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Minnesota Office of Higher Education

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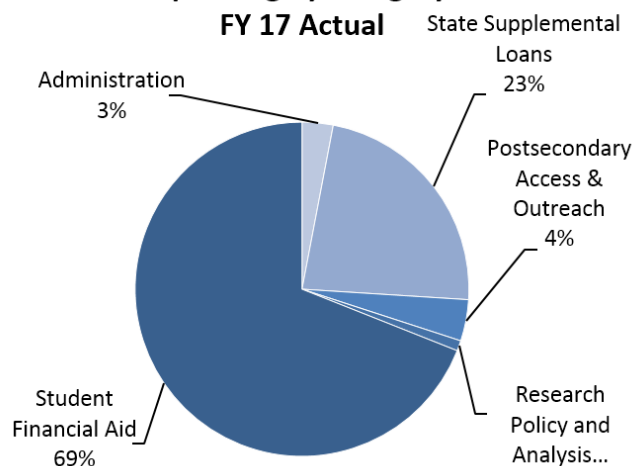
AT A GLANCE

- Minnesota State Grant program, the largest of OHE's student financial aid programs, served 81,023 students and awarded \$186M in FY17.
- Student Loan Program provided \$66M in low interest loans to 8,587 low-income students in FY17.
- Protects consumers by registering and licensing 186 post-secondary institutions in the state of Minnesota. Oversees approximately 110 schools that disburse state aid and loan funds.
- Minnesota Indian Scholarship served 845 students and awarded \$2.75M in FY17.
- Publishes original research on postsecondary education, state student financial aid programs, student financing issues, retention, and completion.
- The Get Ready program is a college readiness program, funded by a federal grant of \$3.46M/year, and targeted to low-income students.
- Minnesota 529 College Savings Plan supports 67,625 accounts, 38,498 account owners, and \$1.39B in assets.

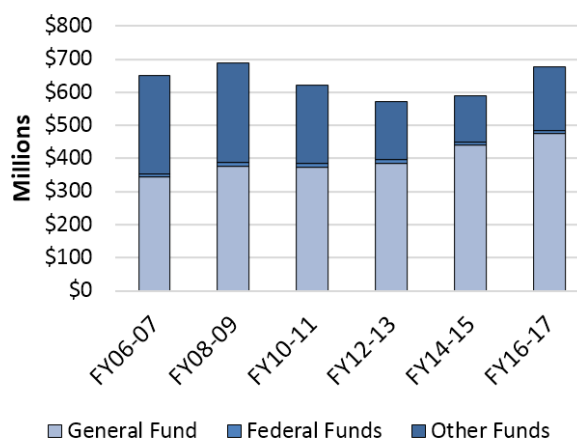
PURPOSE

The mission of the Minnesota Office of Higher Education (OHE) is to support the pursuit and completion of a higher education credential by every Minnesotan, regardless of race, gender, or socio-economic status, in order to enhance our democracy, the State's economic vitality, and individual quality of life. Our goals are to make postsecondary education accessible and affordable to all Minnesotans and foster best practices to ensure completion. Our financial aid programs serve low- to moderate-income people. Our outreach programs target populations that are historically underrepresented in postsecondary education. We work closely with the legislature, postsecondary institutions, foundations, and the federal government. OHE contributes to these statewide outcomes:

- Minnesotans have the education and skills needed to achieve their goals; and
- A thriving economy that encourages business growth and employment opportunities

BUDGET**Spending by Category****FY 17 Actual**

Source: Budget Planning & Analysis System (BPAS)

Historical Spending

"Other Funds" includes the Office of Higher Education fund, which is not in the consolidated fund statement

Source: Consolidated Fund Statement

STRATEGIES

- **Financial aid administration:** OHE administers several financial aid programs, including the State Grant, Child Care Grants, Work Study, American Indian Scholarships, Occupational Scholarships, Dual Training, the GI bill, and the SELF Loan Program. We work closely with approved postsecondary institutions to manage and disburse funds to students, which allow them to enroll, persist, and complete postsecondary education.
- **Policy and research activities:** We conduct original, independent research to provide lawmakers, educators, and other policy leaders with objective information about postsecondary enrollment, attainment, finance, accountability. We are the lead agency for the State Longitudinal Education Data System (SLEDs), which uses early childhood through postsecondary and workforce data to identify the most viable pathways for individuals to achieve successful outcomes in education and work. SLEDs data informs education and workforce policy and practice in Minnesota.
- **Consumer protection:** We register or license approximately 186 private non-profit and for-profit postsecondary institutions and oversee 110 of those schools that disburse state aid and loan funds. In 2014, we added a Student Consumer Advocate position, created to provide support and information to students who have a dispute with their postsecondary institution and to identify best practices in postsecondary education.
- **Minnesota 529 College Savings Plan:** We work closely with the Teachers Insurance and Annuity Association of America (TIAA) to administer a program allowing families to save future postsecondary education expenses in tax-advantaged accounts.
- **Get Ready:** Get Ready is a college readiness program, funded by a federal GEAR UP grant of \$3.46M/year. The state continues to experience racial inequities in the areas of postsecondary enrollment, retention, and completion. While college aspirations are high (over 90% across grade levels) amongst students of color, program data shows that lower rates of academic preparedness, academic tenacity, college knowledge, and a perceived lack of affordability act as significant barriers to postsecondary enrollment and completion. Through evidence-based postsecondary readiness interventions, Get Ready is working to eliminate these inequities by building schools' capacity to equip students and families with the necessary information, skills, tools, and strategies for overcoming these barriers. Get Ready is also committed to forming strong partnerships with employers, postsecondary institutions, and community organizations to ensure long-range sustainability in postsecondary readiness services after the GEAR UP grant expires.

M.S.136A (<https://www.revisor.mn.gov/statutes/?id=136A>) provides legal authority for OHE's student financial aid services.

M.S. 136G.01-136G.14 (<https://www.revisor.mn.gov/statutes/?id=136G>) provides legal authority for the Minnesota College Savings Plan.

M.S. 141.21 – 37 (<https://www.revisor.mn.gov/statutes/cite/136A.821>) provides legal authority for OHE's licensing and registration services.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	228,872	246,643	252,998	261,666	250,986	250,986	277,355	277,103
2000 - Restrict Misc Special Revenue	892	1,040	1,177	1,330	1,043	898	1,043	898
2001 - Other Misc Special Revenue	63	2,573	2,347	11,362	5,450	5,251	5,450	5,251
2403 - Gift		13		30				
3000 - Federal	3,921	3,393	2,622	3,536	4,371	4,371	4,371	4,371
8300 - Office Of Higher Education	104,644	84,292	81,624	102,355	102,318	102,307	102,318	102,307
Total	338,392	337,954	340,769	380,279	364,168	363,813	390,537	389,930
Biennial Change				44,701		6,933		59,419
Biennial % Change				7		1		8
Governor's Change from Base								52,486
Governor's % Change from Base								7

Expenditures by Program

Student Financial Aid	218,234	234,193	241,644	251,832	240,144	240,144	265,125	265,123
State Supplemental Loans	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000
Research Policy and Analysis	1,106	2,286	3,161	8,122	4,693	4,339	5,693	5,339
Postsecondary Access and Outreach	11,543	13,252	10,717	11,707	12,183	12,183	12,071	12,071
OHE Administration	9,592	10,168	9,486	13,618	12,148	12,147	12,648	12,397
Total	338,392	337,954	340,769	380,279	364,168	363,813	390,537	389,930

Expenditures by Category

Compensation	5,343	5,709	5,625	6,070	6,317	6,461	6,649	6,793
Operating Expenses	14,797	15,988	14,618	23,845	19,962	19,789	21,270	20,847
Grants, Aids and Subsidies	224,542	241,106	248,116	259,599	247,819	247,558	272,548	272,285
Capital Outlay-Real Property				640	36		36	
Other Financial Transaction	93,710	75,151	72,410	90,125	90,034	90,005	90,034	90,005
Total	338,392	337,954	340,769	380,279	364,168	363,813	390,537	389,930

Total Agency Expenditures	338,392	337,954	340,769	380,279	364,168	363,813	390,537	389,930
Internal Billing Expenditures	193	239	225	280	279	264	279	264
Expenditures Less Internal Billing	338,200	337,715	340,543	379,999	363,889	363,549	390,258	389,666

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Full-Time Equivalents</u>	61.72	64.00	61.48	68.12	67.73	67.73	70.23	70.23

