

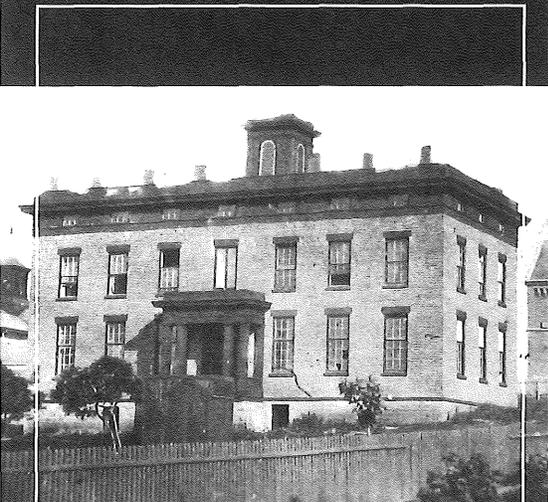


MINNESOTA'S PRIVATE COLLEGES

Legislative
Recommendation:
2005

Minnesota's Challenges.
Minnesota's Opportunities.

Minnesota's Challenges. Minnesota Opportunities.



Founded in 1854, Hamline University was the state's first institution of higher learning. Originally located in Red Wing, Minnesota, Hamline's first classroom building was completed in 1856.

It contained a chapel, recitation rooms, a school room, a library, laboratory, reading rooms, and dormitory quarters. Seventy-three students enrolled at Hamline in the opening year.

To Governor Pawlenty and the Minnesota Legislature:

Despite Minnesota's long tradition of excellence in education, there is reason to be concerned about a gathering challenge that will affect both our economic strength and our social vitality.

A convergence of factors threatens our state's ability to compete nationally and globally: In the years ahead, just as economic and educational competition is increasing, Minnesota's ability to produce the college graduates needed by our economy will diminish.

The demographic trends are clear. Over the next ten years, Minnesota, and our entire region, will see a decline in the number of high school graduates available to enter postsecondary education; other states will experience growth. And within just the next five years, the number of jobs in Minnesota requiring a college education will begin to rapidly outpace a dwindling supply of college graduates.

This comes in the context of growing international competition as well. Globally, the United States has fallen from second to fifteenth place in the percentage of high school graduates going on to college. Simply put, we are about to fall crucially behind in our ability to compete economically with other regions and nations.

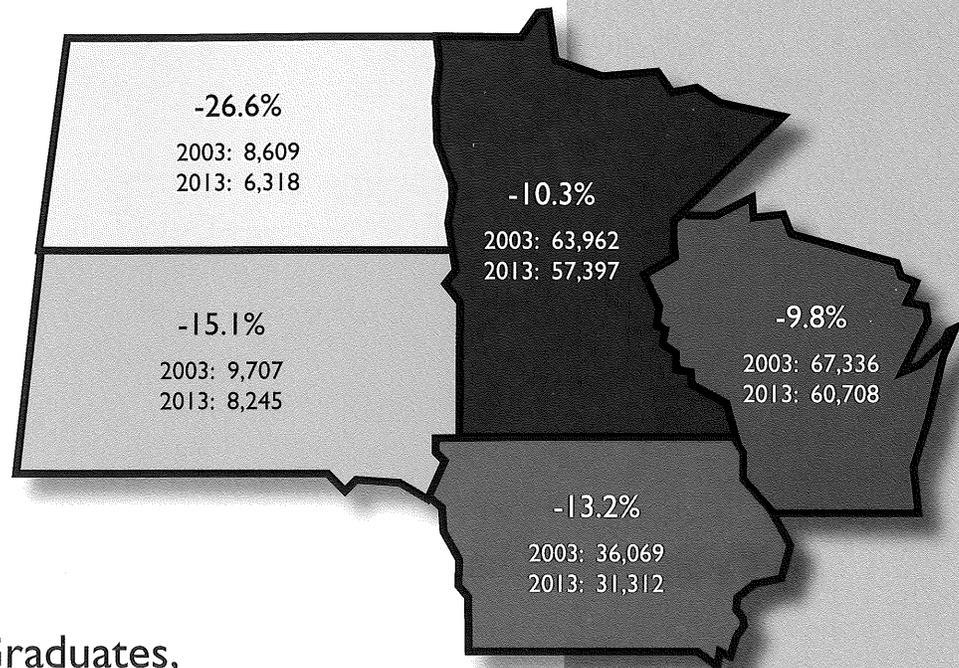
Intellectual capital is the key to success for any state competing for prosperity—so addressing the public policy challenge of providing enough educated people for our state's future is crucial for the 2005 Legislature.

Minnesota has been an outpost of success in part because of the education of our people. But because of demographic changes—we can no longer simply assume that our state's future will be as successful as our past.

Together, we must act deliberately to build the future we want by improving the success of Minnesota's K-12 students and increasing the odds of the postsecondary matriculation that we hope will follow. If we want to succeed in the new world economy, we must also ensure that technology-dependent businesses will choose to locate here. Creating and maintaining world-class research capabilities and a highly skilled workforce are both strategic state interests.

Since Minnesota's earliest days, private colleges and universities have contributed to our state's civic, cultural and economic vitality. Although private colleges are not state institutions, we are institutions of the state chartered expressly for public purposes. Our work reflects our commitment to—and our responsibility for—improving our society. With this in mind, we offer our 2005 Legislative Recommendation.

David B. Laird, Jr., *President, Minnesota Private College Council;
and the MPCC Board of Directors*

**CHALLENGE:****Fewer High School Graduates,
Fewer College Graduates**

The Minnesota Private College Research Foundation has analyzed recent projections of high school graduates.

Over the next ten years, from 2003 to 2013, the number of high school graduates in Minnesota will decrease by 10.3 percent. It will fall even faster—by 11.7 percent—in the upper Midwest region.

The overall decline of 10.3 percent in Minnesota masks widely divergent racial/ethnic patterns:

- 18.7 percent decline in the number of white high school graduates
- 51.9 percent growth in the number of minority high school graduates
- The share of Minnesota high school graduates who are students of color will grow from just 12 percent to nearly 20 percent of all high school graduates.

Because most of the decline is projected among students who are currently among the most likely to attend college and most of the growth is in students who are least likely to attend college, we project a decline of 11.6 percent in baccalaureate degree production from all Minnesota post-secondary education institutions—private and public. This decline will be from about 27,000 graduates in 2007 to 24,000 in 2017.

...we project a decline of 11.6 percent in baccalaureate degree production from all Minnesota post-secondary education institutions—private and public.

"If we are to remain preeminent in transforming knowledge into economic value, the U.S. system of higher education must remain the world's leader in generating scientific and technological breakthroughs and in preparing workers to meet the evolving demands for skilled labor."

— Alan Greenspan, Chairman
Federal Reserve Board

New Global Economic Imperative

More than half of all new jobs created in the United States between 2002 and 2012 will require some level of postsecondary education (U.S. Bureau of Labor Statistics).

Minnesota will have to compete with the rest of the world to be home to future-focused businesses.

Minnesota competes not only with other states and domestic postsecondary institutions, but also with other countries that have made science and technology research a strategic national priority. To succeed in this competition, our state must be able to draw talented research faculty and students—the human capital needed for the basic research that leads to scientific breakthroughs with business application.

CHALLENGE:

A Growing Demand for an Educated Workforce

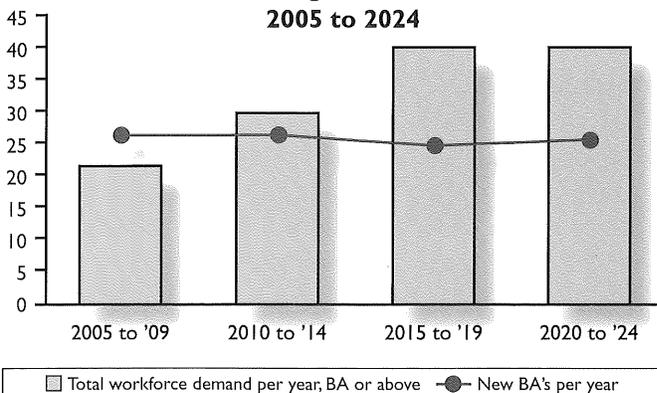
Just as our college graduate production is dwindling, over the next decade the state's need for educated individuals with a bachelor's degree or higher will nearly double:

- Minnesotans in the workforce reaching retirement age who hold a bachelor's degree or higher will increase from less than 9,000 per year to nearly 25,000 per year.
- New job growth in professional and high technology industries will create demand for an additional 12,300 college graduates per year (source: MNDEED, December 2004).

The projections suggest that if present trends continue, in just five years Minnesota will be producing too few college graduates to meet the workforce demands of replacing retirees and filling newly created positions. By 2015, the state will not be producing enough graduates even to replace retirees, with no room for economic growth.

This shortage of educated people will put Minnesota at a competitive disadvantage. Our home-state businesses will be forced to either import the educated talent they need or in a more likely scenario, send their business elsewhere—to the Southern and Western United States, and overseas, where the supply of educated people will be expanding.

**Minnesota's College-Educated Workforce
2005 to 2024**



OPPORTUNITY:

Grow Our Own Talent

For Minnesota to be competitive in the future, more Minnesotans must 1) succeed in K-12 education; 2) matriculate to postsecondary education, and; 3) graduate.

In short, our state's future prosperity requires that more Minnesotans be on a postsecondary education track. This track can be summarized by...

The Five A's of College Success:

- *Awareness* of the importance of college
- *Aspiration* to attend college
- *Academic Achievement* in high school, in courses with appropriate rigor
- *Affordability* of a college education
- *Attainment* of a college degree in a timely fashion

Every person who has ever attended college and graduated has followed this track. But for low- and middle-income and first-generation students, the way-points on this track can be more like insurmountable barriers.

In the years ahead Minnesota's largest pool of prospective college students will be first-generation college students and students of color. If our higher education institutions are to produce enough college graduates to meet our needs, our public policies and private efforts must address these barriers and make it less difficult for those who have potential for higher education.

Minnesota higher education institutions have a tradition of aiding low- and middle-income students to overcome these barriers and attain a college degree. Institutions operate a variety of federal, state and institutional programs that prepare underserved K-12 students. Also, Minnesota has one of the strongest financial aid programs in the country in the Minnesota State Grant Program. We must build on our strengths and traditions in an effort to meet our state's needs for more educated people.

Preparing for Challenging Times, Building Our Future Together

To prepare for our future, Minnesota must target its energies and its limited public funding to:

- Prepare more low- and middle-income high school students for postsecondary education;
- Ensure affordable access to all types of postsecondary learning;
- Provide the University of Minnesota with the research facilities and talent it needs to ensure that our state can compete in the economy of the future.

Minnesota Private College Council

2005 Legislative Recommendation

-  **EXPAND** the proven TRIO programs, which prepare low-income, first-generation K-12 students for college success.
-  **FULLY FUND** and increase the number and size of students' Minnesota State Grant awards to ensure affordable access for all. This will increase access for low- and middle-income students to all colleges and universities in the state.
-  **RESTORE** the maximum Postsecondary Child Care Grant from \$2200 to \$2600 per year, to help more young parents with children attend postsecondary education.
-  **ENSURE** excellence in the research-related functions of the University of Minnesota.



Recommendation:

Expand TRIO Programs

Pre-college Outreach

The ability of the state's higher education enterprise to serve future needs is affected by the performance of young people while they are in primary and secondary school. The first three barriers on the track to collegiate success occur while a potential college graduate is still in primary and secondary education.

We believe that many low-income, first-generation students could attend college, but simply do not have the awareness of what it takes to become a college student, or the understanding as to why it's important to prepare for future education.

Minnesota already has a well-positioned network of pre-college programs, operated by public and private colleges and Indian tribes and funded by the federal government. Collectively, they are called TRIO. Each program helps students overcome barriers and prepare for college.

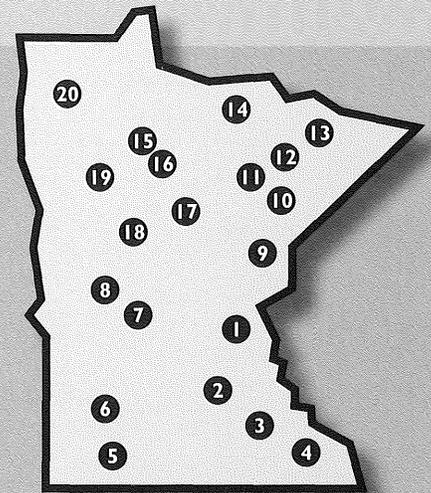
Among the TRIO suite of programs, the Education Talent Search (ETS) and Upward Bound (UB) programs of TRIO are specifically targeted at low-income, first-generation students while they are in K-12, beginning as early as age 11. Services for these programs are delivered by higher education staffers at the K-12 school site.

Our recommendation is to build on the successful TRIO network by adding state dollars to expand existing ETS and UB programs and replicate programs on more campuses. Leveraging existing program investments is the most efficient way for the state to expand access and success for first-generation students.

ETS and UB program advisors, in cooperation with school counselors and teachers, provide college preparatory services through workshops, classroom activities and group and individual counseling sessions. Students take part in college visits, field trips, summer academic enrichment programs and mentoring programs.

As the students approach high school graduation, they receive assistance with career exploration and decision-making, motivation and goal-setting, planning for college, ACT preparation, tutoring and study skills, postsecondary admissions, essay/resumé assistance, and applying for financial aid and scholarships.

The population served by TRIO is exactly the population on which the state will rely for an expanded supply of educated people in the decades to come. It makes sense to target our state's resources toward a program with a proven track record of success and the opportunity to leverage existing Federal and institutional investment.



TRIO PROGRAMS

- 1 Augsburg College
Anoka-Ramsey Community College
Century College
Dakota County Technical College
Metropolitan State University
Minneapolis Community and Technical College
Normandale Community College
North Hennepin Community College
U of M – Twin Cities
- 2 Carleton College
St. Olaf College
- 3 Rochester Community and Technical College
- 4 Winona State University
- 5 Southwest Minnesota State University
- 6 Minnesota State University – Mankato
- 7 St. Cloud Technical College
- 8 College of Saint Benedict
- 9 Fond du Lac Tribal and Community College
- 10 College of St. Scholastica
Lake Superior College
U of M – Duluth
- 11 Hibbing Community College
- 12 Mesabi Range Technical and Community College
- 13 Vermilion Community College
- 14 Rainy River Community College
- 15 Bemidji State University
- 16 Minnesota Chippewa Tribe
- 17 Central Lakes College
- 18 Itasca Community College
- 19 Leech Lake Tribal College
- 20 U of M – Crookston

Design for Shared Responsibility

Minnesota's State Grant Program is built on the ideal that students, parents and federal and state taxpayers all have an interest—and a role—in helping students attend the college or program that best meets their needs.

- The program considers the tuition and expenses that an undergraduate student must pay at the institution they wish to attend (with tuition capped for private institutions).
- Students bear the first and largest responsibility, which they can meet with earnings from work, loans and personal savings.
- Parents bear the remaining responsibility for helping their children pay for college. For students who are independent of their parents, financial aid is based solely on the students' available resources to pay for college.
- Federal and state aid—the taxpayer's role—is available for low- and middle-income students from families with demonstrated need.

This model has ensured that students have a choice among institutions and educational programs. Ultimately, it is in the best interest of the state when individuals can choose the education that best meets their needs.



Recommendation:

Fully Fund the State Grant Program

Making College Affordable for Students with Documented Need

We propose that the state increase the amount of need-based financial aid made available to our state's college students. Without greater assistance there is a justified fear that low- and middle-income students will be priced out of college in the near term.

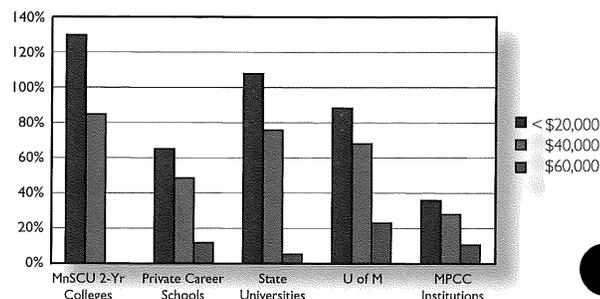
Our state's future prosperity will depend on having more students attend and succeed in postsecondary education—and the fastest growing source of new students will be those from low-income and first-generation backgrounds. Since these new students will have less ability

to pay for their education, well-targeted, need-based financial aid must be seen as a strategic state interest if the state is to have enough educated people in the future. In challenging times, targeting the state's resources to low- and middle-income students is an efficient way for the state to meet its need for an educated society.

