

Memorandum: Revised Mandatory Estimated State Grant Parameters

To: Minnesota State Grant Campus Administrators

From: Meghan Flores
State Financial Aid Program Manager

Subject: REVISED Mandatory Estimated State Grant Parameters for 2024-2025

Date: February 21, 2024

As reported in the February 15, 2024 [Minnesota State Grant Projections report¹](#), the Office of Higher Education (OHE) is projecting a program shortfall of 4% above resources, or about a \$18.3M deficit for FY2024-2025. In November, we had projected a modest spending balance; however, the estimate has changed due to enrollment increasing faster than projected at Minnesota State 2-year colleges and incorporating into the projections the late January 2024 revision to the Student Aid Index (SAI) guide to update inflation tables. After 14 years of declining enrollment, our state is beginning to see growth in enrollment. However, the growth means additional grant recipients for our primary, need-based aid program.

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. 7²](#). 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:

- The average State Grant award across all recipients at all incomes at all institutions will decrease by \$160.
- 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.
- The average combined award decrease from State Grant + North Star Promise Scholarship for income-eligible students at public institutions is approximately \$90.

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

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

The staff at OHE will continue to monitor all levers within the State Grant program. Later this spring, we plan to provide a second public projection to offer an update. We anticipate releasing final 2024-2025 State Grant Award Parameters after the legislative session concludes and the University of Minnesota and Minnesota State Colleges and Universities set tuition rates. We anticipate this will occur in June 2024.

To ensure students receive comparable State Grant award estimates from similarly priced institutions, schools should use the Revised Mandatory Estimated State Grant Award parameters dated February 2024 below to issue 2024-2025. Changes from the November 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
Living and Miscellaneous Expense Allowance	\$13,044	\$12,990
Assigned Student Responsibility	50.0%	50.8%
Tuition and Fee Maximums: Students in Two-Year Programs	\$6,580	\$6,580
Tuition and Fee Maximums: Students in Four-Year Programs	\$16,987	\$16,987
Federal Pell Grant Maximum	\$7,395	\$7,395
Rationing Surcharge on Assigned Family Responsibility	0%	10%

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)
Dependent Students (FM Parent Contribution)	79%	79%	87%
Independent Students with Dependents (FM EFC, FM SAI)	71%	71%	78%
Independent Students without Dependents (FM EFC, FM SAI)	35%	35%	39%

If you have questions or concerns about use of the revised mandatory 2024-2025 estimated State Grant award parameters, we encourage you to contact Meghan Flores at Meghan.flores@state.mn.us.