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VANDERBILT
PEABODY COLLEGE



HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

MINNESOTA



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MINNESOTA

COLLEGE
AFFORDABILITY
RANKING

25

College has become increasingly more expensive at the very time that Minnesota needs more educated workers to fill jobs that require some postsecondary education. Despite the state's consistently increasing provision of need-based aid for public higher education, the cost of attending these institutions consumes significant portions of a family's income, especially for those earning the least.

Minnesota educates many of its undergraduates in its public two-year institutions, which are some of the least affordable in the nation. Students would need to work, on average, 34 hours per week to cover costs of attending these colleges full time. Lower income families would need to dedicate more than half of their annual income to paying for attending these institutions full time.

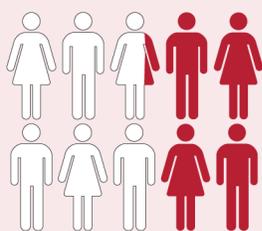
Minnesota has also lost ground on affordability in its public four-year nondoctoral institutions, where students would have to work, on average, nearly full time to cover costs of full-time attendance.

Minnesota provides more per-student need-based financial aid than most states. That it still struggles to make college affordable points

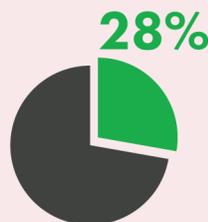
to the challenge ahead, as the state pivots to an increasingly knowledge-based economy while aiming to close substantial gaps in educational attainment.

- ▶ The percent of family income needed to pay for college expenses has increased since 2008 at all Minnesota institutions except private four-year nondoctoral.
- ▶ Minnesota educates 43 percent of its students in its public two-year institutions. Students would have to work, on average, 34 hours per week to cover costs to attend these colleges full time.
- ▶ Minnesota provides \$551 per student in need-based financial aid to students attending public institutions, compared to the national average of \$474.
- ▶ By 2020, Minnesota's high school graduates will be 8 percent Black. As of 2014, however, Black college attainment lagged behind White attainment, 29 percent versus 50 percent.
- ▶ By 2020, 74 percent of jobs in Minnesota will require a postsecondary credential. As of 2014, 52 percent of young adults (age 25–34) and 47 percent of working-age adults (age 35–64) had an associate's degree or higher.

More Minnesota students attend **public two-year institutions** than any other kind of institution, with **43 percent enrolled**. Families would spend, on average, **28 percent of annual income** to pay for full-time attendance.



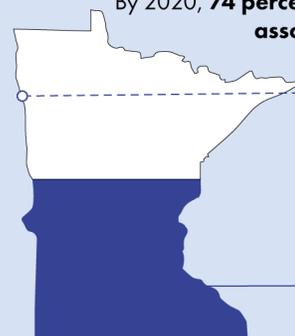
Percentage of students attending public two-year institutions



Percentage of family income required to pay for full-time attendance

On average, **48 percent** of working-age Minnesota state residents (age 25-64) have an associate's degree or higher.

By 2020, **74 percent of jobs will require an associate's degree or higher.**



74%

Jobs requiring associate's degree or higher by 2020

48%

Workforce with associate's degree or higher, as of 2014

WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
Public Two-Year (43 percent of enrollment) **	27	28	47
Public Four-Year Nondoctoral (26 percent of enrollment)	23	28	28
Public Research (12 percent of enrollment)	22	26	12
Private Four-Year Nondoctoral (17 percent of enrollment)	41	41	15
Private Research (2 percent of enrollment)	43	54	19

* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

** Enrollment may not add up to 100% due to rounding.

NOTE: The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

STATE INCOME PROFILE

Income

\$0—30,000

Average Income in Group

\$17,888

Families in Group

16%

Income

\$30,000 —48,000

Average Income in Group

\$39,433

Families in Group

14%

Income

\$48,000—75,000

Average Income in Group

\$61,538

Families in Group

22%

Income

\$75,000—110,000

Average Income in Group

\$91,632

Families in Group

22%

Income

\$110,000 and above

Average Income in Group

\$184,972

Families in Group

26%

PERCENT OF FAMILY INCOME needed to attend full time:

PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	11,007	62
\$30,000—48,000	11,349	29
\$48,000—75,000	13,370	22
\$75,000—110,000	15,549	17
\$110,000 and above	16,048	9

Students would have to work 34 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	10,609	59
\$30,000—48,000	11,296	29
\$48,000—75,000	14,303	23
\$75,000—110,000	17,707	19
\$110,000 and above	18,886	10

Students would have to work 39 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,650	48
\$30,000—48,000	9,583	24
\$48,000—75,000	14,683	24
\$75,000—110,000	20,036	22
\$110,000 and above	23,108	12

Students would have to work 40 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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PERCENT OF FAMILY INCOME needed to attend full time:

