

Agency Purpose

The purpose of the Minnesota Office of Higher Education is to:

- ◆ help students achieve financial access to post-secondary education;
- ◆ enable students to choose among post-secondary education options;
- ◆ protect and inform educational consumers;
- ◆ produce independent, statewide information on post-secondary education; and
- ◆ facilitate interaction among and collaboration with organizations that share responsibility for education in Minnesota.

The Office of Higher Education became a cabinet-level agency following the 2003 legislative session. The agency administers programs, and gathers and reports data. The director serves as the governor's advisor on higher education.

Core Functions

M.S. Chapter 136A, gives the Minnesota Office of Higher Education core responsibilities to:

- ◆ administer state financial aid programs for students;
- ◆ publish and distribute to students and parents information about academic and financial preparation, including financial aid;
- ◆ approve, register, and license private colleges and career schools;
- ◆ oversee statewide library service programs that improve access to information and support cost-effective library operations;
- ◆ collect, maintain and report data and analysis on higher education including data on student enrollment, financial aid, and higher education accountability;
- ◆ administer federal programs that affect students and institutions on a statewide basis;
- ◆ prescribe policies, procedures, and rules necessary to administer the programs under the agency's supervision; and
- ◆ negotiate and administer statewide interstate tuition reciprocity programs.

Operations

Through delivery of its core programs, the Office of Higher Education serves several constituencies including:

- ◆ current college students;
- ◆ students and families who are preparing for post-secondary education;
- ◆ colleges and universities that participate in financial aid administration and library services for students;
- ◆ students and educators in the K-12 system; and
- ◆ policymakers and researchers who evaluate programs and policies and use statewide post-secondary education data.

The Office of Higher Education provides programs and services through different means, including:

Student Financial Aid Programs. The Minnesota State Grant Program provides more than \$120 million in need-based aid to Minnesota students annually. The agency's other core financial aid programs are the Student Educational Loan Fund (SELF), the Minnesota College Savings Plan, and the Interstate Tuition Reciprocity agreements. The agency also administers other student financial aid programs such as the Post-Secondary Child Care Grant Program, State Work Study Program, and the Public Safety Officers' Survivors Benefit Program.

At A Glance

Two-year State Budget:

\$349 million General Fund
 \$296 million Student Loan Fund
 \$ 11 million Federal and Agency Funds

More than 90% of the agency's General Fund appropriation is for grants to students.

Annual Business Processes:

\$124 million in grants to 73,000 students
 \$123 million in student loans to 32,000 students
 \$ 12 million in work study to 11,000 students

23,000 Minnesota students participate in interstate tuition reciprocity.

150 private institutions registered or licensed.

42,000 accountholders in the Minnesota College Savings Plan, with more than \$453 million in assets in June 2006.

These programs enable thousands of Minnesota students to have financial access to, and choice of, post-secondary educational opportunities.

Research and Analysis. The agency collects and reports information on higher education enrollment, financial aid and trends. In 2006, the Office of Higher Education will produce the first higher education accountability report that will measure the higher education sector's effectiveness in meeting state goals. The agency serves as a clearinghouse for public information on Minnesota higher education including issues like participation rates, degrees granted, and how students pay for college.

Outreach and Publications. The agency's publications, web sites, interactive resources and direct contact with students and families enable it to provide outreach to current and prospective college students including communities of color, low-income families, and families with no previous higher education experience. The Get Ready program, working in tandem with the federally-sponsored GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) and the state-funded Intervention for College Attendance Program grants, provide a continuum of contact and service to low income students from 4th grade through high school as they prepare for college admission and attendance. The two programs enable the agency to expand its outreach effectiveness to students.

Library Resources. The MINITEX Library Information Network provides students, scholars, and residents of Minnesota and contiguous states with cost effective access to a wide range of library resources and information, including delivery of interlibrary loan materials, cooperative licensing, and access to electronic resources. The Minnesota Library Information Network (MnLINK) is a statewide virtual library that electronically links major Minnesota libraries. The MnLINK Gateway connects the online catalogs of 20 Minnesota library systems and selected commercial databases so that they appear to a user as a single source of information. The MnLINK Integrated Library System is being implemented as a shared library automation system for the University of Minnesota, Minnesota State Colleges and Universities, Minnesota state agencies and interested private college, public, school, and special libraries. The Learning Network of Minnesota provides access to educational programs and library resources through web-based learning interactive videos, and other telecommunications technology. The Learning Network enables students to have access to learning opportunities that otherwise would be unavailable at their college or in their geographic area.

Licensing and Registration. Through state laws that outline the registration and licensure requirements of private colleges, universities, and career schools, the Office of Higher Education protects students as consumers by ensuring that private post-secondary institutions meet state standards and operate legally in Minnesota.

Budget

The Office of Higher Education's budget for the 2006–07 biennium totals approximately \$647 million. Of this amount, \$362 million (56%) is state General Fund monies, \$274 million (42%) is the Student Loan Capital Fund, and the remaining \$11 million (2%) is comprised of special revenue, federal and agency funds.

The Office of Higher Education staff includes 67 full-time equivalent employees, of which 24 are state funded.

