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## Higher Education Facilities Authority

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[mnhefa.org/](http://mnhefa.org/)

**AT A GLANCE**

- The Minnesota Higher Education Facilities Authority (MHEFA) assists nonprofit institutions of higher education in financing capital projects through the issuance of tax exempt debt
- MHEFA is authorized to have a maximum total of \$1.3 billion outstanding bond principal
- In FY 2016 MHEFA completed 7 financings for a total of \$213,270,000
- Total bond principal outstanding at 6/30/2016 was approximately \$868 million
- 21 nonprofit, post-secondary institutions in Minnesota have utilized MHEFA’s program and realized interest savings on financing capital improvements.

**PURPOSE**

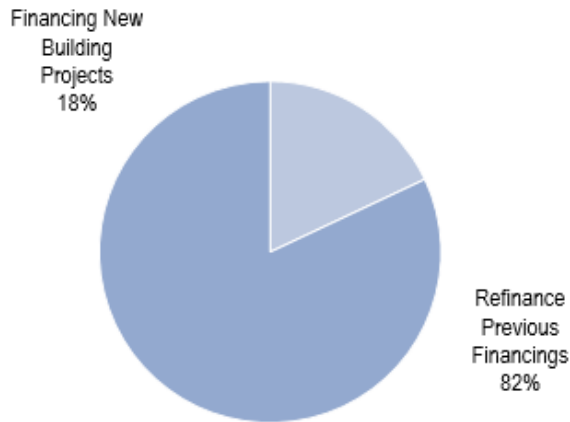
The Higher Education Facilities Authority (MHEFA) was created by the state legislature (136A.25- 136A.42) in 1971 to assist nonprofit institutions of higher education throughout Minnesota with financing or refinancing capital construction projects by issuing tax exempt revenue bonds. MHEFA receives no general fund tax dollars or any other legislative appropriations. The operating funds come from fees charged to the institutions that benefit from the financings. MHEFA operates with the advice and leadership of a board of ten people, eight of whom are appointed by the Governor, one member is a representative from the MN Office of Higher Education and one member is the President of the MN Private College Council. The staff consists of two full-time employees.

MHEFA work contributes to the following statewide outcome:

- Minnesotans have the education and skills needed to achieve their goals

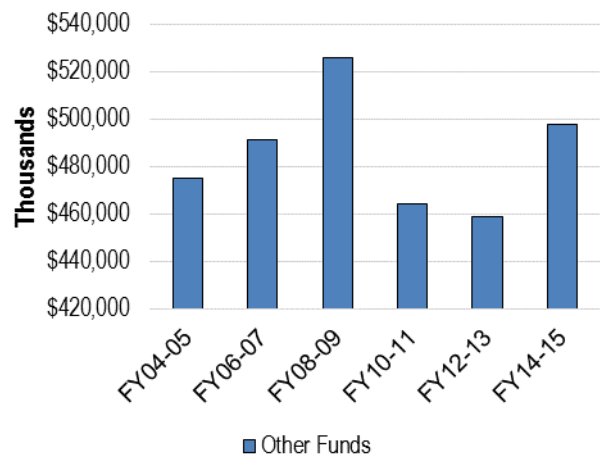
**BUDGET**

**\$240,220,000 Bonds Issued FY 2015-2016**



Source: SWIFT

**Historical Spending**



Source: Consolidated Fund Statement

**STRATEGIES**

MHEFA is authorized to issue tax-exempt bonds for private post-secondary institutions in Minnesota. In 1988, the legislature gave MHEFA additional authority to issue bonds for very limited projects at public higher education institutions. MHEFA is authorized to have up to \$1.3 billion of outstanding bonds. The outstanding principal as of June 30, 2016 is approximately \$868 million. MHEFA issues tax exempt revenue obligations and enters into agreements with higher education institutions to be

responsible for the use of the loan proceeds and to repay the bondholders. The State of Minnesota or MHEFA have no liability to repay bondholders.

MHEFA also provides education for its constituents on the process of issuing tax exempt bonds and provides support on secondary market disclosure and post issuance compliance requirements.

