

# Impact of Changes in Minnesota State Grants Implemented in Fiscal Year 2004

---

Prepared by:  
Staff of the Minnesota Higher Education Services Office



November 30, 2004

# Introduction

This report to the Minnesota Legislature outlines the estimated impact of recent changes made to the Minnesota State Grant Program on students.

The Minnesota Higher Education Services Office is a cabinet-level state agency that provides prospective and current post-secondary students with financial aid programs, services and information. The agency collects and reports state-wide higher education data, negotiates and administers interstate tuition reciprocity programs and facilitates collaboration among higher education provides on technology and library resources. Working in partnership with higher education institutions, K-12 schools and other organizations, the agency administers programs to help students gain access to post-secondary educational opportunities.

The Minnesota State Grant Program, administered by the Higher Education Services Office, provides financial assistance to help eligible Minnesota students pay the cost of post-secondary attendance at post-secondary institutions in the state.

Prepared by:

The Minnesota Higher Education Services Office  
1450 Energy Park Drive, Suite 350  
St. Paul, Minnesota 55408-5227

Phone: 651-642-0533 of 800-657-3866  
Fax: 651-642-0675

[www.heso.state.mn.us](http://www.heso.state.mn.us)

Author: Gerald Setter  
Director of Fiscal Policy and Research: Mark Misukanis

This document can be made available in alternative formats upon request.

# Contents

<b>Executive Summary</b> .....	1
<b>Summary of Projected Impact of Changes in Minnesota State Grants Implemented in Fiscal Year 2004</b> .....	2
<b>1) Reduction of the Living and Miscellaneous Expense Allowance</b> .....	3
1. Background .....	3
2. Impact on Spending .....	3
3. Number of Students Affected .....	4
<b>2) Use of Average Tuition and Fees</b> .....	6
1. Background .....	6
2. Impact on Spending .....	6
3. Number of Students Affected .....	7
<b>3) Application of Tuition and Fee Maximums Based on Student’s Program Choice</b> .....	12
1. Background .....	12
2. Impact on Spending .....	12
3. Number of Students Affected .....	13
<b>4) Change in Application Deadlines</b> .....	16
1. Background .....	16
2. Impact on Spending .....	16
3. Number of Students Affected .....	17
<b>5) Elimination of Minnesota Education Savings Allowance</b> .....	22
1. Background .....	22
2. Impact on Spending .....	22
3. Number of Students Affected .....	23
<b>6) Elimination of Full Coverage of Assigned Taxpayer Responsibilities in the Third Semester</b> .....	28
1. Background .....	28
2. Impact on Spending .....	29
3. Number of Students Affected .....	29
<b>7) Reduction in the Period of Eligibility to 8 Semesters</b> .....	33
1. Background .....	33
2. Methodology .....	33
3. Number of Students Affected .....	35
4. Impact on Annual Spending .....	36
<b>Appendix A. Design for Shared Responsibility</b> .....	37



## Executive Summary

In 2003, the Minnesota Legislature made several changes to the program parameters of the Minnesota State Grant Program in the face of budget constraints to enable the program to meet its financial obligations to students. The legislation directed the Higher Education Services Office by January 15, 2004 and November 30, 2004 to report on the impact on students of the changes in financial aid policies made by the act (Laws of Minnesota 2003, Chapter 133, Article 1, Section 1, Subdivision 14).

This report examines the impact of these changes on students and provides an annual spending estimate for each change. The results identified in this report are consistent with the estimated effects discussed in spring 2003 prior to final legislative decisions.

The Minnesota State Grant Program helps provide financial access to and choice of post-secondary education opportunities for Minnesota residents. In Fiscal Year 2004, more than \$115 million was awarded to more than 69,000 students. Without the changes imposed in 2003, it is estimated that Minnesota State Grant obligations to students would have been \$143 million in Fiscal Year 2004, or \$28 million that the actual \$115 million awarded.

In Minnesota, paying for college is a shared responsibility. Since 1983, the state has based its financial aid to students on a policy framework that defines a shared responsibility for paying the cost of attending college among students, their families and state and federal taxpayers. (See Appendix A.)

Following is a list of the modifications made to the Minnesota State Grant Program and the estimated impact. Detailed information about the changes and the impact are contained in the accompanying full report. For most of the analysis reported in this report, data from Fiscal Year 2004 applicants were used. These results were used to identify the impact of most of the changes and provide a set of projections as summarized on page 2 of this report.

## Summary of Projected Impact of Changes in Minnesota State Grants Implemented in Fiscal Year 2004

Change	Descriptions	Decrease in Projected Spending for Fiscal Year 2004 (Million)	Projected Number of Students Receiving Smaller Awards
1) Article 1, Section 2, Subdivision 2	Reduce the Living and Miscellaneous Expense Allowance component of the recognized price of attendance by \$200 in each year of the biennium.	\$5.9	71,697
2) Article 1, Section 9	Mandated a return to using average tuition and fees for the award calculation instead of actual tuition and fees paid by each student, an initiative implemented in Fiscal Year 2003.	\$5.0	30,690
3) Article 1, Section 11	Required that the Tuition and Fee Maximum for a student's price of attendance be based on the length of the student's program rather than the maximum assigned to the institution.	\$3.5	5,142
4) Article 1, Section 13	Establish a deadline of 14 days after the start of a term for acceptance of Minnesota State Grant applications.	\$1.4	1,691
5) Article 1, Section 8	Eliminated the Minnesota Education Savings Allowance, which sheltered more net worth than done by the federal need analysis.	\$1.9	4,883
6) Article 1, Section 12	Discontinue full coverage of Assigned Taxpayer Responsibilities in third semester or fourth quarter of a year by not covering the amount of the Federal Pell Grant would have been if Pell Grants covered 12 months of full-time attendance.	\$4.3	5,062
7) Article 1, Section 11	Reduce period of eligibility for Minnesota State Grants from 10 semesters to 8 semesters of attendance, or the equivalent. (Based on Fiscal Year 2002 results.)	\$6.4	5,723
Total impact of Changes		\$28.4	All recipients were affected by one or more of the changes

# **1) Reduction of the Living and Miscellaneous Expense Allowance**

## **1. Background**

The Living and Miscellaneous Expense Allowance (LME) is a key component of the price of attendance used in the Minnesota State Grant Program. It is a standard allowance specified in law to reflect a student's expenses for room and board, books and supplies, and miscellaneous items. Historically, the amount has been intended to reflect a "frugal but reasonable" standard of living for single undergraduates without dependents.

