



Agency Overview - Part 2

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Tuesday, February 18 | House Higher Education Committee

Competitive Grant and Workforce Initiatives

Student Parents Support Initiative (SPSI)

2023 Budget Appropriation - FY24: \$3,000,000 | FY25: \$3,000,000

- SPSI is a competitive grant that provides support to postsecondary institutions, professional organizations, and community-based organizations, helping them assist college-age pregnant and current parenting students working toward a postsecondary credential.
- Grants are administered in partnership with the Minnesota Department of Health.
- The first round of grants were awarded in 2024. A total of \$5.3M was awarded to 13 organizations across the state.

Spinal Cord Injury and Traumatic Brain Injury (SCI-TBI) Research Grant

2023 Budget Appropriation - FY24: \$3,000,000 | FY25: \$3,000,000

- SCI-TBI Grants provide funding for research into new and innovative treatments and rehabilitative efforts for the functional improvement of people with spinal cord and traumatic brain injuries.
- OHE received 33 proposals for fiscal year 2024.
- Following a competitive review, the SCI-TBI Advisory Council awarded 19 projects totaling \$3M.
- There are currently 54 active funded research projects.

Dual Training Grants (DTG)

2023 Budget Appropriation - FY24: \$8,020,000 | FY25: \$4,632,000

- The Dual Training Grant program provides grants to employers to support the related instruction component of dual-training programs.
- Grant funds can be used to cover the cost of dual trainees' tuition, fees, and required materials for the related instruction training in program occupations.
- Grants are awarded to employers in advanced manufacturing, agriculture, health care services, information technology, child care, transportation, and legal cannabis industries.
- For 2024, a total of \$5.4 million was awarded to 84 Minnesota employers to fund dual training programs for 958 employees in high-demand industries.
- No applications were received from employers in the cannabis industry in 2024.

Inclusive Higher Education Grants

2023 Budget Appropriation - FY24: \$1,000,000 | FY25: \$1,000,000

- Established in 2023, this program helps colleges develop new or enhance existing initiatives with the purpose of increasing overall enrollment and access for students with an intellectual and developmental disability.
- The first round of grants were awarded in 2024. Lake Superior College received \$200,000 to advance their work.
- In addition to the Inclusive Higher Education Grant program, OHE has partnered with the Institute on Community Integration at the University of Minnesota to establish the Inclusive Higher Education Technical Assistance (TA) Center. The TA Center is focused on increasing access and support for self-sustaining inclusive postsecondary education options across the state.

Student Loan Counseling

2023 Budget Appropriation - FY24: \$1,000,000 | FY25: \$1,000,000

- This program was established to provide Minnesota-based nonprofits who specialize in debt counseling funds to support their work counseling Minnesota students on student loan debt repayment.
- In FY24, OHE received one application, which was funded:
 - Lutheran Social Services (LSS) was awarded \$388,000 over two years. Through phone counseling and internet-based services, these funds will support LSS in providing budget and debt counseling, credit report review, student loan debt counseling, foreclosure prevention, and financial education to more than 10,000 families annually.

Concurrent Enrollment Grants

2023 Budget Appropriation - FY24: \$340,000 | FY25: \$340,000

- In FY2024, two applications were received, and both were funded:
 - Bethel University was awarded \$39,123 to support their partnership Harding High School where they offer Introduction to Healthcare and Healthcare Careers.
 - Central Lakes College was awarded \$15,500 to support their partnership with Staples-Motley High School where they offer courses in Welding Technology and Advanced Welding, as well as Machining 1 and 2.

Hunger Free Campus

2023 Budget Appropriation - FY24: \$1,500,000 | FY25: \$1,000,000

- In an effort to address food insecurity on campus, OHE offers three grant opportunities to Minnesota institutions:
 - **Sustaining Designation Grant:** These grants support colleges and universities who have already received a Hunger Free Campus designation and are requesting funds to sustain and continue their work.
 - **Pathways to Designation Grant:** These grants support colleges and universities who have not received a Hunger Free Campus designation and will be seeking designation within the next year.
 - **Equipment Grant:** These grants support colleges and universities in purchasing the equipment necessary to operate an on-campus food pantry. Institutions may apply for this grant alone or in addition to a Sustaining or Pathways grant.
- In 2024, OHE awarded 24 institutions with grants, totaling \$447,251.

Emergency Assistance for Postsecondary Students (EAPS) Grant Program

2023 Budget Appropriation - FY24: \$3,579,000 | FY25: \$3,579,000

- EAPS competitive grant funding is awarded to Minnesota private, non-profit colleges and tribal colleges with a demonstrable homeless population.
- EAPS legislatively-named grant funding is awarded to the Minnesota State and University of Minnesota systems.
- Grant funds are intended to meet immediate student needs related to housing, food, and transportation that would otherwise prevent students from completing their term.
- As of December 2024:
 - Over 3,300 emergency grants have been issued to students at Minnesota State campuses totaling over \$2.3M.
 - Over 850 emergency grants have been issued to students at University of Minnesota campuses totaling over \$750,000.
 - Over \$900,000 was competitively awarded to 10 private, non-profit colleges and tribal colleges

Intervention for College Attendance Program

2023 Budget Appropriation - FY24: \$1,642,000 | FY25: \$1,142,000

- Provides grants to colleges, middle and high schools, school districts, and other organizations to provide direct services to students from underserved communities in 6th-12th grade and their first year of college to foster postsecondary attendance and retention.
- This includes strategies like mentorship, one-on-one navigation support, career exploration and awareness, and academic counseling.
- For FY2024-2025, over \$2.7m awarded to 26 grantees

Intervention for College Attendance Program - Formerly Incarcerated Students (ICAP-FIS)

2023 Budget Appropriation - FY24: \$1,942,000 | FY25: \$1,142,000

- Established in 2023, this grant is available to institutions and community-based organizations, allowing them to strengthen support services for students who have formerly been incarcerated.
- This includes strategies like mentorship, one-on-one navigation support, career exploration and awareness, and holistic reintegration services to aid formerly incarcerated Minnesotans as they pursue a postsecondary pathway.
- This is a one-time grant that was awarded in FY 2024.
- A total of \$291,000 was awarded to four organizations: Faribault Public Schools Adult Education, Minneapolis College, Minnesota North College and Minnesota State University-Mankato.

Tribal College Supplemental Assistance Grants

2023 Budget Appropriation - FY24: \$3,150,000 | FY25: \$3,150,000

- In 2023, funding was appropriated for Minnesota's Tribal Colleges.
- The following Tribal Colleges receive \$1M in ongoing funding to support general operations and maintenance expenses:
 - Leech Lake Tribal College
 - White Earth Tribal and Community College
 - Red Lake Nation Tribal College

Unemployment Insurance Aid

2023 Budget Appropriation - FY24: \$158,000 | FY25: \$158,000

- This investment helps cover the cost of unemployment insurance aid for Tribal Colleges.

Legislatively Named Grants

United Family Medicine Residency Program

2023 Budget Appropriation – FY24: \$501,000 | FY25: \$501,000

Hennepin Healthcare

2023 Budget Appropriation – FY24: \$645,000 | FY25: \$645,000

- Both programs provide funds for resident physicians in graduate family medical education programs in order to address the shortage of Family Medicine physicians in underserved rural and urban areas of the state.

Addiction Medicine Graduate Medical Education Fellowship

2023 Budget Appropriation - FY24: \$270,000 | FY25: \$270,000

- This investment provides Hennepin Healthcare with funding to support up to six physicians enrolled in an addiction medicine fellowship program.