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		9,522	3,178	8,287				
Direct Appropriation	231,068	241,615	260,036	256,501	256,508	256,508	281,060	280,808
Transfers In	2,420	8,322	3,675	2,415	15	15	1,832	1,832
Transfers Out	1,932	9,785	5,569	5,537	5,537	5,537	5,537	5,537
Cancellations		206	35					
Balance Forward Out	2,684	2,825	8,287					
Expenditures	228,872	246,643	252,998	261,666	250,986	250,986	277,355	277,103
Biennial Change in Expenditures				39,149		(12,692)		39,794
Biennial % Change in Expenditures				8		(2)		8
Governor's Change from Base								52,486
Governor's % Change from Base								10
Full-Time Equivalents	22.34	25.40	22.25	25.47	25.08	25.08	27.58	27.58

2000 - Restrict Misc Special Revenue

Balance Forward In	3,029	3,061	2,788	2,805	2,394	2,165	2,394	2,165
Receipts	925	742	1,195	919	814	814	814	814
Internal Billing Receipts	193	239	193	317	317	317	317	317
Balance Forward Out	3,061	2,763	2,806	2,394	2,165	2,081	2,165	2,081
Expenditures	892	1,040	1,177	1,330	1,043	898	1,043	898
Biennial Change in Expenditures				575		(566)		(566)
Biennial % Change in Expenditures				30		(23)		(23)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.78	7.25	7.76	6.29	5.95	5.95	5.95	5.95

2001 - Other Misc Special Revenue

Balance Forward In	92	258	3,830	6,161	424	449	424	449
Receipts	35	162	457	350	200		200	
Transfers In	194	5,300	4,288	5,341	5,341	5,341	5,341	5,341
Transfers Out		166	66	66	66	66	66	66
Balance Forward Out	258	2,981	6,162	424	449	473	449	473
Expenditures	63	2,573	2,347	11,362	5,450	5,251	5,450	5,251
Biennial Change in Expenditures				11,074		(3,008)		(3,008)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				420		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.57	0.10	0.48	1.51	1.17	1.17	1.17	1.17

2403 - Gift

Balance Forward In		15	30	30				
Receipts	15	15						
Balance Forward Out	15	17	30					
Expenditures		13		30				
Biennial Change in Expenditures				17		(30)		(30)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	0	0	0					
Receipts	3,920	3,393	2,622	3,536	4,371	4,371	4,371	4,371
Expenditures	3,921	3,393	2,622	3,536	4,371	4,371	4,371	4,371
Biennial Change in Expenditures				(1,156)		2,584		2,584
Biennial % Change in Expenditures				(16)		42		42
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.11	18.16	16.98	20.21	20.13	20.13	20.13	20.13

8300 - Office Of Higher Education

Balance Forward In	155,941	131,775	139,873	179,610	179,547	179,542	179,547	179,542
Receipts	80,583	92,397	121,738	102,328	102,341	102,354	102,341	102,354
Transfers Out	147	32	379	36	28	28	28	28
Balance Forward Out	131,734	139,847	179,609	179,547	179,542	179,561	179,542	179,561
Expenditures	104,644	84,292	81,624	102,355	102,318	102,307	102,318	102,307
Biennial Change in Expenditures				(4,958)		20,646		20,646
Biennial % Change in Expenditures				(3)		11		11

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.92	13.09	14.01	14.64	15.40	15.40	15.40	15.40

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	256,501	256,501	256,501	513,002
Base Adjustments				
Pension Allocation		7	7	14
Forecast Base	256,501	256,508	256,508	513,016
Change Items				
Minnesota State Grants		21,664	21,412	43,076
MN Reconnect		2,000	2,000	4,000
SLEDS/ECLDS		1,000	1,000	2,000
Summer Academic Enrichment Program		125	125	250
Intervention for College Attendance Program (ICAP)		168	168	336
Remove Student Employer Connection		(405)	(405)	(810)
Total Governor's Recommendations	256,501	281,060	280,808	561,868
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,330	1,043	898	1,941
Forecast Base	1,330	1,043	898	1,941
Total Governor's Recommendations	1,330	1,043	898	1,941
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	11,362	5,450	5,251	10,701
Forecast Base	11,362	5,450	5,251	10,701
Total Governor's Recommendations	11,362	5,450	5,251	10,701
Fund: 2403 - Gift				
Planned Spending	30			
Forecast Base	30			
Total Governor's Recommendations	30			
Fund: 3000 - Federal				
Planned Spending	3,536	4,371	4,371	8,742
Forecast Base	3,536	4,371	4,371	8,742
Total Governor's Recommendations	3,536	4,371	4,371	8,742
Fund: 8300 - Office Of Higher Education				
Planned Spending	102,355	102,318	102,307	204,625
Forecast Base	102,355	102,318	102,307	204,625

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	102,355	102,318	102,307	204,625
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	919	814	814	1,628
Total Governor's Recommendations	919	814	814	1,628
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	350	200		200
Total Governor's Recommendations	350	200		200
Fund: 3000 - Federal				
Forecast Revenues	3,536	4,371	4,371	8,742
Total Governor's Recommendations	3,536	4,371	4,371	8,742
Fund: 8300 - Office Of Higher Education				
Forecast Revenues	102,328	102,341	102,354	204,695
Total Governor's Recommendations	102,328	102,341	102,354	204,695
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	5,566	5,051	5,051	10,102
Total Governor's Recommendations	5,566	5,051	5,051	10,102

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota State Grants

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	21,664	21,412	21,412	21,412
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	21,664	21,412	21,412	21,412
FTEs	1	1	1	1

Request:

Beginning in FY2020, the Governor recommends investing an additional \$43.076 million in the State Grant program to provide all Minnesotans with the promise of upward economic mobility through postsecondary attainment. This recommendation improves the affordability of Minnesota's postsecondary education system, particularly for low-wage working adults and middle-income families, which helps ensure a strong foundation of skilled workers supporting the infrastructure of Minnesota's economy. Five key strategies for reaching the state's attainment goal by ensuring affordability and enhancing access include:

1. Increasing the Living and Miscellaneous Expenses allowance to 108% of poverty, which ensures that students have a minimum standard of living (equal to the poverty level) and additional resources to pay for necessary books and supplies without having to compromise meals and housing,
2. Decreasing the Assigned Family Responsibility for all families by 5 percentage points, which helps to ensure economic security for all families and supports upward economic and social mobility for lower- and middle-income families,
3. Allowing the State Grant to fill in for unawarded Pell Grants within the State Grant program so that critical, under-served students receive necessary assistance for postsecondary education,
4. Begin administering child care grants as a supplement to the State Grant (pilot program) using funds from the current Postsecondary Child Care Grant program, and
5. Implementing a plan for communications and outreach to inform students and families about college costs and financial aid, which encourages the development of a college-going culture.

Compared to the FY18-19 appropriation for the State Grant program, the percentage increase in funding is +11%.

Rationale/Background:

The Minnesota State Grant program is a need-based financial aid program created to assist Minnesota resident undergraduates attending public and private postsecondary institutions in Minnesota. The program was first established in 1969, and in Fiscal Year 2018 it awarded approximately \$194 million in grants to approximately 80,793 students. The program is designed to complement the Federal Pell Grant program and provide choice and access to undergraduate students to attend the postsecondary institutions that best meet their needs.

Since 1983, Minnesota State Grant policy has been based on the Design for Shared Responsibility model. This model was initially built on the work of the Carnegie Commission on Policy Studies in Higher Education. The goal of the program is established in Minnesota Statute 136A.095:

The legislature finds and declares that the identification of men and women of the state who are economically disadvantaged and the encouragement of their educational development in eligible institutions of their choosing are in the best interests of the state and of the students.

This policy statement guides Minnesota policymakers in responding to changes in tuition and fees and living expenses faced by students. State Grant policy distributes the price of postsecondary education based on family income and attendance choices among students, families, and taxpayers.

Minnesota State Grants primarily assist lower-income students in paying educational costs.

- 60% of students receiving a State Grant have family incomes less than \$40,000.
- 38% of State Grant recipients are students of color.

Minnesota State Grants primarily assist students at public institutions.

- 63% of students receiving a State Grant attend a Minnesota State College or University,
- 15% attend the University of Minnesota, and
- 22% attend a private college or university.

Without adequate State Grants, students work more hours or borrow more in order to afford basic living needs, which limits their study and classroom time and negatively impacts their probability of completion. Increasing grants to students reduces the number of hours they need to work and reduces the need for debt.

- State Grant recipients at four-year public colleges graduated with significantly lower levels of total student loan debt (\$16,000) than non-recipients (\$23,400) in 2008.

