



February 12, 2026

The Honorable Omar Fateh, Chair
Higher Education Committee
3219 Minnesota Senate Building
75 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155

Dear Senator Fateh:

Enclosed is the latest projections report for the Minnesota State Grant program as required by *Minnesota Statute* 136A.121. By law, updates occur on November 1 and February 15 of each fiscal year. Information on enrollments and tuition and fee changes were provided by public and private institutions.

Fiscal years 2024-2025

State Grant spending totaled \$243.933 million for fiscal year 2024 and \$222.114 million in fiscal year 2025, for a biennial total of \$466.044 million. This compares to base resources of \$466.045 million for the biennium. The difference between base resources and total spending was positive \$0.001 million, less than 1% below available resources. Base resources for fiscal years 2024 and 2025 include transfers of \$2.8M to other financial aid programs and transfers of \$10M from other financial aid programs to the State Grant.

Spending for the North Star Promise program totaled \$109.251 million in fiscal year 2025 (the first year of program implementation). This includes North Star Promise Plus spending, and compares to base resources of \$112.186 million for the biennium. The difference between base resources and total spending is positive \$2.935 million, or 2.6% below available resources. Unspent funds for this program are available for use in future years.

Fiscal years 2026-2027

The spending projection for fiscal year 2026 is \$292.475 million, and the spending projection for fiscal year 2027 is \$193.988 million. Total spending for the biennium is projected to be \$486.463 million. This compares to base resources of \$494.600 million for the biennium. The projected difference between base resources and total spending is positive \$8.137 million, or 1.6% below available resources.

North Star Promise Program: Spending for the North Star Promise program is projected to cost \$47.756 million in fiscal year 2026 and \$43.237 million in fiscal year 2027, for a biennial total of \$90.993 million. This estimate does not include North Star Promise Plus spending because the North Star Promise Plus match is not available in fiscal year 2026 and has not yet been determined for fiscal year 2027. This compares to base resources of an estimated \$101.935 million for the biennium. The projected difference between base resources and total spending is positive \$10.942 million. Unspent funds for this program are available for use in future years.

In order to maintain spending within appropriations, the Office has exercised its statutory authority to reduce awards in the State Grant program to maintain spending within appropriations, and has issued a priority deadline of June 1, 2026 for applicants to the North Star Promise program.

Impacts to the State Grant projection

Projected spending for the State Grant program is estimated to be high for the following reasons:

- Enrollment has increased faster than previously projected for most institution types.
- The increase in State Grant applicants has exceeded the increase in projected enrollment for the second year in a row.

Deficit projections

When a deficit in resources occurs for the State Grant program, the Office of Higher Education is authorized to reduce awards using the rationing procedure outlined in statute. Once the Office has determined needed adjustments to the parameters as outlined in statute 136A.121 Subd. 7, institutions will be notified.

The report can be viewed online at <https://ohe.mn.gov/reports/minnesota-state-grant-north-star-promise-spending-projections>. Feel free to contact myself or the report authors if you have questions or would like more information.

Sincerely,



Dennis Olson
Commissioner



Minnesota State Grant & North Star Promise Projections

Fiscal Years 2024-2025 and 2026-2027

2/15/2026

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About the Office of Higher Education

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

The Minnesota State Grant Program is the largest financial aid program administered by the Office of Higher Education, awarding more than \$247 million annually in need-based grants to Minnesota residents attending eligible colleges, universities and career schools in Minnesota. The agency oversees other state scholarship programs, tuition reciprocity programs, a student loan program, Minnesota's 529 College Savings Plan, licensing and early college awareness programs for youth.

About This Report

This is a legislative-mandated report. As requested by Minnesota Statutes, section 3.197, this report cost approximately \$_____ to prepare, including staff time.

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Executive Summary

This report presents actual spending for the Minnesota State Grant program for the 2024-2025 biennium and projected spending for the 2026-2027 biennium as of February 15, 2026, as required by state law. Projections are the result of a full simulation of the State Grant model. This model projects State Grant spending for fiscal years 2026 and 2027. It uses fiscal year 2025 actual spending data and award parameters in law as of February 15, 2026, along with information on enrollment and tuition and fee changes provided by institutional representatives and the percent change in wages. Discussion of the assumptions used in the spending projections starts on page four of this report.