In *Measuring Up 2004*, a state-by-state comparison of college accessibility conducted by the *National Center for Public Policy and Higher Education*, Minnesota received the third-highest grade in the country. Although our grade was a disappointing C-minus, no state received a grade higher than a B and most states with a lesser commitment to financial aid received failing grades. Minnesota's strong financial aid program has made our state's colleges and universities—in the judgment of the *National Center*—among the most accessible in the country.

For more than three decades the Minnesota Legislature has made need-based financial aid for college students a top priority. This foresight and commitment provides a solid foundation of support for the coming generation of potential college students. *We ask that the legislature make providing financial aid to low- and middle-income students the top priority of the higher education budget this fiscal biennium.*

Pell and State Grant Awards for Full-Time Dependent Students, as a Percentage of 2004-05 Tuition and Fees



Tuition and Fees date from HESO. Assumes a family of four with one student in college. Does not include effect of federal tax credits, federal or state subsidized loans, federal or state work study, or postsecondary child care assistance. Analysis: Minnesota Private College Research Foundation, January 2005



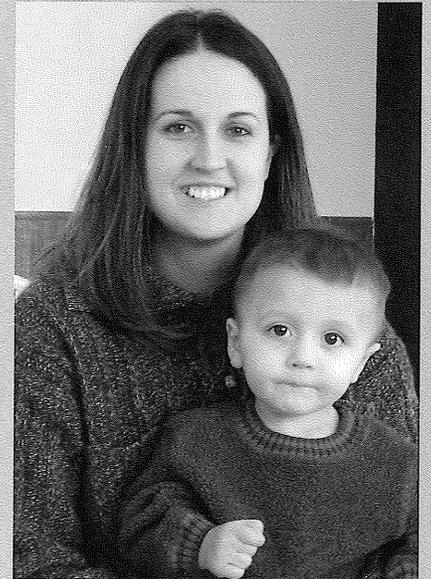
Recommendation:

Restore the Maximum Postsecondary Child Care Grant Award

Helping Student Parents Reach their Educational Goals—and Self-Sufficiency

The state should help more young parents with children attend post-secondary education by increasing the maximum Postsecondary Child Care Grant from \$2200 to \$2600 per year. For the approximately 2,500 student-parents who annually receive this assistance, the higher maximum award better reflects the child care costs that they incur as they attend college classes.

At a time when our state will need more educated people and will likely have less money to spend on human services programs, it is in the state's interest to help single parents attend college to gain the education they need to be more productive workers and to improve family self-sufficiency.



"This spring, I'll graduate with my nursing degree from the College of St. Catherine. I became interested in working as a nursing assistant with my job in a nursing home. But after Devin was born, I realized that ten dollars an hour wasn't enough for us to live on. Now, I can't wait to get out there, pass my boards and start working again—I want to make a difference in people's lives. I wouldn't have been able to afford school without financial aid. Making it possible is a Pell Grant, Minnesota State Grant, Perkins Loan, Stafford Loans, a 4-H scholarship and a child care grant; they're all important. As an independent student with a family of my own—Devin is four-years-old now, and Alex is 22 months—financial aid allows me the time and financial resources I need to succeed in school and to be a good mother to my sons."

— Alison Larson
College of St. Catherine
Class of 2005



Recommendation:

Ensure Excellence in the Research-related Functions of the University of Minnesota

Excellence in Research for an Economy of the Future

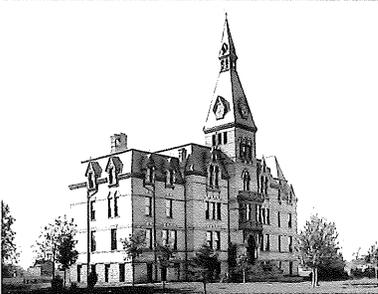
The University of Minnesota is an important source of scientific and technological research that benefits our state's economy. If Minnesota is to be a player in the world economy of the future, the University of Minnesota must have the ability and resources to undertake cutting-edge research.

The University of Minnesota has short-term and long-term plans to improve its already considerable scientific research infrastructure and attract important scientific talent to Minnesota. We recommend that the Legislature and Governor support these plans.

When it comes to research in the sciences, the University of Minnesota is our U, too. The private colleges and universities of the state benefit from having a leading research university as our partner. As the U of M competes with other research institutions in the United States and abroad—both public and private research universities—we need the U of M to be a leader.

Minnesota's Private Colleges produce nearly half of all baccalaureate degrees awarded each year in math, science, nursing and health-related

fields, and many of our alumni continue their education at the University of Minnesota. We are proud of our role as the state's most significant provider of baccalaureate degrees in the basic and applied sciences. Our work benefits not only Minnesota's workforce, but also the U's graduate schools.



In 1908, after graduating nearly 300 medical students in the thirteen years following its affiliation with the Minnesota College of Physicians and Surgeons, Hamline's medical school was merged into the University of Minnesota Medical School. An early Hamline biology major, Mary Stark, who graduated in 1902, did groundbreaking cancer research.

A Challenge That Must Be Met

We are approaching a moment in our state's history when we will be challenged by global competition and forces that will threaten our regional economy. It is a challenge that also offers us an opportunity to act in the strategic interest of the entire state.

As demand for a better educated workforce increases while our ability to produce educated graduates diminishes, we must pursue public policy that seeks out future college students, nurtures and prepares them and supports them with access to all of our schools—whether public or private. Only our collective success will ensure that Minnesota will remain competitive in a complex global marketplace.

2004-2005 Board of Directors

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Hamline University
Macalester College
Minneapolis College of Art and Design
Saint John's University
Saint Mary's University of Minnesota
St. Olaf College
University of St. Thomas



MINNESOTA'S PRIVATE COLLEGES

Providing a Tradition of Quality
for a Changing World,
One Student at a Time

North Central Life Tower
445 Minnesota Street
Suite 500
Saint Paul, Minnesota 55101

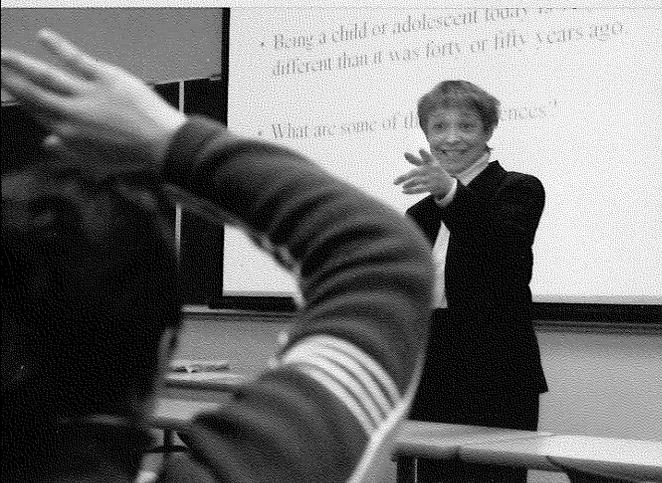
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MINNESOTA'S PRIVATE COLLEGES

The Facts: 2005



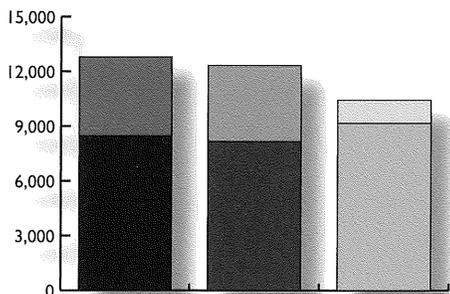
Over 54,000 Students

- Total enrollment—undergraduate and graduate—Fall 2004 = 54,521

	UNDERGRADUATE	GRADUATE
Augsburg College	2,916	459
Bethany Lutheran College	568	—
Bethel University	3,051	554
Carleton College	1,951	—
College of Saint Benedict	2,033	—
College of St. Catherine	3,582	1,227
College of St. Scholastica	2,444	571
Concordia College, Moorhead	2,812	2
Concordia University, Saint Paul	1,835	382
Gustavus Adolphus College	2,577	—
Hamline University	1,934	2,610
Macalester College	1,900	—
Minneapolis College of Art and Design	662	56
Saint John's University	1,895	120
Saint Mary's University of Minnesota	1,643	3,217
St. Olaf College	3,046	—
University of St. Thomas	5,302	5,172
Total	40,151	14,370

- Three-fourths of students enrolling at Minnesota's private colleges are Minnesota residents.

Degrees Granted in Minnesota in 2004



Minnesota's Private Colleges

Bachelor's degrees: 8,464
 Graduate degrees: 4,333

University of Minnesota

Bachelor's degrees: 8,164
 Graduate degrees: 4,169

Minnesota's State Universities (MnSCU)

Bachelor's degrees: 9,166
 Graduate degrees: 1,264

High Demand Degrees, Best Graduation Rates

- Sixty-two percent of our bachelor's-degree-seeking students graduate within four years and 72 percent graduate within six years—the best rates in the state.
- Our institutions award one-third of all baccalaureate degrees in Minnesota, including:
 - 49 percent of all foreign language degrees
 - 44 percent of all mathematics degrees
 - 41 percent of all health profession degrees
 - 41 percent of all biological and physical science degrees
 - 35 percent of all business degrees
 - 24 percent of all computer and information science degrees
 - 19 percent of all education degrees
- Our institutions award 31 percent of all graduate degrees in the state, including more than 35 percent of master's degrees.
- Our colleges and universities confer 30 percent of all bachelor's degrees and 27 percent of all master's degrees awarded to people of color in Minnesota, a greater percentage than do state universities.



Focus on Teaching and Learning

- Our focus is on excellence in undergraduate teaching and learning with:
 - One professor for every 12 students
 - Average class size of 19 students
 - Courses taught by highly qualified faculty
- All of our campuses have students actively engaged in community-based learning and international education, and six of our colleges and universities have received national recognition for their high percentages of students who study abroad.
- Seven of our colleges and universities offer non-traditional weekend and evening programs to meet the changing needs of all types of learners.
- Six of our schools serve more than 2,900 students striving for academic success in TRIO programs—the federally funded education opportunity programs that help students overcome barriers to higher education.

High-Achieving Faculty and Students

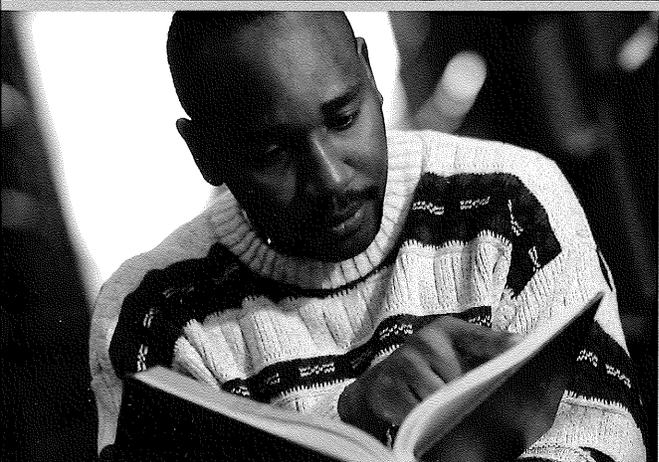
- Our students receive national and international recognition. Recent highlights:
 - 2 Nobel Prizes
 - 7 Rhodes Scholars
 - 7 Truman Scholars
 - 35 Goldwater Scholars
 - 115 Watson Fellows
 - 131 Fulbright Student Scholars
- Our students and faculty are currently working on over 60 research projects supported by nearly \$23 million dollars in funding from federal grants and contracts.

According to William Butler Yeats,

*‘Education is not the
filling of a pail, but
the lighting of a fire,’*

*and surely our goal in undergraduate
teaching and research is to provide that
needed spark for our students to ‘catch fire.’”*

— Richard Peterson
Professor, Physics
Bethel University



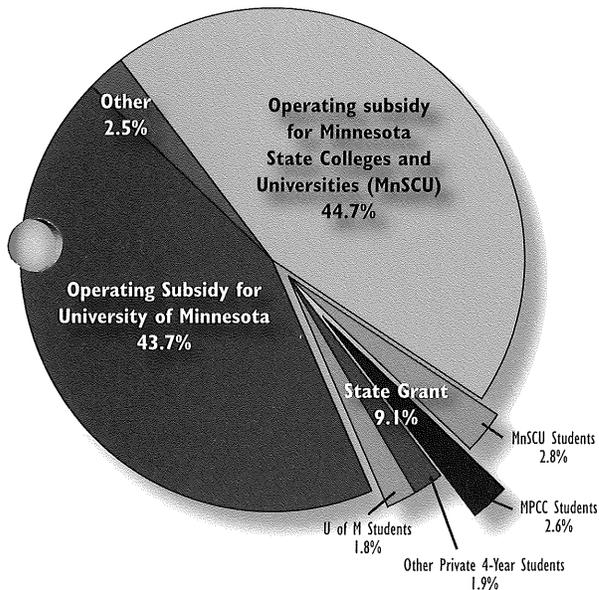
Successful and Satisfied Alumni

- Three out of four private college and university graduates go immediately into full-time employment, many for leading Minnesota companies that actively recruit our science and liberal arts graduates.
- Nearly one-quarter of our alumni pursue graduate-level education and earn advanced degrees or certificates immediately upon earning their bachelor's degree.
- 78 percent of alumni say their private college professors challenged them and personally helped them meet the challenge, compared to 38 percent of public school alumni.
- 60 percent of alumni say a professor served as a mentor or role model compared to 40 percent of public school alumni.
- 97 percent of our graduates believe the amount they or their family paid for college was "worth it."

Affordable, Accessible and Diverse

- The median family income of private college students is less than that of students attending the University of Minnesota and reciprocity institutions in other states and about the same as students attending Minnesota state universities.
- Eighty-nine percent of our undergraduates receive financial aid.
- Eighty-four percent of our undergraduates receive grants or scholarships that do not have to be paid back.
- Our institutions provide more than \$193 million in grants and scholarships each year—three times more than government financial aid programs.
- Ten percent of Minnesota private college and university students are students of color.
- 1,500 international students study at our colleges and universities.

**State General Fund Spending
For Higher Education—Fiscal Year 2004
(\$1.25 Billion)**



Our graduates earned one-third of all baccalaureate degrees granted in the state in 2003-2004; yet, Minnesota's investment in them was less than three percent of all state spending on higher education.

Providing a Public Service to the State

- Minnesota's private colleges and universities add nearly \$1 billion annually to Minnesota's economy through direct operating and capital expenditures.
- We save taxpayers more than \$188 million each year in institutional subsidies which would otherwise be required to enroll an equivalent number of students in public colleges and universities.
- We employ nearly 13,000 faculty and staff and more than 17,000 student workers.
- As a net importer of students, we attract more international students and more students from other states than do either the state universities or the University of Minnesota.
- Two-thirds of our graduates, regardless of their "home" state, stay in Minnesota, adding to the quality of the state's workforce and tax base.
- Results from a recent study show that Minnesota State Grant recipients at our schools, who began college financially disadvantaged compared to their peers, achieved similar income and employment levels one year following graduation.

The Minnesota Private College Council Board of Directors 2004-2005

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Delta Dental

Chris LaVictoire Mahai

Aveus

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Taylor Corporation

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Minnesota's Challenges. Minnesota's Opportunities.