Minnesota ranks 16th in state grant spending per full-time equivalent undergraduate. Although Minnesota tuition and fee rates at public institutions outpace many other states, State Grant spending per undergraduate (\$873) lags leading states such as South Carolina (\$2,190) by more than \$1,000 according to the National Association of State Scholarship and Grant Aid Programs in academic year 2016-2017.

Need-based grants are a proven-effective method of increasing student persistence and graduation rates. According to figures released by Minnesota Management and Budget, need-based grants like the State Grant program offer a total return on investment to the state of \$4.10 per dollar spent (Minnesota Management and Budget, 2018).

Proposal:

1. **Increase the LME** by moving to 108% of poverty.

Living and miscellaneous expenses for state grant recipients are currently set at the poverty level plus 1% (\$9,422 in FY2020). At this level, students are expected to live at a standard equal to poverty. This allows students no additional funds for books or supplies needed for coursework unless they reduce spending on food or housing. Food and housing insecurity places educational goals at risk.

In order to maintain adequate coverage of living expenses for students, OHE recommends increasing the LME to 108% of poverty. Such a change will increase state grants for full-time students by approximately \$300 per year. This change increases grants to all current State Grant recipients (approximately 81,000 students) and adds 1,650 new recipients, while increasing the average grant by about \$185. Estimated Cost: \$17.332M for the biennium.

2. Lower the assigned family responsibility modifier by 5 percentage points.

The robust Minnesota economy means that fewer students are enrolling in educational and workforce programs. Now — before the next recession — is the critical time for the state to increase its investment in individuals seeking to upgrade their job skills. Lowering the assigned family responsibility for all students will help low-wage working adults and middle-income families receive additional assistance in paying for education while lowering the need to borrow. Higher education is key to economic security for all families and to upward economic mobility for lower- and middle-income families. Further, as the state's demographics change, we will need more workers to replace retirees, requiring a higher percentage of Minnesotans to complete college. This change increases grants to all State Grant recipients projected to receive an award (approximately 81,000 students) and adds approximately 1,200 new recipients. This change also increases the average State Grant by about \$100 for all students. Full-time students would see an average award increase of about \$140. Estimated cost: \$21.078M for the biennium.

3. Fill in for unawarded Pell Grants within the State Grant program so that critical under-served students receive necessary assistance for postsecondary education.

Federal funding policies have created a situation in which targeted groups (e.g. students without a high school credential) and Minnesota Dreamers are ineligible for federal Pell Grants. Since the State Grant formula uses the Pell Grant in determining State Grant awards, these students must make up for the Pell Grant they do not receive by working more or borrowing. By allowing the State Grant to fill in for the missing Pell Grant, the state can increase awards to students from underserved and under attaining populations. Increasing the State Grant award amount for these students to “fill in” for the Pell Grant will improve their ability to enroll and persist in postsecondary education. This proposal would amend the State Grant award calculation statute to discontinue subtraction of the Federal Pell Grant for students who financially qualify for a Pell Grant but are not receiving one because they do not meet program eligibility requirements. Estimated: \$3.645M for the biennium.

4. Begin administering child care grants as a supplement to the State Grant (pilot program).

OHE currently administers the Postsecondary Child Care Grant program. However, the program is currently underutilized by Minnesota students. OHE staff believe that the source of this underutilization stems from the complex award formula and the potential for auditing — two reasons why colleges are choosing not to participate. In order to resolve this issue, OHE proposes allowing colleges to add a child care expense component to the LME within the existing State Grant formula. This would allow State Grants to increase in proportion to child care expenses. Ultimately, this will maximize program efficiency while increasing the number of students receiving a child care grant. Last year, nearly one in six State Grant applicants were student parents, and most of these students were also adult learners. Many of these student parents face significant hurdles to achieving their education, including parenting demands, work, and ongoing financial obligations. Providing a more accessible child care grant option may help alleviate the burden of paying for child care while taking classes, allowing these students to increase their course load and hasten completion of a postsecondary degree. We believe this program change can be accomplished using funds from the current child care grant program (\$6.694M for FY 2019), but will require OHE to have the ability to transfer unspent funds between programs in year one.

5. Communications and outreach to support the development of a college-going culture.

As a complement to increased state investment in higher education, the Office of Higher Education will provide outreach to students and families, making them aware of the expected costs of college and the various grant options made available to them through the state. A communications plan includes a coordinated campaign to reach students and families. Specifically, coordinated outreach to students that begins in middle or high school encourages the development of a college-going culture and encourages students to believe that a postsecondary education is attainable. The following resources are required:

- Staff 1 FTE — \$120,000 per year

- Website design, email marketing, social media — \$300,000 in the first year, \$100,000 ongoing
- Print materials — \$15,000 per year
- Training for staff at schools, businesses, and community organizations on how to provide prospective students with resources regarding paying for college and applying for financial aid — \$65,000 in the first year, \$15,000 ongoing

Estimated cost: \$0.750M for the biennium.

Total spending includes \$0.271M for the biennium that is currently unallocated: \$0.70M for FY2020, \$0.201M for FY2021.

Equity and Inclusion:

38% of State Grant recipients are students of color.

This proposal will address inequity in postsecondary access and completion by providing additional State Grant dollars to students underrepresented in higher education. The grant particularly benefits students from low income families, where students of color are traditionally overrepresented. In providing additional aid to students in lower income brackets, this proposal seeks to improve educational outcomes for students of color, which will have long-lasting, intergenerational impacts on economic stability and social mobility. Overall, providing and increasing state aid to low-income students reduces racial disparities in the state.

IT Related Proposals:

This is not an information technology proposal.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Previous</i>	<i>Previous</i>	<i>Current</i>
Quantity		FY2015	FY2016	FY2017	FY2018
	Students Served – Applications Received	160,257	153,442	145,724	135,969
	Students Served – Number of Recipients	95,324	82,416	81,027	80,793
Quality	Net Price (Tuition & Fees plus other expenses less grants) – First-time, full-time undergraduate receiving Title IV Financial Aid	2011-12 Entering Students	2013-14 Entering Students	2014-15 Entering Students	2015-16 Entering Students
	Incomes \$0-\$30,000	\$13,800	\$13,700	\$13,000	\$12,900
	Incomes \$30,001-\$48,000	\$14,600	\$14,200	\$13,500	\$13,200
	Incomes \$48,001-\$75,000	\$17,700	\$17,100	\$16,300	\$16,100
Results		2011-12 Graduates	2013-14 Graduates	2015-2016 Graduates	2016-2017 Graduates
	Cumulative Debt - Certificates	\$11,226	\$11,229	\$10,853	\$10,536
	Cumulative Debt – Associate Degrees	\$18,601	\$19,069	\$17,131	\$16,594
	Cumulative Debt – Bachelor's Degrees	\$27,486	\$27,389	\$25,968	\$25,521

Statutory Change(s):

Minn Stat. 136A.121

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: MN Reconnect

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,000	2,000	2,000	2,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	2,000	2,000	2,000
FTEs	0.5	0.5	0.5	0.5

Recommendation:

The Governor recommends \$4 million in FY2020-2021 to fund a new program, MN Reconnect, to help adult learners re-enroll and finish their postsecondary education. Through MN Reconnect, former students who started their postsecondary studies but didn't complete will receive personalized support and assistance as adult learners to re-enroll, stay engaged in their studies, and complete their degrees. Four Minnesota State colleges have been selected to participate as pilot sites in the launch phase of MN Reconnect: Inver Hills Community College, Lake Superior College, Riverland Community College and South Central College. Funding may include additional community and technical colleges as eligible institutions beginning in FY2020 if fewer than 500 students enroll at current participating colleges. The pilot colleges have demonstrated a commitment to adult learners through adoption of best practice policies, programs and services. It is expected that participating institutions will complete the Council for Adult and Experiential Learning (CAEL) Adult Learner Assessment (paid by the institution) prior to participation in the program in order to assess their policies and practices as facilitating success for adult learners.

The program received initial funding from the Lumina Foundation for FY 2019 as Minnesota was selected as one of five pilot states to develop similar programs modeled after the Tennessee Reconnect program. Minnesota Reconnect targets former students aged 25-44 who have completed 15 or more credits of a certificate or degree program in order to facilitate re-enrollment in college and certificate/degree completion. The program has four components: targeted outreach and re-enrollment, system navigation and support, targeted financial assistance, and program evaluation.

