



Financial Aid to Traditional Undergraduate Students At Minnesota's Private Colleges: 2004-05

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Financial aid has become an indispensable part of higher education. It is the main engine of educational opportunity, making college education of the highest quality affordable to students and their families. It also makes diverse student bodies of the highest caliber a reality for colleges. It is the bridge between the tuition sticker prices on which the media focuses and the net price of attendance that families actually pay from their checkbooks and savings accounts. It is a bridge built of three elements – grants, loans and work-study – and forged by three participants – institutions, the state and the federal government.

With demographic, economic and social trends changing, Minnesota must be prepared to inform its educational investment policies with broader dialogue about financial aid and college costs. This report contributes to that dialogue by describing the different types and sources of aid distributed to undergraduates in traditional programs at Minnesota's Private Colleges for the 2004-2005 academic year.

Minnesota Private College students are primarily dependent, Minnesota residents with significant amounts of demonstrated financial need.

- 91% of undergraduates were dependent students. More than two-thirds of traditional undergraduates were Minnesota residents.
- 82% of undergraduates applied for financial aid, with the majority (75%) demonstrating federally recognized need for financial assistance.
 - 72% of private college students applying for financial aid come from families earning less than \$90,000 per year.
 - The average Expected Family Contribution for dependent aid applicants applying to campuses exceeded \$15,900 using the federal methodology. (About 84% of MPCC students attend institutions using solely the federal methodology.)

Aid recipients demonstrated financial and ethnic diversity.

- Aid recipients represented students from every income level. One in every ten aid recipients had a family income of \$21,500 or less.
- 3,200 students of color received financial aid, amounting to 10% of all aid recipients.
 - *This compares to 2,900 students of color receiving financial aid in 2003-04.*
- Aid recipients of color were more than two and a half times as likely to be from low-income families as were White aid recipients (among those who reported incomes). Approximately 36% of aid recipients of color reported family incomes less than \$30,000, compared to 14% of White aid recipients.

Total financial aid awarded to Minnesota Private College students exceeded \$580 million.

- 31,600 traditional undergraduates (91%) received some form of financial aid (gift, loan or work).
- The largest portion of financial aid dollars came directly from the institutions (\$259 million, or 45%), followed by the Federal Government (\$195 million, 34%), the State of Minnesota (\$58 million, 10%) and private sources (\$69 million, 12%).
 - *84% of the federal funds came in the form of loans.*
 - *Among these sources, only State funds declined from 2003-04 to 2004-05.*

The majority of financial aid (56%) to Minnesota Private College students is Gift Aid (grants and scholarships).

- Approximately 88% of undergraduates received Gift Aid, which was the largest category of financial aid awarded at a total of \$324 million.
 - *Total Gift Aid increased by 8%, from \$299 million in 2003-04.*
- Institutions were the largest providers of gift aid (\$253 million), followed by the State (\$28 million), the Federal Government (\$26 million), and private sources (\$16 million).
 - *30,000 students received institutional gift aid (including tuition benefits and waivers) totaling \$253 million.*
 - *This compares to 29,000 students and \$229 million in 2003-04, showing significant increases in both the number of students qualifying for financial aid and the institutional commitment to providing needed assistance.*
- 8,600 traditional undergraduates received Minnesota State Grants totaling \$28 million.
 - *This represents a decline of 445 recipients and \$1.4 million, compared with 2003-04.*
 - *The average Minnesota State Grant award was \$3,224. The average Minnesota State Grant award has declined over the past two years -- 2002-03 (\$3,367).*
 - *Minnesota State Grant recipients also received an additional \$91 million in gift aid from institutions, the federal government and private sources.*
 - *Twenty-four percent of Minnesota State Grant recipients reported family incomes of less than \$21,500.*
- 6,900 traditional undergraduates received Federal Pell Grants, totaling \$17 million.
 - *The average Federal Pell Grant award was \$2,475.*
 - *Federal Pell Grant recipients received an additional \$84 million in other gift assistance.*
 - *Thirty-nine percent of Federal Pell Grant recipients reported family incomes of less than \$21,500.*

Many Minnesota Private College students take advantage of Work Study opportunities.

- Students must complete selected employment to qualify for work study assistance and aid is earned on a per hour worked basis.
 - *At the 11 institutions that reported work study details, 8,200 students received work study awards, totaling \$13 million.*
 - *Institutions provided \$5.5 million of the work study dollars, the Federal Government provided \$4.3 million and the State of Minnesota provided just under \$4 million.*
 - *The average Work Study award earned was \$1,639.*

Student borrowing represents a significant portion of financial aid.

- Two-thirds of all undergraduates received educational loans, totaling \$244 million (including parent and private loans).
 - *The average loan award per recipient was \$10,245 (including parent and private loans).*
- The Federal Government was the largest provider of educational loans (\$116 million), followed by private sources (\$53 million), loans to parents (\$49 million), and the State of Minnesota's SELF loans (\$26 million).
 - *Loan totals increased for every source. Private source loans increased by 32.3%.*

Minnesota's Private Colleges are committed to keeping college affordable for families in need, even as operating costs continue to increase. Yet, they require the active partnership of students' families and the federal and state governments to make this effort work. Our institutions have made and continue to make a substantial investment in the education of the citizens of Minnesota and the nation. Demographic, economic and social changes require that Minnesota prepare to reinforce its educational investment policies to ensure continued access and affordability in all sectors of higher education.