Loan Repayment Assistance Program of Minnesota

2023 Budget Appropriation – FY24: \$55,000 | FY25: \$55,000

- Provides funds to reduce the education debt burden of public interest lawyers who represent low-income clients seeking legal services.

Loan Repayment Programs

Teacher Shortage Loan Repayment Program

2023 Budget Appropriation – FY24: \$1,000,000 | FY25: \$1,000,000

- This program provides student loan repayment assistance to teachers providing classroom instruction in Minnesota.
- The purpose of the program is to encourage teachers, particularly those who belong to a race or ethnicity underrepresented in the state's teacher workforce, to teach in Minnesota, to teach in license shortage areas, or to teach in rural school districts
- The program has a base budget of \$200,000 per year.
- Demand for this program remains high. In FY24, 1,358 eligible applications were received, with only 472 eligible teachers receiving awards.
- The average award is \$997.25.

Other Student Loan Repayment Programs

- The **John R. Justice Student Loan Repayment Program** is a federal program administered by OHE that encourages lawyers to become and remain full-time public defenders and public criminal prosecutors. Selected recipients receive student loan repayments in exchange for agreeing to serve full-time as a public prosecutor or public defender in Minnesota for an initial three years. There are 10-12 recipients each year.
- Average awards range from \$2000 to \$5000 based on the federal funding and number of recipients.
- **Minnesota Agricultural Education Loan Repayment Program**
2023 Budget Appropriation – FY24: \$50,000 | FY25: \$50,000
- This program provides student loan repayment assistance to agricultural education teachers (grades 5-12) at a Minnesota school during the current year.
- In general, there are three to four recipients a year and each is awarded \$15,000 in loan repayment assistance that is provided annually (\$3,000/year) over the five-year service obligation.

Other Student Loan Repayment Programs

- **Minnesota Aviation Degree Loan Repayment Program**
2023 Budget Appropriation – FY24: \$25,000 | FY25: \$25,000
 - This program provides student loan repayment assistance to eligible pilots and aircraft technicians residing in Minnesota.
 - One recipient per year is awarded \$15,000 (Aviation Mechanics) or \$25,000 (Pilot) in loan repayment assistance that is provided annually (\$3,000 or \$5,000 per year) over the five-year service obligation.
- **Minnesota Rural Veterinarian Loan Repayment Program**
2023 Budget Appropriation – FY24: \$375,000 | FY25: \$375,000
 - This program provides student loan repayment assistance to eligible veterinarians serving in designated rural areas in Minnesota.
 - Selected applicants must sign a contract agreeing to serve five years in a designated rural area in Minnesota and at least 50 percent of the veterinarian's service must involve the care of food animals.
 - In general, five recipients per year and each is awarded \$75,000 in loan repayment assistance that is provided annually (\$15,000/year) over the five-year service obligation.

Free Application for Federal Student Aid (FAFSA) and Minnesota Dream Act Application

- The majority of OHE financial aid is awarded through the FAFSA.
- Last year, the new FAFSA form from the U.S. DOE had several technical issues that impacted completion rates.
- OHE partnered with College Possible, Achieve Twin Cities, and ECMC to provide additional support to families.
- Ready, Set, FAFSA!
 - Virtual financial aid information series for students and families, served over 2,200 families so far this school year
- As a result of increased efforts:
 - Minnesota's 2024 filing rate was up 11 percent from the previous year, with over 216,700 students completing their FAFSA compared to around 196,700 last year.
 - FAFSA completions for incoming freshman still saw a drop of 5% in 2024 compared to 2023.

Minnesota Dream Act Application

- The MN Dream Act was established in 2013.
- The intent was to ensure Minnesotans who are ineligible for federal financial aid, can still access State financial aid.
- Minnesota residents who apply for state aid via the MNDAA include:
 - Asylum pending
 - H-4 Visa status
 - Temporary Protective Status (TPS)
 - Deferred Action for Childhood Arrivals (DACA)
 - Dream Act residency definition: 3 years Minnesota high school attendance, GED or high school diploma earned, and, if male as identified at birth, register for U.S. Selective Service.
 - And, other legally present or lawfully residing statuses that are ineligible to file the FAFSA

State Aid via Minnesota Dream Act Application

- FY23 Recipients:
 - 411 students were awarded the Minnesota State grant via the MN Dream Act Application
 - 67,854 students received a State Grant in FY23; MN Dream Act recipients represent 0.6% of total State Grant recipients for the year.
- FY24 Recipients:
 - 506 students were awarded the Minnesota State grant via the MN Dream Act Application
 - 71,530 recipients received a State Grant in 2024; MN Dream Act recipients represent 0.7% of total State Grant recipients for the year.
 - 46,739 students received a North Star Promise award, of those 150 students applied via the MN Dream Act Application. MN Dream Act recipients represent 0.03% of NSP recipients for the year.

Financial Aid Programs

Financial Aid Terms:

- First Dollar – A “first dollar” program means it is the first financial aid applied to a student’s financial aid offer.
- Last Dollar – A “last dollar” program means that it is the last financial aid applied to a student’s financial aid offer. All other financial aid the student is eligible for would be applied first, with this program helping to cover the remaining amount of eligible tuition and fees.
- Dependent status (Federal definition) – A student is considered dependent if they are 24 or under, not married, not a veteran, not a parent, not a ward of the state or emancipated, regardless of whether their parents are still claiming them for tax purposes.
- The “Design for Shared Responsibility” model is built around the premise that students, families, and the government all benefit from higher education and should all share in a portion of the cost.

Fostering Independence Higher Education Grants

2023 Budget Appropriation - FY24: \$4,247,000 | FY25: \$9,500,000

- Fostering Independence is a last-dollar cost of attendance grant program for eligible Minnesotans who were in the foster care system.
- It is available to Minnesotans who are under the age of 27 and were in the Minnesota foster care system at any point after their thirteenth birthday.
- This grant may cover the cost of attendance at any eligible Minnesota public or participating private college and university.
- Total awards and amount awarded:
 - 2022-23: 492 students / \$4.25M awarded
 - 2023-24: 679 students / \$7.27M awarded
- In 2024, \$5M in NSP funds were transferred to cover costs for the Fostering Independence Higher Education Grant program.

American Indian Scholars Program

2023 Budget Appropriation - FY24: \$8,500,000 | FY25: \$8,500,000

- Established in 2023, this is first-dollar program that covers tuition and fees for eligible Minnesotans.
- To be eligible, students must be enrolled members or citizens of any federally recognized tribe or Canadian First Nation.
- The program is only available to students attending a public college or university in Minnesota and is administered at the campus level.
- Data for first year of implementation (2023-2024) is being collected and should be available soon.
- Number of recipients for Fall 2024 (self reported data from systems):
 - Minnesota State system: 400
 - University of Minnesota System: 207

Minnesota Indian Scholarship Program (MISP)

2023 Budget Appropriation - FY24: \$3,500,000 | FY25: \$3,500,000

- Established in 1959, MISP provides financial assistance to eligible Minnesotans who are enrolled members or citizens of a federally-recognized American Indian Tribe or Canadian First Nation or who are $\frac{1}{4}$ or more American Indian ancestry.
- Award amount based on need up to \$4,000 per year for undergraduates and up to \$6,000 for graduate students.
- Total awards and amount awarded:
 - FY23: 829 recipients / over \$2.8M awarded
 - FY24: 974 recipients / over \$3.1M awarded
- FY24 awards per institution type: 38% awarded to students in the Minnesota State system, 53% awarded to students at a private institution, and 9% awarded to students in the UMN system.
- FY24 awards per program level: 59% are in a 2-year program, 24% are in a 4-year program, and 17% are in a graduate program.

