



The Minnesota State University Student Association

Represent. Inform. Organize.

“Keeping College Within Reach: The Role of Federal Student Aid Programs.”

Presented by

**Moriah Miles, State Chair
Minnesota State University Student Association
Student, Minnesota State University, Mankato**

**United States Subcommittee on Higher Education and
Workforce Training**

Chair Rep. Virginia Foxx (R-NC)

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Background:

The cost of college in Minnesota and across the country is rising dramatically. The tuition at the seven Minnesota state universities has increased by more than 100% in the last decade. During the same period our state has dramatically cut the appropriation our universities rely on to keep college accessible and affordable to all students regardless of income. Meanwhile, student debt has risen dramatically. Approximately one year ago, the total student loan debt in the United States surpassed credit card debt, now averaging \$28,566 per university student. Addressing this issue is one of the most important challenges facing students across the country.

There are many things Congress can do to assist students and position our generation for success.

First, Congress needs to address the impending doubling of the subsidized Stafford Loan interest rate. Students are already delaying purchasing homes, starting families and fully contributing to the economy because of the massive amounts of debt they incur in their efforts to get ahead. Reducing interest rates now and providing affordable loans in the future will greatly benefit our country by allowing these students to contribute more money to the economy.

I also urge the House to protect the Pell Grant. This program was designed to provide access to a new generation of low and middle income students. While tuition has risen across the country, unfortunately the Pell Grant has not kept up. The most recent "Ryan" budget proposal would devastate funding for students by freezing the maximum Pell grant for ten years, eliminating \$86 billion in mandatory funding for Pell grants (which will likely result in a substantial cut to the maximum award), increasing student indebtedness by eliminating the in-school interest subsidy and allowing interest rates to double for subsidized student loans, and narrowing eligibility for need-based student aid. This proposal will hinder student success for years to come. Millions of students rely on this funding as tool out of poverty and to make better lives for their families. Disinvestment in this area not only harms students, but will also hurt employers by diminishing the workforce.

As Congress works on proposals to help students, it is important to remember that reducing the Pell Grant funding is not the direction we should take. Instead, we must invest in future generations, and provide additional support for low and middle income students. Investment in the Pell Grant is the most important tool America can use to enhance the workforce of the future and increase the number of post-secondary graduates.

Many students rely on some form of financial aid whether it is loans, scholarships or grants. Often, the amount of financial aid a student receives can vary from institution to institution and can impact a student's decision on where to attend college. Students and their families report difficulty in deciphering college financial aid award letters. This is because colleges write their own letters and use their own terminology, abbreviations, and acronyms to describe different types of aid, such as federal student loans. The terms they use can be so confusing students may not even know certain forms of financial aid are loans. This makes it hard for families to compare financial aid offers among different schools. Congress and the Department of Education can solve this problem with a uniform award letter that will provide families the ability to effectively compare all available options.

Tuition is not the only financial burden students are facing. Students are continuously concerned with the dramatically increasing cost of textbooks. In 2012, our association conducted a survey on textbook

costs and the findings were pretty dramatic. Almost 1,500 students responded to the survey and hundreds left comments about their personal experiences with textbooks. One of the most important things we found from this survey is that textbook cost is an issue affecting students across the state. 94% of student respondents indicated the price of textbooks and course materials impacts their ability to afford college, with nearly one-third stating that textbook costs greatly impacted their ability to fund their education. More than half of those responding said they have simply chosen not to purchase a textbook at all in order to save money. Congress must work together with all stakeholders to find creative ways to cut the costs of these materials.

Another cost issue facing students within our system is under regulated financial aid disbursement companies and banks, such as Higher One. These financial institutions are getting rich off of taxpayer dollars that are intended for students, and through unfair fees, instead end up in the pockets of wealthy investors. There needs to be a serious discussion in Congress and the Department of Education to ensure students are not continually taken advantage of.

Passing the DREAM Act will allow America to remain an economic leader. We must encourage the talent already residing in this country to stay. This is especially true when it comes to children who have grown up here and benefited from a strong K-12 education system. It is imperative we encourage these students to continue their education and training at one of America's many fine higher education institutions. The best way to do this is to ensure they are not forced to pay a higher tuition rate based solely on where they were born. Congress should pass the DREAM Act and provide stability to a new generation of leaders.