In Fiscal Year 1984, the allowance was set at \$2,750. It was increased to \$5,405 for Fiscal Years 2001 through 2003. In its biennial budget request, the Services Office proposed increasing the allowance to \$5,464 in Fiscal Year 2004 and \$5,525 in 2005 to reflect inflation.

Seeking to respond to increased demand for Minnesota State Grants with limited resources, the 2003 Legislature reduced Living and Miscellaneous Allowance by \$200, to \$5,205 for both years of the 2004-2005 biennium.

## **2. Impact on Spending**

To calculate the effect of changing the LME, two projections were run. The first projection was based on the parameters in place for Fiscal Year 2004 on all the applicants reported to the Services Office. The second projection increased the LME by \$200 to restore the Fiscal Year 2003 level and left all the other parameters at their Fiscal Year 2004 values.

Restoring the LME was projected to increase Minnesota State Grant spending by \$5.9 million, as shown in the next table. This was a 5.1 percent increase over the projected spending based on current parameters. These results suggest that the reduction in LME reduced spending by 5.1 percent for Fiscal Year 2004.

### Projection Results Comparing Starting Point and Restoring LME, Fiscal Year 2004

		Number of Minnesota State Grant Recipients	Combined Federal Pell and Minnesota State Grants Received (million)	Minnesota State Grants Received (million)
Projection 1	FY 2004 starting point	69,437	\$226.48	\$116.19
Projection 2	FY 2004 with FY 2003 LME	71,696	\$236.48	\$122.12
Difference		2,259	\$10.00	\$5.93
Percentage Change from Starting Point		3.3%	4.4%	5.1%

### 3. Number of Students Affected

All 71,696 recipients projected to have received a Minnesota State Grant if the LME had not been reduced were affected by the change. Students registering for 15 or more credits would have had a \$108 smaller award if they attended two semesters. The range of changes is shown in the next table.<sup>1</sup> The median impact was between a \$50 and 100 smaller award. Students experiencing the smaller changes registered for fewer than 15 credits per term or one semester.

#### Number of Recipients Adversely Affected by Change in LME

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$0	1,788	2%	2%
\$50	27,033	38%	40%
\$100	39,005	54%	95%
\$150	3,739	5%	100%
\$200	127	0%	100%
\$250	4	0%	100%
Total	71,696	100%	

<sup>1</sup> The categories in this and subsequent tables were calculated by rounding the actual amount to the nearest \$50. The number shown in the table is the mid point of the range. The lowest category, labeled \$0, includes all those experiencing a reduction of \$1 to \$24.49. The next category, labeled \$50, for example, includes all those experiencing a reduction of \$25 to \$74.49.



Of the 72,000 projected students to receive an award if the LME had not been reduced, 2,000 were dropped from the program due to the reduction in the LME. The reduction of LME by \$200 translates into an award reduction of \$108 for students registering for 15 or more credits attending two semesters. Some of the students had more than an \$108 decrease. These were students whose calculated award after the change in the LME was less than the minimum semester award of \$100. They lost about \$100 due to the decrease in the LME and another \$100 or so due to the minimum award criterion. Students attending for three semesters during the year could experience a larger decrease as well.

**Number of Recipients Not Receiving Minnesota State Grants as a Result of the Change in LME**

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$50	1,194	53%	53%
\$100	715	32%	85%
\$150	264	12%	96%
\$200	82	4%	100%
\$250	4	0%	100%
Total	2,259	100%	

## **2) Use of Average Tuition and Fees**

### **1. Background**

The guiding principle of the Minnesota State Grant Program has been to recognize full tuition and fees and miscellaneous prices faced by students and to assign responsibility for these prices to students, families, and taxpayers. The initiative to recognize actual tuition and fees was adopted by the 2001 Legislature to recognize more accurately the actual prices charged to students. The initiative was implemented in Fiscal Year 2003 following a year of preparation by the Services Office and campuses. Using actual tuition and fees supports the ability of students to choose the option that best meets their educational needs and reduces financial barriers.

Prior to Fiscal Year 2003, Minnesota State Grants were calculated based on a single tuition and fee charge for 15 credits per semester for two semesters identified annually for each institution. Only fees applicable to all undergraduates were recognized. This practice did not recognize the increasing variation in charges made to students within an institution; for example: per credit schedules that vary by course load taken; specific tuition rates in certain programs; individual course fees; and required computer and other equipment purchases or leases. Students who incurred additional costs because they take more than 15 credits did not receive consideration for these expenses.

The 2003 Legislature amended the statutes governing the State Grant Program to return to the practice of recognizing a price of attendance based on average, not actual, tuition and fees charged by the institution, or the tuition and fee maximums established in law. Further, fees were defined as including only those fees that are mandatory and charged to a full-time resident students attending the institution.

### **2. Impact on Spending**

To calculate the effect of using actual rather than average tuition and fees, two projections were run. The first projection was based on the parameters in place for Fiscal Year 2004 on all the applicants reported to the Services Office. The second projection used actual tuition and fees and left all the other parameters at their Fiscal Year 2004 values. Using actual tuition and fees was projected to increase Minnesota State Grant spending by \$5.0 million, a 4.3 percent increase over the spending based on current parameters, as shown in the next table.

**Projection Results Comparing Starting Point and Restoring Actual Tuition and Fees, Fiscal Year 2004**

		Number of Minnesota State Grant Recipients	Combined Federal Pell and Minnesota State Grants Received (million)	Minnesota State Grants Received (million)
Projection 1	FY 2004 starting point	69,437	\$226.48	\$116.19
Projection 2	FY 2004 using actual tuition and fees	69,279	\$230.99	\$121.15
	Difference	(158)	\$4.51	\$4.96
	Percentage Change from Starting Point	-0.2%	2.0%	4.3%

**3. Number of Students Affected**

Almost 31,000 of the 69,000 recipients received smaller awards because average tuition and fees were used instead of actual tuition and fees, as shown in the next table. Actual tuition and fees exceed average tuition and fees for students facing fees not charged to all undergraduates and for students registered for more than 15 credits in a term. Half the affected recipients experienced reductions of about \$100 or less due to this change, as shown in the table below. A few students received around \$2,000 less.