2005 Legislative Recommendation Minnesota Private College Council

*Presented to the
Senate Higher Education Budget Division
February 15, 2005*



Today's Presentation

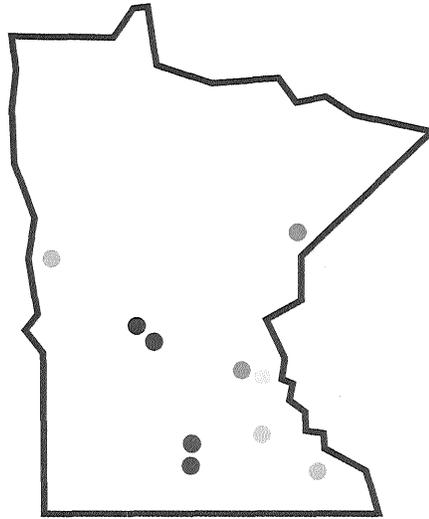
1. History and present-day service of private colleges in Minnesota
2. Challenges and Opportunities in Minnesota's Future
3. Our 2005 Legislative Recommendation



Minnesota's Private Colleges

MAP OF COLLEGES

- Augsburg College
- Bethany Lutheran College
- Bethel University
- Carleton College
- College of Saint Benedict
- College of St. Catherine
- College of St. Scholastica
- Concordia College (Moorhead)
- Concordia University (St. Paul)
- Gustavus Adolphus College
- Hamline University
- Macalester College
- Minneapolis College of Art and Design
- Saint John's University
- Saint Mary's University of Minnesota
- St. Olaf College
- University of St. Thomas



Minnesota Private College Council

3

Private Colleges: Serving Minnesota

- 17 institutions in 10 communities
- 40,000 undergraduates & 14,000 graduate students
- 75% of our undergraduates are from Minnesota, and 85% are from the five-state Upper Midwest region



Minnesota Private College Council

4

Critical Degree Production

- Collectively, our 17 institutions award ONE THIRD of all baccalaureate degrees, including:
 - 49 percent of all foreign language degrees
 - 48 percent of all nursing degrees
 - 40 percent of degrees in math, and in biological and physical sciences
 - 35 percent of all business degrees
 - 24 percent of all computer & information science degrees
 - 19 percent of all education degrees
- We also award 35 percent of all masters' degrees, including half of all masters' degrees in nursing



Private Colleges' Operations Funding

College operations financing comes from:

- Tuition
- Student payments
- Federal and State student aid
- Private financial aid
- Endowment revenue and private gifts



Private College Endowment Revenue

Fiscal Year 2003 spending from endowment revenue, per FYE:

- 15 institutions under \$2,800
- 8 institutions under \$1,000

State financial commitment to public colleges, per FYE: \$4,000 - \$6,000



Minnesota Private College Council

7

Government & Private Aid for MPCC Students

	#	Total Aid	Average Award per Recipient	
Pell Grants	8,608	\$20,187,029	\$2,345	Source: US Dept of Education Academic Year 2003-2004
Minnesota State Grant	10,470	\$31,971,226	\$3,054	Source: MHESO Academic Year 2003-2004
Private Grants	6,836	\$14,886,796	\$2,178	Source: MPCRF Academic Year 2002-2003*

*Data for Private Grants is from Academic Year 2002-2003 (latest available)



Minnesota Private College Council

8

Challenges and Opportunities in Minnesota's Future

- A shortage of educated people
- Growing reliance on scientific research to fuel our regional economy



Minnesota Private College Council

9

The Number Of High School Graduates In Minnesota Has Peaked

- Between 2003 and 2013, the number of high school graduates in Minnesota will decrease by 10.3%.
- In the five-state region (MN, ND, SD, IA, WI) high school graduate numbers will fall by 11.7%.

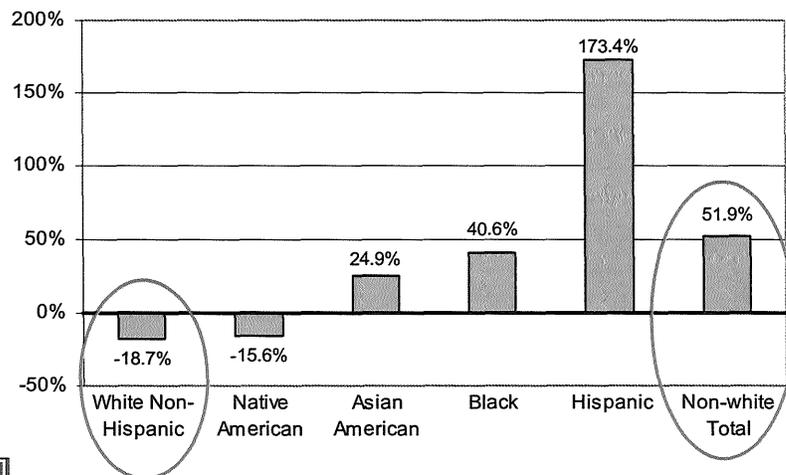
[Source: Western Interstate Commission on Higher Education]



Minnesota Private College Council

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Percent Change in the Number of Public High School Graduates in Minnesota, 2003 to 2013, by Race/Ethnicity



Minnesota Private College Council

11

Current Participation, Decline in High School Graduates

Current rates of participation and completion mean that the decline in Minnesota high school graduates will lead to a:

- 10.5% decline in entering freshman classes between 2003 and 2013.
- 11.6% decline in the number of bachelor's degrees awarded in Minnesota in 2017, compared to 2007.
- Loss of 3,000 college graduates per year, from about 27,000 to 24,000.



Minnesota Private College Council

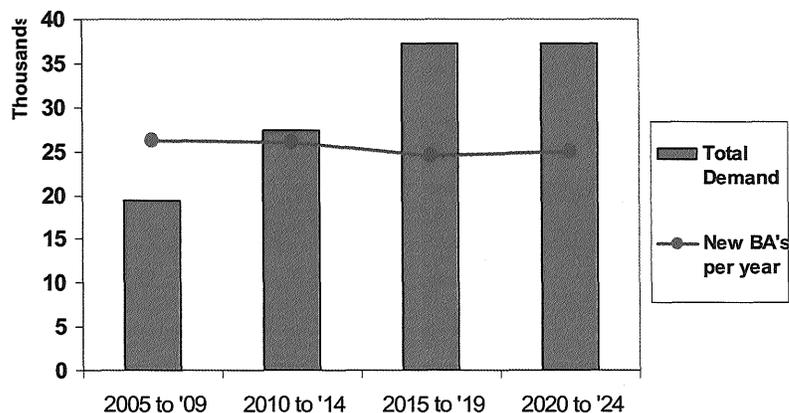
12

Meanwhile, The State's Need For Educated Workers Will Almost Double

- The number of Minnesota college graduates in the workforce who reach retirement age will grow from 9,000 per year to 25,000 per year [US Census].
- New job growth in professional and high technology industries will demand an additional 10,500 college graduates per year [MN Department of Employment & Economic Development].



Minnesota's College-Educated Workforce 2005 to 2024



If We Choose to Ignore Challenges to our Future, What Will Happen?

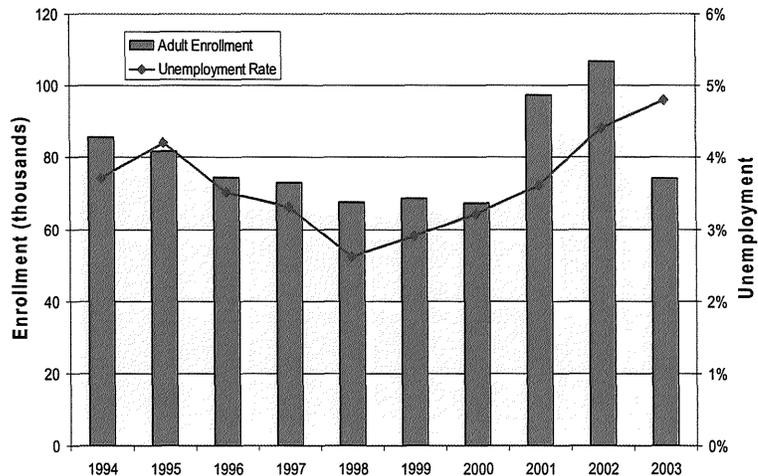
- Will the number of incumbent workers who enter post-secondary institutions increase?
- Will retirees work longer?
- Will institutions import college students?
- Will businesses import educated labor from other states?



Minnesota Private College Council

15

Adult Undergraduate Enrollment (students aged 25+) and Average Unemployment Rate in Minnesota



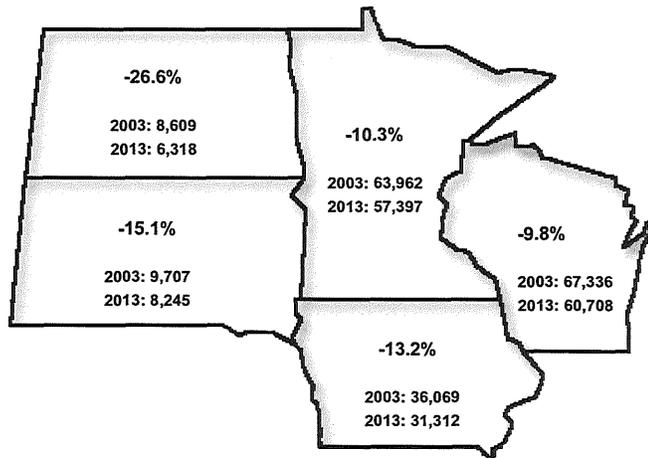
Sources: Minnesota Higher Education Services Office; Minnesota Department of Employment & Economic Development



Minnesota Private College Council

16

Projections of High School Graduates 2003 – 2013



Source: Western Interstate Commission for Higher Education (*Knocking at the College Door*, WICHE, December 2003).

Minnesota Private College Council

17

Growing Importance of Research & Highly-Trained Individuals

“If we are to remain preeminent in transforming knowledge into economic value, the U.S. system of higher education must remain the world’s leader in generating scientific and technological breakthroughs and in preparing workers to meet the evolving demands for skilled labor.”

Alan Greenspan, Chairman,
Federal Reserve Board



Minnesota Private College Council

18

Preparing for Challenging Times, Building our Future Together

To prepare for the future, Minnesota should:

- Prepare more people for postsecondary education
- Ensure affordable access to all types of postsecondary learning
- Provide for the research facilities and talent that the University of Minnesota needs

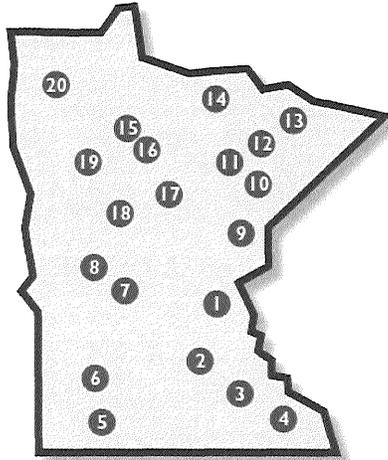


MPCC 2005 Legislative Recommendation

- Expand the proven TRIO programs, which prepare low-income, first-generation K-12 students for college success.
- Increase the number and size of students' Minnesota State Grant awards, to ensure affordable access for all.
- Restore the maximum Postsecondary Child Care Grant from \$2200 to \$2600 per year, to help more young parents with children attend postsecondary education.
- Ensure excellence in the research-related functions of the University of Minnesota.



TRIO Programs in Minnesota



- TRIO PROGRAMS
- ① Augsburg College
 - ② Anoka-Ramsey Community College
 - ③ Canby College
 - ④ Dakota County Technical College
 - ⑤ Metropolitan State University
 - ⑥ Minneapolis Community and Technical College
 - ⑦ Normandale Community College
 - ⑧ North Hennepin Community College
 - ⑨ U of M—Twin Cities
 - ⑩ Carleton College
 - ⑪ St. Olaf College
 - ⑫ Rochester Community and Technical College
 - ⑬ Winona State University
 - ⑭ Southwest Minnesota State University
 - ⑮ Minnesota State University—Mankato
 - ⑯ St. Cloud Technical College
 - ⑰ College of Saint Benedict
 - ⑱ Fond du Lac Tribal and Community College
 - ⑲ College of St. Scholastica
 - ⑳ Lake Superior College
 - ⑲ U of M—Duluth
 - ⑲ Hibbing Community College
 - ⑲ Mesabi Range Technical and Community College
 - ⑲ Vermilion Community College
 - ⑲ Rary River Community College
 - ⑲ Bemidji State University
 - ⑲ Minnesota Chippewa Tribe
 - ⑲ Central Lakes College
 - ⑲ Itasca Community College
 - ⑲ Leech Lake Tribal College
 - ⑲ U of M—Crookston



Minnesota Private College Council

21

Expand the State Grant Program

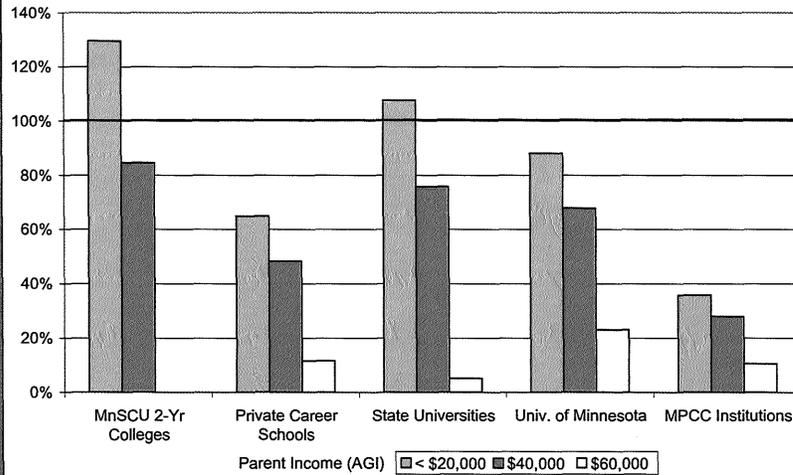
- Affordable college access a concern in the immediate term
- Upcoming populations of high school graduates will be less able to afford higher education without direct financial assistance



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Pell and State Grant Awards for Full-Time Dependent Students, as a Percentage of 2004-2005 Tuition & Fees



Tuition & Fees data from HESO. Assumes a family of four with one student in college. Does not include effect of federal tax credits, federal or state subsidized loans, federal or state work study, or postsecondary child care assistance. Analysis: Minnesota Private College Research Foundation, January, 2005.

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MPCC State Grant Priorities

1. Lower the Student Share from 46% to 45%
2. Increase the four-year Tuition and Fees Cap by 5.5% in each of the next two years
3. Allow student eligibility for a fifth year of college attendance
4. Restore the Living and Miscellaneous Expense Allowance to \$5405

\$45 million to benefit over 80,000 students



Minnesota Private College Council

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MPCC Students' State Grant Awards 1997 - 2004

	1997	1999	2001	2002	2003	2004	Change 97-04
Average Award	\$2,906	\$3,224	\$3,394	\$3,251	\$3,188	\$3,054	\$148
MPCC Comprehensive Charges	18,584	\$20,409	22,460	\$23,761	\$24,580	26,092	\$7,508
Avg. Award as a % of Charges	16%	16%	15%	14%	13%	12%	-4%
Num. students receiving MSG	10672	11058	10679	11266	11215	10470	-202



State Grant – 5th Year of Attendance

- Longer degree requirements
- Baccalaureate degrees with a practicum
- Adult learners



Restore the LME to \$5405

- The Living and Miscellaneous Expense calculation is meant to represent reasonable expenses for a student in college
- Cut by \$200 in last biennium, as part of budget-balancing
- Probably understated, even at \$5405



Effect of Federal Aid Cuts on Students

- As a group, dependent students with family incomes between \$40,000 and \$70,000 dollars will lose \$5 million
- 1,850 students in this range will lose their State Grant altogether
- A dependent, full-time student from a family earning \$50,000 will see a State Grant decrease of \$375



MPCC 2005 Legislative Recommendation

- Expand the proven TRIO programs, which prepare low-income, first-generation K-12 students for college success.
- Increase the number and size of students' Minnesota State Grant awards, to ensure affordable access for all.
- Restore the maximum Postsecondary Child Care Grant from \$2200 to \$2600 per year, to help more young parents with children attend postsecondary education.
- Ensure excellence in the research-related functions of the University of Minnesota.





Minnesota
STATE COLLEGES
& UNIVERSITIES

February 9, 2005

Senator Sandra Pappas
Chair, Higher Education Committee
120 State Capitol Building
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, Minnesota 55155-1606

Dear Senator Pappas:

Enclosed is information in response to several excellent questions posed by you and members of your committee at your recent hearing on the Minnesota State Colleges and Universities Budget Overview.

Program Closures

To respond to your request to see what programs have been closed at our institutions in the recent past, I have enclosed a listing of the 600+ programs by institution. Low student enrollment and/or employer need are criteria used in most cases but with the recent budget cuts, some programs that might otherwise have been kept open have been suspended or closed. I do want to note that when a program is closed, students are notified well in advance and are given opportunities to complete the program.

Nursing Issues

Senators Tomassoni and Robling asked several questions about the supply and demand for nurses statewide as well as how many nurses the Minnesota State Colleges and Universities graduate annually.

Q: How many nurses graduate annually?

A: The number of graduates from the 28 higher education institutions in Minnesota preparing to take the RN exam for the first time in 2003 was 1,848. Of this number, 19 Minnesota State Colleges and Universities institutions graduated 1,294--about 70 percent of the total. In addition to these 1,848 graduates, there are graduates from previous years that retake and pass the examination, so the total number of Minnesota program RN licensees licensed by exam with current registration in FY2003 was 2,076. (*Minnesota Board of Nursing*)

Q: What is the current shortage of Registered Nurses in Minnesota?

A: The best estimate of the current gap in the supply of Registered Nurses in Minnesota is based on the Minnesota Job Vacancy Survey conducted twice a year by the Labor Market Information Office at the Department of Employment and Economic Development (DEED). The second quarter 2004 survey estimated that there were 1,889 RN job vacancies statewide – a vacancy rate of 3.7 percent.¹

Q: How much will the proposed funding help close the gap in the future?