Student Teacher Grant Programs

OHE runs two grant programs to support eligible Minnesotans during their required 12-weeks of student teaching:

- **Student Teacher Grants in Shortage Areas**
2023 Budget Appropriation - FY24: \$2,030,000 (after transfer noted below) | FY25: \$1,300,000
 - Number of applicants and recipients for FY24: 516 applicants, 280 recipients
 - Average award amount FY24: \$6,117 / Total amount awarded FY24: \$1.7M
 - Number of recipients for FY25: 207
 - Total amount awarded \$1.3M
 - For FY24 we transferred \$730,000 from the Underrepresented Grants to the Student teacher Shortage Areas Grants.
- **Underrepresented Student Teacher Grants**
2023 Budget Appropriation - FY24: \$1,195,000 (after transfer noted above) | FY25: \$1,925,000
 - Number of applicants and recipients for FY24: 220 applications, 131 students eligible and awarded
 - Average award amount: \$6,489.91 / Total amount awarded: \$850,175
 - Number of recipients for FY25: 116
 - Total amount awarded: \$760,996

State Work Study

2023 Budget Appropriation - FY24: \$14,502,000 | FY25: \$14,502,000

- The state work study program is open to undergraduates, graduate, and vocational students. It provides part time on-or off-campus jobs to help students pay the cost of their higher education.
- Some work study positions can be structured as internships that allow students to learn as they earn by working in jobs directly related to their field of study. Internships may take place in both the public and private sectors.
- To be eligible for work study, the student must be:
 - A Minnesota resident (includes eligible Minnesota Dream Act students with work authorization)
 - Enrolled for at least six credit hours per term in a program leading to a degree, certificate, or diploma
- Work study is awarded by the college financial aid office.
- Number of recipients, total amount awarded, and average award:
 - FY23: \$11.8M was awarded to 7,773 students. The average award was \$1,513.
 - FY24: \$12.1M was awarded to 6,490 students. The average award was \$2,013.

Interstate Tuition Reciprocity

2023 Budget Appropriation - FY24: \$8,500,000 | FY25: \$8,500,000

- Minnesota has ongoing tuition reciprocity agreements with:
 - Wisconsin,
 - North Dakota,
 - one institution in Iowa,
 - and the Canadian province of Manitoba.
- The agreements reduce non-resident tuition prices and eliminate non-resident admissions barriers for residents of each state who attend a public institution in the other state.
- In 2024, South Dakota ended their reciprocity agreement with Minnesota.
- 69% of reciprocity students are MN residents enrolled at reciprocity institutions in other states, while the remaining 31% of reciprocity students are residents of other states enrolled at MN publics
- Our agreements with Wisconsin and North Dakota represent the bulk of all reciprocity enrollment (88%).

Public Safety Officer Survivors Grant

2023 Budget Appropriation - FY24: \$100,000 | FY25: \$100,000

- This program provides educational benefits to dependent children and the surviving spouse of a public safety officer killed in the line of duty on or after January 1, 1973.
- Applicants must be enrolled in an undergraduate degree or certificate program or a graduate degree program after June 30, 2011, at an eligible Minnesota institution that participates in the State Grant Program and not have received benefits for the maximum of 10 full-time semesters or 15 full-time quarters.
- Number of recipients and average award amount:
 - FY23: Five recipients with an average award of \$9,182
 - FY24: Eight recipients with an average award of \$7,112

Postsecondary Child Care Grant Program

2023 Budget Appropriation (SAEP) – FY24: \$6,694,000 | FY25: \$6,694,000

- This program helps low-income students who have young children pay for childcare for student's attending an eligible program at an eligible participating school
- In FY23, approximately \$7.0M was awarded to 1,305 students with an average award of \$5,397 across all sectors .
- In FY24, approximately \$6.1M was awarded to 1,110 students with an average award of \$5,511 across all sectors.
- 48% of all awards were for students enrolled at community and technical colleges.

Grants for Students with Intellectual and Developmental Disabilities

2023 Budget Appropriation - FY24: \$200,000 | FY25: \$200,000

- This program provides students with intellectual and developmental disabilities with financial assistance for tuition and fees.
- Students must attend an eligible Comprehensive Transition Programs (CTP) in Minnesota may be eligible to apply. Current colleges include:
 - Bethel University,
 - Central Lakes College, and
 - Ridgewater Community College
- Maximum annual award of \$5,589 (FY 2024)
- Number of recipients each year is between 30-40 students
- The average annual ID Grant award for fiscal year 2024 was \$5,624.43 per student
- A total of 161 unique students have benefited from this grant program.

SELF Loan Program

- SELF Loan started in 1984
- Available for Minnesotans attending a participating Minnesota or out-of-state school and non-residents attending participating MN schools
- Loan amounts limited to cost of attendance less other financial aid (as certified by institutions):
 - \$40,000 per year for bachelor's and graduate programs
 - \$30,000 per year for programs of 1-3 years in length
 - \$3,500 for programs less than 1 year
- SELF Loan volume for FY24
 - \$60.5 million
 - 5,741 loans

