

## Memorandum: Mandatory State Grant Parameters

To: Minnesota State Grant Campus Administrators

From: Meghan Flores  
State Financial Aid Program Manager

Subject: Mandatory State Grant Parameters for 2024-2025

Date: June 26, 2024 **Four-Year Cap Corrected**

As reported in the February 15, 2024 [Minnesota State Grant Projections report](#)<sup>1</sup>, the Office of Higher Education (OHE) is projecting a program shortfall of 4% above resources, or about a \$18.3M deficit for FY2024-2025. Spring and summer 2024 payments have remained high and the program shortfall is now projected at \$40.6M deficit for FY2024-2025, or 9% above resources.

When a deficit in resources occurs for the State Grant program, OHE is authorized to reduce awards using the rationing procedure outlined in statutes, Minn. Stat. [136A.121 Subd. 7](#)<sup>2</sup>. The last time the rationing procedures were implemented was FY 2012. The rationing procedures include adding a surcharge to the Assigned Family Responsibility (AFR) and the Assigned Student Responsibility (ASR). The statute requires that the overall reduction in projected spending shall be roughly the same for the surcharge to the AFR and ASR. The details are outlined in the charts on the next page. The impact of the rationing on students includes the following:

- Not prorating the Parent Contribution (PC) for dependent students or Student Contribution (SC) for independent students from the Student Aid Index (SAI) essentially allows the recent congressional changes to the federal needs analysis to flow directly through to the calculation of the State Grant.
- Annually across all sectors, income levels and enrollment levels, the average State Grant award decrease from FY24 to FY25 is approximately \$375.
- Students with an Assigned Family Responsibility of \$0 or less, the lowest income students, will not be impacted by the surcharge to the AFR.
- The decreases in awards to students will be higher among higher income students.
- Students eligible for the new North Star Promise Scholarship will see an increase to their North Star Promise awards to compensate for the decrease in State Grant, but only up to tuition and fees. Additionally, students who qualify for North Star Promise Plus, will see a 15 percent Pell match award.
- The average combined award decrease from State Grant + North Star Promise Scholarship for income-eligible students at public institutions is approximately \$175.
- For students above \$80,000 family AGI, the average award reduction is \$730.

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<sup>1</sup> <https://www.ohe.state.mn.us/mPg.cfm?pageID=1553>

<sup>2</sup> <https://www.revisor.mn.gov/statutes/cite/136A.121>

The staff at OHE will continue to monitor spending within the State Grant program. Public projections will again be provided in November 2024.

To ensure students receive comparable State Grant awards from similarly priced institutions, schools should use the Mandatory State Grant Award parameters dated June 2024 below to issue 2024-2025. Changes from the February Mandatory Estimated parameters are shown in red and bolded.

Minnesota State Grant Award Parameters	Nov. Mandatory Estimated 2024-2025	Feb. Revised Mandatory Estimated 2024-2025	June Mandatory Parameters 2024-2025
<b>Living and Miscellaneous Expense Allowance</b>	\$13,044	\$12,990	<b>\$12,990</b>
<b>Assigned Student Responsibility</b>	50.0%	50.8%	<b>52.8%</b>
<b>Tuition and Fee Maximums:</b> Students in Two-Year Programs	\$6,580	\$6,580	<b>\$6,671</b>
<b>Tuition and Fee Maximums:</b> Students in Four-Year Programs	\$16,987	\$16,987	<b>\$17,370</b>
<b>Federal Pell Grant Maximum</b>	\$7,395	\$7,395	<b>\$7,395</b>
<b>Rationing Surcharge on Assigned Family Responsibility</b>	0%	10%	<b>Varies</b>

Proration of Assigned Family Responsibility (AFR)	Nov. Mandatory Estimated 2024-2025	Feb. Revised Mandatory Estimated 2024-2025 Before Surcharge	Feb. Revised Mandatory Estimated 2024-2025 After Surcharge	June Mandatory Parameters 2024-2025: No proration
<b>Dependent Students (FM Parent Contribution)</b>	79%	79%	87%	<b>100%</b>
<b>Independent Students with Dependents (FM EFC, FM SAI)</b>	71%	71%	78%	<b>100%</b>
<b>Independent Students without Dependents (FM EFC, FM SAI)</b>	35%	35%	39%	<b>100%</b>

If you have questions or concerns about the mandatory 2024-2025 State Grant award parameters, we encourage you to contact Meghan Flores at [Meghan.flores@state.mn.us](mailto:Meghan.flores@state.mn.us).