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Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	169,129	177,181	177,181	177,181	354,362
Forecast Base	169,129	177,181	177,181	177,181	354,362
Change		0	0	0	0
% Biennial Change from 2006-07					2.3%
Misc Special Revenue					
Current Appropriation	3,000	0	0	0	0
Forecast Base	3,000	0	0	0	0
Change		0	0	0	0
% Biennial Change from 2006-07					-100%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	154,604	191,582	177,206	177,181	354,387
Misc Special Revenue	0	3,000	0	0	0
Statutory Appropriations					
General	0	314	50	50	100
Misc Special Revenue	597	511	398	340	738
Federal	4,000	5,329	4,773	4,768	9,541
Miscellaneous Agency	218	0	0	0	0
Office Of Higher Education	142,974	150,404	156,341	162,384	318,725
Total	302,393	351,140	338,768	344,723	683,491
<u>Expenditures by Category</u>					
Total Compensation	4,093	4,909	4,787	4,832	9,619
Other Operating Expenses	16,872	17,672	17,563	18,483	36,046
Payments To Individuals	143,021	179,177	165,551	165,541	331,092
Local Assistance	11,192	14,344	10,829	10,829	21,658
Other Financial Transactions	127,215	135,038	140,038	145,038	285,076
Total	302,393	351,140	338,768	344,723	683,491
<u>Expenditures by Program</u>					
Student Financial Aid-Outreach	146,086	183,638	169,363	169,363	338,726
State Student Loans	141,880	149,093	155,013	161,033	316,046
Fiscal Policy & Research	3,019	6,316	2,784	2,718	5,502
Libraries And Technology	9,195	9,035	9,006	9,006	18,012
Agency Administration	2,213	3,058	2,602	2,603	5,205
Total	302,393	351,140	338,768	344,723	683,491
Full-Time Equivalentents (FTE)	61.9	66.3	66.3	66.3	

Program Description

To compete in today's global economy, most Minnesotans will enroll in some form of post-secondary education. As education has become more essential, Minnesota has enacted significant financial aid programs and other assistance to help overcome barriers to post-secondary education. The activities supported by the Office of Higher Education's Student Financial Aid Services are part of the state's strategy to keep education affordable and accessible for all Minnesota residents. The goal of state financial aid programs is to support the ability of students to choose the post-secondary institution that best meets their educational needs, regardless of their financial circumstances.

Financial Aid Activity

The **Minnesota State Grant** program is a need-based grant program for Minnesota undergraduate students that is designed to provide students with post-secondary opportunities that best meet their educational needs, regardless of their financial circumstances. The program's framework assigns responsibility for paying for college to the student, the family and the taxpayers if needed. The program expects a student to make a significant but reasonable investment in his or her own education and provides flexible opportunities to meet this expectation through work and borrowing.

The State Grant program is among the largest need-based student aid programs in the country and is coordinated with the federal Pell Grant program. Students apply for the State Grant by completing the federal Free Application for Federal Student Aid (FAFSA). The State Grant program served 73,410 students and awarded \$124.4 million in FY 2005. The average State Grant is about \$1,700. Eligible students are Minnesota residents attending a public or private college or university in Minnesota who demonstrate a financial need.

Program at a Glance

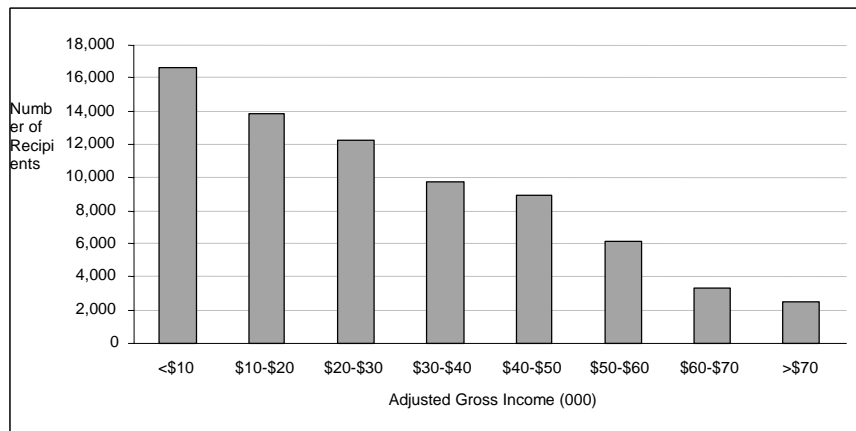
Financial Aid at a Glance

- ◆ State student financial aid programs serve approximately 80,000 students and distribute \$140 million dollars of aid.
- ◆ There were 42,786 Minnesota College Savings Plan accounts with a total market value of \$452.9 million on 6-30-2006.
- ◆ As of 6-30-2006, 2,403 Minnesota College Savings Plan account beneficiaries received matching grants based on 2005 contributions.

Outreach at a Glance

- ◆ Get Ready serves 2,000 students directly in eight urban schools and reaches another 23,000 through its outreach services.
- ◆ For the 2006-07 biennium, 13 service-learning projects at colleges and community-based organizations have been awarded state grants ranging from \$6,000 to \$20,000.
- ◆ More than 8,000 students, 1,500 faculty, 500 staff and 9,000 community members are involved with state and federal service-learning programs.
- ◆ As fiscal agent for the third year of a \$380,000 federal Learn and Serve America award, the agency awarded 35 grant projects promoting active citizenship.
- ◆ For FY 2005, the federal Improving Teacher Quality Program supports 22 grants, ranging from \$30,000 to \$48,000, to seven Minnesota higher education institutions and two nonprofit organizations for projects serving high-need school districts.

