OFFICE OF HIGHER EDUCATION

Memorandum: Mandatory Estimated State Grant Parameters

To: Minnesota State Grant Campus Administrators

From: Meghan Flores, Director of State Financial Aid Programs *MEghan Flores*

Subject: Mandatory Estimated State Grant Parameters for 2027-2028

Date: November 13, 2026

As reported in the November 1, 2026, State Grant & North Star Promise Projections Report (https://www.ohe.state.mn.us/mPg.cfm?pageID=1553), the Office of Higher Education (OHE) is projecting program demand will exceed available resources for FY2028 and FY2029. The spending projection for fiscal year 2028 is $364.138 million, and the spending projection for fiscal year 2029 is $396.496 million. Total spending for the biennium is projected to be $760.634 million. This compares to base resources of $476.934 million for the biennium. The projected difference between base resources and total spending is negative $283.700 million, or 59% higher than available resources.

The changes modeled are the Office's best estimates as of November 1, 2026, and are subject to change, based on updated information on enrollment, tuition, family incomes, federal law, changes in federal funding and state appropriations, and changes to the federal need analysis.

Projected versus Resources FY2028-2029 (in millions)

	FY2028	FY2029	Biennium
Base Resources	$238.467	$238.467	$476.934
Spending Projection	($364.138)	($396.496)	($760.634)
Difference between resources and spending	($125.671)	($158.029)	($283.700) 59% above available resources

When demand for the State Grant program is projected to exceed available resources, OHE must reduce awards using the rationing procedure outlined in statutes, Minn. Stat. 136A.121 Subd. 7 (https://www.revisor.mn.gov/statutes/cite/136A.121). The rationing procedures include adding a surcharge to the Assigned Family Responsibility (AFR) and the Assigned Student Responsibility (ASR). The details are outlined in the chart on the next page.

To ensure students receive comparable State Grant award estimates from similarly priced institutions, schools must **use the Mandatory Estimated State Grant Award parameters below for 2027-2028.** Changes from the current year parameters are shown in red.

Minnesota State Grant Award Parameters	Actual 2026-2027	Mandatory Estimated 2027-2028
Living and Miscellaneous Expense Allowance	$12,690	**$13,110** [ii]
Assigned Student Responsibility	54.5%[i]	**55.2%**
Tuition and Fee Maximums:		
Students in Two-Year Programs	$7,340	**$7,597**[ii]
Students in Four-Year Programs	$18,071	**$19,833**[ii]
Federal Pell Grant Maximum	$7,395	$7,395
Treatment of Negative SAI/Parent Contribution	50% of negative SAI/PC included in SG formula, capped at 1500	50% of negative SAI/PC included in SG formula, capped at 1500
Rationing Surcharge on Assigned Family Responsibility	Varies	**Varies**
Proration of Assigned Family Responsibility (AFR):		
Dependent Students (FM Parent Contribution)	185%[i]	**285%**[i]
Independent Students with Dependents (FM EFC, FM SAI)	138%[i]	**213%**[i]
Independent Students without Dependents (FM EFC, FM SAI)	68%[i]	**105%**[i]

[i] increased under OHE authority in statute, [ii] Estimated

The Office of Higher Education will provide updated State Grant and North Star Promise spending projections at a public meeting in February 2027. Request the meeting invitation by emailing Meghan Flores.

The staff at OHE will continue to monitor all levers within the State Grant program and to work collaboratively with the Legislature toward solutions for the program. The 2027 legislative session will commence January 12th and is scheduled to adjourn May 17th. Any changes to state financial aid program appropriation or statutory language will be considered prior to OHE issuing final State Grant parameters for the 2027-2028 award year. We anticipate releasing final 2027-2028 State Grant Award Parameters after the legislative session concludes and the University of Minnesota and Minnesota State Colleges and Universities set tuition rates. This will likely occur in early June 2027.

If you have questions or concerns about the parameters outlined above, please contact Meghan Flores at Meghan.Flores@state.mn.us. If you have questions or concerns about State Grant program administration, file layout or sending test files, please contact Shawn Reynolds at Shawn.Reynolds@state.mn.us.