

SF1074 - 0 - Ed. Benefit for Depen. of Disabled Veterans Estab.

Chief Author: **Matt Klein**
 Committee: **Higher Education**
 Date Completed: **3/21/2025 5:51:57 PM**
 Lead Agency: **Office of Higher Education**
 Other Agencies:
 Minnesota State University Of Minnesota

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Minnesota State					
General Fund	-	27	-	-	-
Office of Higher Education					
General Fund	-	3,225	3,259	3,344	3,430
University Of Minnesota					
General Fund	-	34	5	5	5
State Total					
General Fund	-	3,286	3,264	3,349	3,435
Total	-	3,286	3,264	3,349	3,435
Biennial Total			6,550		6,784

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Minnesota State					
General Fund	-	.17	-	-	-
Office of Higher Education					
General Fund	-	1	1	1	1
University Of Minnesota					
General Fund	-	.28	.04	.04	.04
Total	-	1.45	1.04	1.04	1.04

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 3/21/2025 5:51:57 PM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions are shown in parentheses.

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State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
Minnesota State					
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General Fund	-	3,225	3,259	3,344	3,430
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Total	-	3,286	3,264	3,349	3,435
Biennial Total			6,550		6,784
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Minnesota State					
General Fund	-	27	-	-	-
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General Fund	-	3,225	3,259	3,344	3,430
University Of Minnesota					
General Fund	-	34	5	5	5
Total	-	3,286	3,264	3,349	3,435
Biennial Total			6,550		6,784
2 - Revenues, Transfers In*					
Minnesota State					
General Fund	-	-	-	-	-
Office of Higher Education					
General Fund	-	-	-	-	-
University Of Minnesota					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

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 Agency: **Office of Higher Education**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	3,225	3,259	3,344	3,430
Total	-	3,225	3,259	3,344	3,430
Biennial Total			6,484		6,774

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	1	1	1	1
Total	-	1	1	1	1

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 2/24/2025 9:15:05 AM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.mn.gov

State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
					FY2029
General Fund	-	3,225	3,259	3,344	3,430
Total	-	3,225	3,259	3,344	3,430
Biennial Total			6,484		6,774
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	3,225	3,259	3,344	3,430
Total	-	3,225	3,259	3,344	3,430
Biennial Total			6,484		6,774
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill directs OHE to establish a new state financial aid program for the dependents of disabled veterans.

Section 1 assigns a statutory number of 136A.1468 and names the bill EDUCATION BENEFIT FOR DEPENDENTS OF DISABLED VETERANS

Subdivision 1 sets the eligibility for the program as follows:

- must be enrolled in an undergraduate degree or certificate program at University of Minnesota or Minnesota State, and
- is a dependent child of a veteran as defined in section 197.447
 - o section 197.447 is the reference to Minnesota law where a veteran is defined
 - o the veteran must have either a
 - § 100% total and permanent disability; or
 - § A disability rating of 70% or more.

Subdivision 2 details the amount of the educational benefit. The benefit is different, depending on the disability level of the veteran.

For the dependents of veterans with 100% total and permanent disability, the amount of the award is:

- 100% of the tuition, mandatory fees charged to all students and books after subtracting state and federal grants, scholarships and financial aid for dependents.

For the dependents of veterans with a disability rating of 70% or more, the amount of the award is:

- 50% of the tuition, mandatory fees charged to all students and books after subtracting state and federal grants, scholarships and financial aid for dependents.

Subdivision 2 further states that an award from this program may not affect a student's eligibility for the Minnesota State Grant.

Subdivision 3 outlines how awards will be disbursed to schools for the program.

- Students must provide proof of eligibility for the program to the eligible school where the student is enrolled or has

completed a term for which the award is intended.

- On behalf of the student, the school must request payment for the award from the Office of Higher Education.

The bill does not include any language requiring students to apply for financial aid nor any other veteran's educational benefit.