The FY2020-21 proposal funding totals \$4,000,000 (\$2,000,000 per year):

- **Grants** of \$1,000 per semester to students for tuition and fees \$2,500,000 (\$1,250,000 per year)
 - 1,000 students in fall term = \$500,000
 - 1,000 students in spring term = \$500,000
 - 500 students in summer term = \$250,000
- **Designated student advising** at a cost of \$700 per recipient (500 recipients) per year \$700,000 (\$350,000 per year),
- **Funding to resolve existing financial holds** preventing re-enrollment \$100,000 (\$50,000 per year; assumes 20% of students at \$500 per student),
- **Funds to improve campus services** as identified by the CAEL assessment \$120,000 (\$60,000 per year),

- **Targeted outreach to former students** (outreach products, website design, enrollment web application) \$200,000 (\$70,000 per year statewide communications, \$30,000 per year college-based communications),
- **Financial aid program and competitive grant administration** at OHE \$130,000 (\$65,000 per year), and
- **Student advising program administration** at Minnesota State \$250,000 (\$125,000 per year).

This is a new program.

Rationale/Background:

Among Minnesota adults age 25 to 44, an estimated 10 percent of the state's population or 143,000 individuals enrolled in college but dropped out without completing a certificate or degree. The 143,000 individuals includes:

- 2,300 American Indians,
- 5,900 Asians,
- 11,800 Blacks,
- 5,300 Hispanics,
- 3,300 Multiracial Minnesotans, and
- 114,300 Whites.

Assisting these individuals in completing college will move Minnesota closer toward its educational attainment goal and augment workforce preparation. Workers having successfully completed their education program are more likely to be employed and more likely to pursue additional training required for their career pathways.

Minnesota has experienced 8 straight years of enrollment declines which are concentrated on the two-year sector. Taking advantage of available capacity from prior enrollment declines allowed TN Reconnect to increase enrollment at two-year colleges by 14,700 students in fall 2018 at its 13 community colleges and 27 colleges of applied technology.

It is the goal of OHE and Minnesota State that the program serve as a model which we can scale statewide to re-enroll college dropouts in order for them to complete their program and to enhance services supporting all students to reduce college dropout rates overall, especially for students of color.

Proposal:

MN Reconnect is a new program for state funding. Program administration is currently funded by a grant from the Lumina Foundation. The FY2020-21 proposal funding totals \$4,000,000 (\$2,000,000 per year):

- **Grants of \$1,000 per semester to students for tuition and fees** \$2,500,000 (\$1,250,000 per year) for 500 students per year – Working adults without children are often excluded from eligibility for federal and state grants due to income. If working full-time, full-time students earning more than \$20,000 per year in income are disqualified from Pell Grants; incomes above \$25,000 are disqualified from State Grants. Grants are limited to two academic years. Cost estimates assume 500 students funded in fall and spring terms plus 250 funded in summer term. OHE assumes a large number of initial enrollees with FY21 enrollees using funds made available through prior students completing or dropping out.
- **Designated student advising \$700,000** (\$350,000 per year) – The MN Reconnect program relies on advisors dedicated to adult learners and providing a single point for contact called Navigators from initial outreach to graduation. This form of advising is high touch and requires staff maintain a lower number of advisees than traditional advising models. MN Reconnect seeks to staff 1.0 FTE at each of the participating colleges at a cost of \$700 per student recipient.

- **Funding to resolve existing financial holds** preventing re-enrollment \$100,000 (\$50,000 per year) – Many students drop out of school due to an unpaid bill from the college. Failure to settle these bills results in a financial hold which prevent a student from enrolling at any Minnesota State college. Furthermore, these charges are often referred to the Minnesota Department of Revenue or collection agencies for payment, thus incurring fees and additional interest. Providing a means of repayment for small charges while staying enrolled is a critical component of degree completion for adult learners. MN Reconnect seeks to provide 20% of MN Reconnect participants with \$500 in one-time grant funds to resolve financial holds.
- **Funds to supplement services** on campus to address adult learner needs (flexible financial aid and advising hours, food insecurity, on campus child care, and similar services) **\$120,000** (\$60,000 per year) – complementing existing efforts to address adult learner needs and research-based student success supports. The needed supports will be identified by the CAEL Adult Learner 360 assessment. Adult Learner 360 helps a college or university map the route to adult student success. Made up of two surveys, one for institutions and one for adult students, Adult Learner 360 compares institutional perceptions against adult students' using CAEL's Ten Principles for Effectively Serving Adults. It is assumed that colleges will pay for the assessment in order to participate in MN Reconnect. This is the institutional buy-in component. Institutional costs for the CAEL Adult Learner 360 assessment will average \$7,000.
- **Targeted outreach to former students \$200,000** \$200,000 (\$70,000 per year statewide communications, \$30,000 per year college-based communications; outreach products, website design, enrollment web application) – MN Reconnect contacts former students via direct mail, email, social media, and general media. The request also includes funds for development of a MN Reconnect web portal for students to explore available programs and the benefits provided to program participants by the participating colleges. This budget also includes direct funding for institution-specific marketing to promote on-campus or local engagement of former students.
- **Financial Aid program administration** at OHE \$130,000 (\$65,000 per year) - the program relies on 0.5 FTE program staff at OHE who coordinates financial aid applications, institutional payments, and competitive grant applications across participating campuses at a cost of \$300,000 per year.
- **Grants to Minnesota State for program administration** \$250,000 (\$125,000 per year) - the program assumes 1.0 FTE program management at Minnesota State central who would coordinates student advising and supplemental services activity across campuses at a cost of \$125,000 per year per FTE.

In addition to state funding, colleges are providing benefits and services to students beyond the scope of funding provided by the Lumina Foundation. Funding from the Lumina Foundation sustains the current program administration (not scholarships or other financial assistance) through August 2019 for the initial planned 500 student cohort. MN Reconnect compliments existing efforts by Minnesota State to address educational challenges for adult learners. The program is modeled after successful programs in Tennessee, Mississippi, and Indiana. Funding provided by the Lumina Foundation provided critical start-up money but without sustained financial support from the state, the program is unlikely to realize intended benefits.

Equity and Inclusion:

In the equity description of the change item, please address the following questions:

One-quarter of students dropping out of college are students of color. The program will increase completion rates for persons of color in Minnesota. Increasing the completion rates for persons of color in Minnesota will reduce the gap in educational attainment between Whites and American Indian, Black and Hispanic students. Completion of an educational program has been correlated with higher wages and lower levels of unemployment. As a new program, the goal is implementation and scale-up. It is expected

that OHE and Minnesota State will continue to refine the program to increase success of participants. In addition, lessons learned from the program will improve retention and completion rates for all students and thus, over time, lessen demand for MN Reconnect.

IT Related Proposals:

This is not an information technology proposal.

Results:

As a new program, specific program performance measures will be used:

- **Quantity:** How many participants enrolled? How many participants persisted term to term?
- **Quality:** How many participants successfully completed a certificate or degree?
- **Result:** How do post-participation employment outcomes compare to pre-participation employment outcomes?

Statutory Change(s):

Sec. XX. MN RECONNECT PROGRAM.

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Statewide Longitudinal Education Data System (SLEDs)/Early Childhood Longitudinal Data System (ECLDS)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	1	1	1	1

Recommendation:

The Governor recommends increasing general fund appropriation for SLEDs by \$2 million in FY20-21. This proposal would:

1. Fully integrate the Early Childhood Longitudinal Data System (ECLDS) into SLEDs,
2. Create efficiency within IT and administrative processes, and
3. Maximize outreach, training and technical assistance to local schools, districts, colleges and communities.

Rationale/Background:

Minnesota's Statewide Longitudinal Education Data System (SLEDs) informs individual, local and state policies, programs and decisions related to viable college and career paths and barriers to education and employment success. Currently, SLEDs provides data to the state legislative reports, federal reports, high school and college feedback reports, and the SLEDs website for providing information to parents and students.

Minnesota's Early Childhood Longitudinal Data System (ECLDS) web tool combines data collected by the Department of Education, the Department of Human Services and the Department of Health into one online, interactive database. The system shows population results on children's growth and achievement in relation to their participation in a variety of educational and social programs over time. ECLDS, the data system dedicated to informing programs at the preschool level, was developed under federal grants over the past 8 years and requires state support in order to be sustained.

Proposal:

A substantial portion of the request is for funds to maintain the Early Childhood Longitudinal Data System. The ECLDS was developed and built utilizing funds from two federal grants – Race to the Top grant 2010, and State Longitudinal Data System grant 2015. The system is active and provides reports to policymakers, program staff and the public on utilization of early childhood services, early childhood predictive factors related to K-12 and later educational success.

