



Minnesota State Grant Program

June 2020

Minnesota's state grant program provides need-based financial aid to resident undergraduates to attend a public or private postsecondary institution in Minnesota. Administered by the Office of Higher Education (OHE), the state grant program is available up to the limits of state appropriations.

Who is eligible for a state grant?

Undergraduate students must apply for a state grant within 30 days after the start of the term. Eligible students are Minnesota residents who are high school graduates or age 17 or older and able to meet admission requirements of a participating postsecondary institution. Students must demonstrate financial need and must not be in default on student loans or in arrears for child support. Part-time students are eligible for a state grant based on the cost of attendance, prorated for the number of credits the student is taking.

Students qualify as Minnesota residents if they reside for at least 12 months in the state without being enrolled at a postsecondary institution. Other students may qualify categorically, including dependents of Minnesota residents; graduates of Minnesota high schools; veterans and members of the armed forces or National Guard and their spouses and dependents; and refugees.

Financial need is based on the student's ability to meet the cost of attending the selected postsecondary institution, taking into account Pell grants and the expected student and family contributions estimated by the federal need analysis (FAFSA). The grant primarily assists low-income students. In fiscal year 2019, 59 percent of recipients had a family adjusted gross income of less than \$40,000.

How much aid is available through the state grant?

Except for the Minnesota GI Bill and private and institutional aid, the state grant is the last aid contribution to the cost of attendance. In fiscal year 2019, 79,805 students received state grants totaling nearly \$208 million. The average state grant award amount was \$2,401, but award amounts vary depending on the student's financial need and the type of institution attended.

How does OHE determine the amount of a student's grant?

State law requires grant awards to be based on a shared responsibility for paying for the recognized cost of attendance. OHE determines a student's award amount according to the following formula:

$$\text{Grant Amount} = \text{Cost of Attendance} - \text{ASR} - \text{AFR} - \text{Pell Grants}$$

The components of this formula are defined as follows:

- The **cost of attendance** is equal to the amount of tuition and fees up to a cap set by the legislature each biennium plus an allowance, also set each biennium, for living and miscellaneous expenses (LME).
- The **assigned student responsibility (ASR)** is at least 50 percent of the cost of attendance.
- The **assigned family responsibility (AFR)** is the amount the FAFSA determines a student's family should contribute toward the student's education. For the purposes of the state

grant, the family responsibility number determined by the FAFSA is multiplied by 38 percent if the student is independent without children, 74 percent if the student is independent with children, or 82 percent if the student is a dependent. In recent years, reducing AFR has been one approach to increasing award amounts. The legislature last reduced AFR in the 2019 higher education omnibus act.

- **Pell grants** is the federal Pell grant amount for which a student is eligible.

If the legislature does not to establish a tuition cap or LME, both numbers are set at an amount established in statute. In such a case, the tuition and fees cap is equal to the highest tuition and fees charged by a public two- or four-year institution, and the LME is 106 percent of the federal poverty guideline for a one-person household in Minnesota for nine months. Because the legislature did not specify a tuition cap or LME for the fiscal years 2020-2021 biennium, these statutory levels will be in effect.

How is the state grant program funded?

The legislature appropriates money from the general fund to OHE for the state grant program based on OHE's estimate of what is needed to fully fund projected grant awards. State law allows OHE to carry a balance from the first year of the biennium to the second year and authorizes the transfer of money to and from other financial aid programs. OHE is empowered to use surplus appropriations to increase the LME or the tuition cap.

Are eligible students entitled to a state grant?

Under state law, the state grant program is not an entitlement. OHE must award grants based on available funding. If funding is insufficient to make full awards, OHE is required, by law, to reduce all grants by adding a surcharge to the family responsibility and increasing the student's responsibility by a percentage.

How do grants compare to enrollment at state postsecondary institutions?

MnState two-year schools have the most state grant recipients, but they receive smaller grants on average; this is because tuition at two-year MnState schools is relatively low. University of Minnesota students receive the largest awards on average, while private nonprofit schools receive the most state grant dollars in total.

	Total recipients	Percentage of total recipients	Average award amount	Percentage of total state grant funds
MnState Colleges	34,643	43.4%	\$1,076	18%
MnState Universities	14,463	18.1%	\$2,451	17%
U of M system	12,177	15.3%	\$4,963	29%
Nonprofit private	14,514	18.2%	\$4,795	34%
For-profit private	4,008	5.0%	\$1,235	2%
Total for program	79,805	100%	\$2,401	100%



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