MSUSA has provided additional written testimony on each of these issues as well as information on the effects of sequestration in Minnesota. We have also provided student comments that have been collected over the last year from student surveys, emails and other outreach efforts. We are excited to work with this Subcommittee and the full House Committee to ensure students voices are heard throughout this process.

Sincerely,

A handwritten signature in black ink, appearing to read 'Moriah Miles', with a long horizontal flourish extending to the right.

Moriah Miles
State Chair
Minnesota State University Student Association

I. Federal Student Loan Programs and Student Debt

Unless Congress acts decisively, the interest rate on new federal subsidized Stafford student loans will double from 3.4 percent to 6.8 percent on July 1, 2013. A 2007 college affordability plan gradually reduced the interest rate from 6.8 percent to 3.4 percent through 2012, when the rate was scheduled to revert to 6.8 percent. Last year, in the midst of the election cycle, motivated primarily by sluggish economic conditions, President Obama and Congress led a successful effort to extend the low 3.4 percent rate for one more year.

Students have already suffered from a variety of aid restrictions and limitations that have resulted in students contributing \$4.6 billion to deficit reduction. Since the federal government makes 36 cents on every dollar loaned, increasing interest rates simply increases the government's profits from students. We need to overhaul the student loan system so it is equitable to all borrowers. Such a comprehensive approach will take time and must provide ample opportunity for participation by borrowers and the general public.

In Minnesota, state appropriation and federal aid have failed to keep pace with the rising cost of college. As a result more students than ever rely on student loans. The Project on Student Debt shows the average borrower at a MnSCU University graduates with over \$28,500 in student loan debt.

And now, in the midst of more borrowing and continuous increases in tuition, on July 1st the federal student loan interest rate will double, from 3.4% to 6.8%, for over 300,000 Minnesota students.

If Congress does not take action, the average subsidized Stafford loan borrower will have \$2,800 in increased student loan debt over a 10-year repayment term. Those who borrow the maximum of \$23,000 will see their interest payments increase approximately \$5,000 over a 10-year repayment period and \$11,000 over 20 years. These loans are provided to almost eight million low and moderate-income students each year and do not accumulate interest while the borrower is in school.

Heavy student loan debt carries crippling consequences for students. High debt can affect where graduates live, the kind of careers they pursue, when they start a family or whether they purchase a home. We simply cannot afford to balance the budget on the back of students.

In 2011 MSUSA completed a survey on Financial Literacy. Please view the results here: [http://www.msusa.org/vertical/sites/%7B8F60E86D-EE41-444E-926B-0493E70B13F9%7D/uploads/Student_Financial_Literacy_Report_\(1\).pdf](http://www.msusa.org/vertical/sites/%7B8F60E86D-EE41-444E-926B-0493E70B13F9%7D/uploads/Student_Financial_Literacy_Report_(1).pdf)

Also, in 2013 we completed a survey of part-time students at our universities. Please view the final report here: [http://www.msusa.org/vertical/sites/%7B8F60E86D-EE41-444E-926B-0493E70B13F9%7D/uploads/Part Time Survey Report .pdf](http://www.msusa.org/vertical/sites/%7B8F60E86D-EE41-444E-926B-0493E70B13F9%7D/uploads/Part%20Time%20Survey%20Report.pdf)

Student Comments on Debt:

"I have two children currently attending college along with myself attending part-time. I exhausted the money I had saved for my children's college in the first two years of their attendance. I was amazed at how expensive the tuition was and the associated fees. I wish my paycheck increased at the same rate as the college tuition.... We have given up family vacations, dinners out, and numerous other activities. I just bought my 15 year old a prom dress at a consignment store. She loves it...I just wish I could buy her a dress that was new. Don't get me wrong, the sacrifices are worth my children having a good quality education. I just wish it was not such a financial struggle."

-Student, St. Cloud State University

"With working full-time and being a part-time student, it makes it very difficult to pay the amount that I need to when payments are due. This semester I got a grant for \$112—that is nothing when tuition + fees is \$1570. ...they claim I make enough to pay tuition, yet I do have other bills to pay - I do have to eat, have a place to live, and I need a car (and all the things that go with having a car) to get me to school and work. None of those things are free/cheap...I do not currently take out loan to pay my college expenses, but the first two years of college I had to. I have gotten two paid off but I have my largest loan left which is currently sitting at \$16,000. I waited until I was almost 25 to return to college so I could get help, and that didn't help me! I want to know what it takes to get help for college."