The results of the projections are:

- Fiscal years 2024-2025: State Grant spending totaled \$243.930 million for fiscal year 2024 and \$222.114 million for fiscal year 2025, for a biennial total of \$466.044 million. This compares to base resources of \$466.045 million for the biennium. The difference between base resources and total spending was positive \$0.001 million, less than one percent below resources.
 - North Star Promise Program: Spending for the North Star Promise program totaled \$109.251 million in fiscal year 2025 (the first year of program implementation). This includes North Star Promise Plus spending and compares to base resources of \$112.186 million for the biennium. The difference between base resources and total spending was positive \$2.935 million. Unspent funds for this program are available for use in future years.
- Fiscal years 2026-2027: The spending projection for fiscal year 2026 is \$292.475 million, and the spending projection for fiscal year 2027 is \$193.988 million. Total spending for the biennium is projected to be \$486.463 million. This compares to base resources of \$494.600 million for the biennium. The projected difference between base resources and total spending is positive \$8.137 million, or 1.6% below available resources.
 - North Star Promise Program: Spending for the North Star Promise program is projected to cost \$47.756 million in fiscal year 2026 and \$43.237 million in fiscal year 2027, for a biennial total of \$90.993 million. This estimate does not include North Star Promise Plus spending because the North Star Promise Plus match is not available in fiscal year 2026 and has not yet been determined for fiscal year 2027. This compares to base resources of an estimated \$101.935 million for the biennium. The projected difference between base resources and total spending is positive \$10.942 million. Unspent funds for this program are available for use in future years.
 - In order to maintain spending within appropriations for FY2027, the Office has exercised its statutory authority to reduce awards in the State Grant program to maintain spending within appropriations, and has issued a priority deadline of June 1, 2026 for applicants to the North Star Promise program.

Fiscal Years 2024 and 2025 — Actual and Projected Spending

This report presents actual Minnesota State Grant program spending for fiscal years 2024 and 2025 and spending projections for fiscal years 2026 and 2027 as of February 15, 2026. State law requires spending projection updates to occur by November 1 and February 15 of each fiscal year. Information on projected enrollment and tuition and fee changes was provided by institutional representatives to the Minnesota Office of Higher Education prior to February 15, 2026.

The projections contained in this report are the result of a full simulation of the State Grant model. This model projects State Grant spending for fiscal years 2026 and 2027 using fiscal year 2025 actual spending data and award parameters in law as of February 15, 2026; information on enrollment and tuition and fee changes provided by institutional representatives; and the percent change in wages taken from the most recent Employment Cost Index information for the Twin Cities metropolitan area. Discussion of the assumptions used in the spending projections starts on page four.

State Grant spending totaled \$243.930 million for fiscal year 2024 and \$222.114 million for fiscal year 2025, for a biennial total of \$466.044 million. This compares to base resources of \$466.045 million for the biennium. The projected difference between base resources and total spending is positive \$0.001 million or less than one percent below available resources.

Table 1: Spending versus Resources FY2024-2025 (in millions)

	FY2024	FY2025	Biennium
Base resources	\$243.933 ⁱ	\$222.112	\$466.045 ⁱ
Spending	<u>+(243.930)</u>	<u>+(222.114)</u>	<u>+(466.044)</u>
Difference between resources and spending	\$0.003	\$(0.002)	\$0.001 <1% below available resources

ⁱ Base resources for fiscal years 2024 and 2025 include transfers of \$2.8M to other financial aid programs and transfers of \$12M from fiscal year 2025 to fiscal year 2024. Base resources in fiscal year 2025 include transfers of \$10M from other financial aid programs.

Fiscal Years 2026 and 2027 — Spending Projection

The spending projection for fiscal year 2026 is \$292.475 million, and the spending projection for fiscal year 2027 is \$193.988 million. Total spending for the biennium is projected to be \$486.463 million. This compares to base resources of \$494.600 million for the biennium. The projected difference between base resources and total spending is positive \$8.137 million, or 1.6% below available resources.

These estimates take into account mandatory estimated parameters for the State Grant program communicated to financial aid administrators for fiscal year 2027 awards. These parameters ration State Grant awards to ensure spending is maintained within available resources. Final parameters will be released by June 30, 2026, and will take into account projected spending as of that date.