The bill does not include any language on appropriations.

Assumptions

Since the bill does not require a recipient to apply for financial aid, OHE assumes students will not apply and did not offset the cost by the potential eligibility for other aid programs.

- If students do apply for aid and qualify for "state and federal grants, scholarships" and "financial aid", that aid would bring down the cost of the proposed program.

Since the bill does not require a recipient to apply for other Veteran's educational benefits, and those benefits are not administered at OHE, OHE did not offset the cost by the potential eligibility for those programs.

- If students do apply for other Veteran's education benefits, such as the Minnesota GI Bill or Chapter 35 Federal Veteran's Affairs Education Benefits, that aid would bring down the cost of the proposed program.

The Minnesota Department of Veteran's Affairs (MDVA) provided data to OHE on the Minnesota veteran population. In the data below, MDVA referenced US Census Bureau American Community Service data on the number of children per veteran, likelihood of undergraduate enrollment in a public institution, likelihood of attending an instate institution and the "take up" rate of eligible applicants to apply for a benefit. Based on this data, the take up rate of potentially eligible dependents is about 4 percent. Below is the data from the MDVA.

- 31,921 veterans with a Service Connected Disability rating of 70% or greater
- 7,821 veterans with a Service Connected Disability rating of 70% or greater with dependents in the household
- 312 potentially eligible dependents

The bill does not include a start date for the program; therefore, OHE assumes the program will begin FY26.

An assumption of a \$1,000 per year total per student book cost was used by OHE.

To calculate the FY26 tuition and fees, assumed increases to the FY25 tuition and fee rates were used:

- 7% at Minnesota Colleges and Universities
- 1.5% at the following University of Minnesota (UMN) campuses: Crookston, Rochester, Duluth and Morris
- 4.5% at the UMN Twin Cities campus

To calculate the FY27 tuition and fees, except for the UMN Twin Cities, the same assumed increases above were applied to FY26 tuition and fee rates. For the UMN Twin Cities, 4% was used.

For FY28 and FY29, each year an across-the-board assumption of a 3% tuition and fees increase was used.

Without the ability to predict which of the 38 eligible institutions eligible students will attend, OHE used an average tuition and fee rate of all eligible schools.

Expenditure and/or Revenue Formula

Awards to students: The first awards would be disbursed to students in FY 2026. In FY 2026, OHE estimates, 312 students would qualify for an award with the average award amount of \$9,491 each for a total of \$2,961,192.

Staff: Based on the activities required to administer the program, OHE estimates a 1.00 FTE State Program Administrator Principal would be required. Examples of program duties for the State Program Administrator Principal include but are not limited to:

- Develop and implement a workflow schedule and supporting documentation, including updating the program manual and other documentation necessary for internal and external staff to administer the program.
- Administer annual program setup, testing, and verification to financial aid software, and records needed for program operation.
- Manage Application process, including reviewing and correcting program applications ensuring quality control of recipient data loaded to database.
- Determine Eligibility, including verifying accuracy of awards submitted by participating institutions.
- Calculate and verify Award Amounts.
- Communicate Award Eligibility.
- Disburse Awarded Amounts, including collecting institutional spending data, verifying disbursements and refunds - resulting in efficient delivery of awards and funds to applicants and schools.
- Lead Closeout & Monthly and Annual Reconciliation Processes
- Ensure compliance by conducting audits and adherence to workflow process, on a regular basis.
- Develop, implement, and author accurate program spending projections and forecasts.
- Develop and ensure adequate technical and program training and outreach to schools is scheduled and implemented.
- Serve as the primary point of contact for inquiries from Financial Aid Administrators, applicants, students, as well as higher-level program inquiries from external parties, including legislative staff regarding program statutes, rules, policies and procedures.
- Author required statutory reports

Fully loaded salary/benefits and supports costs for this position is:

	FY26	FY27	FY28	FY29
1.0 FTE State Program Administrator	\$133,400.09	\$137,402.09	\$137,402.09	\$137,402.09

3% inflation was added to FY27.