New SLEDs funding: \$405,300 for the biennium (\$202,650 each year):

1. Local training, outreach and research support – \$25,300 in new funds (\$12,650 per year) includes funds for training and outreach for local providers.

Within the K12 arena, the partnership with the Lakes Country Service Cooperative and the Southwest West Central Cooperative has yielded large increases in SLEDs utilization in the southwest and northwest

regions of the state. The service cooperatives have assisted SLEDs in developing training materials, informing districts of how to use SLEDs data for materials for parents and state reports to MDE. SLEDs training staff work with local staff to take a “deep dive” into the public data or to access and use their secured reports. SLEDs would like to replicate and expand this model to all 9 K12 service cooperatives for an additional two years.

SLEDs also has made great progress in assisting postsecondary institutions in using SLEDs data. Staff from Century College work directly with staff from Minnesota State, the University of Minnesota, and other institutions to create internal planning reports related to graduate employment and wage outcomes, and enrollment planning using MDE data sets and SLEDs public reports. The number of postsecondary users with access to secured reports has increased from 19 in September 2016 to 83 currently. SLEDs would like to continue this model to the remaining 40 institutions (26 Minnesota State institutions, 14 private non-profit institutions) for an additional two years.

Finally, the SLEDs grant allowed us to contract with external entities for research support. In this regard, the model had limited success. Therefore SLEDs would prefer to return to a more direct partnership with DEED’s regional labor market analysts. The SLEDs research produced by the regional labor market analysts is high quality and responsive to local stakeholders, though the resulting products would benefit from a more direct partnership with K12 and higher education staff in order to ensure it resonates with education-based audiences.

The \$25,300 represents the net new money needed to fund training and technical assistance activities. An additional \$139,500 in costs will be paid for through re-allocation of base appropriations and remaining federal grant dollars available through September 30, 2019.

2. MNIT Staffing –\$380,000 in biennial funding (\$190,000 per year) SLEDs currently produces data for 2 websites, 1 tableau visualization, 12 mobile reports with 24 filter options covering 11 years of data, K12 secured reports for all 800 high schools and districts, 2 postsecondary secured reports for all 120 institutions, and 54 approved SLEDs data requests. Increased demand for SLEDs data and reporting has meant that OHE needs to increase staffing in two key positions (0.50 FTE Business analyst, 1.00 FTE Quality assurance).

The business analyst will document and prepare technical specification for data requests, data marts and reports. Currently these technical specifications are prepared by SLEDs coordinators, agency staff and the IT project manager. Their time is needed on other requirements of the SLEDs project. The quality assurance (QA) staff reviews data products before they are released publicly ensuring high data quality. The number of SLEDs products has increased dramatically over the most recent 2 years and requires us to bring on additional QA capacity in order to maintain the timely release of reports. Without additional QA capacity, we risk the quality of all SLEDs reports and data products.

Integrate ECLDS into SLEDs: \$1,594,700 for the biennium (\$797,350 per year):

1. MNIT Staffing – \$1,080,200 for the biennium (\$540,100 per year) which in prior years had been funded through federal grant funds and state appropriations from OHE/SLEDs.
2. Administrative staff– \$304,000 for the biennium (\$152,000 per year) which includes the ECLDS manager and communications staffing; in prior years, these positions had been funded through federal grant funds.
3. MNIT hardware and software costs - \$169,500 for the biennium (\$84,750 per year) to support software and hardware costs including required upgrades.
4. Local training and outreach – \$27,000 for the biennium (\$13,500 per year) includes funds for training and outreach for local providers; in prior years, these expenses had been funded through federal grant funds.

5. Equipment or supplies, travel and employee development – \$14,000 for the biennium (\$7,000 per year) which includes basic employee development, grant development, and program expenses related to census data purchase and development of communications products; in prior years, these expenses had been funded through federal grant funds and state appropriations from OHE/SLEDs.

Equity and Inclusion:

SLEDs and ECLDS allow access to data and information on outcomes for individuals, including people of color, persons with disabilities, and veterans. Access to this level of detail permits policymakers to understand disparities across groups in order to improve outcomes for all Minnesotans.

SLEDs is fully integrated into federal and state reporting and is likely to be sustained into the future. ECLDS is the newer component and the partnering state agencies are working on similar integration strategies to ensure we maximize the information produced and system sustainability.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll	730	730	730	730	730	730
Professional/Technical Contracts	0	0	0	0	0	0
Infrastructure	0	0	0	0	0	0
Hardware	26	26	26	26	26	26
Software	59	59	59	59	59	59
Training	0	0	0	0	0	0
Enterprise Services	0	0	0	0	0	0
Staff costs (MNIT or agency)	0	0	0	0	0	0
Total	815	815	815	815	815	815
MNIT FTEs	5.5	5.5	5.5	5.5	5.5	5.5

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Trainings & Outreach Events	FY2016 57	FY2018 70	
Quantity	Research Requests	FY2016 9 annual 17 cumulative	FY2018 17 annual 58 cumulative	
Quantity	Number of Integrated Data Sources	FY2016 19	FY2018 40	
Quality	Local Data Sharing Partnerships <ul style="list-style-type: none"> K12 Postsecondary 	FY2016 15 19	FY2018 100 83	

Statutory Change(s):

127A.70 MINNESOTA P-20 EDUCATION PARTNERSHIP.

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Summer Academic Enrichment Program (SAEP)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	125	125	125	125
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	125	125	125	125
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing base funding for the Summer Academic Enrichment Program (SAEP) by \$250,000 in FY2020-2021. Program funds provide a stipend for low-income Minnesota students completing grades 3 to 11 to attend OHE-approved summer academic enrichment programs offered by Minnesota postsecondary institutions and nonprofits.

Rationale/Background:

Summer vacation takes a toll on students' knowledge and skills. When they report to school in the fall, they perform, on average, one month behind where they left off in the spring. Summer learning loss disproportionately affects low-income students, and summer learning loss is cumulative over time, with the difference between the summer learning rates of low-income and higher-income students contributing substantially to the achievement gap.

For the 2017-2018 academic year, 37.7% of Minnesota's public school students qualified for free or reduced price meals. The 2017 Minnesota public high school graduation rate for free/reduced price lunch eligible students was 69%; 14 percentage points lower than the state's overall graduation rate. While graduating from high school is the key to future educational attainment, data from the 2018 Minnesota Comprehensive Assessment show that only 40% of free/reduced price eligible 10th grade students were proficient in reading, and only 26% of the same population were proficient in grade 11 mathematics. Minnesota public high school graduates in 2016 who had been free or reduced price lunch eligible at some point in high school enrolled in college at lower rates (63%) than those who were not free or reduced lunch eligible at any point in high school (75%).

Over the past several years OHE has been using unspent funds from other areas in the agency to cover the shortfall in this program. The request is to fund the program a level more in line with program demand. The legislature provided a small increase of \$50,000 for the 2018-19 biennium for the program.

Proposal:

This is a change in funding for an existing program.

Low-income students in Minnesota have been identified as being at risk for not enrolling in or completing postsecondary education. Based on eligibility for free or reduced price lunch, 3rd-11th grade students may receive a stipend for up to \$1,000 to cover the fee for attendance at a summer academic enrichment program offered by Minnesota postsecondary institutions and nonprofit organizations that provide rigorous education programs.

The base appropriation for the Summer Academic Enrichment Program remains at \$125,000 each fiscal year, with \$3,000 of the appropriation to be used each year for program administration. With an increase in funding, participation would be expanded to include more low-income students statewide. The appropriated amount, \$122,000, serves approximately 122 low-income students. Increasing the amount available for grants to \$250,000 would allow approximately 250 low-income students to participate in academically rigorous summer programming.

This proposal compliments work done in the agency by the federal GEAR Up/Get Ready program and compliments work done by the agency's Intervention for College Attendance Program. Both programs provide sustained program support for students over the academic year and the Summer Academic Enrichment Program compliments and supports work of these two programs by extending academic support benefits to students over the summer months.

The program has 20 organizations currently providing academic programming for SAEP funded low-income students.

This proposal would increase the number of low-income 3rd-11th grade students able to participate in rigorous summer academic learning programs. Key outcomes to advance equity and reduce disparities include increasing rigorous course taking and high school graduation for low-income students and increasing their academic preparation for postsecondary programs.

Implementation will occur at the start of the 2020 fiscal year. Steps are already in place to award the stipend for eligible low-income students at approved summer program sites.

