



Projection of Minnesota State Grant Spending for Fiscal Years 2004 and 2005



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About the Higher Education Services Office

The Minnesota Higher Education Services Office is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to post-secondary education. The agency serves as the state's clearinghouse for data, research and analysis on post-secondary enrollment, financial aid, finance and trends.

The Minnesota State Grant program, which is administered by the agency, is a need-based tuition assistance program for Minnesota students. The agency also oversees tuition reciprocity programs, a student loan program, Minnesota's 529 college savings program, licensing and an early awareness outreach initiative for youth. Through collaboration with systems and institutions, the agency assists in the development of the state's education technology infrastructure and shared library resources.

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Projected Minnesota State Grant Spending

This is the seventh report in a series presenting projections of spending for the Minnesota State Grant Program as required by state law¹. These reports were required by the legislature to establish a formal communication process between the Higher Education Service Office and representatives from the various higher education sectors. The goal was to improve the projections process for the state grant program.

Since there has been no change in the base data (fiscal year 2004) from the last report in December of 2004, the figures conveyed in this update are the same found in the previous issue.² Two other important data sources either remain the same or are still uncertain. Information from the representatives of the various post-secondary sectors is consistent with that received prior to the release of the last report. Year to date spending for 2005 is the same as that reviewed last December. Spring enrollment information, the next key piece of information that would have a definitive bearing on spending projections, will not be available until late April or early May. This information will provide a much clearer picture of grant demands for the full fiscal year.

Based on models using complete annual data from FY 2004, the Higher Education Services Office projects a surplus of about \$35 million in the State Grant Program for the 2004-2005 biennium. The actual surplus was about \$26 million in FY 2004 and the projected surplus is not quite \$10 million in FY 2005 resulting in a biennial total of about \$35 million. In the general fund forecast released in November of 2004, the Department of Finance increased the estimate of general cancellations by \$32 million recognizing in part this projected amount.

As reported by this office in December, the \$35 million could potentially be higher. Data for the fall term of 2004 suggests spending of \$125 million in 2005 resulting in a total surplus for the 2004-05 biennium of approximately \$42 million. However, this is based on data for the fall term only of the fiscal year and may change as the academic year progresses.

Table 1. Actual and Projected Minnesota State Grant Spending, Fiscal Years 2004 and 2005

Projection	FY 2004	FY 2005 Projection	Biennium
Appropriations & Federal Grants (million)	\$141.08	\$141.13	\$282.20
Minnesota State Grant Spending (million)	\$115.32	\$131.59	\$246.91
Difference (million)	\$25.76	\$9.54	\$35.29

¹ Laws of Minnesota, 2003, Chapter 133, Article 1, Section 2

² For a copy of the report, see <http://www.heso.state.mn.us/pdf/StateGrantProj12-1-04.pdf>