Minnesota State Grant Recipients by Income Level, 2005



The **Safety Officers Survivor's Program** provides to grants survivors of Minnesota public safety officers killed in the line of duty. In 2005, the program served 14 students and spent \$72,282.

The **Minnesota Work Study** program provides students with part-time jobs so that students can earn money to help meet their assigned payment responsibilities. Students demonstrate their need for Work Study by completing the Free Application for Federal Student Aid. State Work Study served 10,924 students who earned \$18 million, of which \$12 million were state funds.

The **Minnesota Post-Secondary Child Care Program** provides students with dependent children with need-based child care grants to help offset the cost of childcare while they are in college. Students may receive up to \$2,300 per dependent child in FY 2007. The program served 2,662 students in FY 2005.

The **Minnesota SELF Loan Program** is described in another section.

The **Minnesota College Savings Plan** encourages individuals and families to save for post-secondary education. This "529 Plan" is defined and permitted under Section 529 of the United States Internal Revenue Code. Earnings in the Minnesota College Savings Plan are tax deferred while invested and tax-free when distributed for qualified higher education expenses. Qualified expenses are defined in federal law and include tuition and fees plus room and board if the student attends at least half-time and books, supplies, and equipment required for enrollment.

One of the Plan's features is that it provides a state-funded matching grant to account beneficiaries from low- and middle-income Minnesota families. The matching grant is available to Minnesota resident account beneficiaries whose parent files a Minnesota individual income tax return with federal adjusted gross income of \$80,000 or less. If the beneficiary's family income is \$50,000 or less, 15% of the contribution can be matched, up to a total of \$300 annually. If the beneficiary's family income is between \$50,000 and \$80,000, 5% of the contribution can be matched up to a total of \$300 annually.

Tuition reciprocity agreements are negotiated and administered by the Minnesota Office of Higher Education. The agreements remove tuition and admissions barriers for Minnesota residents interested in attending public post-secondary institutions in Wisconsin, South Dakota, North Dakota and Manitoba. Under the reciprocity agreements, 23,000 Minnesota students attended colleges and universities in neighboring states at reduced prices in FY 2006. The agreements, each of which is structured differently, often include a calculation that can result in interstate payments based upon enrollment and the cost of instruction. This mechanism ensures that neither state bears a disproportionate share of the burden of educating the other state's residents. In December 2005 Wisconsin paid Minnesota \$6.5 million and there was no payment from North Dakota. In 2006 Wisconsin will pay Minnesota \$7.6 million and Minnesota will pay North Dakota \$1.1 million.

Outreach Activity

The **Get Ready/GEAR UP** program provides under-represented groups the opportunity to learn about and prepare for educational opportunities beyond high school. The Get Ready Program is an early awareness program operated by the agency and funded in part with federal GEAR UP dollars that provides low-income students at an early age (fourth grade through middle school) and their parents with college and career planning information and academic skill preparation to encourage and prepare them to successfully complete high school and pursue higher education. The Get Ready program serves approximately 2,000 annually in eight Title I schools in Minneapolis and St. Paul. Through its outreach efforts, the program provides its resources and support to an additional 21,000 students across the state.

The agency provides **Student and Parent Information** to students and citizens of Minnesota by developing and distributing publications, maintaining several web sites, making presentations and participating in special events. Efforts are designed to encourage post-secondary participation by providing information about college and how to pay for it, especially to low-income families and families of color.

Minnesota's **Intervention for College Attendance Program** is a grant program administered by the Office of Higher Education. The program awards grants on a competitive basis to encourage and support efforts by post-secondary institutions and community agencies to enhance and/or expand pre-college awareness or intervention programs for low-income students. The Intervention for College Attendance Program (ICAP) provided \$446,000 to 14 early intervention programs serving 2,933 low income students in 2006.

The state **Post-Secondary Service Learning** Program supports collaborative projects of at least one campus and one community-based organization. In some cases, the community organization manages the program. Each grant-funded project engages students in service activities in local communities. "Service-learning" enhances students' academic experience, promotes career exploration, and builds a commitment to life-long civic engagement and service.

The federal **Learn and Serve America** Program supports efforts to make service and service-learning a part of the fundamental mission of colleges and universities. The three initiatives of this program emphasize partnerships that build social and economic vitality, student leadership, and improved departmental curricula.

Federal **Improving Teacher Quality Grants** are awarded to partnerships to conduct professional development in mathematics, science, and social studies to ensure that teachers and paraprofessionals are highly qualified in the subject matter and teaching skills. Eligible partnerships must include a teacher preparation division and school of arts and sciences of a higher education institution and a high-need school district.

Population Served

The Minnesota State Grant Program, the Post Secondary Child Care Program, the Safety Officers Survivors Program, and State Work Study serve Minnesota residents attending Minnesota post secondary institutions. Interstate Tuition Reciprocity serves Minnesota residents attending public institutions in Wisconsin, North Dakota, South Dakota, a college in Iowa, and Manitoba. It also serves students from those states that attend Minnesota public institutions. The Minnesota College Savings program is available to residents and non-residents alike. Outreach Programs target Minnesota residents especially low income populations and those with little or no experience with higher education. The College Savings Plan can serve account holders anywhere, not just Minnesota families.

Key Measures

The Minnesota State Grant Program and Safety Officers Survivors Program reduce the cost of postsecondary education by awarding funds that do not have to be repaid. The State Work Study program pays part of the wages for low-income students while they work at an eligible job, thus making it easier for them to find a job while in college. The Post Secondary Child Care Program helps students pay for childcare while they attend college.