-Student, Winona State University

"The rising cost of higher education has affected me dramatically. I am a single mother of three children, and I pursued my education to provide a better life for them. With the debt I accrued being so high, I have no idea how or if I will ever be able to afford paying it off or be able to move forward in life."

-Student, Winona State University

"I did not return to college until age 28 for fear of owing on student loans. After completing three years of schooling from 2004-07 & receiving my ADN (Associate Degree in Nursing) I was deeply in debt. Fear of increasing my financial aid total (over \$40,000 then) originally kept me from finishing my BSN when I began pursuing it from 2007-09, and I instead accepted full-time work. After losing my job in December 2011, I returned to school and am now on my 3rd consecutive semester & will graduate in May. I want to go to grad school for my DNP (Doctor's of Nursing Practice) but the cost may be prohibitive, as I don't qualify for a Minnesota Grant (too old? too many credits? I can't recall why) and the loans I will take will be unsubsidized. As a single mother, things are even harder. I will note that grants are slanted against "non-traditional" student like

myself, who had some college earlier in life, and then returned when I actually knew what I wanted to do, then was turned down due to high credit load.”

-Student, Minnesota State University Moorhead

“It’s a constant, sickening pressure to know I will be in crushing debt the rest of my life repaying these loans while I raise my daughter by myself with very minimal child support. I fear I will have a harder time in grad school since I’ll have to work a lot to support us, although I know from experience this is hard for me to do. I would do better in school if I could work part time, but would hate to take out loans to pay for rent again, as that’s how I got in this mess in the first place. So I will have a poorer academic experience than I would like because I will be working more than I would like to, so I don’t have to add to my already-crushing student loans.”

-Student, Minnesota State University Moorhead

“I have been emotionally distracted at times. I thought about dropping out several times. It affects my future by maintaining a steady fear of debt and additional fees, with the worry of never being able to pay it off or get ahead in life.”

-Student, Winona State University

Recommendations on Student Loan Debt and Interest Rates:

With such little time left before July 1st, Congress should keep interest rates low for students now, and during the reauthorization process take a deeper look into long-term solutions. Keep Debt Low and Repayment Manageable: Student debt levels are at record highs, as is the default rate on student loans. High loan debt has serious economic impacts on a graduate’s ability to move forward in life, whether purchasing a home, starting a family, or continuing their education.

- *Maintain Low Interest Rates on Student Loans:* Unless Congress and the President act decisively, the interest rate on new subsidized Stafford student loans will *double* from 3.4 percent to 6.8 percent on July 1, 2013. That will drive up loan costs by \$1,000 per student, per loan, for over 7 million students
- *Strengthen Income-Based Repayment:* IBR is an important safety net for borrowers struggling to make their payments. Unfortunately, far too few distressed borrowers are participating. Right now, there are only approximately 1.1 million students enrolled in IBR, while 5.4 million borrowers are currently late on their payments.

II. Pell Grant

In 2010-11, about 153,000 students attending Minnesota institutions received \$513 million in Pell Grants. The growth of the Pell Grant program has placed it in the budget crosshairs in Washington, D.C. It's important to understand that the Pell program is not unsustainable. In fact, it's doing exactly what it's supposed to do – meet the demand for higher education. Someone once told me that if the economic slump was a tornado, the Pell grant would be disaster relief. Eliminating thousands of Minnesotans from the Pell grant program is yet another disastrous financial hardship for students already struggling with increased higher education costs. We need to do better than to give students a choice between not attending school or assuming even greater debt.

To restore our economic health, Minnesota businesses need a labor pool of unmatched skill and expertise. This requires a college education for its citizens. A recent study from Georgetown University showed that the Minnesota economy will need 70% of its workforce to hold a post-secondary degree by 2018. Currently fewer than 45% of Minnesotans hold a post-secondary degree. To remain economically competitive, we must ensure higher education institutions are accessible and affordable for the Minnesota workforce.