STATE INCOME PROFILE

Income
\$0–30,000
Average Income in Group
\$17,888
Families in Group
16%

Income
\$30,000 –48,000
Average Income in Group
\$39,433
Families in Group
14%

Income
\$48,000–75,000
Average Income in Group
\$61,538
Families in Group
22%

Income
\$75,000–110,000
Average Income in Group
\$91,632
Families in Group
22%

Income
\$110,000 and above
Average Income in Group
\$184,972
Families in Group
26%

PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	16,264	91
\$30,000–48,000	16,840	43
\$48,000–75,000	19,393	32
\$75,000–110,000	23,661	26
\$110,000 and above	28,918	16

Students would have to work 55 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

PRIVATE RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	21,037	118
\$30,000–48,000	23,229	59
\$48,000–75,000	26,016	42
\$75,000–110,000	30,859	34
\$110,000 and above	33,102	18

Students would have to work 71 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	353	528	551	474
Other Aid	0	24	28	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	1148	1248	1214	644
Other Aid	0	18	24	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$2,861 annually.
- ▶ Students who enroll at private research institutions typically borrow \$3,735 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,393 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$4,974 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$4,228 annually.

Data Source: U.S. Department of Education.

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WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

Workforce Needs

- ▶ By 2020, 74 percent of jobs in Minnesota will require a postsecondary credential.
- ▶ Minnesota is 2nd in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 52 percent of young adults in Minnesota (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 47 percent of working age adults in Minnesota (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

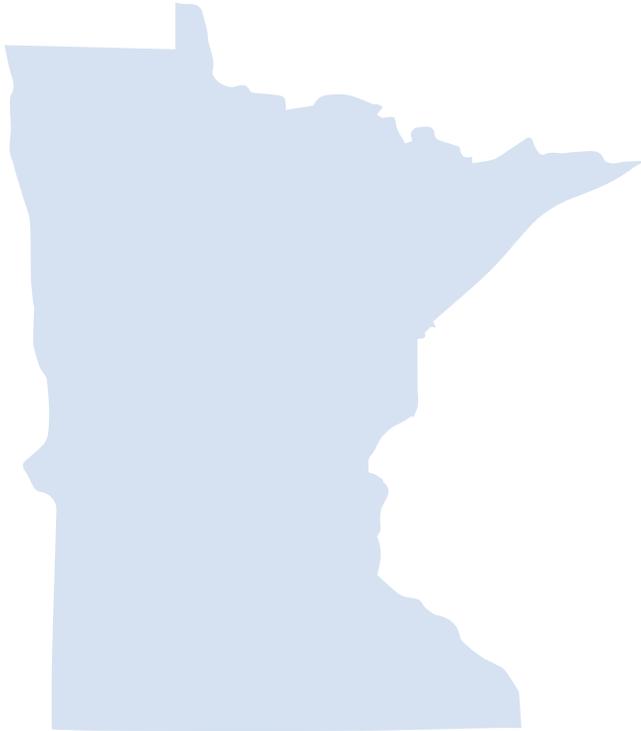
Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average 48 percent of working age Minnesota state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 50 percent of Whites have an associate's degree or higher but the other three most populous racial groups (Blacks and then Asians and Hispanics with about equal share) have attainment of 29 percent, 53 percent and 26 percent respectively.

Educational Pipeline in Minnesota

- ▶ In 2014, Black college attainment lags behind White attainment, 29 percent versus 50 percent.
- ▶ The total number of high school graduates at public institutions in Minnesota are projected to grow by only 1 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Black in Minnesota is projected to grow by 3 percent and the percent of graduates that are White is projected to decline by 5 percent. The percent of Asians is projected to increase by 3 percent while the percent of graduates that are Hispanic is projected to grow by 1 percent over the same time period.
- ▶ While the decline in White graduates is similar to projections for the nation (4 percent decline in White graduates between 2020 and 2028), the growth in Black graduates in Minnesota is above national patterns (Blacks are only projected to increase by 1 percent of national high school graduates between 2020 and 2028). The percent of Hispanic graduates is slightly below national patterns while the percent of Asians is slightly above national patterns (nationally, Asian graduates are projected to increase by 1 percent and Hispanic graduates are projected to increase by 2 percent between 2020 and 2028).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.



Children in Poverty

- ▶ The percent of children living in poverty in Minnesota increased between 2005 and 2013, from 12 percent to 15 percent.
- ▶ In 2013 Minnesota was ranked 6th in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In Minnesota, total student share of state and net tuition revenues per full time student was 24 percent in 1989, 27 percent in 2000, and 57 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 but after the 2007-08 recession net tuition revenues increased even more rapidly.

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POLICY QUESTIONS FOR STATE LEADERS

- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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