The College Savings Plan encourages saving by reducing tax barriers to saving for college. Interstate Tuition Reciprocity reduces cost barriers for students who want to attend a public college in a partner reciprocity state. The Outreach Programs and Activities help students plan both financially and academically for college.

Key measures for financial aid:

- ⇒ The State Grant area of the Office of Higher Education, which handles State Grants, Work Study, Child Care Grants and Safety Officer Survivors, receives an average of 110 phone calls and e-mail inquiries per week from students and parents.
- ⇒ The financial aid area is staffed by fewer than five full-time equivalents.
- ⇒ Fund requests by institutions are received, evaluated, processed approved and funds are transferred within 48 hours.
- ⇒ The state administrative costs for the State Grant represent 0.32% of the cost of the program.
- ⇒ 19,000 Minnesota residents are participating in tuition reciprocity in Wisconsin, North Dakota, South Dakota and Manitoba;

Key measures for outreach:

- ⇒ In an end-of year evaluation, 95% of the Get Ready Program students agreed that the program helped them learn the ways to pay for college; 95% agreed that the program helped them learn how much it cost to attend different types of post-secondary institutions; 98% of participants agreed that the program has helped them learn more about different careers and the educational requirements for those careers; and 85% of the Get Ready parents indicated that through the program they gained knowledge about various ways to finance a post-secondary education.
- ⇒ The Intervention for College Attendance Program (ICAP) provided \$446,000 to 14 early intervention programs serving 2,933 low income students across the state in 2006.
- ⇒ The agency's informational web sites received 1.4 million hits in 2006 and students, parents and educators requested approximately 250,000 publications from the agency on preparing, selecting and paying for college.

Budget

The Minnesota State Grant Program (which includes funding for the Post-Secondary Child Care Program and Safety Officers Survivors), State Work Study, the Intervention for College Attendance program, and the student financial aid services administration are all funded through the state's General Fund. Interstate Tuition Reciprocity receives a General Fund appropriation.

The Minnesota College Savings Plan is funded through fees on the accounts and an allocation from the General Fund.

The Get Ready program leverages state funds with federal GEAR UP grant funds.

The student and parent information activities are funded through the General Fund.

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OFFICE OF HIGHER EDUCATION

Program: STUDENT FINANCIAL AID-OUTREACH

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	157,134	165,531	165,531	165,531	331,062
Forecast Base	157,134	165,531	165,531	165,531	331,062
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	143,420	179,320	165,531	165,531	331,062
Statutory Appropriations					
General	0	246	50	50	100
Misc Special Revenue	24	0	0	0	0
Federal	2,642	4,072	3,782	3,782	7,564
Total	146,086	183,638	169,363	169,363	338,726
<u>Expenditures by Category</u>					
Total Compensation	1,459	1,774	1,674	1,674	3,348
Other Operating Expenses	1,145	1,815	1,502	1,502	3,004
Payments To Individuals	143,021	179,167	165,541	165,541	331,082
Local Assistance	439	857	621	621	1,242
Other Financial Transactions	22	25	25	25	50
Total	146,086	183,638	169,363	169,363	338,726
<u>Expenditures by Activity</u>					
State Grants	129,791	163,343	150,997	150,997	301,994
Mn College Savings Program	287	1,753	1,020	1,020	2,040
Interstate Tuition Reciprocity	525	1,475	1,000	1,000	2,000
State Work Study	12,412	12,476	12,444	12,444	24,888
Outreach Programs	2,623	4,109	3,420	3,420	6,840
Student Financial Aid Services	448	482	482	482	964
Total	146,086	183,638	169,363	169,363	338,726
Full-Time Equivalent (FTE)	25.1	26.1	26.1	26.1	

Program Description

The Office of Higher Education's State Student Loan Services provide administrative support for the Student Educational Loan Fund (SELF) Loan program, the Federal Stafford Loan program and the Graduated Repayment Income Protection (GRIP) program. These loan programs assist undergraduate and graduate students in financing their educational expenses.

The SELF Loan program provides an additional source of long-term, low interest funding to students attending post-secondary education institutions both in and outside Minnesota, the province of Manitoba, and non-residents attending Minnesota institutions. M.S. 136A.1701 authorizes the creation of such supplemental loan programs.

The private sector has created additional private loan programs in recent years. The SELF program provides funding to students at a lower interest rate, and without charging origination and guarantee fees. The program requires a creditworthy co-signer and payment of interest while the borrower is in school. The Office of Higher Education also uses various collection tools to collect on defaulted SELF loans.

The activities provided under this program ensure fiscal integrity, efficient, and effective use of resources through the use of continued process improvement methodologies including measurements and analysis. State Student Loan Services staff use technology to provide enhanced services to the public.

Activities

The SELF Loan program serves graduate and undergraduate students. Minnesota residents attending in Minnesota or at one of more than 180 out-of-state institutions that have contracts with the program are eligible to borrow. Also, non-resident students attending eligible Minnesota institutions are eligible to borrow from this program. The SELF lends approximately \$123 million to approximately 32,600 students each year.