**Number of Recipients Adversely Affected by Implementing Average Tuition and Fees as the Price Base for Calculating Minnesota State Grants**

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$0	5,327	17%	17%
\$50	6,402	21%	38%
\$100	4,050	13%	51%
\$150	3,254	11%	62%
\$200	2,256	7%	69%
\$250	2,454	8%	77%
\$300	1,590	5%	83%
\$350	1,106	4%	86%
\$400	1,058	3%	90%
\$450	691	2%	92%
\$500	501	2%	93%
\$550	447	1%	95%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$600	276	1%	96%
\$650	318	1%	97%
\$700	221	1%	98%
\$750	203	1%	98%
\$800	130	0%	99%
\$850	95	0%	99%
\$900	90	0%	99%
\$950	56	0%	99%
\$1,000	46	0%	100%
\$1,050	37	0%	100%
\$1,100	28	0%	100%
\$1,150	9	0%	100%
\$1,200	8	0%	100%
\$1,250	7	0%	100%
\$1,300	8	0%	100%
\$1,350	3	0%	100%
\$1,400	2	0%	100%
\$1,450	3	0%	100%
\$1,500	1	0%	100%
\$1,550	5	0%	100%
\$1,600	1	0%	100%
\$1,850	1	0%	100%
\$1,950	4	0%	100%
\$2,000	1	0%	100%
\$2,050	1	0%	100%
<b>Total</b>	<b>30,690</b>	<b>100%</b>	

Of the 30,000 recipients receiving smaller awards, fewer than 200 did not receive a Minnesota State Grant who would have if actual tuition and fees had been used, as shown in the next table.

**Number of Recipients Not Receiving Minnesota State Grants as a Result of Implementing Average Tuition and Fees as the Price Base for Calculating Minnesota State Grants**

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$50	16	11%	11%
\$100	39	26%	37%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$150	19	13%	50%
\$200	21	14%	64%
\$250	17	11%	76%
\$300	8	5%	81%
\$350	12	8%	89%
\$400	8	5%	95%
\$450	5	3%	98%
\$500	2	1%	99%
\$650	1	1%	100%
Total	148	100%	

About 3,000 of the 69,000 recipients received larger awards due to the use of average tuition and fees rather than actual tuition and fees in calculating Minnesota State Grants, as shown in the next table. Many campuses do not prorate all tuition and fee charges by registration load (credits). Some campuses, for example, have fees that are charged only to those registered for 12 or more credits. Thus, those registering for 9 credits are charged less than a pro rata amount of the average price charged students registered for 15 credits.

**Number of Recipients Receiving Larger Awards as a Result of Implementing Average Tuition and Fees as the Price Base for Calculating Minnesota State Grants**

Increase in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$3,800	2	0%	0%
\$3,250	3	0%	0%
\$3,150	1	0%	0%
\$3,000	1	0%	0%
\$2,950	2	0%	0%
\$2,850	1	0%	0%
\$2,750	2	0%	0%
\$2,700	1	0%	0%
\$2,600	1	0%	0%
\$2,550	1	0%	0%
\$2,450	1	0%	1%
\$2,400	1	0%	1%
\$2,300	1	0%	1%
\$2,250	1	0%	1%

Increase in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$2,150	2	0%	1%
\$2,100	2	0%	1%
\$2,000	2	0%	1%
\$1,950	7	0%	1%
\$1,900	3	0%	1%
\$1,850	2	0%	1%
\$1,800	1	0%	1%
\$1,750	5	0%	1%
\$1,700	6	0%	2%
\$1,650	7	0%	2%
\$1,600	7	0%	2%
\$1,550	6	0%	2%
\$1,500	3	0%	2%
\$1,450	6	0%	2%
\$1,400	9	0%	3%
\$1,350	11	0%	3%
\$1,300	12	0%	3%
\$1,250	75	2%	6%
\$1,200	6	0%	6%
\$1,150	12	0%	6%
\$1,100	15	0%	7%
\$1,050	10	0%	7%
\$1,000	8	0%	7%
\$950	15	0%	8%
\$900	10	0%	8%
\$850	33	1%	9%
\$800	20	1%	10%
\$750	26	1%	11%
\$700	28	1%	12%
\$650	20	1%	12%
\$600	16	1%	13%
\$550	21	1%	13%
\$500	30	1%	14%
\$450	24	1%	15%
\$400	36	1%	16%
\$350	51	2%	18%
\$300	53	2%	19%
\$250	88	3%	22%

Increase in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$200	119	4%	26%
\$150	255	8%	34%
\$100	436	14%	47%
\$50	319	10%	57%
\$0	1,358	43%	100%
Total	3,194	100%	

### **3) Application of Tuition and Fee Maximums Based on Student's Program Choice**

#### **1. Background**

The recognized cost of attendance for calculating Minnesota State Grants consists of allowances specified in law for living and miscellaneous expenses, and an allowance for tuition and fees equal to the lesser of the average tuition and fees charged by the institution, or the Tuition and Fee Maximums established in law. The Legislature sets separate Tuition and Fee Maximums for four-year and two-year programs.

Between Fiscal Years 1984 and 2003, applicants were assigned a Tuition and Fee Maximum according to the institution they attended. In recent years, several institutions offering primarily two-year programs expanded their offerings to include four-year programs and then were included under the four-year maximum. The 2003 Legislature amended the statutes governing the Minnesota State Grant Program so that a student enrolled in a two-year program at a four-year institution is only eligible for the Tuition and Fee Maximums established in law for two-year programs.

#### **2. Impact on Spending**

To calculate the effect of changing the method of applying Tuition and Fee Maximums, two projections were run. The first projection was based on the parameters in place for Fiscal Year 2004 on all the applicants reported to the Services Office. The second projection used the status of the institution as the criterion for applying Tuition and Fee Maximums and left all the other parameters at their Fiscal Year 2004 values. Making this change was projected to increase Minnesota State Grant spending by \$3.5 million, as shown in the next table. This was a 3.0 percent increase over the projected spending based on current parameters.