In 2011 while the US House was debating cuts to the Pell Grant MSUSA in partnership with the Minnesota State College Student Association (MSCSA) completed a petition with more than 4,000 signatures in opposition to the cuts. During this process we also collected many student stories about how the Pell Grant has helped them. Please view the full petition and comments here:

[http://www.msusa.org/vertical/sites/%7B8F60E86D-EE41-444E-926B-0493E70B13F9%7D/uploads/Pell_Petition_\(1\).pdf](http://www.msusa.org/vertical/sites/%7B8F60E86D-EE41-444E-926B-0493E70B13F9%7D/uploads/Pell_Petition_(1).pdf)

Pell Grant Student Stories:

“My husband and I found out while I was attending SCSU that we were going to have our first child. As with children one of our concerns was, how are we going to be able to afford me to go to school. As the school progressed we were very worried about it and considered the possibility of not continuing and getting a full time job. The next time I did our FAFSA, I was surprised to see that we were eligible for a Pell grant that would pay for my semesters in college. I have continued my education and will be graduating Fall of 2013 with a degree in Biology and a Chemistry minor. It has been nothing but helpful for so many reasons!”

“I am a freshman student at St. Cloud State University, and I receive no financial aid from my parents. I have to rely only on grants and scholarships to pay for my college expenses. The Pell Grant is the single largest source of funds I depend on for financial aid. I consider it a lifeline because it covers nearly a third of my tuition. Without the Pell Grant, I probably would not be able to afford college

unless I were to borrow against my future by taking out a loan. According to my judgment, post-college success is directly connected to college debt.

I hope I can depend on the Pell Grant in the future for supporting me the way it has thus far. By staying at SCSU, I believe I am using the federal monies more efficiently because the grant can cover a higher proportion of tuition expenses. Thank you, MSUSA, for advocating on my behalf."

Brody Hagemeyer
Saint Cloud State University

"My name is Emalee Arends, and it would have been financially difficult for me to attend college without the funds from the Pell Grant. A couple years before college, my dad contracted a rare tick virus that put him in the hospital in critical condition for three months. My family was swarmed with thousands of dollars in doctor's bills. With the help of the Pell Grant, we only had to pay around \$4000 dollars for my first year of college! Paying for my second year of college is going to be even more difficult. This past Christmas, we found out that my dad has bone marrow cancer and kidney failure. He is going through expensive dialysis and chemo treatment. Once again, my family is hammered with doctor's bills. Now that I have used all my scholarships from High School for the 2011-2012 school year, I am going to have to take out a lot of loans to help cover my sophomore year and future years of college. I will have little help from my parents financially. Without help from the Pell Grant, I will be covered in even more debt and student loans, and it will be extremely difficult to survive financially while in college. Thank you for listening"

Sincerely,
Emalee Arends

"I am in my last semester of my collegiate experience at Metropolitan State University where I am double majoring in History and Gender Studies. I also previously attended Winona State University for about a year and a half before transferring to Metropolitan State University. For the five years that I have been attending college I have been receiving the Pell Grant as a part of my financial aid package. Without the Pell Grant I would have had to taken out bigger loans while I was attending Winona State University and would have had to take out loans while attending Metropolitan State University.

The Pell Grant has been a live saver in not having to rack up huge student loans as most college students end up with after receiving their post-secondary education. I believe that it would be huge mistake to take away the Pell Grant for future post-secondary students that are just trying to further their education. Everyone should have access to a post-secondary education regardless of their

economic background, ethnicity, or sexuality. Please keep the Pell Grant!!!"
Elizabeth Pretzel
Metropolitan State University

"I am a full-time student in Moorhead, MN. I am attending school to obtain my Bachelor's degree in photography. I am currently finishing up my fifth year, and will have one more full year and summer semester before I can graduate. School has been a long journey and very difficult for me as I have two disabilities that make college harder for me than the average student. I have been registered with disability services since I started attending school. The Minnesota Pell-grants I have received have made a huge impact on my ability to afford school because I have been in school longer than four years solely because of my health issues, and college is already very expensive. I am extremely grateful for any and all pell-grants that have made it possible for me as a Disabled student to get a four year college degree!"