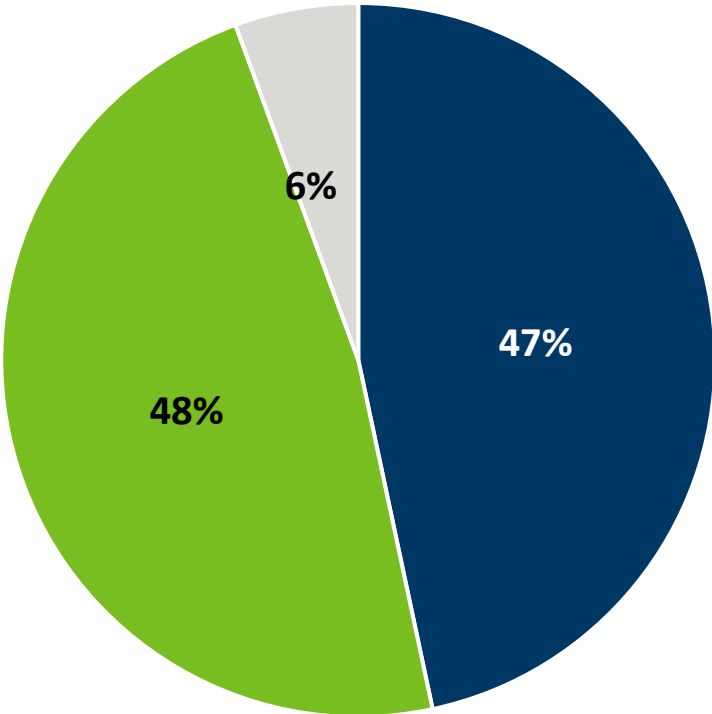
Minnesota State Grant

2023 Budget Appropriation - FY24: \$234,744,000 | FY25: \$224,167,000

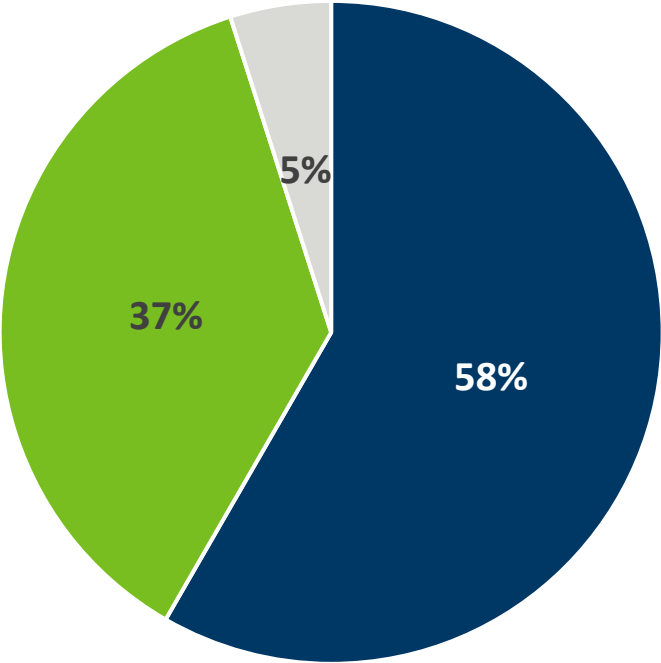
- The Minnesota State Grant is a need-based financial aid program established in 1969 to assist eligible Minnesotans pursuing an undergraduate degree at both public and private postsecondary institutions in Minnesota.
- Total number of recipients in 2024: 71,530 recipients
 - Two-thirds of recipients are dependent students
- Over 75 institutions participate in the State Grant program
- Annual budget: \$225.066M
- Average award: \$3,406
- 50% of recipients had a family adjusted gross income of less than \$40,000
- Most recipients attend public institutions:
 - 59% at Minnesota State college or universities
 - 17% at the University of Minnesota

State Grant Demographics

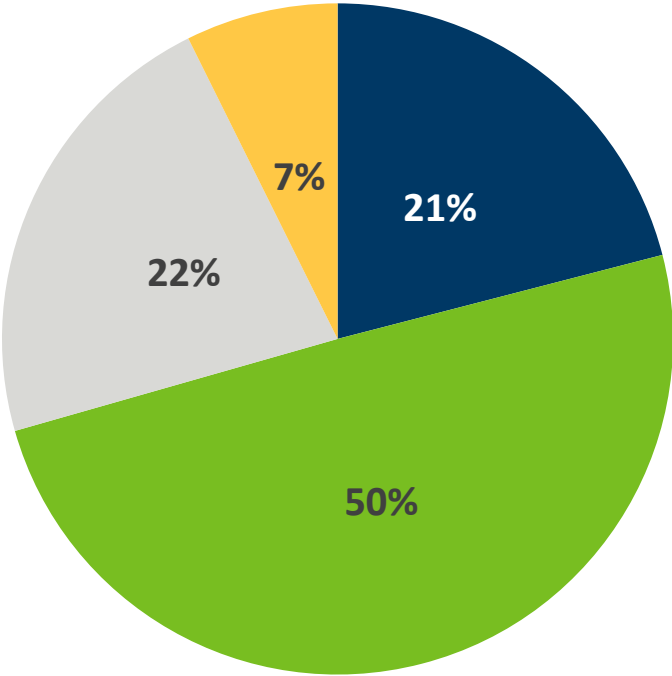
Minnesota State Grant Recipients, Fiscal Year 2024



- White Students
- BIPOC Students
- Not Available



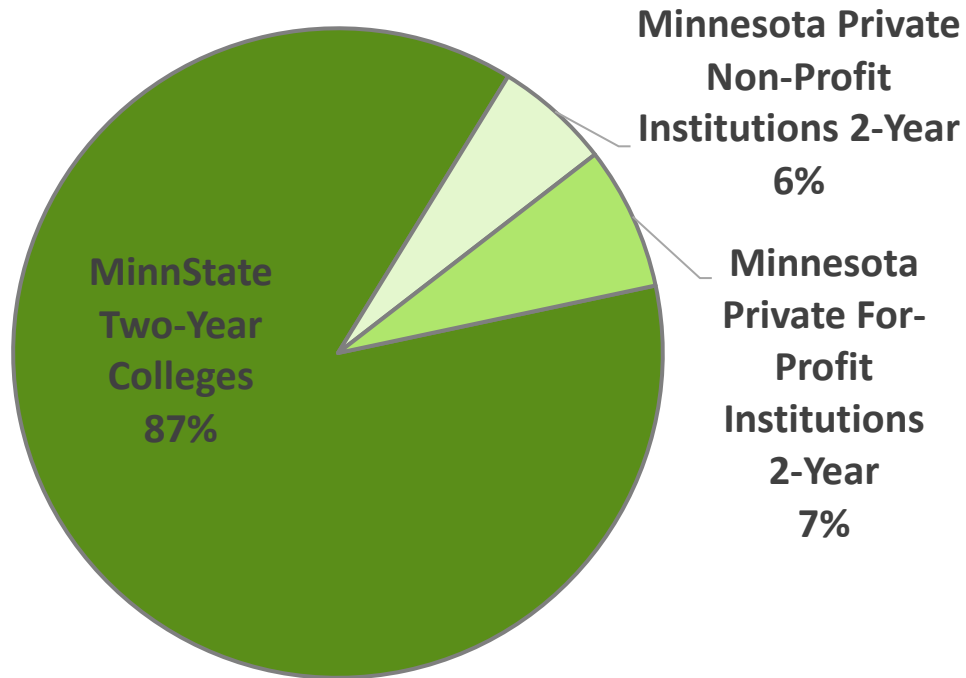
- Female
- Male
- Unavailable or Another Option Not Listed



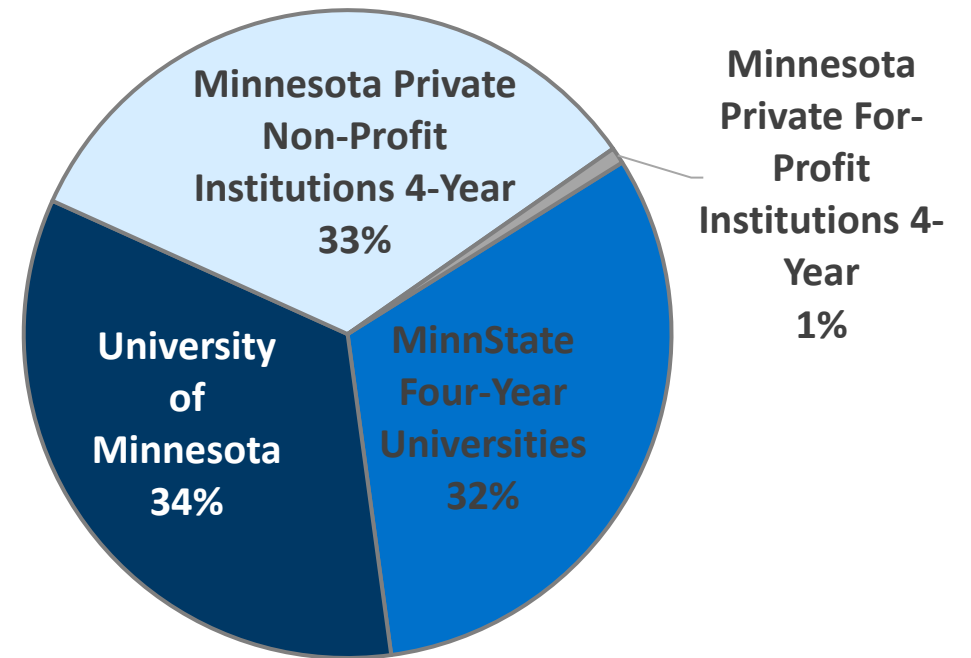
- 19 or Younger
- 20 to 23
- 24 to 34
- 35 or older

