



North Dakota Legislative Council

Prepared for the Higher Education Committee

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STUDENT FINANCIAL AID

This memorandum provides a summary of information received by the interim Higher Education Committee regarding student financial aid. The Education Commission of the States, in a March 2016 report titled *Redesigning State Financial Aid - Principles to Guide State Aid Policymaking*, stated financial aid programs should be:

- Student centered - Aid programs designed around students and their needs set students up for successful outcomes.
- Goal driven and data informed - Aid programs should have a clearly defined and easily understood intent aligned with measurable state education and workforce goals.
- Timely and flexible - Aid programs should provide financial support to students when it can have the greatest impact on enrollment and persistence decisions.
- Broadly inclusive of all students' educational pathways - Aid programs need to respond to the diverse enrollment options available to students.

Representatives of the Midwestern Higher Education Compact and the Western Interstate Commission for Higher Education provided the committee with information regarding student financial assistance in other states. The Midwestern Higher Education Compact reported North Dakota provides the second highest average merit-based grant aid in the Midwest, but its needs-based grant aid was less than the regional average. The Midwestern Higher Education Compact also reported the average net price, the total cost of attendance minus grant aid, was higher in North Dakota than the regional average. Student financial assistance is typically intended to attract, retain, or target individuals for enrollment or workforce. The Western Interstate Commission for Higher Education and the Midwestern Higher Education Compact reported the following unique or new student recruitment and financial assistance programs in other states:

- Attract - Program enrollment

Indiana - You Can Go Back campaign - Encourages adults who have earned college credits but no degree to re-enroll in college and complete their credential. The effort includes direct outreach with adult students, an assessment of institutional practices that support returning adults, and employer engagement.

Illinois - Free Application for Federal Student Aid (FAFSA) completion - Students in grade 12 must complete the FAFSA or a waiver to receive their high school diploma.

Minnesota - U Promise Scholarship program - Provides awards of \$300 to \$4,000 of needs-based aid per year to students from families earning no more than \$120,000 per year.

Minnesota - Direct admissions program - Grants high school seniors prequalified admission to Minnesota State Colleges and Universities institutions.

Wisconsin - Text Steps program - Encourages college-accepted individuals via text message to complete their final steps toward entering college.

- Retain - Program retention and completion

South Dakota - Critical Teaching Needs Scholarship - Provides a scholarship for teacher education students in the final 2 years of the program. Students must commit to teaching in a critical area for 5 years. Recipients who do not meet the requirements will have their scholarship converted to a loan.

Utah - Adult Learner Grant Program - Needs-based grant for students 26 years of age or older and enrolled in an online program in a field designed to meet industry needs, as established by the Department of Workforce Services.

- Target - Workforce entry and retention

Indiana - Next Level Jobs program - Provides adults with tuition-free job training toward certificates in high-demand areas.

Iowa - Teach Iowa Scholar program - Loan forgiveness program that awards Iowa teachers who teach at schools in designated shortage areas up to \$4,000 per year toward paying their student loans.

Kansas - Accelerating Opportunity program - Provides career and technical education while providing adult basic skills instruction using a career pathways framework. Students complete short-term certificate programs relevant to labor market needs, resulting in industry-recognized credentials and jobs after graduation.

Student financial assistance programs administered by the North Dakota University System include the following:

Program	Description	Purpose	Approximate Number of Annual Recipients	Award Amount	2021-23 Biennium Appropriation
Student financial assistance grants	Needs-based grants awarded to students based on FAFSA information	Attract	6,000	Maximum grant of \$1,100 per semester	\$23,917,306
Scholars program	Scholarships awarded to the top-ranked high school graduates based on ACT Aspire scores	Attract	110	Full amount of tuition	\$1,807,115
Academic and career and technical education scholarship program	Scholarships awarded to resident students who achieve certain academic or technical standards in high school	Attract	5,300	\$750 per semester	\$16,216,749
Indian scholarship program	Merit or needs-based scholarships awarded to students who are enrolled members of a federally recognized Indian tribe	Attract	280	Up to \$2,000 per academic year	\$555,323
Professional student exchange program	Secures admission opportunities and reduces tuition costs for North Dakota students who enroll in veterinary medicine, dentistry, and optometry programs at certain out-of-state institutions	Target	70	Varies by program	\$3,699,342
Dual-credit tuition scholarship	Funded using Bank of North Dakota profits, this program incentivizes completion of dual credit courses in high school	Attract	New program	Maximum lifetime award of \$750	\$1,500,000
Career builders scholarship and loan repayment	Workforce development program funded through Bank of North Dakota profits and private sector matching funds	Attract Retain Target	New program	Maximum lifetime award of \$17,000	\$4,500,000
Tribal community college assistance grant	Issued to five North Dakota tribal colleges for enrolling resident nonbeneficiary students	Attract	80	The appropriation is distributed at a prorated amount to each tribal college	\$1,000,000

The challenge grant program provides matching grants of \$1 to institutions for every \$2 raised for projects dedicated exclusively to the advancement of academics, including scholarships, research, technology, endowed chairs, and investments in educational infrastructure. The 2021 Legislative Assembly appropriated \$11,150,000 for the challenge grant program for the 2021-23 biennium.

The Bank of North Dakota, in addition to providing funding for the dual credit tuition scholarship program and the career builders scholarship and loan repayment program, also:

- Issues and refinances private student loans - The Bank's student loan portfolio is \$1.1 billion, including over 45,000 borrowers with an average loan amount of \$25,600.
- Provides low-income dual-credit assistance - The Bank provides dual-credit assistance to students who qualify for free or reduced lunch, including 459 students enrolled in 798 classes in 2021.
- Administers College SAVE 529 savings plans - The Bank administers nearly 40,000 College SAVE plans, with net assets of over \$280 million.

Other forms of student financial assistance include the following:

Program	Annual Amount
Institutional and private scholarships	\$49,200,000
Tuition waivers	\$31,100,000
Health care professional student loan repayment program	\$550,173
Federal/state loan repayment program	\$540,000
Dental loan repayment program	\$270,000
Veterinarian loan repayment program	\$240,000
Federal Pell Grant and Supplemental Educational Opportunity Grant	\$37,000,000
Federal Work Study	\$2,100,000
Federal subsidized and unsubsidized student loans - Undergraduate only	\$106,900,000
Federal parent PLUS loans - Undergraduate only	\$8,400,000

The University System proposed certain changes to student financial aid programs, including:

- North Dakota scholarship program
 - Correct North Dakota Century Code Section 15.1-21-02.6 effective dates to provide for the ongoing eligibility of those previously earning academic and career and technical education scholarships; and
 - Early projections indicate an additional need of \$600,000 to provide awards during the 2023-25 biennium.
- Scholars program
 - Clarify Chapter 15-62.5 regarding scoring differences between the ACT and SAT; and
 - Projections indicate approximately 30 new awards per year under current funding levels.
- Dual-credit tuition scholarship program
 - Clarify language regarding successful completion of dual-credit courses and postsecondary education;
 - Reconsider the current award limit of 50 percent of tuition cost;
 - Consider modifying the payment limit from tuition and fees to cost of attendance;
 - Consider limiting the time to access the scholarship following high school graduation; and
 - Consider allowing dual-credit courses completed at tribal and private colleges to be eligible.
- Career builders
 - Add a review and appeals committee;
 - Clarify requirements regarding high-need occupations; and
 - Reconsider requirements regarding full-time enrollment and cumulative grade point average.