A: The proposed increase of funding would enable Minnesota State Colleges and Universities nursing programs to prepare an additional 440 nurses each biennium (220 per year). This

¹ DEED-LMI Job Vacancy Survey, 2nd Quarter 2004, (1,889 vacancies/51,440 jobs = 3.7%). The 4th Quarter 2004 Survey has been completed, but data have not yet been released.

Senator Pappas
February 9, 2005
Page Two

number would meet between 14 to 19 percent of the projected annual growth.² **The increase will reduce, but not eliminate the projected gap over the next seven to fifteen years.** Replacement of currently employed RNs who will retire and growth in the number of additional RNs are the two major determinants of a projected shortage of RNs (assuming a relatively constant supply of new RN graduates). In addition to the number of new nurses needed to replace those retiring, demand for an additional 789³ to 1,582⁴ RNs a year is projected due to the healthcare needs of the "Baby Boom" generation.

Replacement

Nursing programs will have to replace current RNs who will be retiring in the next 10 years. Based on the age of current RNs, an average of 1,965 RNs will retire each year between 2005 and 2015.⁵ The number of Minnesota nursing program graduates preparing to take the RN exam for the first time in 2003 was 1,848. In addition there are graduates from previous years that retake and pass the examination, so the total number of Minnesota program RN licensees licensed by exam with current registration in FY2003 was 2,076.⁶ The current number of graduates from Minnesota RN programs is roughly equal to the number of current RNs reaching retirement.

Transfer of Credit

Senator Larson requested additional information about improvements in transfer. A brief summary of those accomplishments is attached.

Should you or any committee members have additional questions, I or members of my staff will be pleased to respond.

Thank you for your interest in the Minnesota State Colleges and Universities.



Linda L. Baer, Ph.D.
Senior Vice Chancellor
for Academic and Student Affairs

LLB/LKM:kd
Attachments

² Minnesota Department of Employment and Economic Development-LMI Office. Minnesota Employment Projections, 2002-2012. Average annual openings due to growth: $15,821/10 = 1,582$
 $220/1,582 = 14\%$

National Center for Health Workforce Analysis. Projected Supply, Demand, and Shortages of Registered Nurses: 2000-2020. July 2002. National Center for Health Workforce Analysis. "What's Behind HRSA's Projected Supply, Demand, and Shortages of Registered Nurses", DRAFT, June 2004. Average change in FTE demand 2005 to 2015 from both models divided by 10. $((50,229-42,247)+(50,400-42,600)/2)/10=789$ Adjusting 220 for FTE: $(220*.67)/789 = 19\%$ One third of all active RNs work less than 30 hours per week. <http://www.health.state.mn.us/divs/chs/rhpc/PDFdocs/rnprofile.pdf>

³ National Center for Health Workforce Analysis

⁴ Minnesota Department of Employment and Economic Development-LMI Office. Minnesota Employment Projections, 2002-2012.

⁵ Minnesota Board of Nursing

⁶ Minnesota Board of Nursing , Annual Nursing Program Report, April 1, 2004

**Program Collaboration and Transfer Initiative Status Summary
As of January 28, 2005**

Transfer Data Summary

- The Number of Transfer Students, Records and Credits Grew Substantially Between Fiscal Years 2000 to 2002.
 - 22,815 students transferred to state colleges and universities
 - 20.5% increase compared to FY 2000
 - 21 % of all new students were transfer students
 - 31,757 transfer records
 - Transfer credits were the equivalent of 28,571 FYE
- Transfer Students do well academically and have slightly Higher GPA's At Graduation Compared To Non-transfer Students.

Maintaining Transfer Oversight (Transfer Oversight Committee)

- **Purpose:** The Transfer Oversight Committee meets on an ongoing basis to review credit and student transfer issues and information and to provide recommendations for enhancement of credit and student transfer to the Senior Vice Chancellor for Student and Academic Affairs.
- **Representation:** The Transfer Oversight Committee consists of representation from the faculty associations (Inter Faculty Organization and Minnesota State College Faculty), student associations (Minnesota State University Student Association and Minnesota State College Student Association), chief academic officers, transfer specialists and Office of the Chancellor Program and Collaboration staff.
- **Current Work**
 - Monitoring of transfer data.
 - MnTC self-evaluation planning
 - Academic transfer policies and procedures (minimum transfer grade, etc.).
 - Currently in the process of establishing accounting course transfer guidelines.
 - Joint University of Minnesota, and Minnesota State Colleges and Universities MnTC meeting held.
 - Joint University of Minnesota, and Minnesota State Colleges and Universities Engineering articulation meeting scheduled for February 11.

Enhancing the Transfer Specialist Network

- Annual Transfer Specialist Conference held on November 16 and 17. Topics presented at the conference included Minnesota Online, next generation learner, evolving role of the transfer specialist, transfer hot topics, changes in the Carl Perkins Act (tech prep and transfer), CAS, successful student transfer, transfer advisory group and the transfer oversight committee. Conference attendees included representatives from 24 Minnesota State Colleges, six Minnesota State Universities, eight private colleges and universities, University of Minnesota and four out-of-state colleges/universities.
- Transfer Specialist 101 training conference is scheduled to be held on February 24-25. Topics to be presented include policies and degree requirements, use of www.mntransfer.org, campus transfer communications, institutional accreditation, DARS and CAS, Non-MnSCU credit, campus processes, transcript evaluation and transfer organization planning.

Maintaining DARS and CAS

Continuing to provide DARS training, help desk services, and testing and installation of DARS enhancements.

Continuing to provide CAS training and help desk services; effective January 1, 2005 CAS is now implemented at all colleges and universities.

Facilitating Advanced Placement for Technology

- **Automotive Technology:** Continuing to develop and operate collaborative high school and MnSCU automotive technology programs that result in the establishment of career paths and credit transfer arrangements. (NATEF Certification & AYES partnership).
- **Project Lead the Way Minnesota:** In the process of developing and operating collaborative high school and MnSCU Project Lead the Way (pre-engineering and pre-engineering technology) programs in cooperation with the Minnesota Department of Education and the University of Minnesota.
- **Aviation Technology:** In the process of developing a statewide aviation technology program articulation agreement in cooperation with the Minnesota Department of Education—Career and Technical Education, and Minnesota Department of Transportation—Office of Aeronautics.

02-Jul-2002 through 01-Jul-2004
Minnesota State Colleges and Universities

Program Approval

Introduction and Transaction Types¹

Introduction

Program approval refers to notifications and approval applications that affect the inventory of programs for the Minnesota Colleges and Universities System.

These notifications and applications fall into the following three categories.

- New Programs
- Program Closure
- Program Modifications

Within each of these three categories, program transactions are further classified by type. One of the program closures types is 'close.' Closed programs are those which are no longer accepting students.

This report provides a detailed listing of close transactions.

¹ Institution names with a prefix of zDrop indicate that an institution's code or name has changed since FY02.

Detailed List of Program Actions by Action Type

Close

Anoka Technical College

51.070400 Health Unit Coordinator
 51.180100 Dispensing Optician
 51.180100 Basic Optics: Introduction to Lab and Theory
 51.180101 Lab Finishing and Basic Dispensing
 51.180102 Advanced Dispensing Skills
 51.180102 Dispensing Optician
 51.180115 Intermediate Level Dispensing Techniques

Anoka-Ramsey Community College

24.019900 Liberal/General Studies
 52.040100 Administrative Secretary

Anoka-Ramsey Community College

24.019900 Liberal/General Studies
 52.040100 Administrative Secretary

Bemidji State University

13.040100 Organizational Leadership
 13.132500 French
 16.090100 French

Central Lakes College

15.050702 Safety and Environmental Compliance Specialist
 44.070102 Public Welfare Financial Worker
 44.070102 Public Welfare Financial Worker
 44.070102 Public Welfare Financial Worker Adult
 44.070103 Public Welfare Financial Worker Family
 44.070104 Child Support Officer
 44.070104 Child Support Officer
 44.070104 Child Support Officer
 52.040801 Desktop Publishing Administrative Secretary
 52.040801 Desktop Publishing Specialist

Central Lakes College

52.020501 Manufacturing Engineering Technician

Century College, A Community and Technical College

01.060100 Horticulture Specialist
 01.060100 Horticulture Technician
 01.060101 Horticulture Assistant
 12.050500 Food Service Assistant
 12.050800 Quantity Food Production
 46.040101 Building Care Services Technician
 46.049900 Contract Cleaning Management
 46.049901 Contract Cleaning

Century College, A Community and Technical College

01.060100 Horticulture Technician
 01.060100 Horticulture Specialist
 01.060101 Horticulture Assistant
 48.050104 CNC Machines
 Century College, A Community and Technical College
 48.050300 Basic Machine Tools
 48.050301 Basic Lathe Operation
 48.050302 Basic Milling Operation
 48.050303 Basic Grinding Operation

Century College, A Community and Technical College

15.061200 Laboratory Technology
 47.060500 Truck/Diesel Technician
 47.060500 Truck/Diesel Technology
 47.060503 Truck/Diesel Service
 48.050100 Machine Tool Technology

Anoka Campus

Certificate Anoka Campus Approved
 AAS Anoka Campus Approved
 Certificate Anoka Campus Approved
 Certificate Anoka Campus Approved
 Certificate Anoka Campus Approved
 Diploma Anoka Campus Approved
 Certificate Anoka Campus Approved

Cambridge Campus

AS Cambridge Campus Approved
 AAS Cambridge Campus Approved

Coon Rapids Campus

AS Coon Rapids Campus Approved
 AAS Coon Rapids Campus Approved

Bemidji-BSU Campus

MS Bemidji-BSU Campus Approved
 BS Bemidji-BSU Campus Approved
 BA Bemidji-BSU Campus Approved

Brainerd Campus

AAS Brainerd Campus Approved
 Diploma Brainerd Campus Approved
 AAS Brainerd Campus Approved
 Certificate Brainerd Campus Approved
 Certificate Brainerd Campus Approved
 Certificate Brainerd Campus Approved
 Diploma Brainerd Campus Approved
 AAS Brainerd Campus Approved
 AAS Brainerd Campus Approved
 Diploma Brainerd Campus Approved

Staples Campus

AAS Staples Campus Approved

Lino Lakes - MCF

Diploma Lino Lakes - MCF Approved
 Certificate Lino Lakes - MCF Approved
 Diploma Lino Lakes - MCF Approved
 Certificate Lino Lakes - MCF Approved
 Certificate Lino Lakes - MCF Approved

Stillwater - MCF

Certificate Stillwater - MCF Approved
 Diploma Stillwater - MCF Approved
 Certificate Stillwater - MCF Approved
 Diploma Stillwater - MCF Approved
 Stillwater - MCF
 Certificate Stillwater - MCF Approved
 Certificate Stillwater - MCF Approved
 Certificate Stillwater - MCF Approved
 Certificate Stillwater - MCF Approved

White Bear Lake Campus

AAS White Bear Lake Approved
 Diploma White Bear Lake Approved
 AAS White Bear Lake Approved
 Certificate White Bear Lake Approved
 AAS White Bear Lake Approved

48.050102 Manual Machine Tool Operations Specialist
 48.050103 CNC Lathe and EDM Operations Specialist
 48.050104 CNC Mill Operations Specialist
 48.050105 Mold Making
 48.050106 CAD/CAM Specialist I
 48.050107 CAD/CAM Specialist II
 51.090400 Critical Care Transport Specialist

Certificate White Bear Lake Approved
 ATC White Bear Lake Approved

Dakota County Technical College

22.030100 Legal Secretary
 51.080600 Physical Therapist Assistant
 52.040612 Legal Receptionist
 52.070100 Small Business Management
 52.190950 Supermarket Merchandising
 52.190950 Supermarket Management and Operations
 52.190950 Supermarket Management and Operations

Rosemount Campus

Diploma Rosemount Campus Approved
 AAS Rosemount Campus Approved
 Certificate Rosemount Campus Approved
 Diploma Rosemount Campus Approved
 Certificate Rosemount Campus Approved
 Diploma Rosemount Campus Approved
 AAS Rosemount Campus Approved

Hennepin Technical College

47.060402 Chrysler Dealer Apprenticeship
 47.060403 Professional Automotive Service Advisor
 48.050800 Welding and Metal Fabrication
 52.070100 Small Business Management
 52.070103 Entrepreneurial Management
 52.080300 Bank Teller
 52.080300 Banking Careers (Consumer)
 52.080311 Banking
 52.180300 Store Management
 52.180401 Sales Management

Brooklyn Park-HTC Campus

AAS Brooklyn Park-HTC Approved
 Diploma Brooklyn Park-HTC Approved
 Diploma Brooklyn Park-HTC Approved
 Diploma Brooklyn Park-HTC Approved
 Certificate Brooklyn Park-HTC Approved
 Certificate Brooklyn Park-HTC Approved
 Diploma Brooklyn Park-HTC Approved
 Certificate Brooklyn Park-HTC Approved
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 Diploma Brooklyn Park-HTC Approved

Hennepin Technical College

14.350100 Computer Integrated Manufacturing
 15.040300 Electro-Mechanical Technology
 15.040300 Electro-Mechanical Technology
 15.110200 Surveying CADD Mapping and Design
 15.110200 Surveying Technology
 15.110200 Surveying Technology
 46.010100 Bricklaying
 46.010100 Blocklaying

Eden Prairie Campus

Certificate Eden Prairie Campus Approved
 AAS Eden Prairie Campus Approved
 Diploma Eden Prairie Campus Approved
 Certificate Eden Prairie Campus Approved
 Diploma Eden Prairie Campus Approved
 AAS Eden Prairie Campus Approved
 Diploma Eden Prairie Campus Approved
 Certificate Eden Prairie Campus Approved
 Eden Prairie Campus
 Diploma Eden Prairie Campus Approved
 Diploma Eden Prairie Campus Approved
 Diploma Eden Prairie Campus Approved
 Certificate Eden Prairie Campus Approved
 Diploma Eden Prairie Campus Approved
 AAS Eden Prairie Campus Approved
 Diploma Eden Prairie Campus Approved
 Certificate Eden Prairie Campus Approved

Hennepin Technical College

47.060440 Automotive Machinist
 48.050800 Welding and Metal Fabrication
 52.070100 Small Business Management
 52.070103 Entrepreneurial Management
 52.180300 Store Management
 52.180401 Sales Management
 52.189900 Database Marketing
 52.189900 Database Marketing
 52.190700 Auto Parts Sales/Management
 52.190700 Auto Parts Sales

Hibbing Campus

AAS Hibbing Campus Approved
 Diploma Hibbing Campus Approved
 Certificate Hibbing Campus Approved
 Diploma Hibbing Campus Approved
 AAS Hibbing Campus Approved
 Diploma Hibbing Campus Approved
 AAS Hibbing Campus Approved
 Diploma Hibbing Campus Approved
 AAS Hibbing Campus Approved
 Diploma Hibbing Campus Approved
 Certificate Hibbing Campus Approved
 Diploma Hibbing Campus Approved

Hibbing Community College, A Technical and Community College

15.030300 Electronics Technician, Industrial
 15.030300 Electronics Technician, Industrial
 15.040100 Bio-Medical Equipment Technician
 19.070900 Child Care and Education Level II
 19.070901 Family Child Care Level II
 19.070911 Child Care and Education Level I
 19.070912 Family Child Care Level I
 43.010200 Corrections Officer
 47.060711 Aviation Maintenance Technology
 52.190500 Travel Sales Specialist
 52.190500 Call Center Sales Specialist
 52.190501 Call Center Sales Specialist
 52.190511 Call Center Sales Specialist
 52.999902 Computerizing Small Business