IT costs: In order to build the student application and administrator functions for the OHE program administrator and campus partners within MNAid, OHE anticipates one-time IT costs of \$125,000 in FY 2026.

Communications: OHE estimates the cost for brochures, handouts, and other marketing materials to be developed, revised, updated and redistributed on an annual basis is \$5,000.

Table 1: Program Award Costs

	FY26	FY27	FY28	FY29
# of Students	312	312	312	312
Average Tuition, Fees & Books	\$9,491	\$9,990	\$10,260	\$10,538
Total Cost	\$2,961,192	\$3,116,880	\$3,201,120	\$3,287,856

Table 2: Total Costs

	FY26	FY27	FY28	FY29
Grant Expenditures	\$2,961,192	\$3,116,880	\$3,201,120	\$3,287,856
IT costs	\$125,000	\$0	\$0	\$0

Staff (Salary/Fringe & Support Costs)	\$133,400.09	\$137,402.09	\$137,402.09	\$137,402.09
Communications	\$5,000	\$5,000	\$5,000	\$5,000
Total	<u>\$3,224,592.09</u>	<u>\$3,259,282.09</u>	<u>\$3,343,522.09</u>	<u>\$3,430,258.09</u>

Long-Term Fiscal Considerations

It is important for the legislature to note that the cost to fund last dollar tuition and fee aid programs should be anticipated to increase each year as tuition and fees increase.

Local Fiscal Impact

None

References/Sources

Projections and estimates developed by OHE Financial Aid department in collaboration with Minnesota Department of Veterans Affairs

Agency Contact: Meghan Flores

Agency Fiscal Note Coordinator Signature: Michelle Scott

Phone: 651-259-3980

Date: 2/24/2025 7:26:30 AM

Email: michelle.scott@state.mn.us

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Chief Author: **Matt Klein**
 Committee: **Higher Education**
 Date Completed: **3/21/2025 5:51:57 PM**
 Agency: **Minnesota State**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
General Fund	-	27	-	-	-
Total	-	27	-	-	-
Biennial Total			27		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	.17	-	-	-
Total	-	.17	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 3/21/2025 5:50:37 PM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.mn.gov

State Cost (Savings) Calculation Details

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Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	27	-	-	-
Total	-	27	-	-	-
Biennial Total			27		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	27	-	-	-
Total	-	27	-	-	-
Biennial Total			27		-
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill creates a new financial aid program for dependents of disabled veterans. Based on the veteran's disability rating, the program would cover either 100 percent or 50 percent of the cost of tuition, fees, and books, after subtracting state and federal grants, scholarships, and financial aid. The dependent must be enrolled in an undergraduate degree or certificate program at an institution that is operated by the state of Minnesota or by the Board of Regents of the University of Minnesota.

Assumptions

A series of IT programming work would be required to implement the proposed new award. Cost estimates are based applicable portions of the work done to implement the North Star Promise program. Specific tasks and hours required are listed below.

Expenditure and/or Revenue Formula

New sub-program to compute award amounts	160 hours
New award ID & associated setup	10 hours
New report with appropriate edits	70 hours
User Interface modifications	55 hours
Aid Apply & Packaging modifications	30 hours
Database changes	20 hours
Total	345 hours

345 hours x approximately \$78/hour (salary + benefits for ITS-4 staff time) = \$26,910

Long-Term Fiscal Considerations**Local Fiscal Impact**

References/Sources

Agency Contact: Steve Ernest (651-201-1710)

Agency Fiscal Note Coordinator Signature: Steve Ernest

Phone: 651-201-1710

Date: 3/21/2025 4:01:16 PM

Email: Steve.Ernest@minnstate.edu

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 Committee: **Higher Education**
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 Agency: **University Of Minnesota**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

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	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
General Fund	-	34	5	5	5
Total	-	34	5	5	5
Biennial Total			39		10

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	.28	.04	.04	.04
Total	-	.28	.04	.04	.04

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 3/13/2025 10:22:18 AM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.mn.gov

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General Fund	-	34	5	5	5
Total	-	34	5	5	5
Biennial Total			39		10
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	34	5	5	5
Total	-	34	5	5	5
Biennial Total			39		10
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill directs OHE to establish a new state financial aid program for the dependents of disabled veterans.