The changes modeled are the Office's best estimates as of February 15, 2026, and are subject to change, based on updated information on enrollment, tuition, family incomes, federal law, federal funding, and changes to the federal need analysis.

Table 2: Projected versus Resources FY2026-2027 (in millions)

	FY2026	FY2027	Biennium
Base resources	\$307.300 ⁱ	\$187.300	\$494.600
Spending projection	<u>+(292.475)</u>	<u>+(193.988)</u>	<u>+(486.463)</u>
Difference between resources and spending	\$14.825	\$(6.688)	\$8.137 ⁱⁱ 1.6% below available resources

ⁱ Base resources for fiscal year 2026 include transfers of \$60M from fiscal year 2027. ⁱⁱ Balance in the 2026-2027 biennium is available in subsequent years.

Deficit Projections

When a deficit in resources occurs for the State Grant program, the Office of Higher Education is authorized to reduce awards using the rationing procedure outlined in statute (below). Once the Office has determined needed adjustments to the parameters as outlined in statute, institutions will be notified.

136A.121 Subd. 7. Insufficient appropriation. If the amount appropriated is determined by the office to be insufficient to make full awards to applicants under subdivision 5, awards must be reduced by:

(1) adding a surcharge to the applicant's assigned family responsibility, as defined in section 136A.101, subdivision 5a; and

(2) a percentage increase in the applicant's assigned student responsibility, as defined in subdivision

(b) The reduction under paragraph (a), clauses (1) and (2) must be equal dollar amounts. The total assigned family responsibility after the addition of the surcharge may exceed 100 percent of the parental or student contribution, as applicable, assigned by the federal needs analysis. The commissioner must

not adjust the surcharge under paragraph (a), clause (1), according to the student's status as a dependent student, an independent student with dependents other than a spouse, or an independent student without dependents other than a spouse.

Assumptions

The Minnesota State Grant spending projection for each fiscal year relies on a series of adjustments and the program parameters shown in Table 3.

Table 3: Minnesota State Grant Award Parameters

	FY2024	FY2025	FY2026	FY2027
	ACTUAL	ACTUAL	ACTUAL	PROJECTED
Living and Miscellaneous Expense Allowance	\$12,576	\$12,990	\$12,444	\$12,690
Assigned Student Responsibility	50%	52.8%	50%	54.5% ⁱ
Tuition and Fee Maximums				
Students in Two-Year Programs	\$6,580	\$6,679	\$6,909	\$7,393 ⁱⁱ
Students in Four-Year Programs	\$16,654	\$17,370	\$17,717 ⁱⁱⁱ	\$18,071 ⁱⁱ
Federal Pell Grant Maximum	\$7,395	\$7,395	\$7,395	\$7,395
Rationing Surcharge on Assigned Family Responsibility	0%	Varies	0%	95% ⁱ
Proration for the Assigned Family Responsibility				
Dependent Students (Parent Contribution)	79%	100% ⁱ	95%	95%
Independent Students with Dependents (Student Contribution)	71%	100% ⁱ	71%	71%
Independent Students without Dependents (Student Contribution)	35%	100% ⁱ	35%	35%

ⁱ Increased under OHE authority in statute; ⁱⁱ Estimated; ⁱⁱⁱ Increases to the tuition and fee maximum for four-year programs capped in state law at 2% per year for fiscal years 2026 and 2027.

To calculate a student's State Grant award, the financial aid administrator must first define the student's State Grant budget, which is defined as recognized tuition and fees plus the living and miscellaneous expense allowance (LME). Each student's State Grant award is calculated based on recognized tuition and fee levels plus the living and miscellaneous expense allowance (LME). The LME is set to 106% of the federal poverty guideline. Tuition and fee levels for students in programs leading to a certificate or associate degree are capped at the tuition and fee level for the highest-cost two-year public institution. For students in Bachelor's degree programs, the tuition and fee maximum is capped at the highest tuition and fees charged at Bachelor's degree-conferring public institution. Current State Grant budgets are based on the tuition and fees rates from the 2024-2025 academic year plus two percent for fiscal year 2026 and an additional two percent for fiscal year 2027. This budget is then prorated by the student's enrollment level out of 15 credits.

