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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.

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## Who is eligible for a state grant?

Undergraduate students are eligible for a state grant if they 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, in arrears for child support, or been convicted of a crime of fraud involving federal financial aid funds. 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. A student is not eligible for a grant if they already have a bachelor's degree or have already received a state grant award for 180 credits (i.e., 12 full-time semesters under the program's 15-credits per term definition of full-time enrollment).

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 contribution from the student aid index calculated by the federal need analysis (FAFSA). The grant primarily assists low-income students. In fiscal year 2023, 55 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 2023, 69,495 students received state grants totaling nearly \$202 million. The average state grant award amount was \$2,905, 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 35 percent if the student is independent without children, 71 percent if the student is independent with children, or 79 percent if the student is a dependent. In recent years, reducing AFR has been one approach to increasing award amounts.
- **Pell grants** is the federal Pell grant amount for which a student is eligible.

If the legislature does not 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 115 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 2024-2025 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 are grant awards allocated among 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.

#### Grant Recipients by Institution, Fiscal Year 2023

	Total recipients	Percentage of total recipients	Average award amount	Percentage of total state grant funds
MnState Colleges	29,378	42%	\$1,181	17.2%
MnState Universities	11,735	17%	\$2,788	16.2%
U of M system	11,813	17%	\$5,283	30.9%
Nonprofit private	13,390	19%	\$5,040	33.4%
For-profit private	3,179	5%	\$1,446	2.3%
Total for program	69,495	100%	\$2,905	100%



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