Itasca Community College

52.020103 Business Management
 52.030100 Accounting Technician

Grand Rapids Campus

AAS Grand Rapids Campus Approved
 Diploma Grand Rapids Campus Approved

52.040100	Administrative Secretary	Diploma	Grand Rapids Campus	Approved
52.040800	Accounting Secretary	Diploma	Grand Rapids Campus	Approved
Lake Superior College				
52.070100	Small Business Management	Diploma	Duluth Campus	Approved
Minneapolis Community and Technical College				
11.090100	Computer Support	Certificate	Minneapolis Campus	Approved
12.050400	Restaurant Management	AAS	Minneapolis Campus	Approved
12.050400	Restaurant Management	Diploma	Minneapolis Campus	Approved
22.030100	Legal Secretary	AAS	Minneapolis Campus	Approved
22.030100	Legal Secretary	Diploma	Minneapolis Campus	Approved
44.070102	Public Welfare Financial Worker-Adult	Certificate	Minneapolis Campus	Approved
44.070102	Public Welfare Financial Worker	Diploma	Minneapolis Campus	Approved
44.070102	Public Welfare Financial Worker	AAS	Minneapolis Campus	Approved
44.070103	Public Welfare Financial Worker--Family	Certificate	Minneapolis Campus	Approved
44.070104	Child Support Officer	Certificate	Minneapolis Campus	Approved
44.070104	Child Support Officer	AAS	Minneapolis Campus	Approved
44.070104	Child Support Officer	Diploma	Minneapolis Campus	Approved
Minneapolis Community and Technical College				
48.030300	Upholstery	Diploma	Minneapolis Campus	Approved
48.050700	Industrial Paternmaking	Diploma	Minneapolis Campus	Approved
51.100300	Hemodialysis Technician	Certificate	Minneapolis Campus	Approved
52.040701	Data Entry	Diploma	Minneapolis Campus	Approved
52.040701	Data Entry	Certificate	Minneapolis Campus	Approved
52.040702	Business Office Software - Level 2	Certificate	Minneapolis Campus	Approved
52.180100	Sales and Marketing	Diploma	Minneapolis Campus	Approved
52.180100	Sales and Marketing	AAS	Minneapolis Campus	Approved
52.180300	Retail Management	AAS	Minneapolis Campus	Approved
52.180300	Retail Management	Diploma	Minneapolis Campus	Approved
52.180311	Apparel Merchandising	Certificate	Minneapolis Campus	Approved
52.180400	Industrial Technical Sales	Certificate	Minneapolis Campus	Approved
52.180401	Retail Sales	Certificate	Minneapolis Campus	Approved
Minnesota State College-Southeast Technical				
01.060300	Horticulture Assistant	Certificate	Red Wing - MCF	Approved
01.060400	Greenhouse Technician	Diploma	Red Wing - MCF	Approved
Minnesota State College-Southeast Technical				
47.040412	Piano Tuning and Repair	Diploma	Red Wing Campus	Approved
47.040413	Piano Technology	Diploma	Red Wing Campus	Approved
Minnesota State College-Southeast Technical				
15.130600	Geosynthetic Technician	Certificate	Winona-MSU	Approved
Minnesota State University Moorhead				
11.070101	Computer Science	MS	Moorhead-MSU	Approved
45.070100	Geography	Minor	Moorhead-MSU	Approved
52.020100	Business Administration	MBA	Moorhead-MSU	Approved
Minnesota State University, Mankato				
05.029900	Ethnic Studies	BA	Mankato Campus	Approved
13.130300	Business Education	BS	Mankato Campus	Approved
13.132800	History Education	MS	Mankato Campus	Approved
45.060100	Economics	MA	Mankato Campus	Approved
51.060200	Dental Hygiene	AS	Mankato Campus	Approved
Minnesota West Community and Technical College				
44.070103	Public Welfare Financial Worker	Certificate	Canby Campus	Approved
44.070103	Public Welfare Financial Worker	Diploma	Canby Campus	Approved
44.070103	Public Welfare Financial Worker	AAS	Canby Campus	Approved
51.070500	Dental Office Management	Diploma	Canby Campus	Approved
51.090400	Intensive Care Paramedic Technician	AAS	Canby Campus	Approved
51.090400	Intensive Care Paramedic Technician	Diploma	Canby Campus	Approved
51.090400	Emergency Medical Services	Certificate	Canby Campus	Approved
52.070100	Small Business Management	Diploma	Canby Campus	Approved
Minnesota West Community and Technical College				
22.030100	Legal Secretary	Diploma	Granite Falls Campus	Approved
22.030100	Legal Administrative Secretary	AAS	Granite Falls Campus	Approved
51.090400	Emergency Medical Services	Certificate	Granite Falls Campus	Approved
51.180100	Dispensing Optician	AAS	Granite Falls Campus	Approved

51.180200	Optometric Assistant	Diploma	Granite Falls Campus	Approved
Minnesota West Community and Technical College				
52.180303	Marketing Communications	Certificate	Granite Falls Campus	Approved
52.180304	Professional Sales	Diploma	Granite Falls Campus	Approved
52.180403	Customer Service Representative	Diploma	Granite Falls Campus	Approved
52.180403	Customer Service Technology	AAS	Granite Falls Campus	Approved
Minnesota West Community and Technical College				
19.079900	Custodian	Certificate	Jackson Campus	Approved
22.030100	Legal Administrative Secretary	AAS	Jackson Campus	Approved
22.030100	Legal Secretary	Diploma	Jackson Campus	Approved
46.040111	Building Maintenance	Diploma	Jackson Campus	Approved
47.010100	Electric Motor Rewinding and Repair	Diploma	Jackson Campus	Approved
47.010100	Electric Motor Winder	Certificate	Jackson Campus	Approved
47.010100	Electric Motor Repair and Control Technology	AAS	Jackson Campus	Approved
47.010111	Electric Motor Repair and Control Technician	Diploma	Jackson Campus	Approved
47.010600	Home Appliance Repair	Certificate	Jackson Campus	Approved
51.090400	Intensive Care Paramedic Technician	AAS	Jackson Campus	Approved
51.090400	Intensive Care Paramedic Technician	Diploma	Jackson Campus	Approved
52.070100	Small Business Management	Diploma	Jackson Campus	Approved
Minnesota West Community and Technical College				
01.030100	Crop and Livestock Management	AAS	Pipestone Campus	Approved
01.030100	Crop and Livestock Management	Diploma	Pipestone Campus	Approved
51.090400	Intensive Care Paramedic Technician	Diploma	Pipestone Campus	Approved
51.090400	Emergency Medical Services	Certificate	Pipestone Campus	Approved
51.090400	Intensive Care Paramedic Technician	AAS	Pipestone Campus	Approved
52.040106	Veterinary Office Management	Diploma	Pipestone Campus	Approved
52.080300	Teller and Financial Services Operations	Diploma	Pipestone Campus	Approved
52.089900	Financial and Credit Services Administration	AAS	Pipestone Campus	Approved
52.089900	Credit Services Operations	Diploma	Pipestone Campus	Approved
Minnesota West Community and Technical College				
48.070300	Cabinet Making	Certificate	Prairie Correctional	Approved
Pine Technical College				
47.040300	Security Technician Locksmith	AAS	Pine City Campus	Approved
47.040300	Security Technician Locksmith	Certificate	Pine City Campus	Approved
47.040300	Security Technician Locksmith	Diploma	Pine City Campus	Approved
51.090400	Emergency Medical Services	Certificate	Pine City Campus	Approved
52.040600	Receptionist	Certificate	Pine City Campus	Approved
52.040700	Clerical Data Entry	Certificate	Pine City Campus	Approved
Rainy River Community College				
47.010200	Business Machine Repair	AAS	International Falls	Approved
47.060600	Small Engine Repair	AAS	International Falls	Approved
51.260200	Human Services Technology	AS	International Falls	Approved
52.030100	Accounting Technology	AAS	International Falls	Approved
52.090100	Hospitality Management	AS	International Falls	Approved
Ridgewater College, A Community and Technical College				
47.060400	Auto Technician	AAS	Hutchinson Campus	Approved
47.060400	Auto Technician	Diploma	Hutchinson Campus	Approved
Ridgewater College, A Community and Technical College				
47.060400	Driveability Technician	Certificate	Hutchinson Campus	Approved
47.060411	Auto Air Conditioning Technician	Certificate	Hutchinson Campus	Approved
47.060412	Alignment Technician	Certificate	Hutchinson Campus	Approved
47.060413	Auto Electrical Technician	Certificate	Hutchinson Campus	Approved
47.060414	Auto Transmission Technician	Certificate	Hutchinson Campus	Approved
47.060415	Engine Technician	Certificate	Hutchinson Campus	Approved
47.060416	Brake Technician	Certificate	Hutchinson Campus	Approved
47.060417	Basic Auto Mechanics	Certificate	Hutchinson Campus	Approved
Ridgewater College, A Community and Technical College				
19.070900	Child Care and Education	Certificate	Willmar Campus	Approved
47.060400	Alignment Technician	Certificate	Willmar Campus	Approved
47.060400	Auto Technician	AAS	Willmar Campus	Approved
Granite Falls Campus				
Jackson Campus				
Pipestone Campus				
Prairie Correctional Facility - MCF				
Pine City Campus				
International Falls Campus				
Hutchinson Campus				
Hutchinson Campus				
Willmar Campus				

47.060411 Driveability Technician
 47.060412 Auto Electrical Technician
 47.060413 Auto Air Conditioning Technician
 47.060414 Engine Technician
 47.060415 Brake Technician
 47.060416 Auto Transmission Technician
 52.190700 Auto Parts Sales
 52.190711 Auto Parts Management

Certificate Willmar Campus Approved
 Diploma Willmar Campus Approved
 Diploma Willmar Campus Approved

Riverland Community College, A Technical & Community College

Albert Lea Campus

01.100101 Laboratory Technician - Food Science
 01.100101 Laboratory Technician - Food Science
 15.050700 Environmental Technician
 15.050700 Environmental Technician
 19.070901 Child Care and Education Level I
 46.040100 Building Maintenance
 51.090400 Intensive Care Paramedic Technician
 51.090400 Intensive Care Paramedic Technician
 51.090400 Emergency Medical Services
 52.190700 Automotive Parts Technician

Diploma Albert Lea Campus Approved
 AAS Albert Lea Campus Approved
 Diploma Albert Lea Campus Approved
 AAS Albert Lea Campus Approved
 Certificate Albert Lea Campus Approved
 Certificate Albert Lea Campus Approved
 AAS Albert Lea Campus Approved
 Diploma Albert Lea Campus Approved
 Certificate Albert Lea Campus Approved
 Certificate Albert Lea Campus Approved

Riverland Community College, A Technical & Community College

Austin Campus

10.030500 Graphic Technology
 51.080300 Occupational Therapy Assistant
 51.090400 Emergency Medical Services
 51.090400 Intensive Care Paramedic Technician
 51.090400 Intensive Care Paramedic Technician

AAS Austin Campus Approved
 AS Austin Campus Approved
 Certificate Austin Campus Approved
 AAS Austin Campus Approved
 Diploma Austin Campus Approved

Rochester Community and Technical College

University Center Rochester - RCTC

47.060500 Diesel Truck Mechanic
 Saint Paul College - A Community and Technical College

Diploma University Center Approved

49.999901 Railroad Technician
 49.999901 Railroad Technician

St. Paul-SPCCTC Campus

AAS St. Paul-SPCCTC Approved
 Certificate St. Paul-SPCCTC Approved

South Central Technical College

Faribault - MCF

47.060302 Automotive Detailing

Certificate Faribault - MCF Approved

South Central Technical College

Faribault Campus

11.060100 Microsoft Office User Specialist (MOUS)
 15.120200 Help Desk Specialist
 15.120300 A+ Personal Computer Support Technician
 47.010100 Electronic Maintenance Technician
 47.010101 Electronic Maintenance Technician
 52.040700 Information Technology Specialist

Certificate Faribault Campus Approved
 Diploma Faribault Campus Approved
 Certificate Faribault Campus Approved
 Diploma Faribault Campus Approved
 AAS Faribault Campus Approved
 Diploma Faribault Campus Approved

South Central Technical College

North Mankato Campus

01.010200 Consumer Products Technician
 11.060100 Microsoft Office User Specialist (MOUS)
 15.120200 Help Desk Specialist
 15.120300 A+ Personal Computer Support Technician
 15.130602 Mechanical Drafting and Design Technology
 48.050800 Basic Production Welding
 51.070300 Health Unit Coordinator
 52.040700 Information Technology Specialist

Certificate North Mankato Campus Approved
 Certificate North Mankato Campus Approved
 Diploma North Mankato Campus Approved
 Certificate North Mankato Campus Approved
 AAS North Mankato Campus Approved
 Certificate North Mankato Campus Approved
 Certificate North Mankato Campus Approved
 Diploma North Mankato Campus Approved

Southwest Minnesota State University

Marshall Campus

52.090100 Institutional Management

BS Marshall Campus Approved

St. Cloud Technical College

St. Cloud-TC Campus

51.089902 Chiropractic Technician

Diploma St. Cloud-TC Campus Approved

Vermilion Community College

Ely Campus

11.090100 Computer Networking Technologies
 11.090101 Network Administration-Microsoft
 11.090101 Computer Networking-Microsoft
 11.090102 Network Administration-Novell
 11.090102 Computer Networking-Novell

AAS Ely Campus Approved
 Diploma Ely Campus Approved
 Certificate Ely Campus Approved
 Diploma Ely Campus Approved
 Certificate Ely Campus Approved

Winona State University

University Center Rochester - WSU

11.010100 Software Technology

MST University Center Approved

52.020100 Business Administration
 Winona State University
 11.010100 Software Technology
 52.020500 Production and Operations Management

zDROP Fergus Falls Community College

51.260200 Human Services
 51.260200 Human Services

zDROP Mesabi Range Community and Technical College

52.030102 Accounting
 52.030102 Accounting
 52.030200 Accounting
 52.030200 Accounting
 52.030201 Bookkeeping Clerk
 52.030201 Bookkeeping Clerk

zDROP Mesabi Range Community and Technical College

22.030200 Paralegal/Legal Assistant
 22.030200 Paralegal/Legal Assistant
 52.180300 Marketing and Management
 52.180300 Marketing and Management
 52.180300 Marketing and Management
 52.180300 Marketing and Management

zDROP Northland Community and Technical College

44.070100 Human Services
 44.070100 Human Services

zDROP Northwest Technical College

47.060413 Automotive Brake and Alignment Technology
 47.060413 Automotive Brake and Alignment Technology

zDROP Northwest Technical College

15.040120 Radiology Equipment Service Technology
 15.130300 Architectural Technology
 15.130300 Architectural Technology
 47.060302 Automotive Appearance Technology
 47.060302 Automotive Appearance Technology
 47.060413 Automotive Brake and Alignment Technology
 47.060413 Automotive Brake and Alignment Technology
 51.080101 Medical Assisting
 51.080101 Medical Assisting

zDROP Northwest Technical College

13.050130 Internet Design
 13.050130 Internet Design
 13.050130 Internet Design
 13.050130 Internet Design
 15.061200 Manufacturing Engineering Technology
 15.061200 Manufacturing Engineering Technology
 51.070100 Health Systems Processing Specialist
 51.070100 Health Systems Processing Specialist
 51.080600 Physical Therapist Assistant
 51.080600 Physical Therapist Assistant
 51.090800 Respiratory Care Practitioner - Certified
 51.090800 Respiratory Care Practitioner - Certified
 51.090900 Surgical Technology
 51.090900 Surgical Technology
 52.089900 Credit Services Operations
 52.089900 Financial and Credit Services Administration
 52.089900 Financial and Credit Services Administration
 52.089900 Credit Services Operations

zDROP Northwest Technical College

13.050130 Internet Design

MBA University Center Approved
 Winona-WSU Campus

MST Winona-WSU Campus Approved
 BS Winona-WSU Campus Approved

Fergus Falls Campus

AS Fergus Falls Campus Approved
 AS Fergus Falls Campus Approved

Eveleth Campus

AAS Eveleth Campus Approved
 AAS Eveleth Campus Approved
 Diploma Eveleth Campus Approved
 Diploma Eveleth Campus Approved
 Certificate Eveleth Campus Approved
 Certificate Eveleth Campus Approved

Virginia Campus

AS Virginia Campus Approved
 AS Virginia Campus Approved
 AAS Virginia Campus Approved
 AAS Virginia Campus Approved
 Diploma Virginia Campus Approved
 Diploma Virginia Campus Approved

Thief River Falls Campus

AAS Thief River Falls Campus Approved
 AAS Thief River Falls Campus Approved

Bemidji-NTC Campus

Diploma Bemidji-NTC Campus Approved
 Diploma Bemidji-NTC Campus Approved

Detroit Lakes Campus

AAS Detroit Lakes Campus Approved
 AAS Detroit Lakes Campus Approved
 Diploma Detroit Lakes Campus Approved
 AAS Detroit Lakes Campus Approved
 AAS Detroit Lakes Campus Approved

East Grand Forks Campus

Diploma East Grand Forks Approved
 Diploma East Grand Forks Approved
 AAS East Grand Forks Approved
 Diploma East Grand Forks Approved
 AAS East Grand Forks Approved
 AAS East Grand Forks Approved
 AAS East Grand Forks Approved
 Diploma East Grand Forks Approved
 Diploma East Grand Forks Approved