Subdivision 1 sets the eligibility for the program as: must be enrolled in an undergraduate degree or certificate program at University of Minnesota or Minnesota State, and is a dependent child of a veteran as defined in section 197.447

Subdivision 2 details the amount of the educational benefit. The benefit is different, depending on the disability level of the veteran.

For the dependents of veterans with 100% total and permanent disability, the amount of the award is 100% of the tuition, mandatory fees charged to all students and books after subtracting state and federal grants, scholarships and financial aid for dependents.

For the dependents of veterans with a disability rating of 70% or more, the amount of the award is 50% of the tuition, mandatory fees charged to all students and books after subtracting state and federal grants, scholarships and financial aid for dependents.

Assumptions

This fiscal note uses the OHE fiscal note on SF1074 to estimate the University's costs to administer the application process. The proposed changes in law will require the University to implement changes in information technology and functional financial aid costs to execute a new program. See calculations below.

Expenditure and/or Revenue Formula

Cost estimates below to setup and administer the program include salary and fringe estimates (36.6%).

Business Analyst 3:

- 50 hours of development time to create an electronic application process, including testing, routing work, secure storage work, etc. 50 X \$45/hour= \$3073.50 one-time.
- 10 hours of on-going development time per year to update application, testing, and routing. 10 x \$45/hour = \$614.70 per year.

Senior Content Writer/Editor

- 40 hours of communications time to launch the program. This includes development of emails to students, advertising of program, website, etc. Rate is approximately \$35 an hour. Total is \$1912.40 one time.
- 10 hours of on-going communication time to update any documentation, websites, emails to students, etc. Rate is

approximately \$35 an hour. Total is \$478.10 per year.

Student Services Manager 1: Student Financial Services

- 160 hours of functional financial aid time spent to launch a new financial aid program. Includes implementation, documentation, communication with state, etc. Rate is approximately \$40 an hour. Total is \$8742.40 one time.
- 40 hours of on-going functional time spent per year to administer the newly implemented program. Rate is approximately \$40 an hour. Total is \$2185.60 per year

Business Analyst 4:

- 200 hours of functional IT time spent to build new program within PeopleSoft. Includes building of queries, aid logic, and other IT related items. Rate is approximately \$50.00 an hour. Total is \$13660.00 one time.
- 20 hours of on-going functional IT time spent to administer the new program. Includes updates to queries, connection work with MNAid, etc. Rate is approximately \$50.00 an hour. Total is \$1366.00 per year.

Student Services manager 1: One Stop Student Services

- 40 hours of billing time spent to implement a new program into billing procedures. Includes development of third party contracts, testing within PeopleSoft, etc. Rate is approximately \$37.00 an hour. Total is \$2021.68 one time.

Principal Account Specialist:

- 15 hours of on-going billing time spent to administer the new program. Includes posting to student accounts, adjusting of bills, etc. Rate is approximately \$27.00 an hour. Total is \$553.23 per year.

Total one-time costs in FY26: \$29,409.98

Total ongoing costs starting in FY26: \$5,197.63

Long-Term Fiscal Considerations

Annual costs are ongoing.

Local Fiscal Impact

References/Sources

Nate Peterson, Executive Director, Office of Student Finance, University of Minnesota

Agency Contact: Keeya Steel

Agency Fiscal Note Coordinator Signature: Keeya Steel

Phone: 612-625-5512

Date: 3/12/2025 8:51:28 PM

Email: keeya@umn.edu