability to contribute. For students with access to few personal or family resources, the

cost of attendance that is in addition to tuition and fees--for example, transportation, and day care--can be an excessive burden. For students with access to more personal and family resources, an award equal to tuition and fees can be more than is necessary to remove the financial barrier to attendance.

Fairness. Award size does not vary according to ability to pay; all eligible students are defined to have the same need. Students with similar financial situations are treated quite differently. One student can receive a maximum award while a student whose income is one dollar higher may receive no award. This results from using financial measures as eligibility criteria.

The probability of receiving an award does not change as the cost of attendance increases either because of increases in registration levels or because of attending a higher cost post-secondary institution. As a student moves from part-time to full-time status, however, the probability of receiving an award often decreases because the Part-Time Grant Program and the State Scholarship and Grant Program use financial information differently.

Students with similar educational status are, in rule, treated similarly within the Part-Time Grant Program. Graduate and professional students, high school students registered for post-secondary courses, students with baccalaureate degrees, and students who have attended for more than four years are eligible for the Part-Time Grant Program but not the State Scholarship and Grant Program. As a result, the state, through this program conceivably could encourage some students to pursue their post-secondary education on a part-time basis in order to receive state aid.

Responsiveness. The Part-Time Grant Program can respond to students' applications promptly. Further, the Part-Time Grant Program easily can respond to changing registration levels on a term-by-term basis. Since the program

makes a commitment for only one term at a time, however, it does not offer assurances of providing assistance throughout an academic year.

Accountability. The data used to determine eligibility and award size can be documented and audited. It can be determined if state funds were distributed to the intended population. The state cannot determine the extent of coverage of the intended population because the Part-Time Grant Program does not report data on students who were eligible to apply but did not receive an award, usually because funds available were exhausted.

Financial Implications

Spending levels cannot be used as an indication that the need is being met with the allocation. Currently, \$300,000 per year is being allocated to the Part-Time Grant Program with about 93 percent of the funds awarded to students. Any program based on a state directed model, however, will spend less than allocated. Some students will not attend even though the post-secondary institution has made an award commitment. Unless the post-secondary institution has another source of discretionary funds, it cannot make commitments in excess of available funds.

STATE FORMULA MODEL

Under a state formula approach, the state agency would determine the eligibility criteria and award determination methodology and retain responsibility for fiscal management. The post-secondary institutions and their financial aid offices could be delegated the responsibility to manage the delivery system. The current State Scholarship and Grant Program is an example of this model with centralized delivery. The evaluation of this alternative is

based on extending the eligibility criteria and award determination methodology of the State Scholarship and Grant Program to part-time students.

Evaluation

Equality of Opportunity. The State Scholarship and Grant Program is designed to provide the guarantee of sufficient resources being available to each eligible student. The Shared Responsibility model does assume, however, that the student will make a significant effort to help him or herself.

Fairness. The State Scholarship and Grant Program treats similar students similarly within the definition of the Shared Responsibility formula. Students with access to similar levels of financial resources attending post-secondary institutions with similar costs of attendance receive similar governmental assistance. Students would be treated the same regardless of their registration level if the State Scholarship and Grant Program were extended to those registering for fewer than 12 credits. Moving from part-time to full-time would change the size of the award only to the extent that the cost of attendance changes.

Responsiveness. Any approach requiring personal financial data requires additional time by the student and his or her family and the agency processing the information. As a result, this approach should not be expected to be as responsive as either of the other two alternatives.

Accountability. This approach could be audited to determine if those receiving awards were part of the intended population. Further, it could be determined if the student and his or her family were assessed levels of responsibility consistent with their financial means. This approach also could produce information about the extent of need among the intended population willing to apply.

Financial Implications

The Shared Responsibility model uses two variables--cost of attendance and available resources. The formula can be extended to part-time students by adjusting the cost of attendance to reflect registration level. No data base exists that provides the data required to simulate the impact of extending the Shared Responsibility formula to the part-time undergraduate population. To estimate the level of state responsibility, a projection was made with the existing Student Record Data Base used for enrollment information and the Scholarship and Grant Program data base.

It is projected that the state would need to spend about \$9 million annually to extend the State Scholarship and Grant Program to part-time undergraduates. The projections, summarized in Table 5, indicate that about \$7 million would go to students registering for half-time or larger course loads. Based on these projections, 43 percent of the need is in the University of Minnesota System and 25 percent is in the Community College System.

