

## Memorandum

To: Campus Financial Aid Administrators

From: Meghan Flores  
Minnesota Office of Higher Education  
Director of State Financial Aid Programs

Subject: **Impact of 2026 Legislative Session on State Financial Aid Programs**

Date: June 1, 2026

HF4252/SF3943 was sponsored by Representative Dan Wolgamott and Senator Omar Fateh and received both House and Senate action. On a 101-33 vote, the House approved the higher education conference committee report on May 16, 2026. The 2026 legislative session ended May 18<sup>th</sup> with a passed Higher Education Omnibus Bill. Governor Walz signed the [2026 Higher Education Omnibus bill](#) into law on Wednesday May 27<sup>th</sup>, 2026.

### Highlights Include:

- Administrative and technical changes proposed by OHE to update language:
  - streamline references for financial aid reporting;
  - clean up references to “resident of Minnesota” to instead point to the statutory definition of “resident student”;
  - technical changes to the Work Study program:
    - removing the requirement that in selecting students to award, priority is given to students enrolled in at least 12 credits
    - nullifying the stipulation that a reasonable effort must be made to place state work study students off campus
    - eliminating the mandate that the percentage of the school's work study provided to graduate students may not exceed the percentage of the school’s graduate student enrollment
  - add new fraud protection language to deny state financial aid when applicants or recipients present false, fraudulent, misleading or deceptive information;
  - expand protections for pregnant or parenting students at postsecondary institutions, including priority registration for all postsecondary institutions, not just public colleges and universities; and
  - updates to the [Private School Career Act](#), which was subject to a 2025 lawsuit, and the Private and Out-of-State Postsecondary Education Act.
- A one-time appropriation to address the shortfall in the Fostering Independence Grant program: \$570,000 for FY26 and \$1.5 million for FY27, using money from the Workforce Development Fund.
- For fiscal year 2027, one-time funds of \$3 million for Minnesota State for software to detect and prevent fraud (“ghost students”).
- To address the trees lost in a storm at Bemidji State, a one-time appropriation of \$5,000 for replanting.
- Minnesota State employees are now included as eligible for paid leave to give blood offsite.

- A prohibition on public postsecondary institutions from imposing a fee or raising tuition to provide competitive facilities for student athletes.
- Language that ensures students are informed when they are taking developmental courses that do not count toward attainment of a degree or certification.
- A provision that allows Rochester Community and Technical College (RCTC) to enter into a lease agreement with the City of Rochester for the lease on its land for construction of a sports facility.
- Minnesota conformed its 529 plan definitions to align with the Internal Revenue Code 529 definitions and expanded the use of the account owner addresses and related private information to allow OHE to contact account owners with information about OHE programs, including SELF.

**Items not addressed by the Higher Education Omnibus bill:**

- Neither language nor appropriations addressed the \$130 million expected shortfall in the Minnesota State Grant Program and the relational impact on the utilization of funds for the North Star Promise (NSP) Program; therefore, the rationing introduced in the Mandatory Estimated North Star Parameters and Mandatory State Grant Parameters issued January 21, 2026, stand\*.
  - As a reminder, the NSP parameters included a priority application deadline of June 1, 2026, for the 2026-2027 academic year, as well as the two administrative changes announced. Please refer to the [memo](#) for more details.
  - The State Grant deadline remains the 30<sup>th</sup> calendar day of the term.
- Proposals to update the state’s educational attainment goal were not incorporated.
- Also not included in the final bill, language altering the selection process to the University of Minnesota Board of Regents, requiring the governor to appoint candidates vetted by the Legislature when a joint convention does not meet.
- Finally, a provision to bar private companies from influencing curriculum at the University of Minnesota Medical School was not in the bill.

**Items in other bills that impact higher education:**

- The Public Safety bill expanded the definition of killed in the line of duty, which expands death benefits for survivors, including the Public Safety Officer’s Survivor Grants administered by OHE. There was not an increase in the appropriation, but language was added to address insufficient funds to limit award amounts for each eligible applicant from available resources.
- The Commerce bill added language to exempt 529 accounts from being considered unclaimed property; this impacts accounts where contact with account owners has been temporarily lost (dormant accounts).

**In the coming weeks, OHE Financial Aid Staff will take steps to:**

- \*Distribute 2026-2027 State Grant parameters, which will include an updated Living and Miscellaneous Expense (LME) allowance and Two-Year Tuition and Fee Maximum amount. The rationing to the Assigned Student Responsibility (ASR) and Assigned Family Responsibility (AFR) shared in the January 21<sup>st</sup>, 2026, estimated parameters memo will not change with the final parameters.
- Update web content on OHE pages.
- Edit, distribute and post 2026-2027 state financial aid program manuals.
- Collaborate with the MNAid product support team, institutional information technology teams at the University of Minnesota and Minnesota State and campus IT staff at Minnesota private and Tribal colleges to adjust packaging for the State Grant and North Star Programs.

If you have questions, concerns or scenarios you would like to talk through, I along with the rest of the Financial Aid division at OHE are ready and available to connect.