Angela N. Buchanan
Minnesota State University-Moorhead

"The Pell Grant funded most of my education costs and allowed me to attend college. It would have been difficult to get through without it!! I am now a productive member of society, and I get to work in a professional capacity and make informed decisions for a \$200B+ corporation! Thanks!!"

Aaron Hall
St.Cloud State University

"I grew up in a single parent home. When I was in sixth grade my mother was diagnosed with Radiation Cancer from the Gulf War. At this point in my life I was already thinking about college, however with the change in my mother's health I started to question if college would be an option for me. My mother was quick to talk to me about college. She told me wanted me to go to college and get the degree she was never able to get. My mother believed that money should never be a reason not to go to college. She said that she wanted me to reach my potential and have a chance to follow my dreams. I remember her talking to me about my dreams to be a leader and helping others.

Thanks to the Pell Grant I was able to attend college where I not only excelled in my classes but was able to lead through extracurricular activities and grow as a leader. Without the Pell Grant I would have had to work full-time and only been able to go to school part-time. I would have lost the leadership opportunities that college has to offer. College offered me the opportunity to have hands on learning and leadership development. Without these opportunities I would not be the person I am today. Thank you."

Sarah Shepard
Bemidji State University

III. Lender and Institution Requirements Relating to Education Loan Program

Minnesota SELF Loans are better for many students – The Minnesota SELF Loan annually provides 14,000 students with loans that have a 3.3% current variable interest rate or a 7.25% fixed rate option. In contrast, the federal PLUS loan interest rate is 7.9%.

The preferred lender requirement – Since 2010, the Higher Education Opportunity Act of 2008 (34 CFR 682.212 and 682.401) requires colleges to use a preferred lender process in order to provide students with information on any non-federal student loans, including state student loans. The preferred lender process is essentially a request for proposals in which lenders submit to the schools information about the terms and conditions of their loans. Schools that go through the process have a checklist of several things they have to do in order to select lenders.

Once a school has gone through the preferred lender process, they can list lenders on their website and direct students to the list. However, the list has to have more than one lender on it, even if the school thinks only one lender has a program they want to recommend. In addition, the order of lenders on a school's preferred lender list must be rotated so one lender is not always the first one listed.

Many colleges choose not to go through this process – Many are wary of the time and administrative costs of complying with these requirements on an annual basis. As a result, most colleges are prohibited from telling students about SELF Loans and are only able to provide information on federal PLUS loans, which currently have a higher interest rate. Also, only parents of undergraduate students with good credit can be borrowers of federal PLUS loans. In some cases, a student may be better equipped to repay the loan than a low-income or unemployed parent.

Many students are not aware of the Minnesota SELF Loan and other state education loan programs – Colleges who do not go through the required process are prohibited from providing guidance and information on state education loan programs, leaving students and parents to fend for themselves. Minnesota SELF Loan volume decreased by \$42.5 million from 2009 to 2011 at Minnesota State Grant eligible colleges while federal PLUS Loan volume increased by \$42.4 million.

Minnesota is part of a coalition of state education loan programs in 16 states with borrower-friendly terms –

At least 80% of state education loan programs in these states share the following terms:

- interest rates are the same regardless of the type of college students attend and fixed interest rates are available,
- colleges must certify the loans,

- applicants are informed about federal and state grants and federal loans and
- Compensation for loan staff is not based on loan volume.

Some states offer loan forgiveness and innovative beneficial repayment options like:

- loan forgiveness for on-time graduation (Texas B-on-Time Loan and the Georgia Student Access Loan) and
- Deferment for active duty military service and modified payment plans for periods of economic hardship.

The 16 states are – Alaska, Connecticut, Georgia, Iowa, Kentucky, Maine, Massachusetts, Minnesota, New Jersey, New York, North Carolina, North Dakota, Rhode Island, South Carolina, Texas and Vermont.