A portion of the student's total State Grant budget is assigned to the student as the Assigned Student Responsibility (currently set to 50% of the total budget). The remainder is paid by either the student's family or taxpayers. The family contribution is calculated by taking the Student Aid Index (for independent students) or the Parental Contribution (for dependent students) obtained from the student's FAFSA and moderating downward by a percentage set in state law. The family contribution is then prorated by the student's enrollment level out of 15 credits.

Any remaining expenses left over after subtracting the student and family responsibilities is covered by a combination of Federal Pell Grants and the Minnesota State Grant.

Figure 1: Minnesota State Grant Budget in State Statute

$$\begin{aligned} & \underbrace{(\text{Tuition and Fees}^* + \text{Living and Miscellaneous Expense Allowance}^{**})}_{\text{State Grant Budget}} \times \underbrace{\text{Enrollment Level}}_{\text{Out of 15 Credits}} \\ & \times (1 - \underbrace{\text{Assigned Student Responsibility}}_{.5}) \times \underbrace{\text{Enrollment Level}}_{\text{Out of 15 Credits}} \\ & - (\underbrace{\text{Parental Contribution}}_{\text{Or SAI, for Independent Students}} \times \underbrace{\text{AFR Modifier}}_{\text{Varies by Family Type}} \times \underbrace{\text{Enrollment Level}}_{\text{Out of 15 Credits}}) \\ & - \text{Pell Grant} \\ & = \text{Annual State Grant} \end{aligned}$$

*Tuition and fees capped at maximum in state law **106% of the federal poverty guideline

Federal Poverty Guidelines – Living and Miscellaneous Expense Allowance

The Living and Miscellaneous Expense allowance (LME) is benchmarked to an amount equal to the Federal Poverty Guidelines for a single person household living in the contiguous 48 states for a nine-month period. The U.S. Department of Health and Human Services issues Federal Poverty Guidelines annually on January 31. Under Minnesota law, the LME is equal to the Federal Poverty Guidelines plus six percent. Table 5 displays the annual figures for the Living and Miscellaneous Expense Allowance.

Table 4: Federal Poverty Guidelines

	FY2024	FY2025	FY2026	FY2027
Poverty Guidelines Year	2023	2024	2025	2026
	ACTUAL	ACTUAL	ACTUAL	ACTUAL
Federal Poverty Guidelines – 1 person in family/household, 48 contiguous states	\$14,580	\$15,060	\$15,557	\$15,960
Poverty Guideline Increase %	7.28%	3.29%	3.92%	1.98%
Multiplier for 9-month time period	0.75	0.75	0.75	0.75
Inflator in Minnesota law	0.15	0.15	0.06	0.06

	FY2024	FY2025	FY2026	FY2027
Living and Miscellaneous Expense Allowance	\$12,576	\$12,990	\$12,444	\$12,690

Change in Wages

The State Grant spending projection incorporates data about changes in wages of Minnesota workers. Estimated changes in wages are derived from year-over-year changes in the Employment Cost Index. Current assumptions appear in Table 5.

Table 5: Change in Annual Wages, Minnesota

	FY2024 tax year 2021	FY2025 tax year 2022	FY2026 tax year 2023	FY2027 tax year 2024
One-Year Change in Average Wages	2.4%	5.8%	4.1%	4.3%

Enrollment Assumptions

The State Grant spending projection also incorporates estimated changes in the number of Minnesota resident undergraduates enrolling at each institution. Table 6 shows information about year-to-year percent change in undergraduate students for fiscal years 2024 to 2027. Overall enrollment changes serve to estimate changes in the number of Minnesota-resident aid applicants. The Office revises enrollment assumptions as new enrollment data provided by the institutions becomes available. A change in total enrollment of plus or minus one percentage point annually changes projected State Grant spending by an estimated \$2.0 million. Enrollment increased significantly at most institutions in fall 2024 and is expected to continue to increase in subsequent years.