**Projection Results Comparing Starting Point and Basing Tuition and Fee Maximums on Institution Selected Instead of Student's Program Choice, Fiscal Year 2004**

		Number of Minnesota State Grant Recipients	Combined Federal Pell and Minnesota State Grants Received (million)	Minnesota State Grants Received (million)
Projection 1	FY 2004 starting point	69,437	\$226.48	\$116.19
Projection 2	FY 2004 with Tuition and Fee Maximums Based on Institution Attended	69,754	\$229.98	\$119.66
	Difference	317	\$3.51	\$3.47
	Percentage Change from Starting Point	0.5%	1.5%	3.0%

**3. Number of Students Affected**

About 5,000 of the 70,000 projected recipients were affected by the change in the application of the Tuition and Fee Maximums, as shown in the next table. The size of the impact varied from less than \$25 to about \$1,700. The median change was about \$650.

**Number of Recipients Adversely Affected by Basing Tuition and Fee Maximums on Student's Program Choice**

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$0	2	0%	0%
\$50	24	0%	1%
\$100	47	1%	1%
\$150	139	3%	4%
\$200	314	6%	10%
\$250	162	3%	13%
\$300	346	7%	20%
\$350	614	12%	32%
\$400	132	3%	35%
\$450	150	3%	38%
\$500	147	3%	40%
\$550	208	4%	44%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$600	224	4%	49%
\$650	248	5%	54%
\$700	195	4%	57%
\$750	396	8%	65%
\$800	165	3%	68%
\$850	134	3%	71%
\$900	185	4%	75%
\$950	168	3%	78%
\$1,000	148	3%	81%
\$1,050	111	2%	83%
\$1,100	393	8%	90%
\$1,150	40	1%	91%
\$1,200	25	0%	92%
\$1,250	43	1%	93%
\$1,300	31	1%	93%
\$1,350	42	1%	94%
\$1,400	63	1%	95%
\$1,450	37	1%	96%
\$1,500	186	4%	100%
\$1,550	15	0%	100%
\$1,600	3	0%	100%
\$1,650	1	0%	100%
\$1,700	4	0%	100%
Total	5,142	100%	

About 300 of the 5,000 students affected by the change in the application of Tuition and Fee Maximums did not receive a Minnesota State Grant due to this change, as shown on the next table.

**Number of Recipients Not Receiving Minnesota State Grants as a Result of Basing Tuition and Fee Maximums on Student's Program Choice**

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$50	15	5%	5%
\$100	34	11%	15%
\$150	43	14%	29%
\$200	29	9%	38%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$250	35	11%	49%
\$300	30	9%	59%
\$350	21	7%	65%
\$400	18	6%	71%
\$450	10	3%	74%
\$500	12	4%	78%
\$550	7	2%	80%
\$600	10	3%	83%
\$650	7	2%	85%
\$700	8	3%	88%
\$750	4	1%	89%
\$850	1	0%	90%
\$900	2	1%	90%
\$950	1	0%	91%
\$1,000	3	1%	91%
\$1,050	2	1%	92%
\$1,100	1	0%	92%
\$1,150	1	0%	93%
\$1,200	3	1%	94%
\$1,250	3	1%	95%
\$1,350	2	1%	95%
\$1,400	3	1%	96%
\$1,450	4	1%	97%
\$1,500	1	0%	98%
\$1,550	5	2%	99%
\$1,600	2	1%	100%
Total	317	100%	

## 4) Change in Application Deadlines

### 1. Background

For several years, students could apply for a Minnesota State Grant through June 30 of the fiscal year they attended and still receive an award for the full year. Likewise, students applying for Federal Pell Grants can apply through June 30 and receive an award for the full year. The 2003 Legislature amended the statute governing deadlines so that applications for Minnesota State Grants for a term must be submitted no later than 14 days after the start of the term. That is, the Free Application for Federal Student Aid (FAFSA) must be received at the Federal Processing Center within two weeks of the start of the term.

The Services Office, the post-secondary systems and sectors, and many campuses during the summer of 2003 publicized the change in deadlines.

### 2. Impact on Spending

To calculate the effect of setting the deadline at 14 days after the start of the term, two projections were run. The first projection was based on the parameters in place for Fiscal Year 2004 and all the applicants reported to the Services Office. The second projection was based on a June 30 deadline and left all the other parameters at their Fiscal Year 2004 values. Using the June 30 deadline was projected to increase Minnesota State Grant spending by \$1.44 million, as shown in the next table. This was a 1.2 percent increase over the projected spending based on current parameters.

#### Projection Results Comparing Starting Point and Restoring June 30 Deadline, Fiscal Year 2004

		Number of Minnesota State Grant Recipients	Combined Federal Pell and Minnesota State Grants Received (million)	Minnesota State Grants Received (million)
Projection 1	FY 2004 starting point	69,437	\$226.48	\$116.19
Projection 2	FY 2004 with June 30 deadline	70,135	\$228.87	\$117.63
Difference		698	\$2.39	\$1.44
Percentage Change from Starting Point		1.0%	1.1%	1.2%

### 3. Number of Students Affected

About 1,700 of the 70,000 projected recipients were affected by the change in deadlines, as shown in the next table. The size of the impact varied from about \$50 to about \$4,250. The median change was about \$650.

#### Number of Recipients Adversely Affected by Implementing Deadlines 14 Days After Start of Term

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$50	42	2%	2%
\$100	97	6%	8%
\$150	61	4%	12%
\$200	74	4%	16%
\$250	122	7%	23%
\$300	88	5%	29%
\$350	82	5%	33%
\$400	66	4%	37%
\$450	47	3%	40%
\$500	47	3%	43%
\$550	40	2%	45%
\$600	47	3%	48%
\$650	48	3%	51%
\$700	43	3%	53%
\$750	41	2%	56%
\$800	42	2%	58%
\$850	49	3%	61%
\$900	20	1%	62%
\$950	36	2%	65%
\$1,000	29	2%	66%
\$1,050	28	2%	68%
\$1,100	22	1%	69%
\$1,150	12	1%	70%
\$1,200	24	1%	71%
\$1,250	108	6%	78%
\$1,300	30	2%	80%
\$1,350	22	1%	81%
\$1,400	22	1%	82%
\$1,450	13	1%	83%
\$1,500	18	1%	84%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$1,550	27	2%	86%
\$1,600	16	1%	87%
\$1,650	29	2%	88%
\$1,700	11	1%	89%
\$1,750	8	0%	89%
\$1,800	15	1%	90%
\$1,850	23	1%	92%
\$1,900	10	1%	92%
\$1,950	6	0%	93%
\$2,000	8	0%	93%
\$2,050	8	0%	93%
\$2,100	5	0%	94%
\$2,150	4	0%	94%
\$2,200	13	1%	95%
\$2,250	2	0%	95%
\$2,300	10	1%	96%
\$2,350	4	0%	96%
\$2,400	3	0%	96%
\$2,450	6	0%	96%
\$2,500	13	1%	97%
\$2,550	3	0%	97%
\$2,600	5	0%	98%
\$2,650	5	0%	98%
\$2,700	1	0%	98%
\$2,750	1	0%	98%
\$2,800	4	0%	98%
\$2,850	3	0%	98%
\$2,900	1	0%	98%
\$2,950	1	0%	98%
\$3,000	3	0%	99%
\$3,050	4	0%	99%
\$3,100	2	0%	99%
\$3,200	1	0%	99%
\$3,250	3	0%	99%
\$3,300	3	0%	99%
\$3,450	1	0%	99%
\$3,500	1	0%	100%
\$3,650	1	0%	100%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$3,750	2	0%	100%
\$3,850	1	0%	100%
\$3,950	1	0%	100%
\$4,050	1	0%	100%
\$4,200	1	0%	100%
\$4,250	1	0%	100%
Total	1,691	100%	