Half of All Recipients Attend 2-Year Programs

Total State Grant Recipients by Institution Type, 2-Year Programs, FY2024

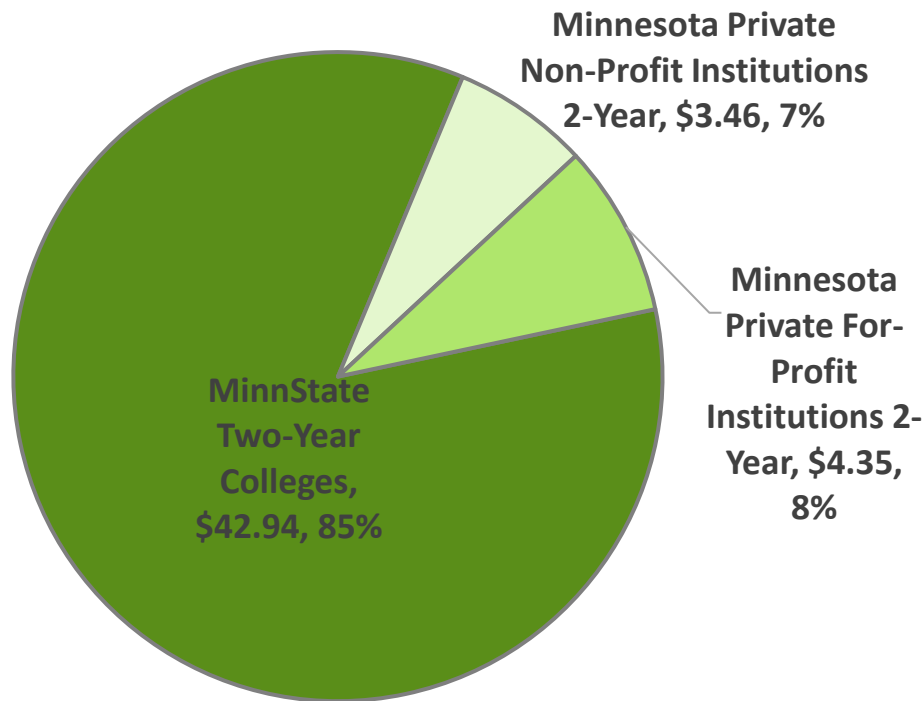


Total State Grant Recipients by Institution Type, 4-Year Programs, FY2024

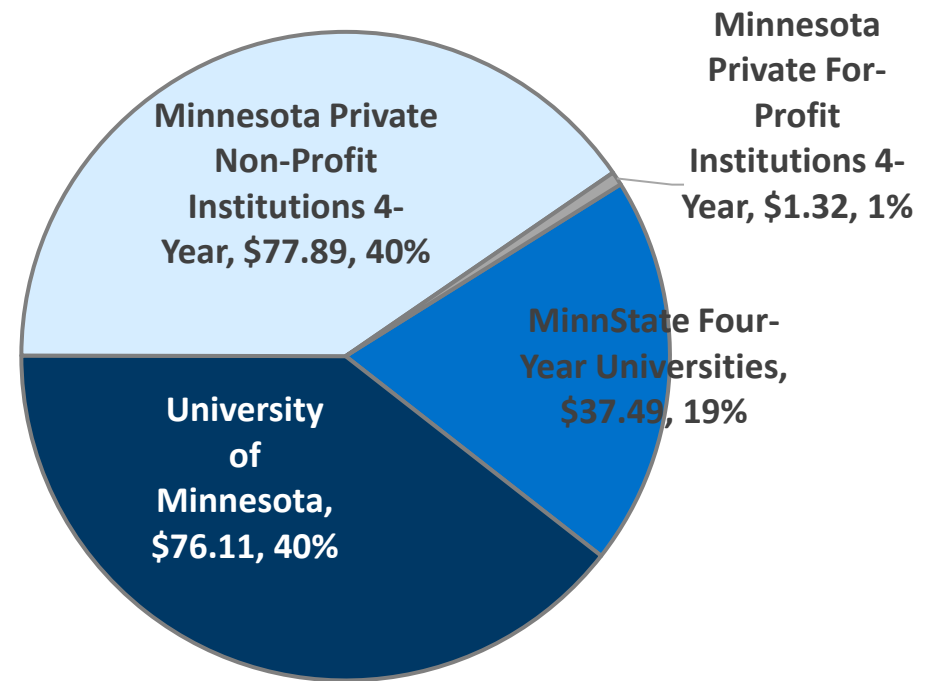


80% of State Grant Dollars Awarded to 4-Year Programs

Total State Grant Awards by Institution Type, 2-Year Programs, FY2024

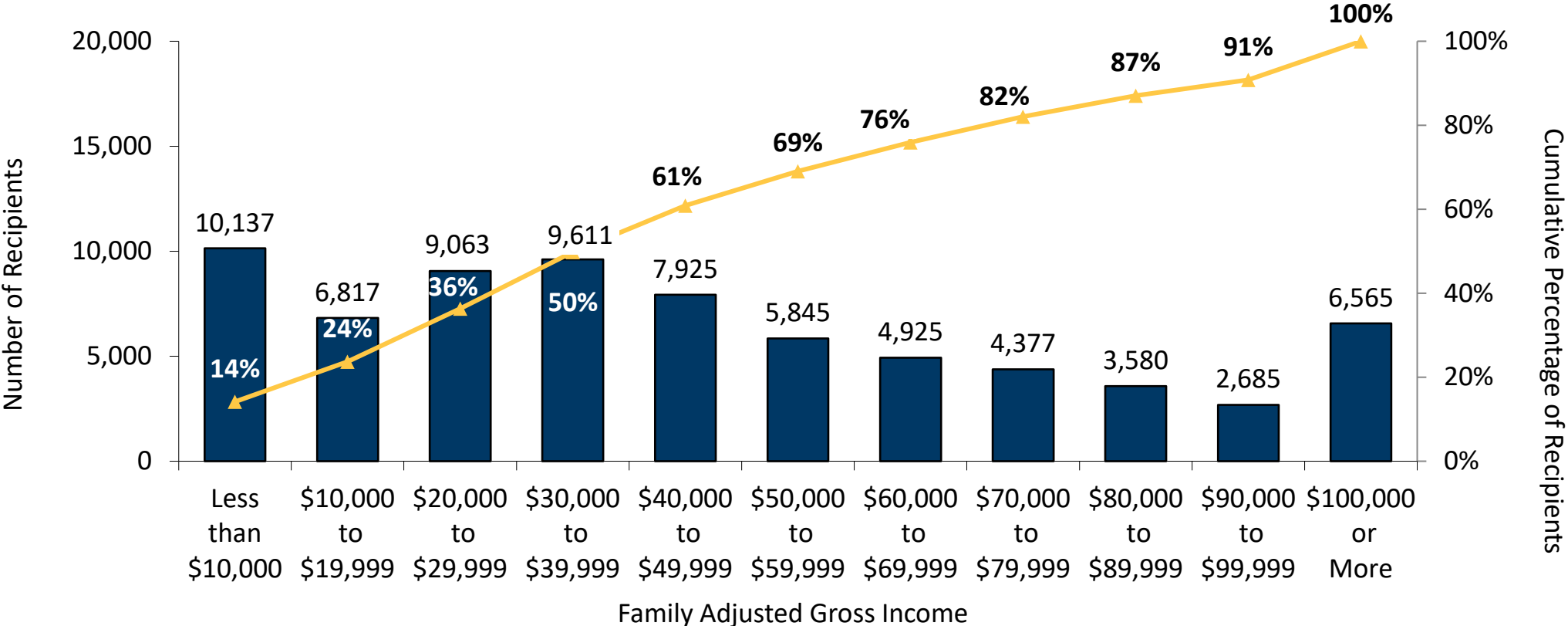


Total State Grant Awards by Institution Type, 4-Year Programs, FY2024



Half of State Grant Recipients Have Family Income <\$40k

Number and Cumulative Percentage of Minnesota State Grant Recipients, Fiscal Year 2024



State Grant Eligibility

- Completion of FAFSA or Minnesota Dream Act application
- Demonstrate financial need after other forms of aid have been applied (“last dollar” program)
 - Need based on tuition & fees + living expenses allowance
 - Tuition and fees maximum equal to the highest average tuition & fees by a public institution
- High school graduates (or equivalent) or at least 17 years old
- Minnesota resident attending an eligible Minnesota institution
- Have not earned a bachelor’s degree
- Not in student loan default or more than 30 days behind on child support
- Can receive a State Grant for the equivalent of 12 semesters
- Factors that are not considered for State Grant eligibility:
 - Academic merit
 - Race/ethnicity
 - Gender identity

How are State Grants Calculated?