Table 6: Enrollment Assumptions

	FY2024	FY2025	FY2026	FY2026	FY2027
	Fall 2023	Fall 2024	Fall 2025	Fall 2025	Fall 2026
System	Actual	Actual	Projected	Actual	Projected
Minnesota State Colleges	3.7%	6.3%	1.7%	3.9%	1.5%
Minnesota State Universities	-1.4%	2.3%	1.1%	2.1%	0.3%
University of Minnesota Twin Cities	-0.5%	3.1%	0% to 2%	2.5%	0% to 3%
University of Minnesota Crookston, Duluth, Morris, and Rochester	-2.6%	-1.2%	0% to 2%	-1% to +30.3%	0% to 3%
Private Not-for-Profit Institutions	-0.2%	1.9%	0.0%	2.3%	1.5%
Private For-Profit Institutions	-27.4%	1.0%	4.0%	0.0%	4%

Changes in State Grant Applicants

For the third year in a row, the State Grant program saw an increase in applicants in fall 2025 (fiscal year 2026). State Grant applicants refers to students who completed the FAFSA or state aid application and met eligibility requirements outlined in state statute to receive a Minnesota State Grant¹. Beginning in fiscal year 2025, the need profile of applicants also saw a sharp shift, with a much higher percentage of applicants having an assigned family contribution of \$0 or less, as determined by their FAFSA application. These changes have an outsize impact on financial aid spending and continue to inform spending projections for the Minnesota State Grant program and North Star Promise. It is also of note that in fiscal year 2025, State Grant awards were not made to applicants who did not file a FAFSA by November 30, 2024, due to limited funds in the program. This may inadvertently increase the year-over-year percent change in applicants after November 30, 2024 because the fiscal year 2025 applicant file does not include applicants who filed after November, while the 2026 file does.

Year-over-year percent change in applicants is shown in the table below.

Table 7: Year-Over-Year Change in State Grant Applicants, FY25 to FY26ⁱ

Applicant SAI Band	Count of Applicants, FY25	SAI Band as a Percent of All Applicants, FY25	Count of Applicants, FY26	SAI Band as a Percent of All Applicants, FY26	Percent Change in Applicant Count from Prior Year
-\$1,500	42,060	36.0%	42,519	33.7%	1.1%
-\$1 to -\$1,499	4,839	4.1%	5,549	4.4%	14.7%
\$0	2,993	2.6%	6,027	4.8%	101.4%
\$1 to \$1,000	2,085	1.8%	1,355	1.1%	-35.0%
\$1,001 to \$2,000	2,444	2.1%	1,798	1.4%	-26.4%
\$2,001 to \$3,000	2,928	2.5%	2,675	2.1%	-8.6%
\$3,001 to \$4,000	2,699	2.3%	3,137	2.5%	16.2%
\$4,001 to \$5,000	2,617	2.2%	3,005	2.4%	14.8%
\$5,001 to \$6,000	2,476	2.1%	2,912	2.3%	17.6%
\$6,001 to \$7,000	2,381	2.0%	2,593	2.1%	8.9%
\$7,001 to \$8,000	2,149	1.8%	2,452	1.9%	14.1%
\$8,001 to \$9,000	1,932	1.7%	2,257	1.8%	16.8%
\$9,001 to \$10,000	1,726	1.5%	2,078	1.6%	20.4%
>\$10,000	43,477	37.2%	47,544	37.7%	9.4%
Total	116,806		125,901		7.8%

¹ Not all eligible students will qualify financially for a State Grant. See [MN Statutes Chapter 136A.121 Subd. 2](#) for full grant eligibility.

ⁱ As of January 25, 2026.

In both fiscal years 2025 (figure 2) and 2026 (figure 3), the percent increase in State Grant applicants when compared to the prior year exceeded both projected and actual fall enrollment increases at most institution types. As a result, actual spending in 2025 was much higher than anticipated earlier in the year. A much larger applicant pool in 2025, which resulted in a larger count of State Grant recipients, also passed on increases in spending to the next biennium.

