

## Summary of Financial Aid Recommendations to the Governor and 2003 Legislature

The Minnesota Higher Education Services Office and Services Council are proposing increased funding for the State Grant Program and Child Care Grant Program for the 2004-2005 biennium to help students and families keep pace with price increases so they can continue or begin post-secondary opportunities that best meet their educational needs.

### ADJUST BASE FUNDING LEVEL

**Proposal:** To adjust State Grant Program funding base to reflect the increased demand for grants that has occurred in the Fiscal Year 2002-2003 biennium.

**Cost:** Increase of \$9.2 million per year for 2004-2005 biennium.

**Rationale:** To help low and moderate income students keep pace with double-digit price increases in recent years. More students than anticipated have been applying for and receiving State Grants.

### ANTICIPATE INCREASED TUITION AND FEE INCREASES

**Proposal:** To cover increases in State Grant awards that would result from tuition and fee increases in Fiscal Years 2004 and 2005, primarily in public institutions.

**Cost:** Increase of \$10.7 million in Fiscal Year 2004 and \$23.2 million in Fiscal Year 2005.

**Rationale:** To help students and families keep pace with the increasing prices of attending post-secondary institutions, based on tuition and fee increases of about 15 percent annually at the University of Minnesota and 11 to 12 percent at Minnesota State Colleges and Universities.

### INCREASE LIVING AND MISCELLANEOUS ALLOWANCE

**Proposal:** To increase the Living and Miscellaneous Expense component of the recognized price of attendance from \$5,405 in Fiscal Year 2003 to \$5,525 in Fiscal Year 2005.

**Cost:** Increase of \$1.8 million in Fiscal Year 2004 and \$3.6 million in Fiscal Year 2005.

**Rationale:** To help students keep pace with increases in price of room, board, supplies, transportation, and other expenses. The proposal is based on observed change of 1.1 percent in the Consumer Price Index between July 1, 2001 and June 30, 2002.

### INCREASE TUITION AND FEE MAXIMUM

**Proposal:** To increase tuition and fee maximums from \$6,913 in Fiscal Year 2003 to \$7,066 in Fiscal Year 2005 for two-year institutions and from \$8,983 in Fiscal Year 2003 to \$9,182 in Fiscal Year 2005.

**Cost:** Increase of \$900,000 in Fiscal Year 2004 and \$1.8 million in Fiscal Year 2005.

**Rationale:** To help cover tuition and fee increases for students who choose to attend higher priced institutions and programs. The proposal is based on observed change of 1.1 percent in the Consumer Price Index from July 1, 2001 through June 30, 2002.

### MAINTAIN ACCESS TO CHILD CARE GRANTS

**Proposal:** To help students with children keep pace with increases in child care expenses.

**Cost:** Increase of \$52,000 in Fiscal Year 2004 and \$53,000 in Fiscal Years 2005.

**Rationale:** To recognize rising child care costs by providing inflationary increase of 1.1 percent.

Summary of Financial Aid Recommendations to the Governor and 2003 Legislature – continued

**Summary of Proposed State Grant Program Investment**

Category	FY 2004 Base	FY 2004 Request	FY 2005 Request	Biennial Total
<b>Continuation of FY 2003</b>				
Federal Funds	1,295,000	1,295,000	1,295,000	2,590,000
State Grant General Fund	120,535,000	120,535,000	120,535,000	241,070,000
Total Available	121,830,000	121,830,000	121,830,000	243,660,000
<b>Changes</b>				
Base Adjustment	-----	9,170,000	9,170,000	18,340,000
Tuition and Fees	-----	10,700,000	23,200,000	33,900,000
Living and Miscellaneous	-----	1,800,000	3,600,000	5,400,000
Tuition/Fee Maximums	-----	900,000	1,800,000	2,700,000
<b>Change Total</b>	-----	22,570,000	37,770,000	60,340,000
Total State Grant	-----	144,400,000	159,600,000	304,000,000
Less Federal	-----	(1,295,000)	(1,295,000)	(2,590,000)
<b>State Grant Request</b>	-----	143,105,000	158,305,000	301,410,000