The federal Stafford Loan program and the Graduated Repayment Income Protection (GRIP) program no longer lend funds. The Office of Higher Education has not made any Stafford Loans since 1988. GRIP participants are graduates of Minnesota schools in dentistry, medicine, pharmacy, veterinary medicine, public health, and chiropractic medicine and Minnesota residents graduating from osteopathy programs. The GRIP loan was discontinued in 1995 for new participants. The only activity is managing the repayments from borrowers. The Federal Stafford Loan program has 37 borrowers in repayment and the Graduated Repayment Income Protection (GRIP) program has 38 borrowers in repayment. GRIP repayment should be completed by 2015. Repayments to the GRIP and Stafford programs are deposited in the Loan Capital Fund.

Populations Served

The SELF loan and Stafford loan programs serve undergraduate and graduate students who are either attending an eligible post-secondary institution in Minnesota or who are Minnesota residents attend an eligible school in another state.

Program at a Glance

- ◆ SELF Loan program serves approximately 32,600 students and lends \$123 million dollars of aid each year.
- ◆ Since 1985, the Office of Higher Education has made more than 300,000 SELF loans totaling over \$1.2 billion to students from all sectors of higher education. The Office of Higher Education collected over \$4.6 million from SELF defaulters in FY 2006.
- ◆ 105,000 SELF borrowers continued to be served by the unit until their outstanding loans totaling \$595 million with the agency are paid off.
- ◆ The Federal Stafford Loan program has 37 borrowers in repayment and the Graduated Repayment Income Protection (GRIP) program has 38 borrowers in repayment.

Key Measures

- ⇒ The average processing time for a SELF loan is three to five days.
- ⇒ The cumulative SELF default rate is less than 2%.
- ⇒ The agency will continue to monitor and oversee the repayment process for these loan programs in a cost effective manner.

Because SELF lends funds for a student's immediate educational costs but allows the student to repay the loan over many years, it reduces the immediate cost of a student's post secondary education. SELF allows students to take more credits and complete their degrees sooner that they otherwise would be able to do so.

Budget

There are no General Fund appropriations for the SELF program. Operating expenses are financed from bonds, loan repayments, and investment income. Some of the bonds issues are taxable and others are tax-exempt. Tax-exempt bonds can be issued for student loans under Section 144(b)(1)(B) of the Internal Revenue Code of 1986, as amended.

The SELF loan program is funded through repayments of existing SELF loans and through \$196 million of tax exempt bonds and \$291 million of taxable bonds outstanding. These revenues finance additional SELF loans, pay interest on the bonds, pay loan servicing costs, and cover program operating costs. Additional bonds of \$100 million were issued for FY 2005-06. The Office of Higher Education is limited to a maximum of \$850 million in outstanding bonds.

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OFFICE OF HIGHER EDUCATION
 Program: STATE STUDENT LOANS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Office Of Higher Education	141,880	149,093	155,013	161,033	316,046
Total	141,880	149,093	155,013	161,033	316,046
<u>Expenditures by Category</u>					
Total Compensation	449	535	555	575	1,130
Other Operating Expenses	14,238	13,545	14,445	15,445	29,890
Other Financial Transactions	127,193	135,013	140,013	145,013	285,026
Total	141,880	149,093	155,013	161,033	316,046
<u>Expenditures by Activity</u>					
Stafford Loan	3	5	5	5	10
State Supplemental Loans	141,864	149,075	154,995	161,015	316,010
Other Loan Programs	13	13	13	13	26
Total	141,880	149,093	155,013	161,033	316,046
Full-Time Equivalentents (FTE)	7.7	8.7	8.7	8.7	

Program Description

The Office of Higher Education's Fiscal Policy and Research services support student and state interests in high quality, well-managed and financially accessible higher education opportunities.

This activity comprises:

- ◆ data collection and reporting on higher education;
- ◆ analysis of state student financial aid programs and other student financing issues; and
- ◆ consumer protection services that require private and out-of-state institutions to meet state registration and licensing standards.

Activities

Research Services. Research services enable the state to identify trends and conditions in post-secondary education. While individual institutions maintain information on their own activities, data collection and analyses at the agency covers both public and private institutions for a more complete statewide picture.

The agency is constructing an accountability system for higher education in the state. A report will be published annually presenting measures for a number of indicators for five state goals. The five state goals are to:

- ⇒ Improve success of all students, particularly students from groups under-represented in higher education.
- ⇒ Create a responsive system that produces graduates at all levels who meet the demands of the economy.
- ⇒ Increase student learning and improve skill levels of students so they can compete effectively in the global market place.
- ⇒ Contribute to the development of a state economy that is competitive in the global market through research, workforce training, and other appropriate means.
- ⇒ Provide access, affordability, and choice for all students.

The Office of Higher Education maintains databases for enrollment, degree and other awards conferred by Minnesota institutions. The agency publishes both standard enrollment reports and special analyses. Staff also uses federal and other sources of information to provide answers to data questions about Minnesota higher education. Most information of general interest is posted on the agency web site, which is becoming the primary way many users first look for data.

The agency's research on student financing includes a biennial survey of undergraduate financial aid from all sources at Minnesota institutions, and reporting on state financial aid programs for budgetary and policy purposes.

Consumer Protection. State statutes require the agency to set minimum standards for private and out-of-state institutions that offer programs in Minnesota.

The Minnesota Private Institution Registration Act (M.S. 136A.61-136A.71) provides quality control and consumer protection for private, nonprofit and out-of-state post-secondary institutions that offer educational programs within the state. For-profit institutions offering only programs at the baccalaureate or graduate level are also regulated under this statute.