- Factors that influence award level:
 - Family income and assets
 - Students Assigned Student Responsibility (ASR),
 - Families Assigned Family Responsibility (AFR)
 - Dependency status
 - Choice of institution
 - Enrollment level (based on credit hours)
 - Amount of Pell Grant award

State Grant Projections

- Per state law, OHE runs a full simulation of the State Grant funding model at least twice a year and publicly releases a projections report
 - November 1, February 15
- Projections based on external and internal data
 - External:
 - Enrollment projections from institutions based on application trends
 - Process of making a projection varies by institution but may include current application activity, use of historical benchmarks, and current student registration behavior.
 - Tuition and fees at public institutions
 - Wage estimates from MMB for state tax filers
 - Internal:
 - Full simulation model using last year of applicant data
 - Monthly spending comparisons – actual cash flow vs. projections
 - Analysis of FAFSA filers

What Happens After Projections

- Projections can shift when:
 - Enrollment increases or decreases more than expected
 - Student demographics shift
 - Tuition and fees increase
 - FAFSA formulas change
- If program is projected to underspend budget:
 - Funds can be shifted to other financial aid programs to meet unmet demand
 - In FY19, the Office projected a small deficit in the program. Other programs had unexpended funds totaling \$8.3M, which were transferred to State Grant to fill the shortfall.
 - Funds can be returned to the state's general fund
 - State Grant currently does not have a special revenue fund

In the Event of a Projected Deficit

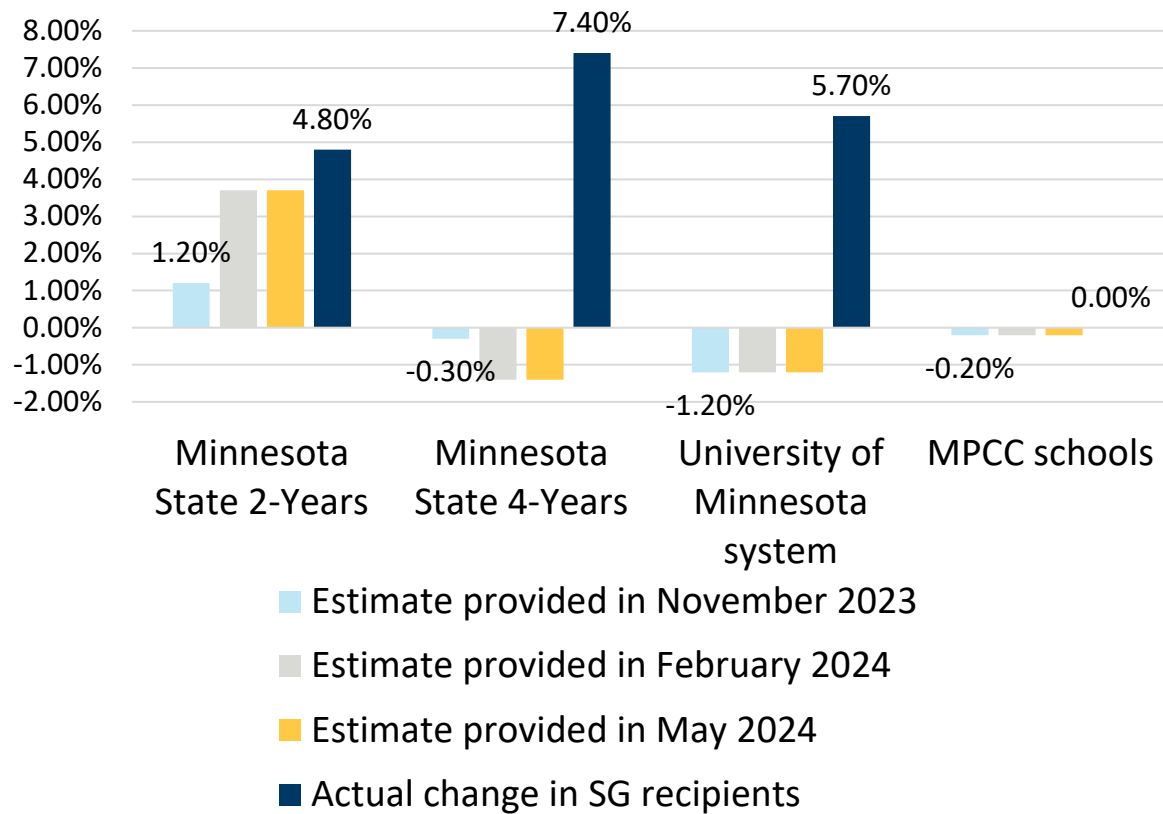
- If program is projected to overspend budget:
 - State Grant cannot operate on a deficit
 - Options available to OHE
 - Reduce size of awards by adding a surcharge to the Assigned Student Responsibility
 - Increasing the Assigned Family Responsibility
 - Legislative options
 - Additional allocations
 - Changes to eligibility criteria
 - Additional options if all other options are exhausted
 - Application deadline
 - Limit to fall and spring terms