Equity and Inclusion:

Low-income communities would be positively impacted by an increase in program funding. Minnesota's low-income communities have a disproportionate representation of American Indians, communities of color, women, rural residents, and people with disabilities. The proposal would increase the number of low-income 3rd-11th grade students able to participate in rigorous summer academic learning programs. Impact on equity would occur as rigorous course taking would enhance high school graduation for low-income students and increase their preparation for success in academic programs and the career of their choice. Representatives of these groups are administrators and staff in the academic projects that enroll low-income students and they provide guidance on how to increase positive academic outcomes for the targeted student group.

Positive impacts would occur as disparities in educational attainment for low-income students would be directly addressed through supporting student engagement in rigorous course taking. Students participate in programs that allow them to spend focused time on core curricular areas, improve academic skills, and gain exposure to a college environment. With concentrated time on core curricular areas, students counter the summer learning loss that accounts for about two-thirds of the academic achievement gap between less advantaged students and their more advanced peers.

Ongoing funding will be needed to sustain efforts to enroll low-income students in summer academic programs. Successful changes include increasing the number of low-income students who enroll in summer academic enrichment programs, experience and recognize the value of rigorous academic work, continue their education beyond high school, and pursue their ideal education/career profile. Implementation strategies include vetting of programs for their offering of academic rigor prior to including them as a provider of services for students, monitoring of programs after students are enrolled, account auditing and follow-up to determine outcomes for students.

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Intervention for College Attendance Program (ICAP)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	168	168	168	168
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	168	168	168	168
FTEs	0	0	0	0

Recommendation:

The Governor recommends an increase of \$336,000 for FY2020-2021 to the Intervention for College Attendance Program (ICAP). This is a competitive grant that support programs fostering academic success and pre-college services for students who are underrepresented in higher education.¹ Eligible grant recipients include non-profit agencies, postsecondary institutions, school districts, and professional associations.

Funds will be used to expand and enhance academic support, college preparation, and career awareness programs in order to 1) reach a greater number of Minnesota students, 2) target specific high-need student populations with records of traditionally low academic attainment, 3) deepen services offered to current ICAP participants in order to consolidate and offer a full range of college/career awareness and academic success programs.

Rationale/Background:

Despite being the second most educated state in the nation, Minnesota continues to experience some of the largest disparities based on race, ethnicity, and income in terms of educational attainment. According to the National Center for Education Statistics, Minnesota ranked last and second-to-last among all states for Latino and black high school graduation rates; Minnesota placed fifth-to-last among all states in high school graduation rate among low-income students. Graduation rates for American Indian high school students are among the worst in the country.

Low high school graduation rates among students of color and low-income students lead to urgent disparities in college enrollment and degree attainment among these populations. Meanwhile, the economic need for a highly skilled/educated workforce continues to grow in Minnesota. As the state's demographics continue to shift as a result of an aging population, and communities of color continue to grow, the need to address educational disparities in Minnesota becomes urgent. If there is not an increased and intentional investment in interrupting patterns of low-opportunity and low-achievement for these communities, Minnesota's economy will be stifled due to a shortage of a qualified workforce.

ICAP directly targets students in grades 5-12 who are underrepresented in higher education (racial/ethnic minority, low-income, first in their families to go to college, English language learner, and/or has a disability) and creates supportive and compelling pathways to achieving a college education. ICAP funds programs that use the most innovative, culturally appropriate, and proven pedagogies/strategies to reach students and ensure their success in high school and college. ICAP has historically seen incredible success in terms of impact across Minnesota, with some programs boasting high school graduation and college enrollment rates up to 40

¹ First generation students, students of color, low-income students, English language learners.

percentage points higher for students in the funded-program than their peers. Currently, the program awards funds to 24 grantees (\$27,958 average award) for a total cost of \$670,922.

The Minnesota Office of Higher Education has consistently re-directed unused agency funds into ICAP in order to fully support the program and sustain the grantees' work. In FY 2019, an additional \$85,000 of unused agency funds were re-directed into ICAP and granted out in small amounts to six of twenty-four existing grantees in order to reach more students and add culturally competent models into their work.

The Minnesota Office of Higher Education currently uses high school graduation and college enrollment rates as the main measurement of success among students who participate in ICAP programs. Other measurements include ACT pre/post test scores, college retention rate, and number of students impacted by the program. In addition to these measures, each program funded with ICAP dollars creates their own goals, objectives, and measurements based on the pedagogies and cultural competencies that are relevant to their communities. Every ICAP grantee presents a logic model for impacting student success annually, with at least two check-ins to ensure that the mission and vision of the programs are aligned with program activities, which lead to real student outcomes. In addition to quantitative data measures, grantees report on the successes and challenges of their individual programs, including student success stories and testimonies. Grantees also have the opportunity to share knowledge and best practices amongst each other.

Proposal:

This proposal is a request to increase the state's annual investment in ICAP, an existing program. The intended impact of an increased investment in ICAP would be:

1. to reach more students in grades 5-12 in Minnesota who are underrepresented in higher education and connect them to appropriate programming,
2. to increase high school graduation rates for all students underrepresented in higher education in Minnesota,
3. prepare students underrepresented in higher education and students who lack appropriate social capital for college or a sustainable career after high school, and
4. to support collaboration between high school and postsecondary grantees so that ICAP students not only enroll in postsecondary institutions, but persist and earn a certificate or degree.

By increasing the investment in students of color and low-income students, educational disparities will be addressed on a broader level. ICAP programs would submit plans to leverage the additional funds in order to increase the number of eligible students in their programs and strengthen/further innovate their work so that these programs successfully see students through college. Because of the variation in programs that are funded under ICAP, it is important to create individualized measures for success based on the student population that they work with and the local/regional context. All programs funded under ICAP are scalable and have potential to transform entire communities based on their influence, scope, and dedication to student success.

The Minnesota Office of Higher Education would be minimally impacted by the increase in funding. The grants administration team would work with existing grantees to identify areas that require strengthening in order to make a broader impact. Then, staff would work with grantees to create measurements and goals based on the impact statements listed above. Staff would also create contract amendments and add additional monitoring goals for grantees who receive this funding. Implementation of the steps listed in the bullet above would begin as soon as this proposal is accepted.

Additional funding will provide:

- Grants – Funding will be distributed to nonprofit organizations, postsecondary institutions, school district programming, and professional associations who are selected by a stakeholder committee on a competitive basis. In FY 2019, twenty-four grantees will receive funding through ICAP with an average award amount of \$28,000. An additional \$168,000 in annual funding will allow the Minnesota Office of Higher Education to increase the size of grants, thus deepening services for current grantees, and awarding funds to new grantees doing similar work across Minnesota. Essentially, the funding would 1)

allow organizations to invite more students into their program/expand their program, 2) allow organizations to provide additional services to their student cohorts, and 3) allow for new grantees to receive funding for providing pre-college services.

- Administrative or programmatic capacity – Currently, a competitive grants administrator manages the ICAP grant program in addition to 4 other grant programs. With an increase in funding, this will not change; however, an existing grants coordinator will provide backup support in order to manage the increased volume of grantees in the program.
- Equipment or supplies – No additional equipment or supplies will be needed.
- Sustainable Funding – Students eligible for ICAP program participation are first generation students, students of color, students of an ethnic minority, low-income students (based on free/reduced-price lunch participation), English language learners, or students with a disability. Each grantee has additional criteria for their programs. For example, two programs work exclusively with American Indian students; one program works exclusively with African American male high school students. Many programs have broad student participation based on the factors provided above. Current number of students served annually through ICAP is 4,312. With a 25% increase, the Minnesota Office of Higher Education expects to increase number of participating organizations by 25%.

The ICAP grant program compliments many programs in the agency, such as the State Grant Program, the Emergency Assistance for Postsecondary Students grant program, the Equity in Education and Jobs Connection grant program, and the Summer Academic Enrichment grant program. The effective implementation date would be July 1, 2019. The Minnesota Office of Higher Education would immediately be able to grant out new awards based on the increased funding.

Equity and Inclusion:

Groups directly impacted by the proposed budget change include: communities (particularly youth) of color, including American Indian populations, ethnic minorities such as Hispanic populations, and immigrants; middle school/high school students whose parents did not attend college; middle school/high school students who participate in the federal free/reduced-price lunch program and/or whose parents participate in the federal Temporary Assistance for Needy Families (TANF) program. The above groups are directly impacted due to the pre-college/career awareness services available for them as a result of the ICAP grant. While the focus of these services is largely direct academic interventions, all programs impact these students and families' social-emotional development and sense of belonging both in a community and as lifelong learners.