Licensing of private for-profit schools (M.S. Chapter 141) provides quality control and consumer protection by setting minimum standards for private, for-profit career training providers offering programs below the baccalaureate level.

Program at a Glance

Consumer Protection at a Glance

- ◆ About 73 private, for-profit career training providers are licensed to operate in Minnesota with 23 authorized to offer degrees.
- ◆ Enrollment records of 315,000 students attending 98 institutions were reported in fall 2005.
- ◆ Research services made available on the agency web site total over 150 pages of information and links to agency reports.

Standards address the quality of faculty, facilities and other program resources; financial stability; advertising and promotion; and protection for students if an institution does not maintain the program as promised or ceases operations. State oversight protects prospective students from schools that collect tuition money fraudulently, "diploma mills" that sell degrees without offering legitimate programs, and schools that lack sufficient expertise or financial resources to develop and maintain adequate post-secondary programs.

The Minnesota Office of Higher Education served as the fiscal agent for an appropriation to support the **Rochester Higher Education Development Committee**. That committee made its recommendation to the legislature in 2006 and funding was appropriated to the University of Minnesota to expand its programs and presence in Rochester.

Population Served

Fiscal Policy and Research serves institutions and policy makers seeking information on financial aid, enrollments and trends for use in policy-making.

Consumer protection serves consumers of higher education and private institutions within the higher education sector.

Key Measures

- ⇒ Regular reports are issued to policy-makers and the public on financial aid programs, college financing, participation and enrollment trends.
- ⇒ Reports required in statute are produced and delivered on time.
- ⇒ Fund balance and projections reports are delivered on schedule.
- ⇒ Public input on the Office of Higher Education's programs and initiatives is gathered regularly.
- ⇒ About 50 private, nonprofit and out-of-state post-secondary institutions are approved to offer degree programs in Minnesota; 27 other post-secondary providers are registered to offer non-degree programs or to have their name approved.
- ⇒ A higher education accountability report will be produced in 2006 and updated periodically.

Budget

Research Services are funded through general agency appropriations. The higher education accountability project is funded through a special biennial appropriation. Licensing fees paid by non-public higher education institutions fund consumer protection services.

OFFICE OF HIGHER EDUCATION
 Program: FISCAL POLICY & RESEARCH

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,202	1,381	1,381	1,381	2,762
Forecast Base	1,202	1,381	1,381	1,381	2,762
Misc Special Revenue					
Current Appropriation	3,000	0	0	0	0
Forecast Base	3,000	0	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,064	1,518	1,381	1,381	2,762
Misc Special Revenue	0	3,000	0	0	0
Statutory Appropriations					
Misc Special Revenue	524	450	321	257	578
Federal	1,358	1,257	991	986	1,977
Office Of Higher Education	73	91	91	94	185
Total	3,019	6,316	2,784	2,718	5,502
<u>Expenditures by Category</u>					
Total Compensation	780	1,050	996	1,000	1,996
Other Operating Expenses	568	682	460	400	860
Payments To Individuals	0	10	10	0	10
Local Assistance	1,671	4,574	1,318	1,318	2,636
Total	3,019	6,316	2,784	2,718	5,502
<u>Expenditures by Activity</u>					
Accountability	42	358	300	300	600
Fiscal Policy & Research	852	947	953	962	1,915
Miscellaneous Grant Programs	2,004	1,932	1,531	1,456	2,987
Rochester University	121	3,079	0	0	0
Total	3,019	6,316	2,784	2,718	5,502
Full-Time Equivalent (FTE)	10.1	11.6	11.6	11.6	

Program Description

The Minnesota Office of Higher Education's Library and Technology Programs provides statewide support functions that assist libraries and post-secondary institutions in providing Minnesotans with efficient access to library materials, distance education, and other learning resources.

Activities

- ◆ MINITEX
- ◆ MnLINK Implementation/Gateway
- ◆ Learning Network of Minnesota

MINITEX. The mission of the MINITEX library system is to enhance the effectiveness and efficiency of libraries by expanding their access to information resources for their users. MINITEX fulfills its objective through several activities including document delivery; a statewide courier delivery system; the Electronic Library for Minnesota; group licenses for scholarly resources for Minnesota academic libraries; a database of serial titles (journals, magazines) held by libraries in the MINITEX region; and a common database of books held by libraries worldwide. MINITEX recently integrated MnLINK and the Minnesota Digital Library into its service program.

Learning Network. The Learning Network of Minnesota provides Internet, data, video, and voice services to support academic programs and administrative services at the state's higher education institutions. Over the past two years, the Learning Network has become fully integrated with the University of Minnesota and the Minnesota State Colleges and Universities' (MnSCU) wide area networks. This collaboration is guided by the policy document *Learning Network Blueprint for Higher Education* <http://www.ohe.state.mn.us/pdf/blueprint.pdf>.

The Learning Network enhances on-campus learning and provides distance education opportunities. The higher education portion of the Learning Network is comprised of six regional networks, each of which serves its member institutions with a range of educational technologies to enhance the delivery of programs and services between members and with other post-secondary institutions in the state.