Figure 2: Estimated Year-to-Year Increases in Enrollment Compared to Increases in SG Applicants, FY2025

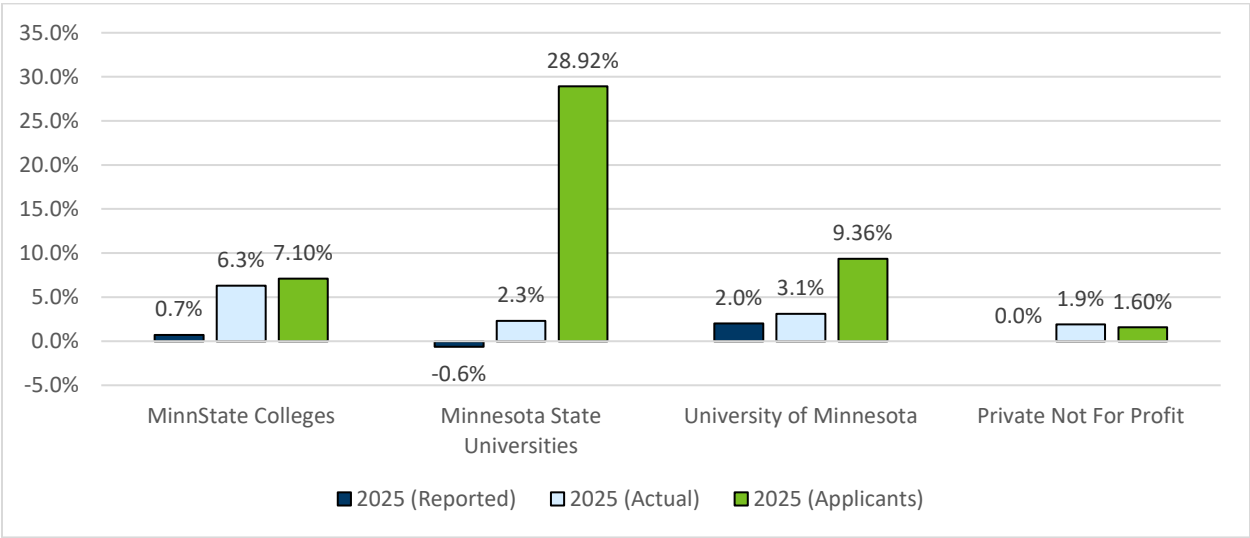


Table 8: Estimated Year-to-Year Increases in Enrollment Compared to Increases in SG Applicants, FY2025

	2025 (Enrollment Reported)	2025 (Actual Enrollment)	2025 (SG Applicants)
Minnesota State Colleges	0.7%	6.3%	7.1%
Minnesota State Universities	-0.6%	2.3%	28.9%
University of Minnesota	2.0%	3.1%	9.4%
Private Not-for-Profit Institutions	0.0%	1.9%	1.6%

Figure 3: Estimated Year-to-Year Increases in Enrollment Compared to Increases in SG Applicants, FY2026 (YTD)

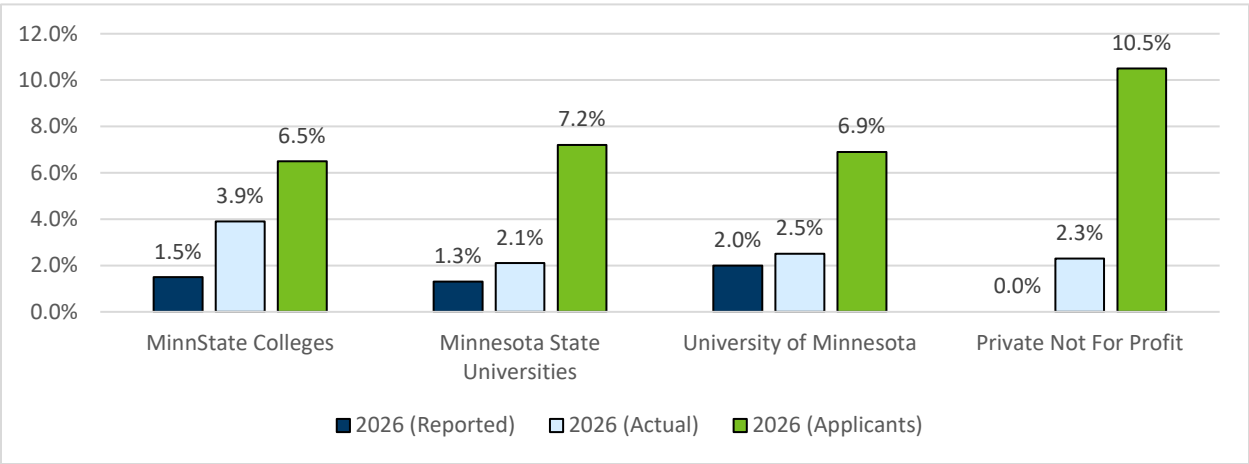


Table 9: Estimated Year-to-Year Increases in Enrollment Compared to Increases in SG Applicants, FY2026 (YTD)