Moorhead-NTC Campus

AAS Moorhead-NTC Campus Approved

13.050130 Internet Design
 13.050130 Internet Design
 13.050130 Internet Design
 15.030305 Industrial Electronics
 15.030305 Industrial Electronics
 15.030305 Industrial Electronics
 15.030305 Industrial Electronics
 43.020200 Fire Technology and Administration
 43.020200 Fire Technology and Administration
 46.040102 Facilities Service Technology
 46.040102 Facilities Service Technology
 47.060413 Automotive Brake and Alignment Technology
 47.060413 Automotive Brake and Alignment Technology
 50.040211 Interactive Multimedia
 50.040211 Interactive Multimedia
 51.070100 Health Systems Processing Specialist
 51.070100 Health Systems Processing Specialist
 51.161300 Practical Nursing
 51.161300 Practical Nursing

zDROP Northwest Technical College

12.050300 Chef Training
 46.050202 Plumbing
 51.161300 Practical Nursing

zDROP Northwest Technical College

11.020100 Computer Programming

zDROP Northwest Technical College

15.030304 RF Communications Technology
 15.030304 RF Communications Technology
 15.030304 RF Communications Technology
 15.030304 RF Communications Technology
 15.030305 Industrial Electronics
 15.030305 Industrial Electronics
 15.030305 Industrial Electronics
 15.030305 Industrial Electronics
 19.070904 Family Child Care Level I
 19.070904 Family Child Care Level I
 19.070905 Family Child Care Level II
 19.070905 Family Child Care Level II
 46.040102 Facilities Service Technology
 46.040102 Facilities Service Technology
 47.010312 Cable Television Technology
 47.010312 Cable Television Technology
 47.010313 Cable Television Installation Technology
 47.010313 Cable Television Installation Technology
 47.010315 Cable Television Technology

zDROP Northwest Technical College

47.010315 Cable Television Technology
 51.070300 Health Unit Coordinator
 51.070300 Health Unit Coordinator
 51.090400 Acute Care Paramedic
 51.090400 Acute Care Paramedic
 51.090800 Respiratory Care Practitioner
 51.090800 Respiratory Care Practitioner

Diploma Moorhead-NTC Campus Approved
 AAS Moorhead-NTC Campus Approved
 Diploma Moorhead-NTC Campus Approved
 AAS Moorhead-NTC Campus Approved
 AAS Moorhead-NTC Campus Approved
 Diploma Moorhead-NTC Campus Approved
 Diploma Moorhead-NTC Campus Approved
 AAS Moorhead-NTC Campus Approved
 AAS Moorhead-NTC Campus Approved
 AAS Moorhead-NTC Campus Approved
 AAS Moorhead-NTC Campus Approved
 Diploma Moorhead-NTC Campus Approved

Red Lake Reservation

Diploma Red Lake Reservation Approved
 Diploma Red Lake Reservation Approved
 Diploma Red Lake Reservation Approved

Virtual - Northwest Technical College

Diploma Virtual - Northwest Approved

Wadena Campus

AAS Wadena Campus Approved
 Diploma Wadena Campus Approved
 Diploma Wadena Campus Approved
 AAS Wadena Campus Approved
 AAS Wadena Campus Approved
 Diploma Wadena Campus Approved
 AAS Wadena Campus Approved
 Diploma Wadena Campus Approved
 Certificate Wadena Campus Approved
 Certificate Wadena Campus Approved
 Certificate Wadena Campus Approved
 Certificate Wadena Campus Approved
 Diploma Wadena Campus Approved
 Diploma Wadena Campus Approved
 AAS Wadena Campus Approved
 AAS Wadena Campus Approved
 Diploma Wadena Campus Approved
 Diploma Wadena Campus Approved
 Diploma Wadena Campus Approved

Wadena Campus

Diploma Wadena Campus Approved
 AAS Wadena Campus Approved
 AAS Wadena Campus Approved

The Minnesota Higher Education Services Office

agency overview for the
Minnesota Senate
Higher Education Budget Committee

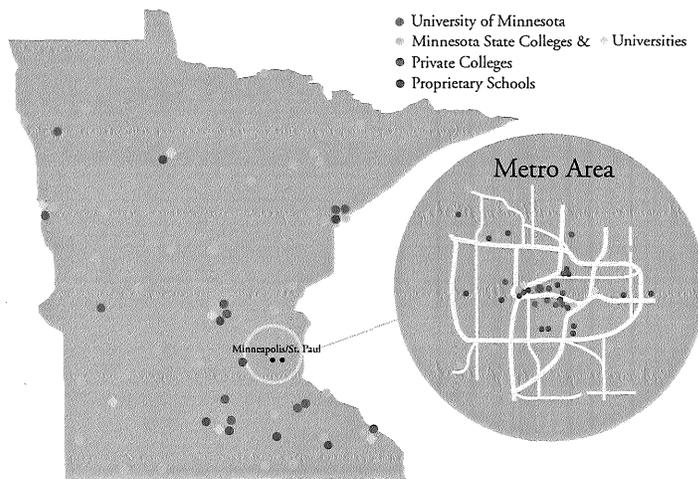
February 15, 2005



Overview Hearing

- Agency responsibilities
- State Grant Program
 - Overview
 - Impact of December 2004 federal change to the Pell Grant
 - State Grant projections

Serving All Students



Higher Education Services Office

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Higher Education Services Office

Agency Responsibilities

Responsibilities: Chapter 136A

- Oversee Minnesota's 529 College Savings Plan
- License and register private and career schools
- Provide information to students and parents
- Coordinate MINITEX, MnLINK and the Learning Network of Minnesota
- Collect, maintain and report data on higher education
- Administer Federal programs
- Negotiate and administer interstate tuition reciprocity
- Administer financial aid programs

Higher Education Services Office

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Minnesota's 529 College Savings Plan

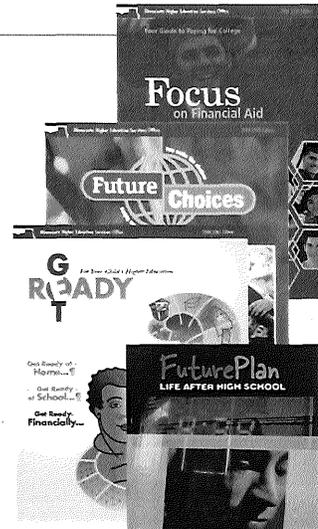
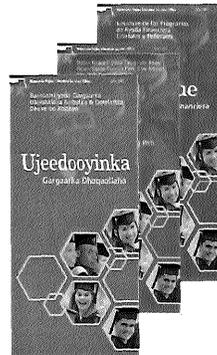
- Launched in 2001
- 37,744 personal savings accounts
- \$294 million in assets
- Need-based matching grants (5% to 15%)

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Information for Students and Parents

Received orders for 500,000+
resources in 2004



Higher Education Services Office

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Collect and Report Data

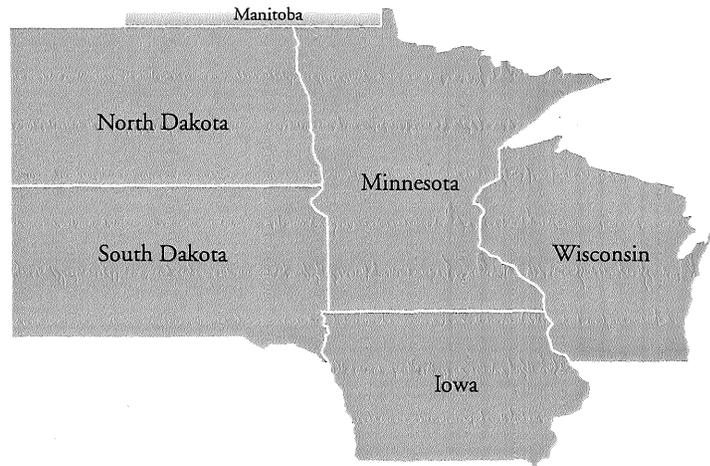
- Enrollment and participation
- Financial aid and borrowing
- Appropriations and spending
- Student demographics
- State-by-state comparisons

Higher Education Services Office

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Tuition Reciprocity

Approximately 23,000 Minnesota residents take advantage of tuition reciprocity agreements annually.



Higher Education Services Office

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Financial Aid

- Loans, Student Educational Loan Fund (SELF)
- Work Study
- Child care
- State Grant Program

Higher Education Services Office

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Higher Education Services Office

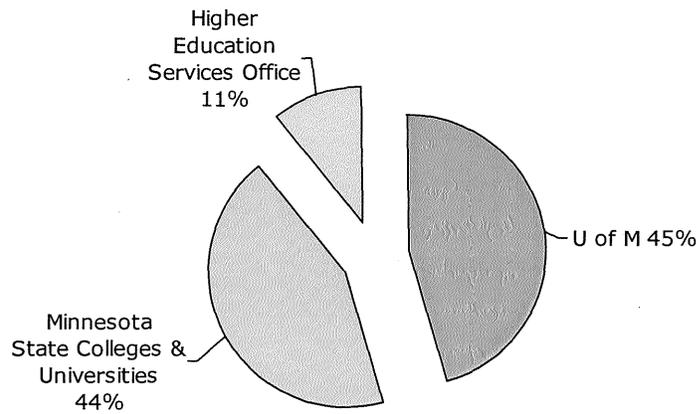
Agency's New Role

2003 Legislative Change

- Cabinet-level agency
- Governor appoints director
- Providing a policy perspective on the higher education sector.

Higher Education Spending

(\$2.6 billion general fund appropriation FY 04-05)



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Higher Education Services Office

State Grant Program

Minnesota State Grant Program

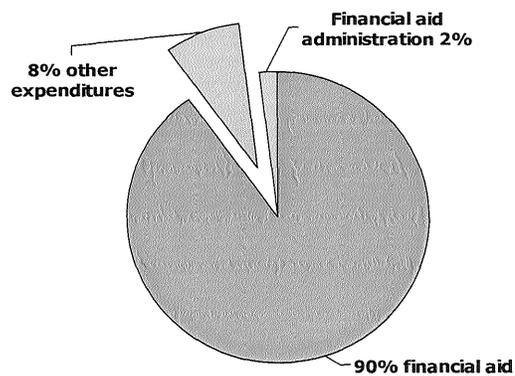
- Overview
- Impact of the December 2004 change to the Federal Needs Analysis (Pell Grant update)
- Review State Grant projections

Higher Education Services Office

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State Appropriation Expenditures

(HESO expenditures of \$374 million, FY 2004-2005)

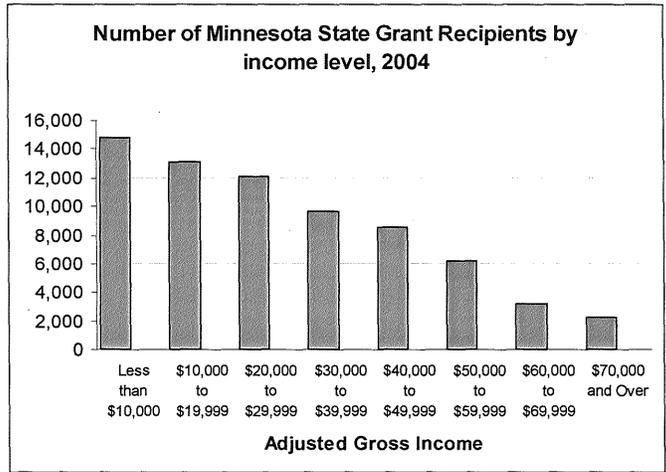


Higher Education Services Office

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State Grant Program

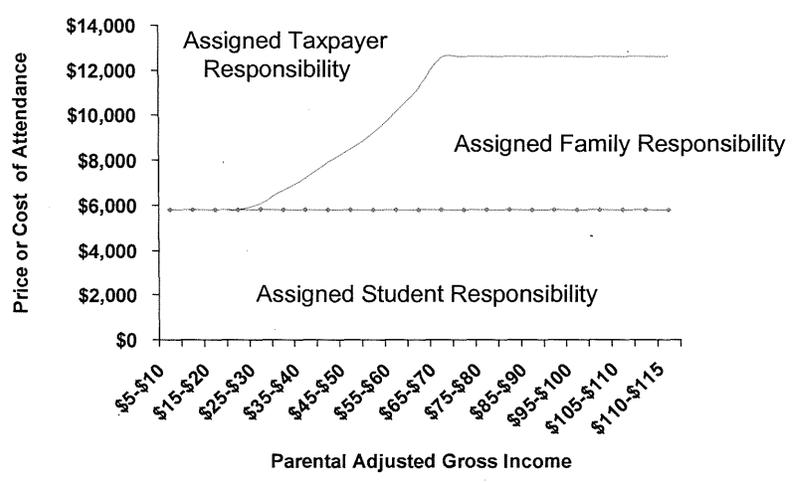
\$115 million awarded to 69,620 students in 2004



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State Grant Financial Aid Structure



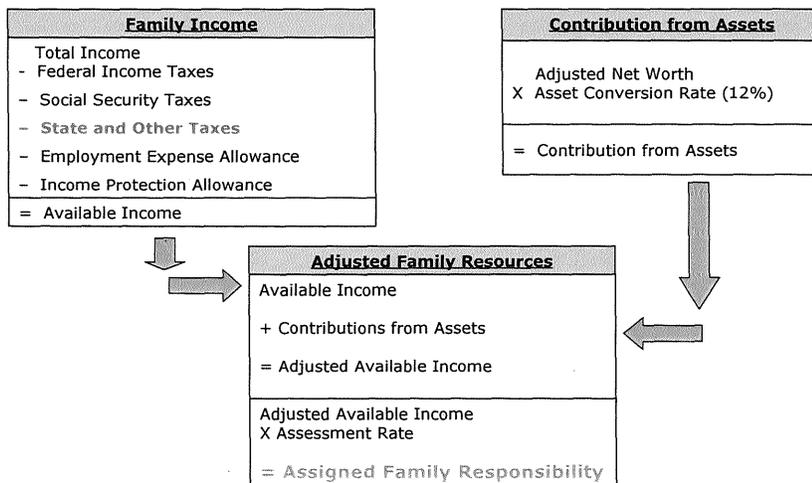
Higher Education Services Office

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Minnesota State Grant Program

- Overview
- Impact of the December 2004 Change in the Federal Needs Analysis (Pell Grant update)

Calculation of Assigned Family Responsibilities for Families of Dependent Students



Change in Allowance for State and Other Taxes

Category of Applicant	Prior to Change	After the Change
Parents of Dependent Students Earning Less than \$15,000	9%	6%
Parents of Dependent Students Earning \$15,000 or more	8%	5%
Independent Students with Dependents Other Than a Spouse Earning Less Than \$15,000	9%	6%
Independent Students with Dependents Other Than a Spouse Earning \$15,000 or more	8%	5%
Independent Students with no Dependents Other than a Spouse	6%	4%
Dependent Students	6%	4%

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Impact of Change on Minnesota State Grant Applicants

	Projected to Receive a Smaller Federal Pell Grant	Projected to Receive Smaller Combined Pell And Minnesota State Grants
Number	5,044	50,730
Average (Median) Change	\$100	\$184
75 th Percentile Change	\$150	\$305

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Projected Impact of Update to the Federal Needs Analysis

Projection	Number of State Grant Recipients	Combined Pell and Minnesota State Grants received (in millions)	Minnesota State Grants Received (in millions)
FY 2006	79,676	\$270.09	\$143.45
FY 2006 with change	76,793	\$257.72	\$136.75
Difference	(2,883)	\$(12.37)	\$(6.71)
Percentage change	-3.6%	-4.6%	-4.7%

Higher Education Services Office

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Minnesota State Grant Program

- Overview

- Impact of the December 2004 Change in the Federal Needs Analysis (Pell Grant update)

- State Grant projections

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Summary Analysis of 2004-05 State Grant Projections

What was the Information used by the Legislature?

HESO Grant estimate	\$343
Law changes in Grant Program	(66)
Grant need less law change	277
State appropriation	281
Difference	4

What do we Know Today?

Estimated spending	240
New estimates of law change savings	57
Grant need with near-perfect hindsight	297

Difference from HESO grant estimate **46**

Higher Education Services Office

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Figures in millions

The \$46 million

Difference from HESO Grant Estimate **\$46**

Explanation of discrepancy:

<input type="checkbox"/> Actual tuition and fee increase	5
<input type="checkbox"/> Income distribution change	14
<input type="checkbox"/> Overstated FY 2003 base starting point	16
<input type="checkbox"/> Other reasons	11

Figures in millions

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State Grant Program Projections

Improvements to grant projections

- Better analysis and modeling of significant variables
- Increased cooperation with other state agencies
- Improved tracking of actual experience
- Improved communications with systems and individual campuses

Higher Education Services Office

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Minnesota Higher Education Services Office

Susan Heegaard, Director

(651) 642-0502

heegaard@heso.state.mn.us

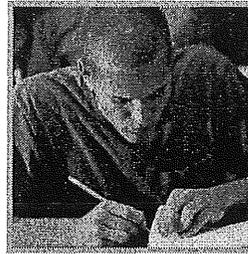
Mark Misukanis, Director of Fiscal Policy and Research

(651) 642-0581

misukanis@heso.state.mn.us

www.mheso.state.mn.us





Impact of the Update to the Federal Needs Analysis on Minnesota Students



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(800) 657-3866

Fax: (651) 642-0675
Email: info@heso.state.mn.us
Internet: www.mheso.state.mn.us

For the Hearing Impaired:
TTY Relay: (800) 627-3529

This document can be made
available in an alternative format
to individuals with disabilities by
calling (651) 642-0567.