## RESULTS

Since its creation in 1971, MHEFA has completed 212 bond issues totaling over \$2.2 billion. There has never been a default in payment on any bonds issued. Operational efficiencies are used to keep the expenses low, thereby keeping the fees low. MHEFA has been able to provide a consistent and efficient process for obtaining tax-exempt financing and has educated the institutions through newsletters, one-on-one information sessions, and an annual educational conference on market, legal and accounting considerations of tax-exempt debt financing. The nonprofit colleges and universities of Minnesota have facilities that offer an education competitive with other educational institutions in the nation. Many students that are educated in Minnesota stay in the state after graduation and provide a well-educated workforce.

| <i>Type of Measure</i> | <i>Name of Measure</i>                                          | <i>Previous</i> | <i>Current</i> | <i>Dates</i>      |
|------------------------|-----------------------------------------------------------------|-----------------|----------------|-------------------|
| Quantity               | Tax exempt bonds issued for private post-secondary institutions | 26,950,000      | 213,270,000    | FY 2015 & FY 2016 |
| Quality                | Percentage of Administrative cost to amount issued              | .1%             | .02%           | FY 2015 & FY 2016 |

**Expenditures By Fund**

|                                      | Actual     | Actual     | Actual     | Estimate   | Forecasted Base |            | Governor's Recommendation |            |
|--------------------------------------|------------|------------|------------|------------|-----------------|------------|---------------------------|------------|
|                                      | FY14       | FY15       | FY16       | FY17       | FY18            | FY19       | FY18                      | FY19       |
| 6000 - Miscellaneous Agency          | 245        | 253        | 267        | 350        | 350             | 350        | 350                       | 350        |
| <b>Total</b>                         | <b>245</b> | <b>253</b> | <b>267</b> | <b>350</b> | <b>350</b>      | <b>350</b> | <b>350</b>                | <b>350</b> |
| <i>Biennial Change</i>               |            |            |            | 120        |                 | 83         |                           | 83         |
| <i>Biennial % Change</i>             |            |            |            | 24         |                 | 13         |                           | 13         |
| <i>Governor's Change from Base</i>   |            |            |            |            |                 |            |                           | 0          |
| <i>Governor's % Change from Base</i> |            |            |            |            |                 |            |                           | 0          |

**Expenditures by Program**

|                                    |            |            |            |            |            |            |            |            |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Program: Higher Ed Facilities Auth | 245        | 253        | 267        | 350        | 350        | 350        | 350        | 350        |
| <b>Total</b>                       | <b>245</b> | <b>253</b> | <b>267</b> | <b>350</b> | <b>350</b> | <b>350</b> | <b>350</b> | <b>350</b> |

**Expenditures by Category**

|                              |            |            |            |            |            |            |            |            |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Compensation                 | 245        | 253        | 267        | 350        | 350        | 350        | 350        | 350        |
| <b>Total</b>                 | <b>245</b> | <b>253</b> | <b>267</b> | <b>350</b> | <b>350</b> | <b>350</b> | <b>350</b> | <b>350</b> |
| <br>                         |            |            |            |            |            |            |            |            |
| <b>Full-Time Equivalents</b> | <b>2.0</b> | <b>2.0</b> | <b>2.0</b> | <b>2.0</b> | <b>2.0</b> | <b>2.0</b> | <b>2.0</b> | <b>2.0</b> |

**6000 - Miscellaneous Agency**

|                                          | Actual     | Actual     | Actual     | Estimate   | Forecast Base |            | Governor's Recommendation |            |
|------------------------------------------|------------|------------|------------|------------|---------------|------------|---------------------------|------------|
|                                          | FY14       | FY15       | FY16       | FY17       | FY18          | FY19       | FY18                      | FY19       |
| Receipts                                 | 245        | 253        | 267        | 350        | 350           | 350        | 350                       | 350        |
| <b>Expenditures</b>                      | <b>245</b> | <b>253</b> | <b>267</b> | <b>350</b> | <b>350</b>    | <b>350</b> | <b>350</b>                | <b>350</b> |
| <i>Biennial Change in Expenditures</i>   |            |            |            | 120        |               | 83         |                           | 83         |
| <i>Biennial % Change in Expenditures</i> |            |            |            | 24         |               | 13         |                           | 13         |
| <i>Gov's Exp Change from Base</i>        |            |            |            |            |               |            |                           | 0          |
| <i>Gov's Exp % Change from Base</i>      |            |            |            |            |               |            |                           | 0          |
| Full-Time Equivalents                    | 2.0        | 2.0        | 2.0        | 2.0        | 2.0           | 2.0        | 2.0                       | 2.0        |