	2026 (Enrollment Reported)	2026 (Actual Enrollment)	2026 (SG Applicants)
Minnesota State Colleges	1.5%	3.9%	6.5%
Minnesota State Universities	1.3%	2.1%	7.2%
University of Minnesota	2.0%	2.5%	6.9%
Private Not-for-Profit Institutions	0.0%	2.3%	10.5%

Pell Grant Changes in Law

The FAFSA Simplification Act enacted in December 2021 authorized significant changes to the Pell Grant award formula, which had a direct impact on State Grant spending. These changes went into effect in fiscal year 2025. Currently, there is no change authorized to the maximum Pell Grant award. The Office will continue to monitor Congressional activity regarding funding of the federal Pell Grant program, and future projections will include updated Pell Grant amounts.

The State Grant award formula maintains a dollar-for-dollar relationship with the student's Pell Grant, and increases or reductions in the federal Pell Grant amounts will impact State Grant spending. Table 10A lists the current federal Pell Grant parameters.

Table 10: Federal Pell Grant Award Parameters

	FY2024	FY2025	FY2026	FY2027
	ACTUAL	ACTUAL	ACTUAL	ACTUAL
Pell Grant Minimum Award	\$740	\$740	\$740	\$740
Pell Grant Maximum Award	\$7,395	\$7,395	\$7,395	\$7,395
Award Formula: Expected Family Contribution (EFC)	Maximum Pell - EFC	See Table 10A	See Table 10A	See Table 10A
Qualifying EFC	\$0-\$6,206	Varies	Varies	Varies

Table 10a. FY2025 Pell Grant Thresholds for Award Amounts Under the FAFSA Simplification Act

Dependency Status	Single Parent Status	Receives Maximum Pell Grant	Receives Greater of Minimum Pell Grant or Maximum Pell Grant-SAI	IF SAI<=90% of Maximum Pell Grant, Receives Maximum Pell Grant - SAI
Dependent	Single Parent	AGI Less than 225% of FPG ⁱ	226%-325%	326%+
Dependent	Not a Single Parent	Less than 175%	176%-275%	276%+
Independent	No Dependents	Less than 175%	176%-275%	276%+
Independent	With Dependents, Single Parent	Less than 225%	226%-400%	400%+
Independent	With Dependents, Not a Single Parent	Less than 175%	176%-350%	350%+

ⁱPell funding level eligibility is determined using Adjusted Gross Income (AGI) as a Percentage of Federal Poverty Guidelines (FPG)

Tuition and Fee Increases

The Office gathered information about tuition and fee increases for fiscal years 2026 and 2027 from institutional and system representatives. Table 11 details actual and estimated tuition and fee increases for State Grant calculations as reported by institutions for use in spending projections.

Table 11: Annual Changes in Minnesota Resident Undergraduate Tuition and Fee Rates

	FY2024	FY2025	FY2026	FY2027
System	Actual	Actual	Actual	Projected
Minnesota State Colleges	0.8%	0.3%	4.2%	7.00%
Minnesota State Universities	0.5%	0.9%	6.2%	7.00%
University of Minnesota	3.4%	3.7%	5.9%	3.0%
Private Not-for-Profit Institutions	3.7%	4.3%	3.7%	3.0%
Private For-Profit Institutions	4.2%	-0.7%	7.6%	7.00%

Federal Need Analysis

The forecasted spending model for the Minnesota State Grant incorporates all changes passed by Congress or made by the U.S. Department of Education to the federal need analysis as of February 15, 2026. The U.S. Department of Education releases annual updates to the tables in the statutory “Federal Methodology Need Analysis” used to determine a student’s SAI (previously EFC).

North Star Promise Program

The 2023 Minnesota State Legislature passed legislation that included the creation of the North Star Promise program. This tuition- and fee-free pathway to higher education for eligible Minnesota residents at eligible institutions is a “last-dollar” program designed to cover the balance of tuition and fees remaining after other scholarships, grants, stipends and tuition waivers have been applied.