About 700 of the 1,700 students affected by the change in the deadlines did not receive a Minnesota State Grant, as shown on the next table.

**Number of Recipients Not Receiving Minnesota State Grants as a Result of Implementing Deadlines 14 Days After Start of Term**

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$50	24	3%	3%
\$100	52	7%	11%
\$150	26	4%	15%
\$200	41	6%	20%
\$250	51	7%	28%
\$300	32	5%	32%
\$350	34	5%	37%
\$400	26	4%	41%
\$450	18	3%	44%
\$500	21	3%	47%
\$550	14	2%	49%
\$600	24	3%	52%
\$650	17	2%	54%
\$700	17	2%	57%
\$750	12	2%	59%
\$800	12	2%	60%
\$850	20	3%	63%
\$900	6	1%	64%
\$950	12	2%	66%
\$1,000	12	2%	67%
\$1,050	7	1%	68%
\$1,100	7	1%	69%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$1,150	7	1%	70%
\$1,200	4	1%	71%
\$1,250	57	8%	79%
\$1,300	18	3%	82%
\$1,350	10	1%	83%
\$1,400	10	1%	85%
\$1,450	1	0%	85%
\$1,500	2	0%	85%
\$1,550	15	2%	87%
\$1,600	7	1%	88%
\$1,650	7	1%	89%
\$1,700	3	0%	90%
\$1,750	6	1%	91%
\$1,800	5	1%	91%
\$1,850	6	1%	92%
\$1,900	4	1%	93%
\$1,950	2	0%	93%
\$2,000	3	0%	93%
\$2,050	3	0%	94%
\$2,100	3	0%	94%
\$2,150	2	0%	95%
\$2,200	6	1%	95%
\$2,300	4	1%	96%
\$2,450	1	0%	96%
\$2,500	8	1%	97%
\$2,650	2	0%	98%
\$2,700	1	0%	98%
\$2,800	1	0%	98%
\$2,850	1	0%	98%
\$3,000	2	0%	98%
\$3,050	3	0%	99%
\$3,100	1	0%	99%
\$3,250	1	0%	99%
\$3,450	1	0%	99%
\$3,500	1	0%	99%
\$3,750	2	0%	100%
\$3,950	1	0%	100%
\$4,200	1	0%	100%



Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$4,250	1	0%	100%
Total	698	100%	

To the extent that potential applicants understood the new deadline policy, some made sure to apply in a timely manner. Others might not have applied at all knowing they missed the deadline. These students would not be in the data base used in this analysis. Reinstating the June 30 deadline would have encouraged these students to apply. Thus, the change identified in this section is likely to be less than actually occurred. For example, based on the application dates of students in Fiscal Year 2002, it was estimated that spending would have decreased \$3.8 million rather than the \$1.4 million shown above.

## **5) Elimination of Minnesota Education Savings Allowance**

### **1. Background**

The 1997 Minnesota Legislature enacted the Minnesota College Savings Allowance to create an incentive within the financial aid system for families to save for post-secondary education by protecting net worth in the federal need analysis beyond existing protections. Following a year of software modifications, the state in Fiscal Year 1999 began to protect an additional \$25,000 in net worth in the federal need analysis used to determine State Grant eligibility. This incentive reduces the Assigned Family Responsibilities and increases a family's eligibility for State Grants. The Services Office recommended the initiative to help counter what for many families is a real, and for others a perceived, disincentive to save in the federal need analysis. This approach was proposed because it could be implemented with minimal implementation and administrative costs and be compatible with other savings incentives. The 1997 Legislature also authorized the EdVest program, implemented in September 2001 as the state's 529 Minnesota College Savings Plan.

### **2. Impact on Spending**

To calculate the effect of eliminating the Minnesota Education Savings Allowance, two projections were run. The first projection was based on the parameters in place for Fiscal Year 2004 and all the applicants reported to the Services Office. The second projection was based on including the Minnesota Education Savings Allowance and left all the other parameters at their Fiscal Year 2004 values. This change was projected to increase Minnesota State Grant spending by \$1.89 million, as shown in the next table. This was a 1.6 percent increase over the projected spending based on current parameters.

**Projection Results Comparing Starting Point and Restoring the Minnesota Education Savings Allowance, Fiscal Year 2004**

		Number of Minnesota State Grant Recipients	Combined Federal Pell and Minnesota State Grants Received (million)	Minnesota State Grants Received (million)
Projection 1	FY 2004 starting point	69,437	\$226.48	\$116.19
Projection 2	FY 2004 based on Restoring the Minnesota Education Savings Allowance	70,025	\$228.49	\$118.08
Difference		588	\$2.01	\$1.89
Percentage Change from Starting Point		0.8%	0.9%	1.6%

**3. Number of Students Affected**

About 4,900 students received smaller Minnesota State Grants as a result of the elimination of the Minnesota Education Savings Allowance, as shown in the next table. The median amount was about \$300.