Minnesota SELF Loan - Interest Rates 2002 to 2013

Variable

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2002		4.6%	4.6%	4.5%
2003	4.3%	4.3%	4.2%	4.1%
2004	4.2%	4.4%	4.6%	5.1%
2005	5.6%	6.1%	6.6%	7.1%
2006	7.5%	7.9%	7.9%	8.1%
2007	7.7%	7.4%	7.4%	7.4%
2008	7.0%	6.0%	5.8%	5.9%
2009	5.7%	4.7%	4.3%	3.9%
2010	3.8%	3.8%	3.9%	3.85%
2011	3.8%	3.8%	3.8%	3.8%
2012	4.0%	4.0%	3.5%	3.4%
2013	3.3%			

Fixed

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2010			7.25%	7.25%
2011	7.25%	7.25%	7.25%	7.25%
2012	7.25%	7.25%	7.25%	7.25%
2013	7.25%			

Recommendation on Lender and Institution Requirements Relating to Education Loan Program:

<p align="center">PUBLIC LAW 110 - 315 Higher Education Opportunity Act (Draft Revisions)</p> <p align="center">PART E—LENDER AND INSTITUTION REQUIREMENTS RELATING TO EDUCATION LOANS</p> <p align="center">SEC. 151. DEFINITIONS.</p>	
Existing Language	Proposed Language
<p>(8) PREFERRED LENDER ARRANGEMENT.—The term “preferred lender arrangement”—</p> <p style="padding-left: 20px;">(A) means an arrangement or agreement between a lender and a covered institution or an institution-affiliated organization of such covered institution—</p> <p style="padding-left: 40px;">(i) under which a lender provides or otherwise issues education loans to the students attending such covered institution or the families of such students; and</p> <p style="padding-left: 40px;">(ii) that relates to such covered institution or such institution-affiliated organization recommending, promoting, or endorsing the education loan</p>	<p>(8) PREFERRED LENDER ARRANGEMENT.—The term “preferred lender arrangement”—</p> <p style="padding-left: 20px;">(A) means an arrangement or agreement between a lender and a covered institution or an institution-affiliated organization of such covered institution—</p> <p style="padding-left: 40px;">(i) under which a lender provides or otherwise issues education loans to the students attending such covered institution or the families of such students; and</p> <p style="padding-left: 40px;">(ii) that relates to such covered institution or such institution-affiliated organization recommending, promoting, or endorsing the education loan</p>

<p>products of the lender; and (B) does not include— (i) arrangements or agreements with respect to loans under part D of title IV; or (ii) arrangements or agreements with respect to loans that originate through the auction pilot program under section 499(b).</p> <p>(9) PRIVATE EDUCATION LOAN.— The term “private education loan” has the meaning given the term in section 140 of the Truth in Lending Act.</p>	<p>products of the lender; and (B) does not include— (i) arrangements or agreements with respect to loans under part D of title IV; or (ii) arrangements or agreements with respect to loans that originate through the auction pilot program under section 499(b); <u>or</u> <u>(iii) private education loans made under a State-Based Loan Program.</u></p> <p>(9) PRIVATE EDUCATION LOAN.— The term “private education loan” has the meaning given the term in section 140 of the Truth in Lending Act.</p> <p><u>(10) STATE-BASED LOAN PROGRAM.—</u> The term “State-based Loan Program” — <u>(A) means a private education loan program that—</u> <u>(i) is provided by a state agency, state authority, or not for profit corporation, separately or jointly;</u> <u>(ii) makes loans not funded, insured or guaranteed by the federal government; and</u> <u>(iii) is authorized or established by state statute and is fully or partially funded by state funds or tax-exempt indebtedness issued pursuant to requirements of the Internal Revenue Code (Title 26 of the United States Code).</u></p>
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IV. Uniform Award Letter

Students seeking to enroll in postsecondary education face a series of hurdles, chief among them, how to pay for college. Many students must rely on some form of financial aid whether it is loans, scholarships, grants or some combination. Often, the amount of financial aid a student receives can vary from institution to institution and can impact a student's decision on where to attend college. Students and their families report difficulty in deciphering financial aid award letters from colleges because they write their own letters and use their own terminology, abbreviations, and acronyms to describe different types of aid, such as federal student loans. The terms colleges use can be so confusing that students may not even know that certain forms of financial aid are loans. This makes it hard for families to compare financial aid offers among schools.

At a time when college costs continue to increase and the average college senior graduates with \$25,250 in student loan debt, we need to make it easier for students and their families to understand financial aid offers and exactly how much it will cost to attend college. And we need to establish an apples-to-apples comparison of college costs so that students can compare the offers they receive from different institutions. This legislation would do just that by requiring institutions to use a uniform financial aid award letter. The legislation would require the Department of Education to work with colleges, students, school guidance counselors, and consumer groups to develop standard definitions that would be used in the award letters. The legislation would also ensure the letters are useful to students by requiring the letters to be consumer tested before being put into use.