CONCLUSION

The alternatives represent three different approaches to meeting the needs of part-time students. Each model has strengths and weaknesses that need to be considered.

Only the state formula model provides the potential of ensuring equal opportunity by guaranteeing that sufficient financial resources are available to cover the cost of attendance at the post-secondary institution best meeting the student's educational need. The other two models leave undetermined the required expenditure of state funds.

In terms of fairness, extending the State Scholarship and Grant Program to part-time students would be the best alternative. While the current Part-Time

TABLE 5. PROJECTION OF STATE EXPENDITURES REQUIRED TO EXTEND THE STATE SCHOLARSHIP AND GRANT PROGRAM TO PART-TIME STUDENTS BY REGISTRATION LEVEL AND SYSTEM¹

<u>System</u>	<u>State Expenditure Required</u>		<u>Total</u>	<u>Percent of Total</u>
	<u>Students Registered for Half-Time or Greater Course Loads</u>	<u>Students Registered for Less Than Half-Time Course Loads</u>		
Area Vocational-Technical Institutes	\$ 209	\$ 47	\$ 256	2.8%
Community Colleges	1,651	633	2,284	24.8
State Universities	1,003	371	1,374	14.9
University of Minnesota	2,809	1,182	3,992	43.3
Private Four-Year	673	84	757	8.2
Private Two-Year	486	71	557	6.0
TOTAL	\$6,831	\$2,388	\$9,220	100.0%

SOURCE: Minnesota Higher Education Coordinating Board.

¹ All numbers in thousands.

Grant Program treats similar part-time students attending similar post-secondary institutions the same, it does not ensure that similar students attending different post-secondary institutions are treated comparably. A campus discretionary model would have the same shortcomings as the Part-Time Grant Program.

The campus discretionary model would be the most responsive to students, assuming the program was funded adequately and each post-secondary institution managed its program effectively. The current Part-Time Grant Program is also responsive, at least until the money runs out. The state formula model would be less responsive than the other two approaches.

Of the three models, only the state formula model could be audited to determine not only whether the funds went to students, but also whether the program provided coverage for the entire population. The Part-Time Grant Program can be audited to determine the former but not the latter. A campus discretionary model cannot be audited on either point.

The three models are not consistent in the size of award. A campus discretionary model would award whatever the financial aid officer deemed reasonable. The Part-Time Grant Program and the State Scholarship and Grant Program extended to part-time students would produce different distributions of awards. The State Scholarship and Grant Program targets the awards to lower income students with higher costs of attendance, either as a result of higher tuitions or higher registration levels. A comparison of awards to two students under the three approaches is shown in Table 6. The first student has an expected parental contribution of \$400 while the second student has a parent contribution of \$1,300. It is assumed that both students have a cost of attendance

TABLE 6. COMPARISON OF AWARDS UNDER ALTERNATIVE MODELS

<u>Alternative</u>	<u>Student</u>	<u>Registration Level</u>			
		<u>25%</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>
Campus Discretionary Model	1	?	?	?	?
	2	?	?	?	?
Part-Time Grant Program	1	\$312	\$625	\$938	\$1,250
	2	312	625	938	1,250
State Scholarship and Grant Program	1	\$100	\$600	\$1,100	\$1,600
	2	0	0	200	700

SOURCE: Minnesota Higher Education Coordinating Board.

Note: Student 1 has an expected parent contribution of \$400 and Student 2, \$1,300. Both students have a cost of attendance of \$4,000.

of \$4,000. Under the Part-Time Grant Program award determination methodology, both students would receive the same size awards if they attended the same post-secondary institution. In contrast, the State Scholarship and Grant Program extended to part-time students would target the awards to the first student. At registration levels below 50 percent, the student with the high expected parental contribution would receive no award. As each student approaches a full-time registration level, the award for the student with fewer resources would be higher using the Shared Responsibility formula while the student with more resources would receive more using the Part-Time Grant Program methodology.

The purpose of need-based grant aid has been to ensure that all students have access to adequate financial resources to finance the cost of attendance at the post-secondary institution that best meets their educational needs. In addition, the treatment of students should be fair, the system should be responsive to students' needs, and the program should be accountable to the funding authorities.

Since the three models do not rank the same on each criterion, the relative importance placed on each criterion is an important consideration in determining how to best assist part-time students.

APPENDIX

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