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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Introduction

In December 2004, the U.S. Department of Education announced that it will update the amount it allows families to deduct for state and other tax payments when applying for financial aid. These changes affect the way both the Federal Pell Grant and the Minnesota State Grant programs calculate a family's ability to pay. Larger assigned family responsibilities generally translate into smaller state and federal grants for students.

The Higher Education Services Office has prepared this report estimating the aggregate projected impact of the update on Minnesota residents.

In summary, Minnesota residents attending Minnesota institutions are expected to see an estimated \$12.37 million less in federal and state grants, or about 4.5 percent less, than they would have without the update in the Federal Needs Analysis.

About half of the impact in FY 2006, or \$6.71 million, is derived from reduced awards in the Minnesota State Grant program. An estimated 35,802 of Minnesota's projected 79,676 State Grant recipients will receive smaller awards, while about 18,960 state grant recipients will receive slightly larger awards. An estimated 35,406 of the projected 64,382 students receiving a Federal Pell Grant will receive a smaller grant award.¹ On net, an estimated 55,774 students will receive smaller awards. Hardest hit by the change in both programs generally are students and families with higher incomes.

An online financial aid estimator is available at www.mheso.state.mn.us for students to use to calculate their estimated financial aid package.

A family's ability to pay for college is one important factor in calculating financial aid awards. When determining a family's ability to pay, both the Federal Pell Grant program and the Minnesota State Grant program refer to the same Federal formula, called Federal Needs Analysis. The Tax tables applied in the Federal Needs Analysis were updated in December 2004. Because the tables had not been updated for the Federal Needs Analysis for more than 15 years, the changes are significant. Some families will be expected to pay a greater share of their college expenses based on their ability to pay. In Minnesota, this expectation is referred to as the "assigned family responsibility" in calculating state grants.

¹ The report does not take into account students receiving Federal Pell Grants who do not meet the program eligibility requirements for the Minnesota State Grant Program.

Overall Results

The differences between the projections for Fiscal Year 2006:

Projection	Number of Minnesota State Grant Recipients	Combined Federal Pell and Minnesota State Grants Received (million)	Minnesota State Grants Received (million)
1 FY 2006 projection	79,676	\$270.09	\$143.45
2 FY 2006 with the New Tax Tables	76,793	\$257.72	\$136.75
Difference	(2,883)	\$(12.37)	\$(6.71)
Percentage Change	-3.6%	-4.6%	-4.7%

The differences between the projections for Fiscal Year 2007:

Projection	Number of Minnesota State Grant Recipients	Combined Federal Pell and Minnesota State Grants Received (million)	Minnesota State Grants Received (million)
1 FY 2007 projection	84,450	\$288.55	\$153.88
2 FY 2007 with the New Tax Tables	81,439	\$275.45	\$146.79
Difference	(3,011)	\$(13.10)	\$(7.09)
Percentage Change	-3.6%	-4.5%	-4.6%

About 36,000 Minnesota State Grant applicants were projected to receive, on average, a Minnesota State Grant in Fiscal Year 2006 that will be about \$175 less and about 19,000 receive a small increase due to the changes in the Federal Need Analysis, as shown in the following table:

	Projected to Receive Smaller Minnesota State Grants	Projected to Receive Larger Minnesota State Grants
Number	35,802	18,960
Average (Median) Change	\$172	\$39
75 th Percentile Change	\$366	\$82

About 3,000 of those projected to receive smaller awards would have their awards go to zero.

About 35,000 Minnesota State Grant applicants were projected to receive, on average, a Federal Pell Grant in Fiscal Year 2006 that will be about \$150 less due to the changes in the Federal Need Analysis, as shown in the following table:

	Projected to Receive Smaller Federal Pell Grants
Number	35,406
Average (Median) Change	\$150
75 th Percentile Change	\$200

Of these, about 2,300 are projected to have their Federal Pell Grants reduced to zero.

About 56,000 of the students eligible for Minnesota State Grants were projected to receive smaller grants, as shown in the following table. The population of applicants was split into two groups in the table. The first group is those projected not to receive a Minnesota State Grant but would receive a Federal Pell Grant. About 5,000 students in this group would receive smaller Federal Pell Grants averaging \$100. The second group is those projected to receive a Minnesota State Grant. About 51,000 students in the second group would receive smaller combined Federal Pell and Minnesota State Grants averaging \$184. In this second group, the smaller awards could be a result of a smaller Federal Pell Grant, a smaller Minnesota State Grant, or a combination of the two.

	Projected to Receive a Smaller Federal Pell Grant	Projected to Receive Smaller Combined Federal Pell and Minnesota State Grants
Number	5,044	50,730
Average (Median) Change	\$100	\$184
75 th Percentile Change	\$150	\$305

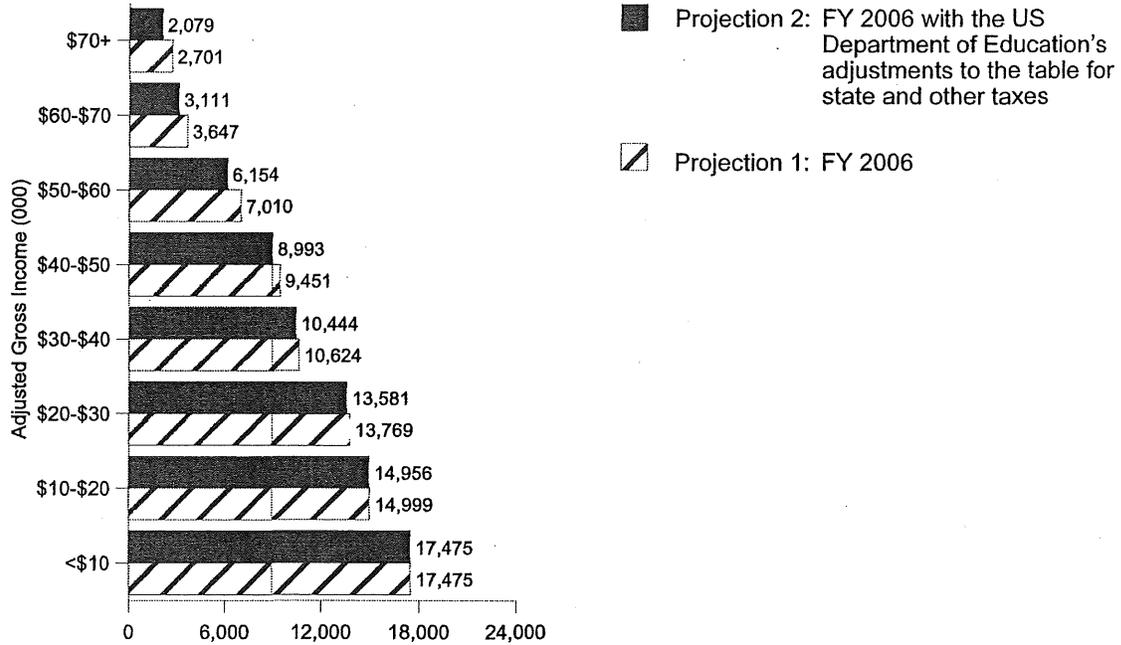
Many financial variables are used in calculating Minnesota State Grants but for purposes of presenting statistical distributions of program statistics, only an income associated with the recipient is used.

- For dependent students, income in the following charts is the Adjusted Gross Income reported by the parent or parents on their 2002 personal federal income tax returns.
- For independent students, income is the Adjusted Gross Income reported by the student (and spouse) on his or her 2002 personal federal income tax return.

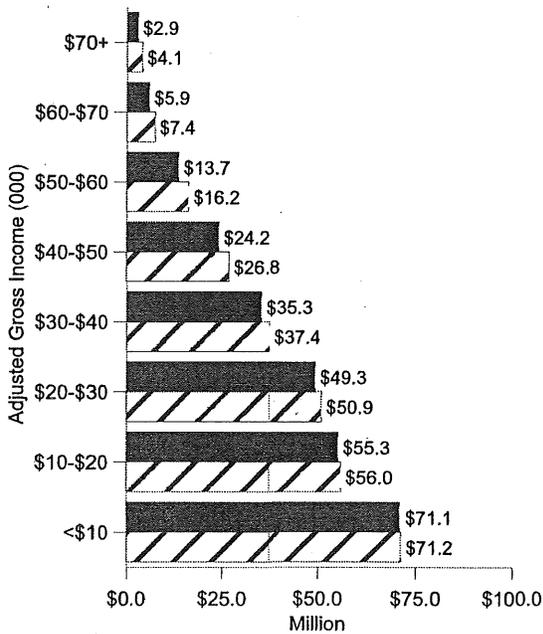
Chart 1. Projected Minnesota State Grant Statistics

Low-income students are affected least by the changes.

Minnesota State Grant Recipients



Combined Federal Pell and Minnesota State Grants



Minnesota State Grants

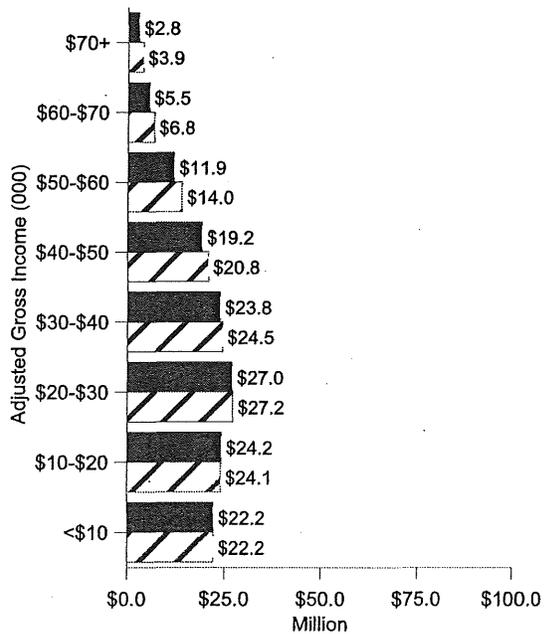
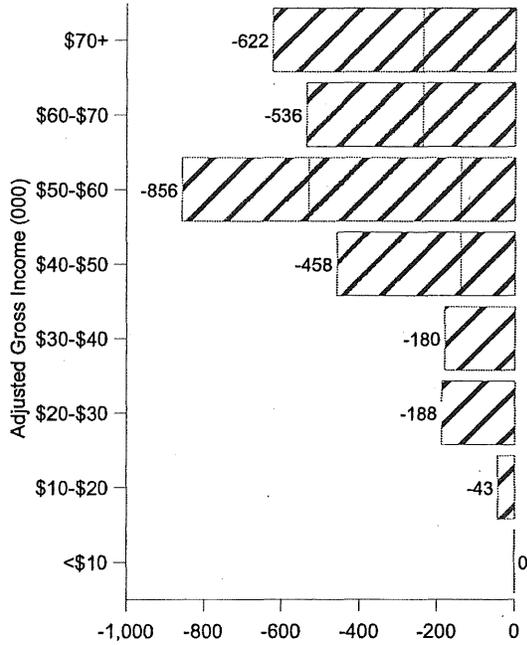
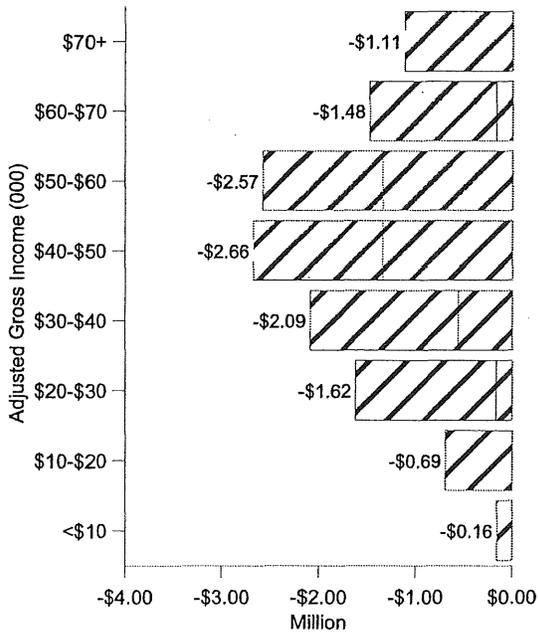


Chart 2. Projected Minnesota State Grant Statistics
Differences between projections shown in Chart 1

Minnesota State Grant Recipients



Combined Federal Pell and Minnesota State Grants



Minnesota State Grants

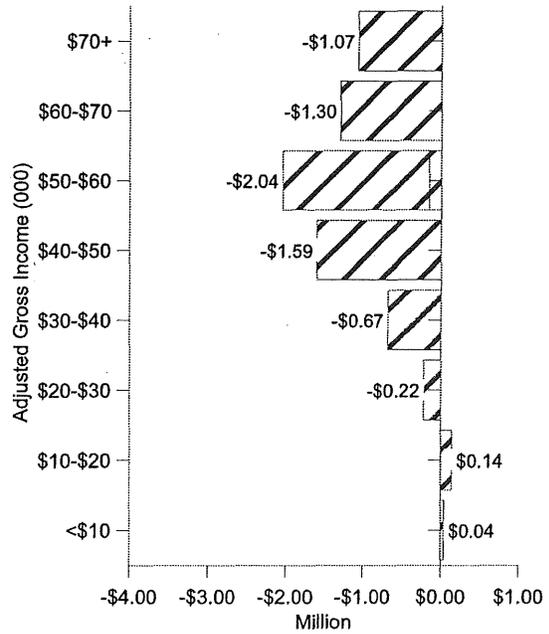
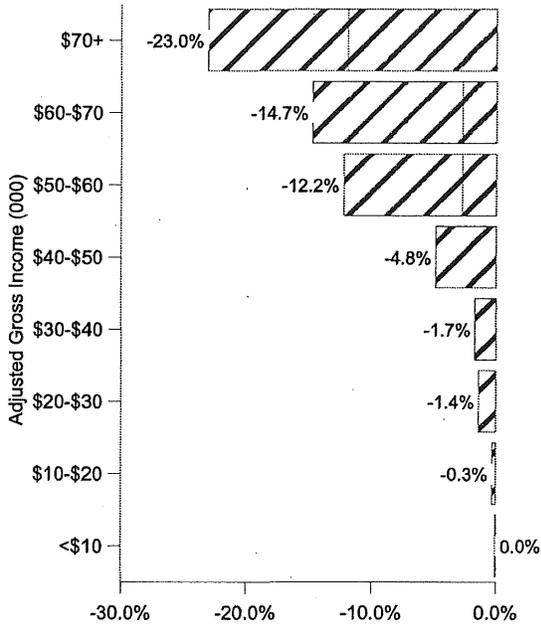
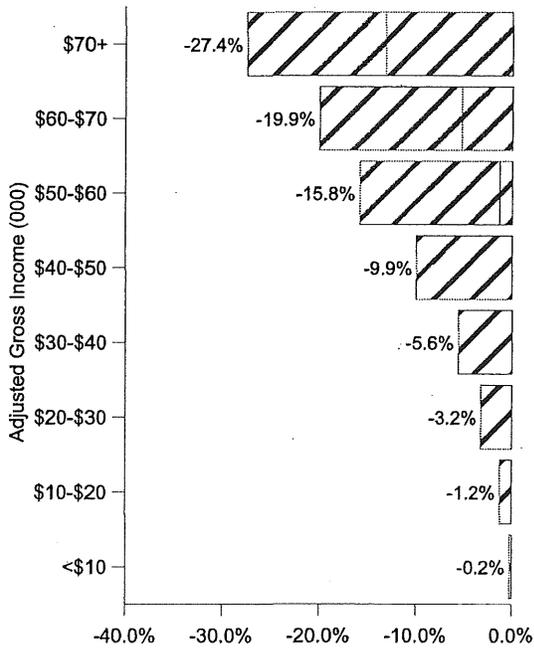


Chart 3. Projected Minnesota State Grant Statistics
Differences between projections shown in Chart 1