Specifically, the Understanding the True Cost of College Act would:

- Require institutions of higher education to use a uniform financial aid award letter.
- Call on the Department of Education to work with colleges, consumer groups, students, and school guidance counselors to develop standard definitions of various financial aid terms for use in the uniform financial aid award letters.
- Establish basic minimums of information that must be included in the uniform financial aid award letters, such as: cost of attendance; grant aid; the net amount a student is responsible for paying after subtracting grant aid; work study assistance; eligible amounts of federal student loans; expected federal loan monthly repayment amounts; and disclosures related to private loans, front-loading of grants, and treatment of scholarships.
- Require the Department of Education to establish a process to consumer test the uniform financial aid award letter and use the results from the consumer testing in the final development of the uniform financial aid award letter.

V. Textbooks

Textbook prices are rising four times faster than inflation, leaving the average student now paying over \$1,100 every year for textbooks. After working to end many tricks the publishing industry used to increase prices unfairly, MSUSA is fostering real competition in the textbook market place by promoting more affordable options like open textbooks and open education resources. In July, 2012 MSUSA completed a survey of students at its seven universities. Please go to this link to view the final report: http://www.msusa.org/vertical/sites/%7B8F60E86D-EE41-444E-926B-0493E70B13F9%7D/uploads/Textbook_Survey_Report.pdf

Student Comments on Textbooks:

- “The cost of certain textbooks has caused me not to take certain classes even though the material covered was of great interest to me and would have filled requirements...”
- “[Textbook cost] has had an impact on the courses I chose later in my college career. When the classes became more of a choice rather than required, I would sometimes choose a course over another because of the cost of the text.”
- “I cannot buy all my books at once, and some classes I end up not buying all the books I need because books are so expensive. I do not receive enough financial aid to cover textbook costs, so I pay for my books out-of-pocket.”
- “I try and locate and purchase the cheapest textbooks in good condition. At the end of the semester, I sell my textbooks on eBay or Amazon for the price I purchased them; this helps me recycle my money so I can afford textbooks for the upcoming semester.”
- “Most classes require purchasing a textbook, and sometimes more than one. When a student gets deeper into their major, books tend to be hard cover and cost a lot; hundreds of dollars. And once the semester is over, one tries to return the book and get some money back and you usually don’t even get half the price you paid for it.”
- “I always end up borrowing extra money for books. If I didn’t have loan eligibility it would be very difficult to afford books.”
- “Textbooks usually influence the amount of credits I take per semester because I add that into the amount I can afford [every semester].”
- “It would be much more cost effective to use other resources like Amazon, but I often don’t have the money to order them in advance. I rely on financial aid to pay for these things. That, coupled with the fact that overage doesn’t get sent out until later in the semester, means that I’m forced to pay the inflated prices at the campus bookstore.”
- “Sometimes I just can’t find that extra \$500 to buy books. Most times, I hope the teacher put a book in reserve or something. I had in the past made copies from other students who had bought their book already.”
- “This semester I chose not to buy two books because I couldn’t afford them. I ended up splitting the costs with a friend because you need books whether you can afford them or not.”
- “I have been in classes where I know of a few other people in the class. We will sometimes pool our money together and just buy 1 or 2 books for the group of us to use.”
- “I can only afford so many textbooks so I don’t buy them right away and only buy the ones that are absolutely necessary.”
- “Coming into my senior year, and the major I am in has one book that I am supposed to purchase-will cost me over \$250.”
- “It seems that most instructors are becoming more aware of how the cost of course materials impacts their students. I’ve noticed that some instructors have worked hard to limit these costs.”

VI. Dream Act

The DREAM Act would enable children of undocumented immigrants to pay resident in-state tuition at Minnesota state universities and colleges and receive federal and private financial aid. In addition, it would encourage those students without lawful immigration status to seek out legal status at the soonest possible convenience.