Public higher education institutions rely on the Learning Network for academic programs and administrative services. These services include:

- ⇒ Infrastructure to access Internet2 (a partnership of higher education, industry and government to develop and deploy advanced network applications and technologies). As a full Internet2 member, the University of Minnesota sponsors access by all other higher education institutions and interested K-12 schools.
- ⇒ Network applications such as e-mail accounts for students, web-based course support, desktop video, administrative support and voice services.
- ⇒ Connections to private higher education institutions, school districts, libraries, business and industry sites, correctional institutions, courthouses and medical facilities.
- ⇒ Value-added services such as faculty training, web conferencing, streaming media storage and distribution, and voice over internet protocol support— local and long distance telephone service via the Internet – that has resulted in significant cost savings for many campuses.

Program at a Glance

MINITEX at a Glance

- ◆ More than 800,000 books, articles, and non-print materials delivered to Minnesota libraries for residents.
- ◆ More than 164,000 journals and magazines owned by libraries in the MINITEX region listed in a common source for each location.

Learning Network at a Glance

- ◆ The higher education portion of the Learning Network is comprised of six telecommunications regions serving all public higher education institutions.
- ◆ MnSCU has over 80,000 students taking online courses, a number, which has doubled in two years.

MnLINK at a Glance

- ◆ The MnLINK Gateway allows library patrons to search multiple library catalogs with over 33 million volumes owned by participating libraries, plus it provides access to online electronic resources.
- ◆ The MnLINK Gateway is now integrated with the MINITEX Library Information Network and uses the MINITEX Delivery System for delivery and return of materials borrowed among participating libraries.

- ⇒ Network cost savings for the state and higher education institutions. The Learning Network aggregates purchases to take advantage of economies of scale.
- ⇒ Support for joint degree programs between University of Minnesota and MnSCU campuses.
- ⇒ Instructional cost savings. Community and technical college campuses, for example, can use video to share faculty and pool students in common sections.
- ⇒ Technology to help institutions meet staffing needs. Colleges are hiring adjunct faculty who teach from their home communities via video.

MnLINK. MnLINK is a statewide virtual library that provides web-based access to Minnesota library catalogs and state-licensed electronic resources. MnLINK widens access to library resources for all Minnesota residents by drawing upon the combined collections of Minnesota libraries.

Through the MnLINK Gateway (www.mnlink.org), Minnesota residents can search catalogs of academic, government, public and school libraries and request materials for distribution through the MINITEX delivery system. The common MnLINK integrated library system now in place in the public academic libraries of the University of Minnesota and MnSCU, along with state government and private college libraries, increases the efficiency of library operations, training, and enhances support for statewide resource sharing.

Populations Served

The agency's library and technology programs serve Minnesota K-12 schools and students, public and private colleges and universities and their students, libraries and their patrons across Minnesota and in North and South Dakota.

Key Measures

- ⇒ Participation of more than 1,600 Minnesota libraries of all types.
- ⇒ More than 10 million uses of licensed electronic resources through the Electronic Library for Minnesota (ELM). The cost for licensing ELM resources in FY 2006 was \$0.35 per Minnesota resident.
- ⇒ Patrons placed over 253,000 interlibrary loan requests at point-of-need in FY 2006. Library patrons can access resources from 485 libraries.
- ⇒ MINITEX processed more than 372,453 requests in FY 2006, and filled over 297,000 items.
- ⇒ Minnesota Digital Library had 44,938 visitors viewing 641,466 pages in FY 2006.
- ⇒ Over 1,300 courses and 4,000 credit hours are offered over the Learning Network each year.

Budget

The entire MINITEX appropriation is for contracted services provided by MINITEX at the University of Minnesota. Additional revenue is generated from contracts for collaboration with the Minnesota Department of Education, the North Dakota State Library, and the South Dakota State Library. All these funds are passed directly to MINITEX at the University of Minnesota. In Minnesota, MINITEX collaborates with academic, public, school, and state government libraries in order to share resources.

The Learning Network is funded by a state General Fund appropriation to the Office of Higher Education. The agency disburses the funding to the six regional networks through a grant process.

Implementation of the MnLINK Gateway and the Integrated Library System was funded through a 1997 appropriation of \$12 million and is now complete. In the future, the common integrated library systems operated by the University of Minnesota and MnSCU will be funded by participating libraries just as they have paid for their own automation systems in the past. A state annual appropriation pays for the ongoing coordination and operation of the MnLINK Gateway.

OFFICE OF HIGHER EDUCATION
 Program: LIBRARIES AND TECHNOLOGY

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2006	FY2007	FY2008	FY2009	2008-09
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	9,006	9,006	9,006	9,006	18,012
Forecast Base	9,006	9,006	9,006	9,006	18,012
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	8,977	9,035	9,006	9,006	18,012
Statutory Appropriations					
Miscellaneous Agency	218	0	0	0	0
Total	9,195	9,035	9,006	9,006	18,012
<u>Expenditures by Category</u>					
Other Operating Expenses	161	170	164	164	328
Local Assistance	9,034	8,865	8,842	8,842	17,684
Total	9,195	9,035	9,006	9,006	18,012
<u>Expenditures by Activity</u>					
Minitex Library System	4,599	4,381	4,381	4,381	8,762
Mn Link Implementation	371	429	400	400	800
Learning Network Of Minn	4,225	4,225	4,225	4,225	8,450
Total	9,195	9,035	9,006	9,006	18,012
Full-Time Equivalent (FTE)	0.0	0.0	0.0	0.0	

Program Description

The Minnesota Office of Higher Education administrative services provide overall management, leadership and administrative support for the Office of Higher Education. Areas included are the director's office, financial management and fiscal services, communications and outreach, legislative relations, information management, human resources and auditing.