Minnesota State Grant

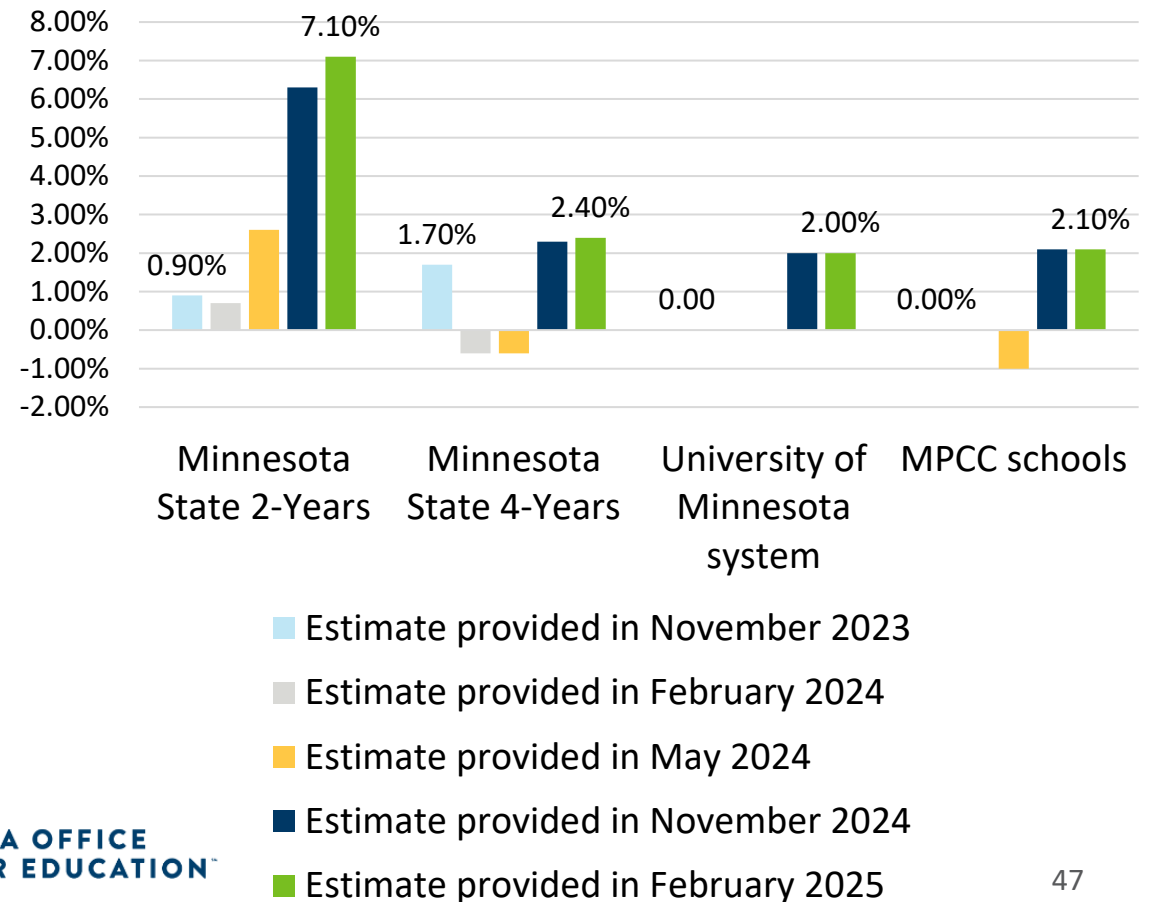
Current State: Fiscal Years 2024-2025

Increases in Enrollment Increasing State Grant Spending

Projected Enrollment Changes vs. Actual Change in SG Recipients, FY2024



Projected Enrollment Changes November 2023 vs. February 2025, FY2025



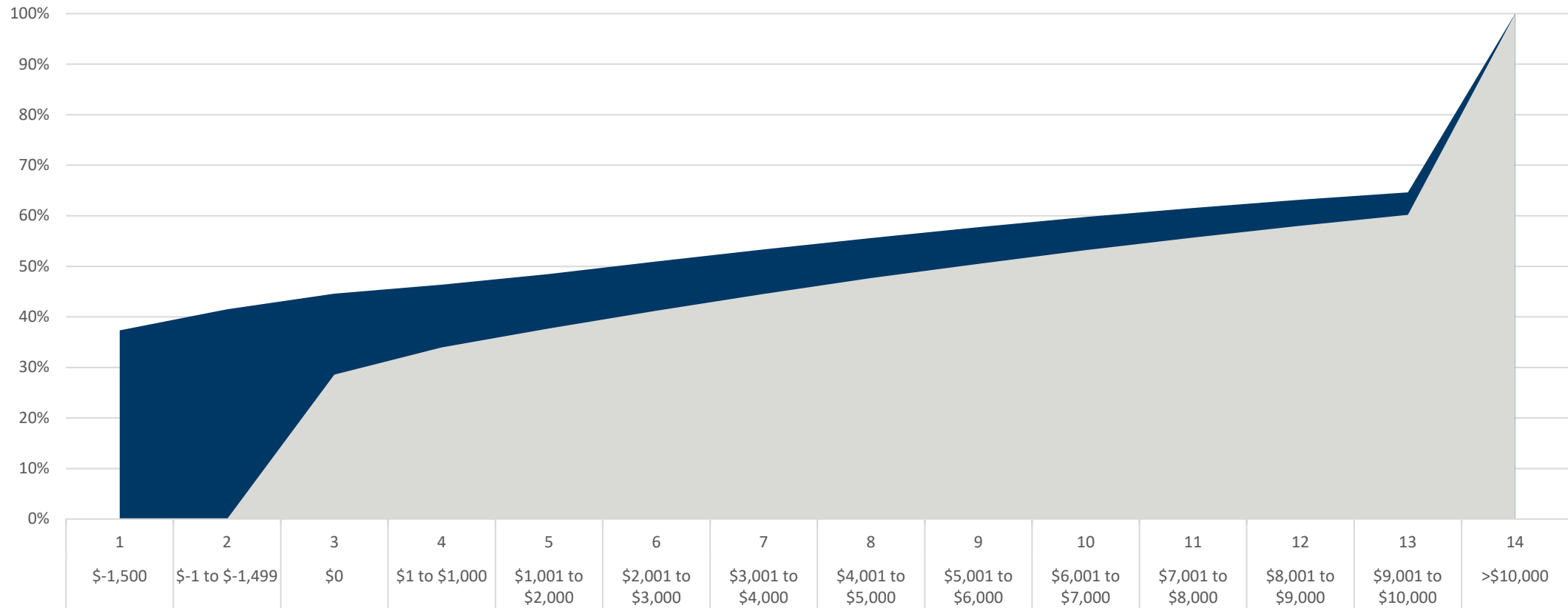
Significant Increase in \$0 or Less Family Contributions

Incomplete and incorrect data from the federal Department of Education negatively impacted reliability of previous projections

- Original projections for FY 2025 (published November 2022) relied on language from the FAFSA Simplification Act, without any guidance available from the Department of Education
- Guidance from the Department of Education changed several times in the lead up to FY2025, with the latest guidance issued March 21, 2024. These changes were substantial, and final guidance differed from the original bill language in several ways, most notably, how to assign an automatic SAI of \$-1,500

Significant Increase in \$0 or Less Family Contributions

Distribution of FAFSA Filers by EFC/SAI Band, FY2024 vs FY2025



*Preliminary, as of 02/04/2025

Projected Spending Remains High

OHE engaged in rationing for FY25 to offset the projected deficit, however, projected spending is still anticipated to exceed resources, even after rationing has been applied

Spending versus Resources FY2024-2025 (in millions)

Base resources for fiscal years 2024 and 2025 include transfers of \$2.8M to other financial aid programs and transfers of \$12M from fiscal year 2025 to fiscal year 2024.