In order for Minnesota to remain an economic leader, we must encourage the talent already residing in the state to stay. This is especially true when it comes to children who have grown up here and benefited from the state's K-12 education system. It is imperative we encourage these students to continue their education and training at one of Minnesota's many fine higher education institutions. The best way to do this is to ensure they are not forced to pay a higher tuition rate based solely on where they were born.

This has been an important concern of MSUSA for many years. As you know, 80% of students who attend a Minnesota State Colleges and University institution stay in Minnesota to work upon graduation. Considering this fact, we feel it is vital to encourage the type of low-income, at-risk students this law would most benefit to stay in Minnesota for their education. By offering them the same tuition rates and financial aid opportunities many Minnesotans already receive, it would ensure a state university or college education would remain accessible for this important population. This increased accessibility would translate into a larger, better-educated workforce in this state for years to come.

While we understand there will be costs associated with the DREAM Act, we believe they are far outweighed by the benefits. At a time when Minnesota not only has to compete with other states for talent and resources, but other countries as well, it is vital we retain our best and brightest. Many of the students this law would benefit grew up in the United States and consider this their home. We owe it to them and the state to give them the same incentives and opportunity as everyone else.

VII. Sequestration Effects in Minnesota

Federal supplemental grants to students (FSEOG) – In 2010-11, 33,100 undergraduates in Minnesota received \$21.2 million in FSEOG awards. Approximately \$15.9 million (75 percent) of the money came from federal funds and 25 percent came from institution matching funds. Sequestration would mean fewer students would receive the grants, or the awards would be smaller. The federal government is estimating 920 fewer students would receive FSEOG grants.

Federal Work-Study – In 2010-11, 15,000 postsecondary students in Minnesota received \$26.3 million in earnings from federal work-study jobs. Approximately \$19.7 million (75 percent) of the money came from federal funds and 25 percent came from institution matching funds. The federal government is estimating 500 fewer students would have Federal Work-Study jobs.

Get Ready - The Office of Higher Education receives \$3.1 million a year in federal funding for the Get Ready/GEAR UP program. The program works with approximately 4,700 low-income K12 students each year to prepare them for education after high school. Assuming the reduction would be about 5.3 percent in the 2013-14 academic year, the agency would protect direct services to students, so purchases of supplies would be reduced. The agency also would probably reduce or eliminate opportunities for science, technology, engineering and math (STEM) grants to schools that began this year. A 5.3 percent reduction would be about \$164,000.

College Access Challenge Grants - \$1.5 million a year in federal funds are used to foster activities to increase the number of low-income students prepared for postsecondary success. The activities include making software available to extend the efforts of high school counselors at low-income schools and competitive grants to organizations such as College Possible that work with students to encourage and support college attendance. A 5.3 percent reduction would be about \$80,000. The agency would reduce expenditures on the activities.

Improving Teacher Quality Program – \$847,000 each year is used for grants to about 16 institutions of higher education to provide teacher professional development in core academic areas. The program's funding was cut two years ago and the Office of Higher Education cut the amount for each grant at that time. Reducing the amount available a second time would mean smaller awards for each recipient or a reduction in the number of recipients. A 5.3 percent reduction would be about \$45,000.

“Keeping College Within Reach: The Role of Federal Student Aid Programs.”

Biography:

Moriah Miles, State Chair
Minnesota State University Student Association

Moriah Miles was raised in Sioux Falls, SD and attended South Dakota State University and later transferred to Minnesota State University, Mankato. She is a senior majoring in International Relations and serves as the State Chair of the Minnesota State University Student Association (MSUSA). MSUSA is a 501(c)(3) organization that advocates on behalf of the 75,000 students attending one of the seven state universities in the Minnesota State Colleges and University (MnSCU) system. She has previously served as the Vice President of Minnesota State University, Mankato Student Association and President of the Model United Nations at MSU-Mankato.

Moriah Miles has been a student leader throughout her time in college. She lead a group of students on a 90 mile walk from Mankato to the steps of the Minnesota Capitol in Saint Paul to meet with Governor Dayton and highlight the importance of higher education funding. She has testified to the state legislature numerous times as a student representative on issues ranging from expanding internship opportunities to increasing state grants for working part-time students. Moriah also serves as the Chair of the Student Advisory Council and works with students from all systems in Minnesota to advise the Director of the Minnesota Office of Higher Education and ensure student voices are heard at the highest levels of state government.