Services Provided

This activity provides administrative support in the areas of information and technology, financial management, internal office services, communications and human resources to assist all agency managers in the effective implementation and efficient administration of their programs and activities. General responsibilities include:

- ◆ provide overall higher education leadership for the state of Minnesota;
- ◆ provide overall leadership, direction, and supervision to approximately 70 full-time equivalent staff;
- ◆ guide, support, and facilitating the work of the Office of Higher Education; and
- ◆ advocate and communicate the agency's services, programs, information and resources to constituents.

Activities

Distinct work units provide key agency administration services:

Director's Office The agency director is a member of the governor's cabinet and advises the governor on higher education policy. The director's office oversees all the programs offered by the agency and presents statewide data collected by the agency. The director also represents the agency in a variety of policy forums with lawmakers, national organizations, and state leaders relating to education.

Financial Services provides services including: accounting, auditing, budgeting, fiscal oversight for agency contracts, financial analysis and reporting, agency administrative policies and procedures, purchasing, travel management, disbursement, receipt of funds and repayment processes for several programs and provision of agency receptionist services.

Human Resources provides all aspects of human resource management such as hiring, retention, termination, compensation, training, affirmative action, Americans with Disabilities Act (ADA) compliance, insurance and workers compensation processing; provision of agency receptionist responsibilities; fiscal note preparation, management of agency biennial budget narrative; creation/oversight of contracting process to ensure compliance with all state contract regulations and requirements; and application of continuous quality improvement to all agency services.

Information and Technology provides services including: analysis, design, programming, and maintenance of computer applications for student financial aid programs and administrative support; database administration; agency web site and intranet; minicomputer system management; agency network infrastructure; technical support and maintenance for personal computers and servers.

Communications, Outreach and Legislative Relations identifies, develops, maintains and distributes information, data and resources to groups most likely to need information about the agency's programs.

Key Measures

- ⇒ Number of payment transaction lines processed:
 - ◆ FY 2005 = 6,457;
 - ◆ FY 2006 = 6,800 with 99.9% of payments processed within 30 days.
- ⇒ In FY 2006, 57 post-secondary institutional audits related to Minnesota financial aid programs were performed, resulting in \$119,000 in billable dollars for state funded programs.
- ⇒ Conducted audit review of financial statements for over 130 post-secondary institutions licensed or registered by the Minnesota Office of Higher Education.

- ⇒ Number of Student Educational Loan Fund (SELF) student loan applicants that have successfully completed the interactive student loan counseling program on the agency web site:
 - ◆ FY 2001 = 2,319
 - ◆ FY 2002 = 3,812
 - ◆ FY 2003 = 4,309
- ⇒ Generated hits to agency web sites in 2006: 2.4 million.
- ⇒ Number of publications and other resources requested by individuals in FY 2006: 250,000

Population Served

Post-secondary institutions (both in-state and out-of-state), post-secondary students, agency staff and programs, and contracted vendors, media, legislators and the governor's office.

Budget

State appropriations, dedicated revenues, and federal revenues fund the Office of Higher Education. In addition, the Office of Higher Education generates non-dedicated revenue. The non-dedicated revenue is primarily generated through refunds of prior year financial aid payments. All non-dedicated revenue is deposited to the state General Fund.

OFFICE OF HIGHER EDUCATION
 Program: AGENCY ADMINISTRATION

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,787	1,263	1,263	1,263	2,526
Forecast Base	1,787	1,263	1,263	1,263	2,526
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,143	1,709	1,288	1,263	2,551
Statutory Appropriations					
General	0	68	0	0	0
Misc Special Revenue	49	61	77	83	160
Office Of Higher Education	1,021	1,220	1,237	1,257	2,494
Total	2,213	3,058	2,602	2,603	5,205
<u>Expenditures by Category</u>					
Total Compensation	1,405	1,550	1,562	1,583	3,145
Other Operating Expenses	760	1,460	992	972	1,964
Local Assistance	48	48	48	48	96
Total	2,213	3,058	2,602	2,603	5,205
<u>Expenditures by Activity</u>					
Agency Management	596	671	672	674	1,346
Agency Administrative Services	1,617	2,387	1,930	1,929	3,859
Total	2,213	3,058	2,602	2,603	5,205
Full-Time Equivalents (FTE)	19.0	19.9	19.9	19.9	

OFFICE OF HIGHER EDUCATION

Agency Revenue Summary

Dollars in Thousands

	Actual FY2006	Budgeted FY2007	Current Law		Biennium 2008-09
			FY2008	FY2009	
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	7,041	7,075	7,575	7,975	15,550
Total Non-Dedicated Receipts	7,041	7,075	7,575	7,975	15,550
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Misc Special Revenue	217	214	204	204	408
Grants:					
Misc Special Revenue	193	142	90	20	110
Federal	3,978	5,304	4,748	4,743	9,491
Other Revenues:					
Misc Special Revenue	144	66	66	66	132
Federal	10	10	10	10	20
Office Of Higher Education	168,887	145,682	145,682	145,682	291,364
Other Sources:					
Misc Special Revenue	0	5	5	5	10
Federal	12	15	15	15	30
Office Of Higher Education	12,021	17,346	17,346	17,346	34,692
Total Dedicated Receipts	185,462	168,784	168,166	168,091	336,257
Agency Total Revenue	192,503	175,859	175,741	176,066	351,807