ICAP requires that stakeholders, grantee organizations, and students have direct input into evaluation of funded programs, both in the proposal review process and throughout the grant cycle. Increased funding in ICAP will reduce large gaps in educational outcomes for students of color/low-income students/first generation students and their peers. This is because the programs offer these students resources to help "catch up" academically, socially, and emotionally to students who have paid resources available to them (e.g. ACT prep), and who have families who have been through the college process. It also prepares them to adapt to cultural experiences that are different from their own, while valuing and honoring their own identities.

ICAP grantees undergo a scrupulous competitive process in order to avoid the occurrence of negative impacts on vulnerable communities. Potential negative impacts include grantees selecting already high-achieving students to participate in the programs in order to show success. Selecting grantees that intentionally offer services to a broad base of qualifying students and regular monitoring of programs helps mitigate this. All other impacts resulting from increased funding would be positive. All grantees must show evidence of an at least 50% match based on their annual award. This shows that the selected grantees can sustain their basic activities beyond the competitive grant funding.

Results:

ICAP currently uses a combination of performance measures that include high school graduation rate, college application rate, college enrollment rate, ACT scores, social-emotional development measures, number of

students impacted, number of students enrolled in honors/advanced high school coursework, and college participation/retention rate, and qualitative student successes and challenges using student surveys. Current performance measures are consistently positive. In fiscal year 2016 alone, 20 programs were funded through ICAP, reaching 3,606 students. The tables below outline basic successes of the ICAP program. ICAP participants consistently “catch up” to the high school graduation rates of their resourced peers, and out-perform on every indicator when compared with peers of their same demographic group. Data is collected formally twice per year from grantees through an extensive reporting process. In addition, each grantee is visited at least once per grant period.

Figure 1. ICAP Participants' High School Graduation Rate (2010-2016)

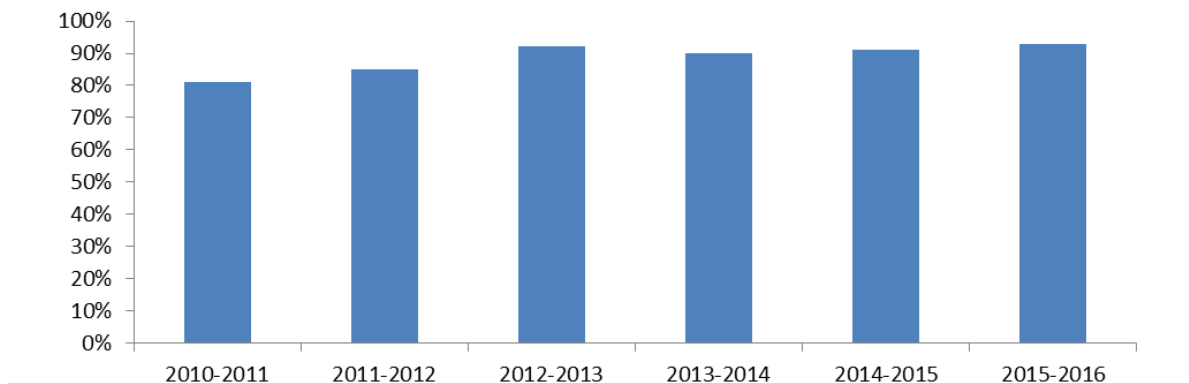
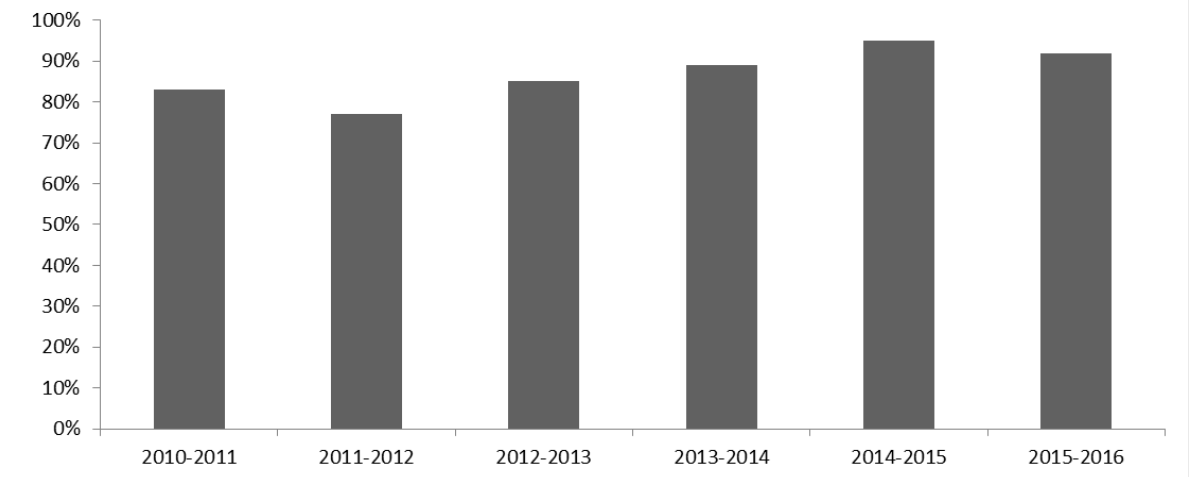


Figure 2. Percentage of ICAP Participants who Apply to College (2010-2016)



Postsecondary Credentials Awarded to ICAP Participants as Reported from 13 Projects, 2008-2016

Certificates	Associate of Arts	Bachelor of Arts	Total Awards
442	350	178	970

Minnesota Office of Higher Education

FY 20-21 Biennial Budget Change Item

Change Item Title: Amend Transfer Language Laws 2017, Chapter 89 Art 1, Sec 2, Subd. 40

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Request:

The Governor recommends adding the following programs to the transfer authority language: Intervention for College Attendance Grants, Summer Academic Enrichment Program, Student and Parent Information.

Rationale/Background:

Adding Intervention for College Attendance, Summer Academic Enrichment Program and Student-Parent Information to the transfer language would allow the agency the flexibility to use any outstanding funds for programs as needed. Transfer language goes back as far as 1989 Session Laws, Chapter 293. The original language allowed for transfers to the State Grant Program.

Over the years the transfer language has been expanded (in order to meet the needs of students) to allow for transfers to other programs, such as Work Study, Child Care, Reciprocity, Safety Officer Survivor, Indian Scholarships, and more recently State Get Ready was added. We evaluate current year spending and in the instance that there is an unexpended balance in financial aid and administrative funds we would reallocate them to areas of need to help elevate wait lists and grant shortages.

If money is not expended it returns to the general fund. Programs have been added to this rider over years and we would like to add the Intervention for College Attendance, Summer Academic Enrichment Program, and Student-Parent Information to the transfer language.

In fiscal year 2017, through indirect transfers the Agency made a \$750,000 transfer to for the Summer Academic Enrichment program to provide access grants for approximately 842 low-income students to high quality educational experiences this summer to help prepare them to enter postsecondary education. An additional \$1,213,000 transfer was made to provide additional Intervention for College Attendance grants to postsecondary institutions and community based organizations to increase access and success to students traditionally underrepresented in higher education.

Proposal:

The proposal is to add ICAP, SAEP, and Student Parent Information to the list of allowable transfers. This proposal made it into the higher education omnibus bill that was rolled into the larger finance omnibus of the 2018 legislative session, but the large finance omnibus was vetoed.

Statutory Change(s):

Laws 2017, chapter 89, article 1, section 2. Subd. 40.

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Recruit and Retain Quality Teachers

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	4,000	4,000	4,000	4,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,000	4,000	4,000	4,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing funding to programs dedicated to expanding and recruiting quality teachers, particularly teachers of color and American Indian teachers. This proposal funds:

- \$1,817,500 increase in student teacher grants.
- \$182,500 increase in expanded concurrent enrollment grants to provide “Introduction to Teaching” courses.
- \$2.0 million to create mentoring, induction and retention incentive program grants for teachers of color and American Indian teachers.