**Number of Recipients Adversely Affected by Eliminating the Minnesota Education Savings Allowance**

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$0	593	12%	12%
\$50	544	11%	23%
\$100	370	8%	31%
\$150	308	6%	37%
\$200	277	6%	43%
\$250	266	5%	48%
\$300	212	4%	53%
\$350	355	7%	60%
\$400	179	4%	64%
\$450	227	5%	68%
\$500	143	3%	71%
\$550	140	3%	74%
\$600	112	2%	76%
\$650	276	6%	82%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$700	288	6%	88%
\$750	91	2%	90%
\$800	74	2%	91%
\$850	49	1%	92%
\$900	52	1%	93%
\$950	47	1%	94%
\$1,000	55	1%	95%
\$1,050	31	1%	96%
\$1,100	22	0%	96%
\$1,150	23	0%	97%
\$1,200	21	0%	97%
\$1,250	18	0%	98%
\$1,300	14	0%	98%
\$1,350	13	0%	98%
\$1,400	6	0%	98%
\$1,450	8	0%	99%
\$1,500	6	0%	99%
\$1,550	1	0%	99%
\$1,600	1	0%	99%
\$1,650	4	0%	99%
\$1,700	1	0%	99%
\$1,750	4	0%	99%
\$1,800	1	0%	99%
\$1,950	2	0%	99%
\$2,000	5	0%	99%
\$2,050	3	0%	99%
\$2,100	1	0%	99%
\$2,150	2	0%	99%
\$2,200	2	0%	99%
\$2,300	1	0%	99%
\$2,350	1	0%	99%
\$2,500	1	0%	99%
\$2,600	4	0%	99%
\$2,650	1	0%	99%
\$2,700	1	0%	99%
\$2,800	1	0%	99%
\$2,900	2	0%	100%
\$2,950	1	0%	100%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$3,050	1	0%	100%
\$3,100	1	0%	100%
\$3,450	1	0%	100%
\$3,600	2	0%	100%
\$3,650	1	0%	100%
\$3,700	1	0%	100%
\$3,750	1	0%	100%
\$3,950	1	0%	100%
\$4,250	2	0%	100%
\$4,500	1	0%	100%
\$4,650	1	0%	100%
\$4,700	1	0%	100%
\$4,750	1	0%	100%
\$5,000	1	0%	100%
\$5,200	1	0%	100%
\$5,250	1	0%	100%
\$5,350	1	0%	100%
\$5,450	1	0%	100%
\$5,650	1	0%	100%
\$6,000	1	0%	100%
\$6,300	1	0%	100%
Total	4,883	100%	

About 590 of the 4,900 affected students received no award as a result of the elimination of the Minnesota Education Savings Allowance, as shown in the next table.

**Number of Recipients Not Receiving Minnesota State Grants as a Result of Eliminating the Minnesota Education Savings Allowance**

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$50	26	4%	4%
\$100	60	10%	15%
\$150	61	10%	25%
\$200	48	8%	33%
\$250	50	9%	42%
\$300	50	9%	50%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$350	34	6%	56%
\$400	37	6%	62%
\$450	22	4%	66%
\$500	19	3%	69%
\$550	27	5%	74%
\$600	13	2%	76%
\$650	14	2%	78%
\$700	14	2%	81%
\$750	11	2%	83%
\$800	4	1%	83%
\$850	10	2%	85%
\$900	6	1%	86%
\$950	10	2%	88%
\$1,000	10	2%	89%
\$1,050	6	1%	90%
\$1,100	4	1%	91%
\$1,150	3	1%	92%
\$1,200	2	0%	92%
\$1,250	4	1%	93%
\$1,300	3	1%	93%
\$1,350	5	1%	94%
\$1,400	1	0%	94%
\$1,550	1	0%	94%
\$1,600	1	0%	95%
\$1,750	2	0%	95%
\$1,800	1	0%	95%
\$1,950	1	0%	95%
\$2,000	1	0%	95%
\$2,050	2	0%	96%
\$2,150	1	0%	96%
\$2,200	1	0%	96%
\$2,600	1	0%	96%
\$2,650	1	0%	96%
\$2,700	1	0%	97%
\$2,800	1	0%	97%
\$2,900	2	0%	97%
\$2,950	1	0%	97%
\$3,050	1	0%	97%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$3,100	1	0%	98%
\$3,450	1	0%	98%
\$3,600	2	0%	98%
\$3,650	1	0%	98%
\$3,700	1	0%	98%
\$3,750	1	0%	99%
\$4,250	1	0%	99%
\$4,500	1	0%	99%
\$4,650	1	0%	99%
\$4,700	1	0%	99%
\$4,750	1	0%	99%
\$5,200	1	0%	100%
\$5,250	1	0%	100%
\$5,350	1	0%	100%
Total	588	100%	

## 6) Elimination of Full Coverage of Assigned Taxpayer Responsibilities in the Third Semester

### 1. Background

State policy coordinates payments of Minnesota State Grants with Federal Pell Grants to ensure coverage of Assigned Taxpayer Responsibilities. The federal government defines an annual Federal Pell Grant amount for each applicant as follows:

- An annual amount is calculated for each applicant based on the Federal Pell Maximum and the financial and family characteristics of the student and his or her family.
- A student attending full time can receive one-half of this amount each semester.
- Students attending less than full time qualify for a lower amount.
- Students attending full time for two semesters will draw down the total amount so if they were to attend a third semester they do not qualify for Federal Pell Grants in the third semester.
- Students attending less than full time in one or both of the first two semesters can qualify for the remainder of the annual Federal Pell Grant amount in the third semester.

The 1995 Minnesota Legislature amended the statute to enable students, effective in Fiscal Year 1996, to receive Minnesota State Grants for four consecutive full-time quarters or three consecutive full-time semesters during the course of a single year. The new law, however, did not allow Minnesota State Grant funds to cover for Federal Pell Grant funds that were not available for the extra term. Consistent with the Design for Shared Responsibility policy of coordinating Minnesota State Grant and Federal Pell Grant benefits, the Services Office and Services Council recommended additional funding to cover the federal portion of the taxpayer responsibility for students receiving Minnesota State Grants in the fourth quarter or third semester of the year. The 1997 Legislature approved the recommendation. The goal was to provide an incentive for students to complete their education in a timely manner by increasing the Minnesota State Grant to compensate for Federal Pell Grant funds not available to full-time students on a year-round basis.

As a spending reduction strategy, the 2003 Legislature required the Minnesota State Grant Program to presume that students would receive the same Federal Pell Grant in the third semester as they would have qualified for either of the first two semesters. Students who have drawn down the annual Federal Pell Grant amount for which they qualified would have only partial coverage of Assigned Taxpayer Responsibilities in the third semester.