Minnesota State Grant Recipients



Combined Federal Pell and Minnesota State Grants



Minnesota State Grants

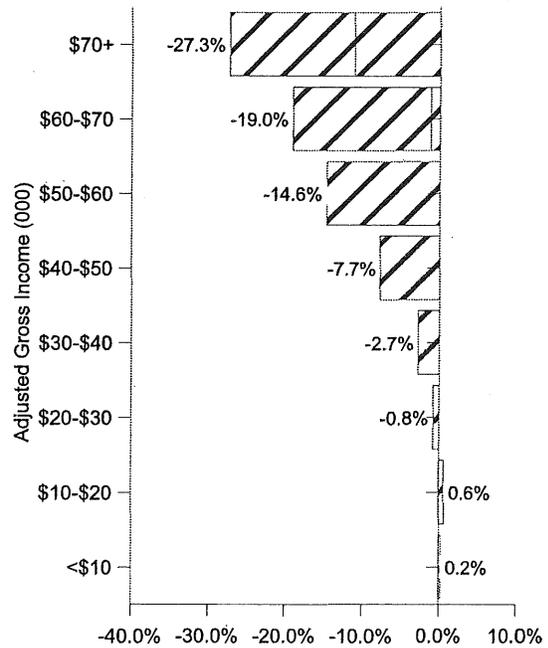
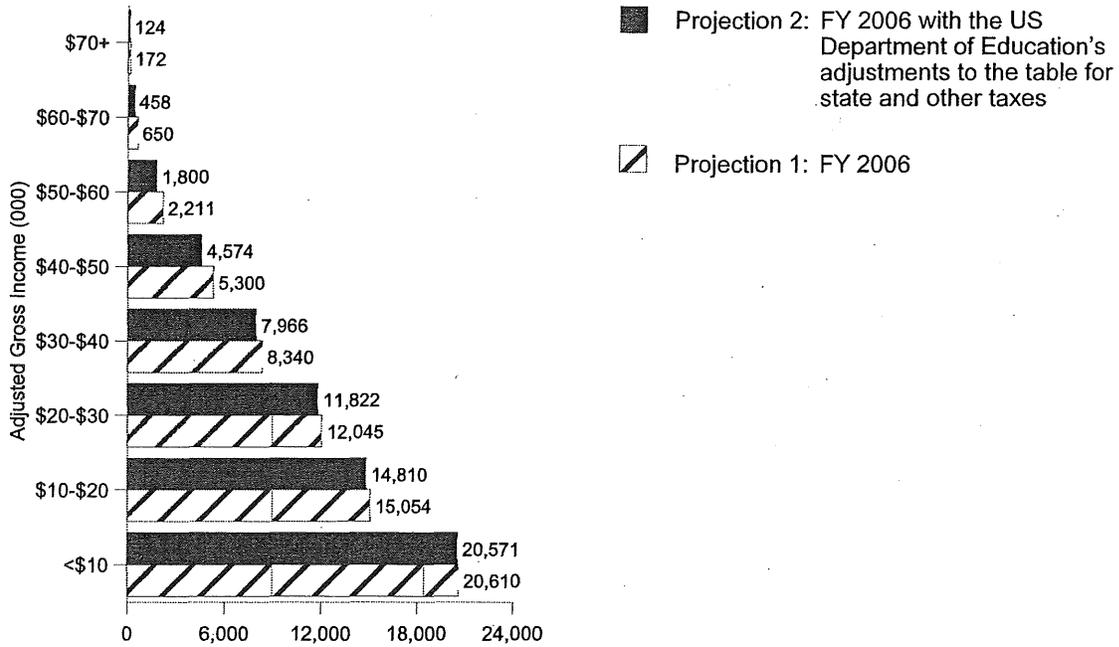


Chart 4. Projected Federal Pell Grant Statistics (Based on Population of Reported Minnesota State Grant Applicants)

Federal Pell Grant Recipients



Federal Pell Grants

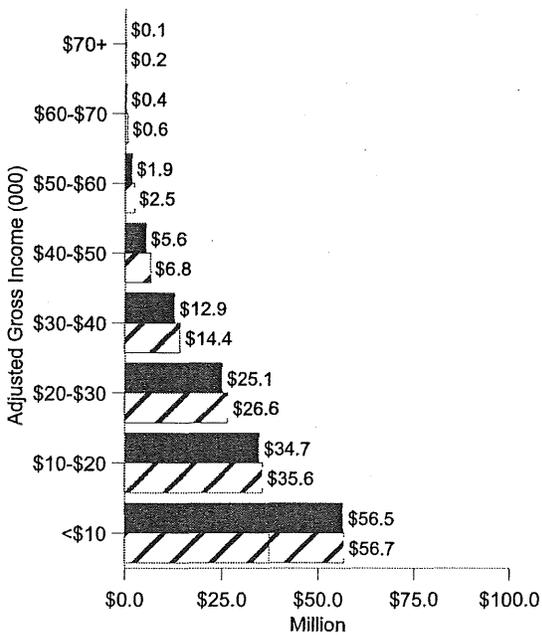
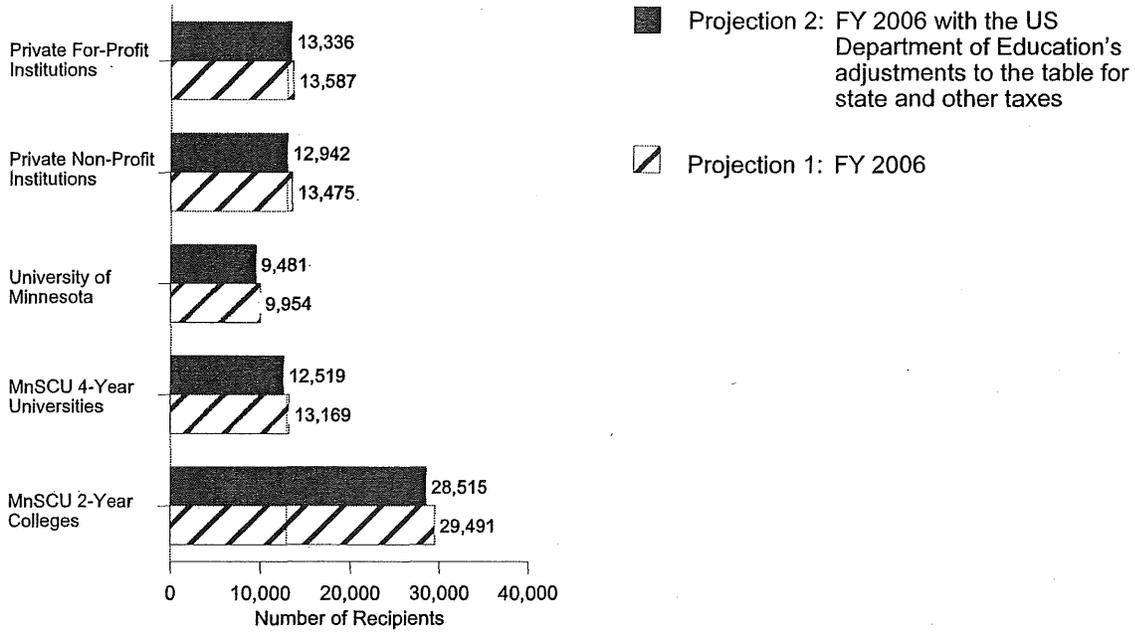
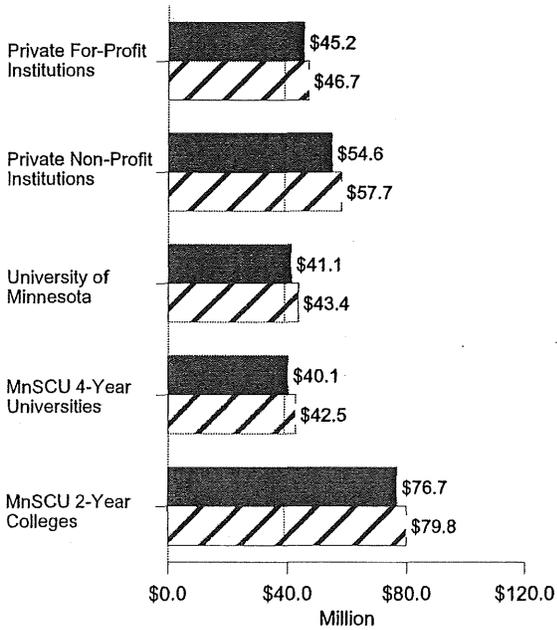


Chart 5. Projected Minnesota State Grant Statistics

Minnesota State Grant Recipients



Combined Federal Pell and Minnesota State Grants



Minnesota State Grants

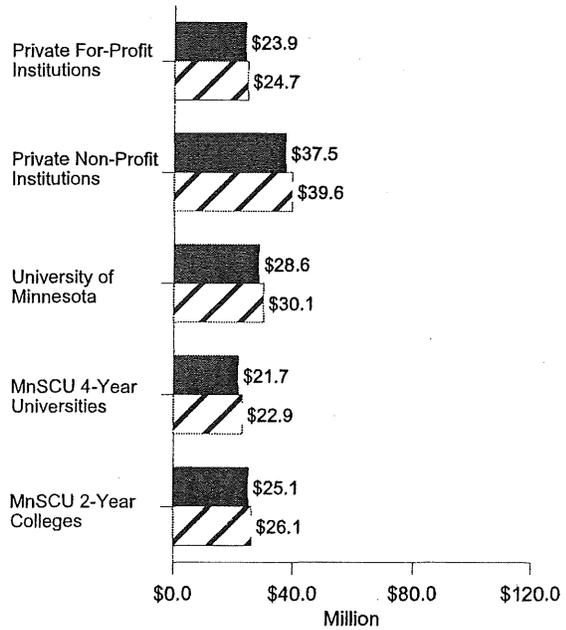
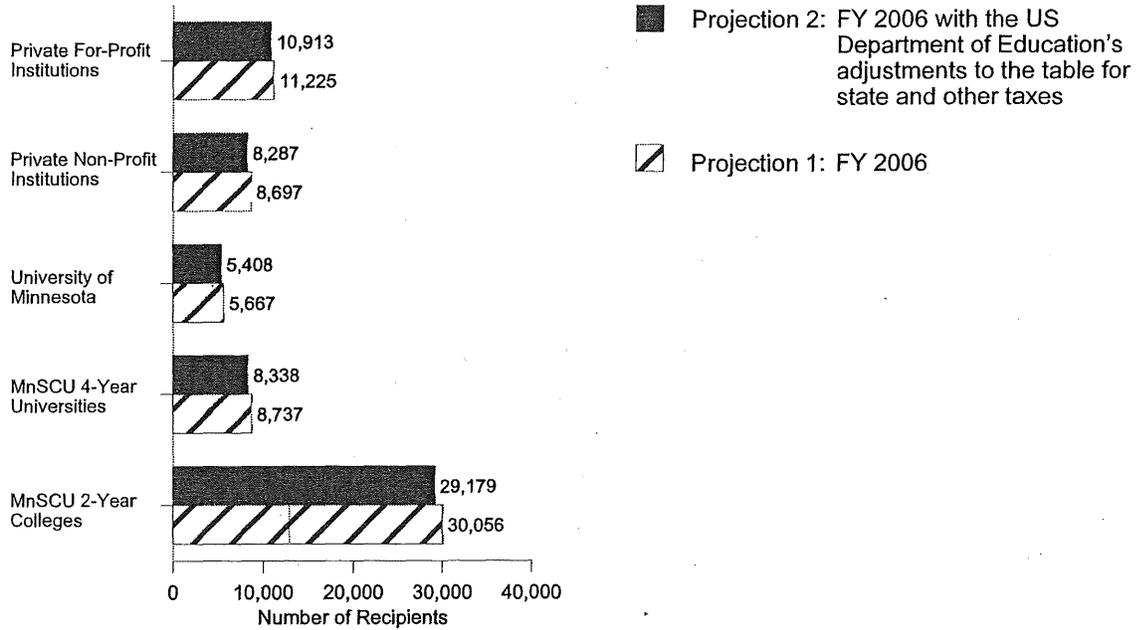
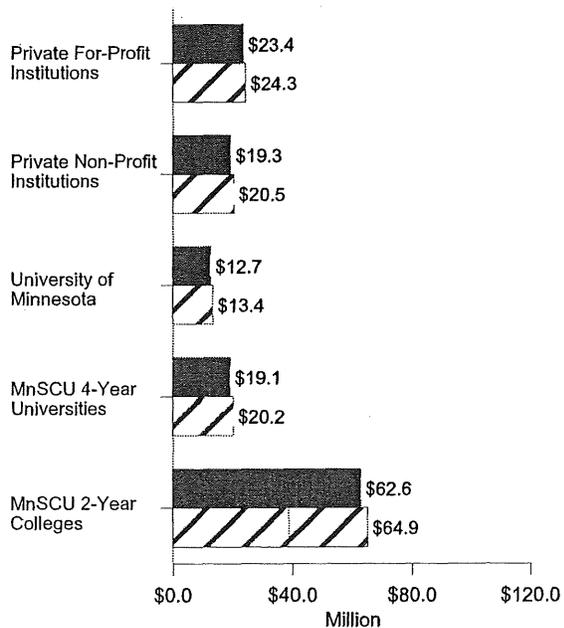


Chart 6. Projected Federal Pell Grant Statistics (Based on Population of Reported Minnesota State Grant Applicants)

Federal Pell Grant Recipients



Federal Pell Grants



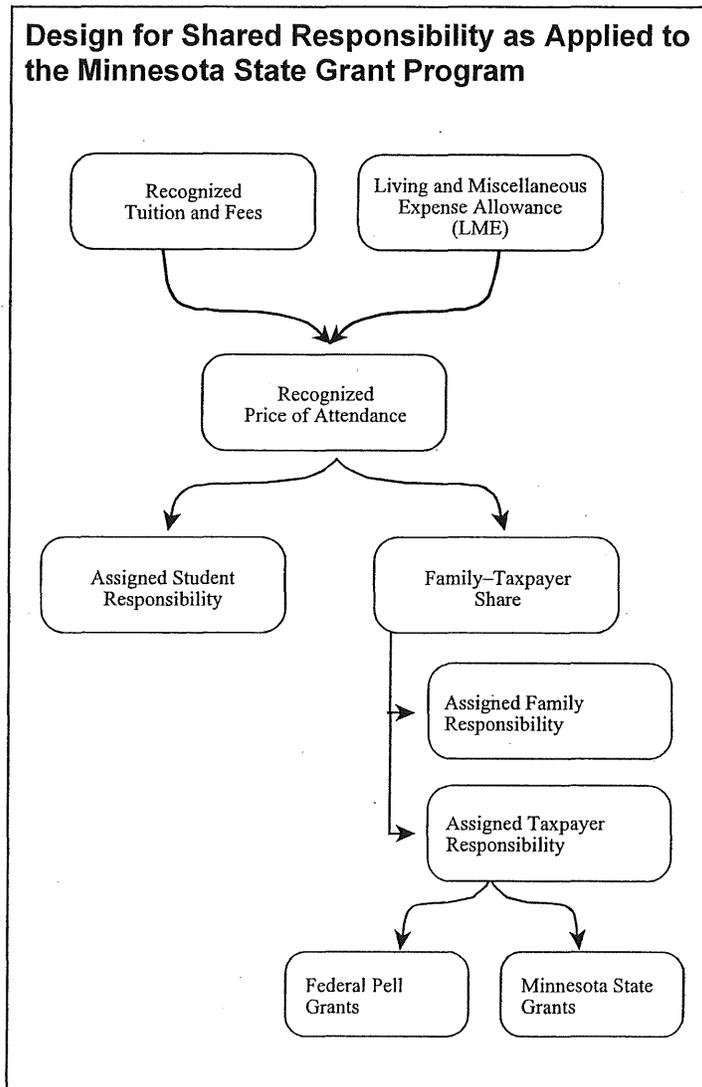
Design for Shared Responsibility

To provide a context for the projections that follow, a quick review of the Design for Shared Responsibility is provided in this section.

Students determine the price of investing in their post-secondary educations by the choices they make, such as decisions of where to attend and size of their registration loads.

The Design for Shared Responsibility, as applied to Minnesota State Grants, distributes the price of post-secondary education based on family circumstances and attendance choices among students, families, and taxpayers, as shown on the chart to the right. Projections of Minnesota State Grants make assumptions about all the steps shown on the chart.

- The state expects *students* to make a significant personal investment in their own post-secondary educations up front, called Assigned Student Responsibilities.
- The state expects *families* to invest in their students' post-secondary educations based on their ability to pay, called Assigned Family Responsibilities.
- The state leverages *taxpayers'* federal tax dollars (Federal Pell Grants) to work with state tax dollars (Minnesota State Grants) to meet the state policy of helping to cover the price for families whose ability to pay (Assigned Family Responsibility) does not provide full coverage of their Family-Taxpayer Share.



All of these steps affect the projections reported above.