To be eligible to participate in the program, the student must:

- Be a Minnesota resident
- Have a family Adjusted Gross Income* (AGI) as reported on the Free Application for Federal Student Aid (FAFSA) or Minnesota Dream Act Application below \$80,000
- Attend a Minnesota public higher education institution or Tribal College
- Not be in default on a state or federal student loan
- Be enrolled taking at least one credit
- Meet Satisfactory Academic Progress (SAP) standards
- Have not already earned a baccalaureate degree
- Be enrolled in a program or course of study that applies to a degree, diploma, or certificate

This program debuted in fiscal year 2025. In addition to the last-dollar grant, students receiving federal Pell Grants are eligible to receive a North Star Promise Plus award equivalent to 15% of the Pell Grant they are calculated to receive, based on household size, family AGI, and/or Student Aid Index. At this time, the Office has determined that there will be no Pell Grant match in fiscal year 2026, and the % Pell Grant match level for fiscal year 2027 has not yet been determined. Table 12 shows actual spending for the program for fiscal years 2024 and 2025. Table 13 shows projected spending for the program for fiscal years 2026 and 2027.

Table 12: Spending Forecast versus Resources FY2024-2025 (in millions)

	FY2024	FY2025	Biennium
Base resources	\$0	\$112.186	\$112.186 ⁱ
Actual and projected spending North Star Promise	<u>+\$ (0)</u>	<u>+\$ (70.742)</u> ⁱⁱ	<u>+\$ (70.742)</u>
<i>North Star Promise+ Match</i>	N/A	15%	Varies
Actual and projected spending North Star Promise+	<u>+\$ (0)</u>	<u>+\$ (38.009)</u> ⁱⁱ	<u>+\$ (38.009)</u>
Total Program Spending	<u>\$ (0)</u>	(\$109.251)	(\$109.251)
Difference between resources and spending	\$0.00	\$2.935 ⁱⁱⁱ	\$2.935

ⁱ Balance for 2024-2025 biennium is available in subsequent years. ⁱⁱ Preliminary. Totals may differ due to the timing of funds returned to the Office.

Table 13: Spending Forecast versus Resources FY2026-FY2027 (in millions)

	FY2026	FY2027	Biennium
Balance in special revenue account from prior biennium	\$2.935 ⁱ	<u>+(0)</u>	\$2.935
Ongoing base resources	\$49.500	\$49.500	\$99.000
Total Resources	\$52.435	\$49.500	\$101.935
Projected spending North Star Promise	<u>+\$ (47.756)</u>	<u>+(43.237)</u>	<u>+\$ (90.993)</u>
<i>North Star Promise+ Match</i>	<i>0%</i>	<i>0%ⁱⁱ</i>	Varies
Projected spending North Star Promise+	<u>+(0)</u>	<u>+(0)</u>	<u>+(0)</u>
Total Program Spending	<u>\$ (47.756)</u>	<u>\$ (43.237)ⁱⁱⁱ</u>	<u>\$ (90.993)</u>
Difference between resources and spending	\$4.679	\$6.263	\$10.942

ⁱ Base resources for FY2026 include balance carried forward from FY2024 and FY2025 in addition to base funding of \$49.5M per year.

ⁱⁱ North Star Promise+ match amount not yet determined for FY2027. Will be determined based on available resources. ⁱⁱⁱ Projected spending for fiscal year 2027 includes the impact of revised estimated State Grant parameters issued to ration awards in the State Grant program as well as administrative changes to the North Star Promise program communicated to financial aid administrators.

Deficit Projections

When a deficit in resources occurs for the North Star Promise program, the Office of Higher Education is authorized to reduce awards using the rationing procedure outlined in statute (below). Once the Office has determined needed adjustments to the parameters as outlined in statute, institutions will be notified.

136A.1465 Subd. 9. Office administration.

The office is authorized to administer the program. If funds are insufficient, the office shall determine the scholarship amount or number of scholarships awarded. If a student withdraws or is no longer enrolled during a semester in which a scholarship was awarded, the office may determine how this will affect the scholarship.

Next Report

The next report on Minnesota State Grant spending is due to the Legislature by November 1, 2026.