## 2. Impact on Spending

To calculate the effect of partially covering Assigned Taxpayer Responsibilities in the third semester, two projections were run. The first projection was based on the parameters in place for Fiscal Year 2004 and all the applicants reported to the Services Office. The second projection was based on a June 30 deadline and left all the other parameters at their Fiscal Year 2004 values. Restoring full coverage of Assigned Taxpayer Responsibilities in the third semester was projected to increase Minnesota State Grant spending by \$4.25 million, as shown in the next table. This was a 3.7 percent increase over the projected spending based on current parameters.

### Projection Results Comparing Starting Point and Changing the Coverage of Assigned Taxpayer Responsibilities in Third Semester, Fiscal Year 2004

		Number of Minnesota State Grant Recipients	Combined Federal Pell and Minnesota State Grants Received (million)	Minnesota State Grants Received (million)
Projection 1	FY 2004 starting point	69,437	\$226.48	\$116.19
Projection 2	FY 2004 based on full coverage of Assigned Taxpayer Responsibilities in the Third Semester	69,661	\$231.56	\$120.44
	Difference	224	\$5.08	\$4.25
	Percentage Change from Starting Point	0.3%	2.2%	3.7%

## 3. Number of Students Affected

About 6,500 students are projected to receive smaller Minnesota State Grants as a result of the partial coverage of Assigned Taxpayer Responsibilities in the third semester, as shown in the next table. The median decrease is about \$750. This change will affect only those students who attended in two prior semesters (or equivalent) during the fiscal year and receive a Federal Pell Grant.

### Number of Projected Recipients Adversely Affected by Changing the Coverage of Assigned Taxpayer Responsibilities in Third Semester

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$0	1	0%	0%
\$50	23	0%	0%
\$100	60	1%	2%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$150	98	2%	4%
\$200	224	4%	8%
\$250	167	3%	11%
\$300	124	2%	14%
\$350	174	3%	17%
\$400	169	3%	21%
\$450	322	6%	27%
\$500	577	11%	38%
\$550	127	3%	41%
\$600	86	2%	43%
\$650	97	2%	44%
\$700	157	3%	48%
\$750	103	2%	50%
\$800	81	2%	51%
\$850	95	2%	53%
\$900	168	3%	56%
\$950	193	4%	60%
\$1,000	756	15%	75%
\$1,050	113	2%	77%
\$1,100	31	1%	78%
\$1,150	34	1%	79%
\$1,200	31	1%	79%
\$1,250	40	1%	80%
\$1,300	45	1%	81%
\$1,350	247	5%	86%
\$1,400	54	1%	87%
\$1,450	34	1%	88%
\$1,500	189	4%	91%
\$1,550	28	1%	92%
\$1,600	11	0%	92%
\$1,650	6	0%	92%
\$1,700	13	0%	92%
\$1,750	16	0%	93%
\$1,800	17	0%	93%
\$1,850	14	0%	93%
\$1,900	16	0%	94%
\$1,950	25	0%	94%
\$2,000	35	1%	95%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$2,050	260	5%	100%
\$3,000	1	0%	100%
Total	5,062	100%	

Of the 5,100 students projected to be affected by the change in the coverage of Assigned Taxpayer Responsibilities in the third semester, about 200 were projected to lose all their Minnesota State Grants, as shown in the next table.

**Number of Projected Recipients Not Receiving Minnesota State Grants as a Result of Changing the Coverage of Assigned Taxpayer Responsibilities in Third Semester**

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$50	1	0%	0%
\$100	2	1%	1%
\$150	4	2%	3%
\$200	5	2%	5%
\$250	8	4%	9%
\$300	7	3%	12%
\$350	6	3%	15%
\$400	9	4%	19%
\$450	50	22%	41%
\$500	6	3%	44%
\$550	10	4%	48%
\$600	4	2%	50%
\$650	4	2%	52%
\$700	7	3%	55%
\$750	4	2%	57%
\$800	2	1%	58%
\$850	5	2%	60%
\$900	16	7%	67%
\$950	32	14%	81%
\$1,000	3	1%	83%
\$1,050	4	2%	84%
\$1,100	3	1%	86%
\$1,150	2	1%	87%
\$1,200	2	1%	87%

Reduction in Minnesota State Grants (rounded to nearest \$50)	Number of Students	Percent of Students	Cumulative Percentage
\$1,250	2	1%	88%
\$1,300	1	0%	89%
\$1,350	3	1%	90%
\$1,400	10	4%	95%
\$1,450	1	0%	95%
\$1,500	3	1%	96%
\$1,550	3	1%	98%
\$1,900	2	1%	99%
\$1,950	1	0%	99%
\$2,000	1	0%	100%
\$2,050	1	0%	100%
Total	224	100%	

Of the 5,100 students projected to be affected by the change in coverage, about 1,800 reported annual family adjusted gross incomes of less than \$10,000, as shown in the table below. They were projected to receive 42 percent of the \$4.3 million reduction in Minnesota State Grant awards attributable to this change. The two smallest income categories, incomes less than \$20,000, would have received about 67 percent of the reduction in awards.

**Income Distribution of Minnesota State Grants Adversely Affected by Changing the Coverage of Assigned Taxpayer Responsibilities in Third Semester**

Adjusted Gross Income (Categories)	Number of Students (year)	Average Award	Total Awards (million)
Less Than \$ 9,999	1,761	\$1,011	\$1.78
\$10,000 to \$19,999	1,245	\$871	\$1.08
\$20,000 to \$29,999	1,013	\$777	\$0.79
\$30,000 to \$39,999	594	\$629	\$0.37
\$40,000 to \$49,999	296	\$542	\$0.16
\$50,000 to \$59,999	116	\$433	\$0.05
\$60,000 to \$69,999	30	\$468	\$0.01
\$70,000 or More	7	\$393	\$0.00
Total	5,062	\$840	\$4.25

## 7) Reduction in the Period of Eligibility to 8 Semesters

### 1. Background

In an effort to help students achieve their educational and career goals and contribute to the state's workforce needs, the 2001 Legislature authorized expansion of eligibility for Minnesota State Grants from 8 to 10 semesters of attendance, or the equivalent. The Services Office and Services Council had proposed allowing students to retain Minnesota State Grant eligibility until they earned a baccalaureate degree. The goal was to benefit workers who see an opportunity to pursue a different career in response to the changing economy by returning to school; and to benefit students who, for legitimate reasons, take longer than four years to earn a baccalaureate degree. Some students enroll in programs that take longer than four years because jobs require advanced and multiple competencies; other students adjust their educational objectives and career plans as they learn more about their abilities and the job market. Further, the extended eligibility would help students who run out of eligibility a few credits short of a new degree.

