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OFFICE OF HIGHER EDUCATION

Minnesota State Grant Projections

March 7, 2017 UPDATE

Prepared by the Minnesota Office of Higher Education

Current year spending on track for fiscal years 2016 and 2017.

Table 1 Spending Projections vs. Available Resources (in millions)	FY2016	FY2017	Biennium
Base resources	$180.281	$182.281	$362.562
Spending projection	+(175.218)	+ (185.402)	+(360.620)
Difference between resources and spending	$5.063	$(3.121)	**$1.942** **(0.5% of base resources)**

Projected spending for fiscal years 2018 and 2019

End of fall term spending for Fiscal Year 2017 is above projected spending levels by $1.2M (estimated to be $2.5M by end of year). The increase in spending is largely limited to public 4-year institutions and may be the result of income shifts (fewer Pell recipients or increase in middle income students) or student behavior (increase full-time enrollment or FAFSA filing). OHE is monitoring spending to determine if the spending increase has been sustained as measured by increases in spring term spending.

Depending on whether the sustained increase is seen in spring term payments at the end of February, OHE will adjust its spending projection accordingly. OHE expects that 2018-2019 biennial spending will be $353.9 million as shown in Table 2.

Table 2 MARCH 2017 UPDATE Spending Projections vs. Available Resources (in millions)	FY2018	FY2019	Biennium
Base resources	$180.28	$180.28	$360.56
Increase in cash flow forecasted forward	FINAL	FINAL	FINAL
Spending projection	+(174.486)	+(179.396)	+(353.882)
Difference between resources and spending	**$5.776**	**$0.866**	**$6.642**

Changes to assumptions since February 15th report.

Wage growth expected. UPDATED

Table 5 Wages March 2017	FY2016 tax year 2014	FY2017 tax year 2015	FY2018 tax year 2015	FY2019 tax year 2016
One-Year Change in Average Wages	+3.0%	+3.6%	n/a [iv]	+2.8%

[iv] Note: FY2018 reflects change by the U.S. Department of Education to the prior-prior year FAFSA.