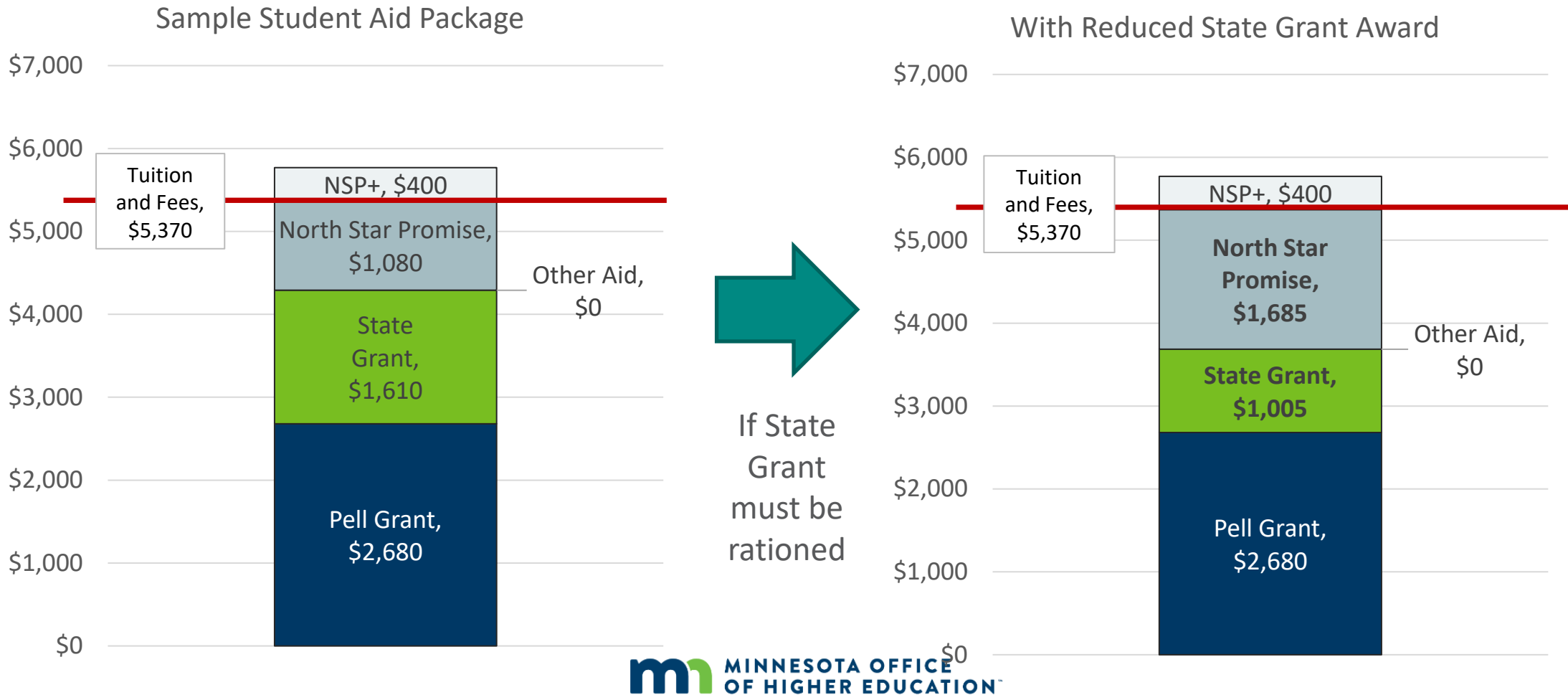
	FY2024	FY2025	Biennium
Base resources	\$243.933 ⁱ	\$212.167	\$456.100
Spending	<u>+(243.930)</u>	<u>+(206.415)</u>	<u>+(450.345)</u>
Difference between resources and spending	\$0.03	\$(5.752)	\$(5.755) 1.2% above available resources

Planning Ahead for Fiscal Years 2026 & 2027

- State Grant awards were rationed dramatically in FY25 to offset a projected deficit.
- Award parameters revert to statute next biennium, meaning we should expect to see a dramatic increase in projected spending.
- Systems have reported ongoing projected increases to enrollment and tuition and fees for FY26 and FY27
- In order to maintain spending within available resources, the State Grant program will require modifications to award parameters or an added investment to program resources for the next biennium.

Relationship Between State Grant and North Star Promise Program

Single independent student with no children, earning \$30k AGI, attending a Minnesota State College full time



Governor's Recommended Changes for State Grant

- Allow the agency to set a minimum parental contribution (PC) or student contribution (SC) of \$0 when calculating State Grant awards unless resources are projected to exceed spending;
- Decrease the Living and Miscellaneous Expense allowance to 110% of the federal poverty guideline;
- Increase the Assigned Student Responsibility to 51%, beginning in fiscal year 2027;
- Increase the Assigned Family Responsibility to 100% of the federal need analysis for all families with a positive PC or SC, beginning in fiscal year 2026;
- Revert the deadline for State Grant receipt to the 30th day of the term in which the student applies for aid;
- Modify language that governs how the agency rations awards for the program when a program spending deficit is projected; and
- Increase the appropriation for the Minnesota State Grant program by \$7.5M in fiscal year 2026 and subsequent years.

North Star Promise and North Star Promise Plus

North Star Promise

2023 Budget Appropriation (Program) - FY24: \$0 | FY25: \$117,226,000

2023 Budget Appropriation (Admin) - FY24: \$496,000 | FY25: \$202,000

- North Star Promise (NSP) and North Star Promise Plus (NSP+) were established in 2023 and awards started in fall 2024.
- Ongoing Appropriation starting in FY26: \$49.5M
- NSP is a last-dollar program that covers tuition and fees.
- Available to Minnesotans who are attending a public college in the state and have an AGI of less than \$80,000 a year.
- NSP+ is an additional award for students with the greatest financial need.
 - Awards are calculated as 15% of the student's Pell.
- In 2024, \$5M in NSP funds were transferred to cover costs for the Fostering Independence Higher Education Grant program.

North Star Promise

- Total number of Students Awarded North Star Promise and North Star Promise Plus in fall 2024:
 - North Star Promise: 14,516 students
 - North Star Promise Plus: 40,610 students
 - 5,700 students received both awards (included in those numbers)
- Total amount awarded in fall 2024: \$44M
 - North Star Promise: \$26.43M
 - Average award amount: \$1,820
 - North Star Promise Plus: \$17.57M
 - Average award amount: \$376

What flexibility do we have?

- We have limited funding transfer ability between programs, based on available funds
- We can set the award level for NSP Plus (currently 15% of a student's Pell)
- We can adapt guidance on “mandatory fees” for North Star Promise
- We can review guidance on which courses are considered

What flexibility do we not have?

- There is not a special revenue fund for all financial aid programs
- We cannot change NSP to cover more than resident tuition and fees
- There is no funding transfer ability language around NSP funds
- We do not play a role in tuition, fee, and enrollment projections (these come from the systems.)
- We do not have a role in any Federal financial aid decisions/parameters (e.g. – Pell, FAFSA simplification)

Preliminary North Star Promise Spending - FY25

	Fiscal Year 2024	Fiscal Year 2025	Biennium
Base Resources	\$0.000	\$112.186	\$112.186
Projected North Star Promise Base	\$0.000	\$63.567	\$63.567
<i>North Star Promise+ Match Level</i>	N/A	15%	
Projected Spending North Star Promise+	\$0.00	\$41.815	\$41.815
Total Program Spending	\$0.00	\$105.382	\$105.382
Differences Between Resources and Spending	\$0.00	\$6.804	\$6.804

North Star Promise Projections FY26 and FY27

	Fiscal Year 2026*	Fiscal Year 2027	Biennium
Balance Forward From FY25	\$6.804	\$0.000	\$6.804
Base Resources	\$49.500	\$49.500	\$99.000
Total Available Resources	\$56.304	\$49.500	\$105.804
Projected North Star Promise Base	\$63.650	\$37.351	\$101.001
<i>North Star Promise+ Match Level</i>	0%	0%	
Projected Spending North Star Promise+	\$0.00	\$0.00	\$0.000
Total Program Spending	\$63.650	\$37.351	\$101.001
Differences Between Resources and Spending	-\$7.346	\$12.149	\$4.803

*Estimates for Fiscal Year 2026 reflect State Grant estimated parameters released 12/16/2024

Key Takeaways

- Our financial aid programs and efforts to increase access to higher education are working (availability, breaking down financial barriers, initiatives like Direct Admissions, communications and public engagement).
- We're in an environment of rising tuition and fees, record enrollment (especially among financial aid-eligible populations), and technical changes at the Federal level.
- Together, all of these factors drive up demand for, and cost of, state financial aid programs.

Questions?