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Subject: State grant assigned family and student responsibility reduced

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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. The Office of Higher Education (OHE) determines a student's award amount according to the following formula:

$$\text{Grant Amount} = \text{Cost of Attendance} - \text{ASR} - \text{AFR} - \text{Pell Grants}$$

Under current law, 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 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 is multiplied by either 40 percent, 76 percent, or 84 percent for students who are independent, independent without children, or dependent.
- **Pell grant** is the federal Pell grant amount for which a student is eligible.

H.F. 3852 reduces the assigned student responsibility component of the state grant formula. The bill sets the ASR at 47 percent in fiscal year 2019, 44 percent in fiscal years 2020 and 2021, 41 percent in fiscal years 2022 and 2023, and 38 percent thereafter. Reducing the assigned student responsibility would increase the amount of the grants received by existing state grant recipients, as well as expanding grant eligibility to some students who did not qualify under old law.

The bill does not include an appropriation. If the appropriation for the State Grant Program is insufficient to pay for the grants calculated using the program formula, OHE must reduce grant amounts to fit within available appropriations. OHE would reduce grants by adding a surcharge to assigned family responsibility and by increasing the assigned student responsibility.