As part of its budget reduction strategy, the 2003 Legislature amended the statute to reduce Minnesota State Grant eligibility to eight semesters of attendance, or the equivalent.

### 2. Methodology

Since "fifth year students" are no longer eligible, no records for these students appear in the data base used in the analyses reported above. The results of a survey conducted by Services Office staff and used during the 2003 legislative session was used in this section.

The survey methodology was based on a sample of Fiscal Year 2002 applicants reported to the Services Office.

- Since the focus was those recipients who had attended for more than four years, only recipients reported as being more than 21 years of age at the start of the fiscal year (birthday before July 1, 1979) were included in the population.
- At each four-year institution, a sample of 20 recipients over 21 years of age was drawn and sent to the financial aid director.
  - If there were fewer than 20 recipients in the population at a given institution, all the qualified recipients were selected.
- At each two-year institution a sample of 10 recipients over 21 years of age was drawn and sent to the financial aid director.
  - If there were fewer than 10 recipients in the population at a given institution, all the qualified recipients were selected.

- The financial aid director was asked to indicate if the recipient was a fifth year student and which term the fifth year began.
- All surveys were returned and used in this analysis.
- For each institution and each term, the ratio of grant amounts for fifth year students relative to the total grant amounts for the sample was determined.
- It was assumed that the ratio observed in the sample applied to the population of recipients over age 21 at each institution for each term.
- The calculated estimates of Minnesota State Grants were summed across institutions for each term.

Instead of providing sample data, MnSCU Universities provided a complete set of data for fifth year students.

The estimated awards received by these applicants totaled \$6.4 million for Fiscal Year 2002, as shown in the next table. All these students would have been affected by the change in parameters implemented in Fiscal Year 2004. A number of changes between Fiscal Years 2002 and 2004, for example, tuition and fee increases, while useful for evaluating the impact of this change, is not a solid projection of additional spending that would be associated with reinstating 10 semesters of attendance as an eligibility criterion.

**Estimated Minnesota State Grant Awards to Fifth Year Students by Term, Fiscal Year 2002**

Sector	Summer 1 (000)	Fall (000)	Winter (000)	Spring (000)	Summer 2 (000)	Total (000)
MnSCU Two-Year Colleges	\$0	\$132	\$0	\$255	\$38	\$425
Minnesota's Private Two-Year Institutions	\$1	\$0	\$11	\$22	\$0	\$35
MnSCU Four-Year Universities	\$0	\$830	\$0	\$996	\$487	\$2,313
University of Minnesota	\$0	\$469	\$0	\$569	\$152	\$1,191
Minnesota Private Four-Year Institutions	\$11	\$1,062	\$110	\$1,170	\$111	\$2,465
<b>Total</b>	<b>\$12</b>	<b>\$2,493</b>	<b>\$121</b>	<b>\$3,013</b>	<b>\$789</b>	<b>\$6,429</b>

### 3. Number of Students Affected

The actual number of MnSCU University students and estimates of the number of recipients for other sectors by term are shown in the next table. As the year progresses, more recipients become fifth year students.

#### Estimated Number of Minnesota State Grant Recipients Who Were Fifth Year Students by Term, Fiscal Year 2002

Sector	Summer 1	Fall	Winter	Spring	Summer 2
MnSCU Two-Year Colleges	0	363	0	602	76
Minnesota's Private Two-Year Institutions	1	0	20	28	0
MnSCU Four-Year Universities	0	1,296	0	1,471	502
University of Minnesota	0	713	0	634	156
Minnesota Private Four-Year Institutions	14	749	161	832	95
<b>Total</b>	<b>15</b>	<b>3,121</b>	<b>181</b>	<b>3,567</b>	<b>829</b>

Since one individual could receive an award as a fifth year student in more than one term, an unduplicated count of about 5,700 recipients were identified as fifth year students in at least one term during Fiscal Year 2002, as shown in the next table.

#### Estimated Number of Minnesota State Grant Recipients Who Were Fifth Year Students in at Least One Term, Fiscal Year 2002

Sector	Number of Recipients
MnSCU Two-Year Colleges	760
Minnesota's Private Two-Year Institutions	34
MnSCU Four-Year Universities	2,441
University of Minnesota	1,231
Minnesota Private Four-Year Institutions	1,258
<b>Total</b>	<b>5,723</b>

#### 4. Impact on Annual Spending

As reported above, the estimated impact on spending in Fiscal Year 2002 was \$6.4 million. If this eligibility beyond 8 semesters were to be restored to the Minnesota State Grant Program, additional data collection involving campus financial aid offices and, potentially, students would be needed to measure the impact on projected spending.

##### **Projected Impact on Annual Spending for Minnesota State Grants, Fiscal Year 2002**

	Based on Fiscal Year 2002 Data
Estimated Reduction in Minnesota State Grants Resulting from Reducing Eligibility from 10 to 8 Semesters of Attendance (million)	\$6.4 (estimated for Fiscal Year 2002)



## Appendix A. Design for Shared Responsibility

To provide a context for the projections that follow, a quick review of the Design for Shared Responsibility is provided in this section.

Students determine the price of investing in their post-secondary educations by the choices they make, such as decisions of where to attend and size of their registration loads.

The Design for Shared Responsibility, as applied to Minnesota State Grants, distributes the price of post-secondary education based on family circumstances and attendance choices among students, families, and taxpayers, as shown on the chart to the right. Projections of Minnesota State Grants make assumptions about all the steps shown on the chart.

- The state expects *students* to make a significant personal investment in their own post-secondary educations up front, called Assigned Student Responsibilities.
- The state expects *families* to invest in their students' post-secondary educations based on their ability to pay, called Assigned Family Responsibilities.
- The state leverages *taxpayers'* federal tax dollars (Federal Pell Grants) to work with state tax dollars (Minnesota State Grants) to meet the state policy of helping to cover the price for families whose ability to pay (Assigned Family Responsibility) does not provide full coverage of their Family-Taxpayer Share.



