

**Testimony on federal student support from Robert McMaster,
Vice Provost and Dean of Undergraduate Education,
University of Minnesota Twin Cities
10 a.m., March 9th, 2018, 2308 State Senate Office Building**

Good morning **Representative McCollum**. My name is Robert McMaster and I am currently the **Vice Provost and Dean of Undergraduate Education** on the University of Minnesota Twin Cities campus. I am responsible for **enrollment management** including **admissions** and **financial aid**.

One of **the strongest values** for University of Minnesota is to provide **access** for **all** academically-qualified Minnesota students **despite their ability to pay**. With the rising costs of higher education, the University has **redoubled** its efforts to provide increased **need-based gift aid** to those students who are **low income** and/or **first generation**. Our **positive news** today is that on the Twin Cities campus, in large part due to our need-based financial aid programs, the four-year graduation rate for Pell students **has risen to 60%**.

The **backbone** of the U of M's need-based financial aid strategy is the **Federal Pell Grant**. We also have relied on other Federal programs such as the **Supplemental Education Opportunity Grants (SEOG)** and **Direct Loan In-School Undergraduate Subsidy** to support our neediest students.

Of the 6,200 Freshman who enrolled on the Twin Cities campus in 2017, **1,081, or 17%**, received a **Pell Grant**. Additionally, **28.1% of our 2,268 transfer** students received a Pell Grant. For the entire U of M system, **10,000, or 22.5%**, of undergraduate students received a Pell grant for the current academic year.

In terms of actual Pell Grant awards, for the **entire U of M system** students received **\$41.5 million in Pell**, for an average award of around **\$4,000** (\$3,975). On the Twin Cities campus **\$27.8 million** in Pell was disbursed with a similar average per student of **\$4,000** (\$4,017). Clearly, the Federal Pell grant **is essential** for the access of low-income students to this institution.

It is, in part, because of the **Federal Pell Program** that many low-and middle-income students at the University of Minnesota **do not pay a single penny** from their own pocket toward tuition. In fact, **95% of all Minnesota families** with an income below \$50,000 have tuition **fully covered** by grants and scholarships at the University of Minnesota.

Furthermore, for those families with **incomes at or below \$25,000**—very low income—with a likely **Expected Family Contribution (EFC)** of 0, a student would be packaged with a nearly **\$6,000 Pell Grant**, **\$5,900 in State Grant funds**, **\$600 in SEOG funds**, and a **\$4,000 U of M Promise Grant**. The **total gift aid** offered would be \$16,546, **nearly \$2,000 over** the tuition and

fees. We are **very proud** of this strategy that focuses our **Federal, State, and University of Minnesota** resources on covering as much of tuition, and where possible fees, as possible.

Another Federal program, **SEOG**, provides aid to **7,500 Pell eligible University of Minnesota students**. University of Minnesota students received a total of 4.5 Million (\$4,578,160) in SEOG grants in the most recent academic year. **The PROSPER Act proposes eliminating SEOG.**

Eliminating SEOG **without expanding other programs** will impact these 7,500 students. We do not believe that the proposed **Pell bonus** in the PROSPER Act will make-up for this short-fall.

Additionally, for the University of Minnesota system, over 16,000 (16,257) undergraduate students currently receive a subsidized Direct Loan. This accounts for approximately **41% of the total degree-seeking undergraduate student population**. This loan is **need-based** and therefore only available to low-income students. If this loan option is eliminated, and students **are forced to borrow** private or federal unsubsidized loans, these students will see a **dramatic increase** in the interest they will pay over the lifetime of the loan.

This proposal, in addition to the **elimination of the Perkins loan program** (another need-based loan program), will make a University of Minnesota education **less attainable** for Minnesota's lowest-income students and families.

Data shows a **high degree of overlap** between Pell-eligible students, first-generation students, and students of color. **Any reduction** in Federal financial aid programs will undoubtedly have a **serious dampening effect** on the enrollment of **under-resourced students** and **under-represented minorities**. Furthermore, over the past few years the University of Minnesota has managed to actually reduce both the **percent of students who have to borrow** and the **average debt upon graduation**. The elimination and reductions of Federal programs will result in a reversal of these positive trends.

Thank you very much for allowing us to provide this information.

Pell Summary

March 8, 2018

Fall 2017 Enrollments (Pell totals will typically be lower than full fiscal year calculations):

- Twin Cities Campus
 - 6,195 freshmen (NHS) - 1,081 received Pell (17.4%)
 - 2,268 external transfers (NAS) - 638 received Pell (28.1%)
 - 31,535 degree-seeking UG - 6,472 received Pell (20.5%)
- Systemwide
 - 9,220 freshmen (NHS) - 1,901 received Pell (20.6%)
 - 3,087 external transfers (NAS) - 930 received Pell (30.1%)
 - 44,544 degree-seeking UG - 10,014 received Pell (22.5%)

Fall 2007 for comparison:

- Twin Cities Campus
 - 5,280 freshmen (NHS) - 1,022 received Pell (19.4%)
 - 1,949 external transfers (NAS) - 444 received Pell (22.8%)
 - 28,703 degree-seeking UG - 5,608 received Pell (19.5%)
- Systemwide
 - 8,124 freshmen (NHS) - 1,584 received Pell (19.5%)
 - 2,587 external transfers (NAS) - 613 received Pell (23.7%)
 - 40,572 degree-seeking UG - 8,132 received Pell (20.0%)

Pell Average Award and Total Funding in 2016-17

- \$3,975 systemwide Pell average award for 2016-17. \$41.5 million in total Pell funding was given to undergraduate students systemwide.
- \$4,017 Twin Cities Pell average award for 2016-17. \$27.8 million in total Pell funding was given to undergraduate students on the Twin Cities campus.

Federal Supplemental Education Opportunity Grants (SEOG)

SEOG provides aid to 7,499 Pell eligible (i.e., low-income) University of Minnesota students. University of Minnesota students received a total of \$4,578,160 in SEOG grants in the most recent academic year. The PROSPER Act proposes eliminating SEOG.

Eliminating SEOG without expanding other programs will impact 7,499 U students. We do not believe that the proposed Pell bonus in the PROSPER Act will make-up for this shortfall.

Direct Loan In-School Undergraduate Subsidy

For the University of Minnesota system, 16,257 undergraduate students currently receive a subsidized Direct Loan. This accounts for approximately 41% of the total degree-seeking

undergraduate student population. This loan is need-based and therefore only available to low-income students. If this loan option is eliminated and students are forced to borrow private or federal unsubsidized loans, these students will see a dramatic increase in the interest they will pay over the lifetime of the loan.

This proposal, in addition to the elimination of the Perkins loan program (another need-based loan program), will make a University of Minnesota education less attainable for Minnesota's lowest-income students and families.