Rationale/Background:

Minnesota is facing a teacher shortage. According to the 2019 Teacher Supply and Demand report:

- Slightly more than half (52.5 percent) of teachers holding an active teaching license are not currently working as a teacher in a Minnesota public school.
- The percentage of teachers of color remain stagnant while the percentage of students of color continues to grow in Minnesota.
- Teacher shortages are a problem across Minnesota: 41.9 percent of districts reported that it is a major problem and 51.8 percent reported that it is a minor problem. Only 6.4 percent of districts indicated that it is not a problem for them. More than 1 in 10 school districts (12.7 percent) reported that they had to cancel classes or programs due to a shortage of teachers.
- Most teachers in Minnesota identify as white (95.7 percent), followed by Asian (1.5 percent), black (1.4 percent), Hispanic (1 percent), and American Indian (0.4 percent). Most school districts reported that it is difficult to recruit teachers that reflect their student body. 83.1 percent of schools have less than 10 percent teachers of color or American Indian teachers, while 64.3 percent of students are in schools with more than 10 percent students of color or American Indian students. Percent persons of color

Proposal:

To address the teacher shortage overall—and shortage of teachers of color and American Indian teachers in particular—the Governor recommends the following in order to support student teachers, attract new teacher candidates, and retain teachers.

- \$1,817,500 increase in student teacher grants under Minnesota Statutes 136A.1275.
 - The Office of Higher Education provides grants to student teachers from low-income families who intend to teach in a shortage area after receiving their teaching license or who belong to an underrepresented racial or ethnic group. Currently statute requires that at least 36.5 percent of

these grants go to teacher candidates of color or American Indian teacher candidates. These grants are up to \$7,500. This proposal will fund up 230 student teachers, including up to an additional 84 teacher candidates of color or American Indian teacher candidates.

- The Office of Higher Education may retain up to 3 percent of this funding for administration of the grant.
- \$182,500 increase in expanded concurrent enrollment grants to provide “Introduction to Teaching” courses.
 - Grants under Minnesota Session Laws - 2017, 1st Special Session, Chapter 5, Article 2, Sec. 57, Subd. 9 allow school districts and charter schools to develop innovation programming to encourage high school students to pursue teaching through concurrent enrollment courses in “Introduction to Teaching.” This allows a student to take a number of college courses in education in high school, and launch their career in education. Currently 33.5 percent of Minnesota public schools students identify as people of color or American Indian.
 - Minnesota Department of Education may retain up to 5 percent of this funding for administration of the grant.
- \$2 million to create mentoring, induction and retention incentive program grants for teachers of color.
 - Create grants to provide for teacher mentoring and retention for teachers of color and American Indian teachers. These funds can be used to retain teachers by paying stipends to mentor teachers, spreading best practices by creating professional learning communities focused on supporting diverse teachers, and supporting licensed and non-licensed educator participation in professional development including workshops and graduate courses.
 - Minnesota Department of Education may retain up to 5 percent of this funding for administration of the grant.
- Broaden non-traditional pathways to teacher licensure known as “Grow Your Own” grants to more school districts while requiring that grants focus on teacher candidates of color or American Indian teacher candidates.
 - “Grow Your Own” grants under Minnesota Session Laws - 2017, 1st Special Session, Chapter 5, Article 2, Sec. 57, Subd. 23 allow school districts with more than 30 percent students of color or American Indians students to apply for grants to fund a Professional Educator Licensing and Standards Board-approved nonconventional teacher residency pilot program. Many school districts with a higher concentration of white students have been launching innovative programs in the area of nonconventional teacher residency programs. The Governor recommends removing this limitation, while requiring that a majority of the teacher candidates in the nonconventional program identify as teacher candidates of color or American Indian. This allows more school districts to take part in these programs, while ensuring the goal of launching more people of color or American Indian people in the field of teaching.

Equity and Inclusion:

This proposal is focused on expanding supports to low income student teachers and teachers of color and American Indian teachers. This will benefit the teacher candidates or teachers, as well as the students they will encounter in the classroom. Students that have a teacher from their background are more likely to graduate and feel that the adults in their school care about them.

Having a review of students’ access to effective teachers that reflect the diversity of the student body is required to be built into school districts’ World’s Best Workforce plans.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent licensed teachers of color/American Indian teachers working in their field	4.23%	4.3%	2015, 2018

Statutory Change(s):

M.S. 124D.09, subdivision 10; M.S. 136A.1275; Minnesota Session Laws - 2017, 1st Special Session, Chapter 5, Article 2, Sec. 57, Subd. 23

Office of Higher Education (OHE)

FY 2020-21 Biennial Budget Change Item

Change Item Title: Remove Student and Employer Connection Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(\$405)	(\$405)	(\$405)	(\$405)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(\$405)	(\$405)	(\$405)	(\$405)
FTEs	0	0	0	0

Recommendation:

The Governor recommends eliminating \$810,000 in funding in FY2020-21 for the Student Employer Connection program. This was a new program supported by the MN Chamber of Commerce, however, the MN Chamber of Commerce Foundation and its vendor for the program have indicated in writing that they do not need the funds on a continuing basis.

Rationale/Background:

A grant of \$405,000 a year was provided to the Minnesota Chamber Foundation for the creation of a web-based app. This job and intern-seeking online tool blind matches the needs of employers located in Minnesota with the individual profiles of high school seniors and postsecondary students attending Minnesota high schools and postsecondary institutions.

Proposal:

This proposal would eliminate ongoing funding for the Student and Employer Connection Program at the request of the MN Chamber of Commerce Foundation, who have indicated in writing that they no longer require funding for this program.

Program: Student Financial Aid Services
<http://www.ohe.state.mn.us/>
AT A GLANCE

- Provided a total of \$185.5 million in need-based financial assistance to 81,023 Minnesota students in FY2017 through the Minnesota State Grant program.
- Administered state financial aid programs with a total of 7.0 full-time employees.

PURPOSE & CONTEXT

The Office of Higher Education's Student Financial Aid Services support the state's strategy to keep education affordable and accessible for all Minnesota residents. These programs support the Minnesota Dashboard's goals of:

- A thriving economy that encourages business growth and employment opportunities
- Minnesotans have the education and skills needed to achieve their goals

Student financial aid programs enable students to access and choose the postsecondary institution and training provider that best meets their educational needs, regardless of their financial circumstances.

SERVICES PROVIDED

The Student Financial Aid Services division administers several programs that support students pursuing postsecondary education and training. The division also serves student loan borrowers serving Minnesota in particular occupations. Additionally, the division administers several grants that go to a variety of external organizations instead of directly to students. As a result, it is not always possible to determine the number of students that directly benefit from the grant. In the Table below, data is only provided in the student column if the grant goes directly to students.

<i>Program</i>	<i>Year</i>	<i>Students</i>	<i>Expenditures</i>	<i>Description</i>
MN State Grant	FY2017	81,023	\$185.5 million	Need-based grant to MN residents attending MN colleges
Interstate Tuition Reciprocity	FY2017	28,370	\$ 5.5 million	Waives non-resident tuition rates for MN residents attending public colleges in reciprocity states
State Work Study	FY2017	9,642	\$14.3 million	Funds allocated to MN colleges to pay 75% of wages for student employment on or off campus
Postsecondary Child Care Grant	FY2017	1,693	\$6.0 million	Need-based grants to student parents using child care services while attending college
MN Indian Scholarship	FY2018	845	\$2.75 million	Need-based scholarships to MN resident students who have at least one-quarter American Indian ancestry
United Family Practice & HCMC Family Medical Residency Program	FY2018	-	\$1.146 million	Financial support for family practice training programs

Program	Year	Students	Expenditures	Description
Tribal College Supplemental Grants	FY2018	-	134,249	Direct financial support to tribal colleges in MN to support the cost of educating non-tribal members
Safety Officers Survivor's Grant	FY2017	10	\$78,952	Non-need-based college grants to survivors of MN public safety officers killed in the line of duty
Teacher Candidate Grant	FY2018	486	\$3.212 million	Grants to eligible students completing required student teaching experiences. Awards prioritized for teacher candidates in shortage areas and teacher candidates who belong to racial or ethnic groups underrepresented in the MN teacher workforce.
Various State Loan Repayment Programs	FY2018	885	\$1.233 million	Teacher Shortage Loan Repayment (835 teachers and \$833,307), Agricultural Educator Loan Repayment (Awards begin in FY2019), Aviation Degree Loan Repayment (Awards begin in FY2019), LRAP of MN (45 attorneys and \$25,000), Large Animal Vet Loan Forgiveness (5 Vets and \$375,000)
Federal John R. Justice Student Loan Repayment	FY2018	-	\$37,436	Federal grant funds used for student loan repayment assistance to public defenders and prosecutors
PIPELINE Dual Training Grants	FY2018	-	\$1.064 million	Grants to employers to train employees through dual training programs in identified occupations in the advanced manufacturing, health care services, information technology, and agriculture industries
Grants for Students with Intellectual and Developmental Disabilities	FY2018	-	\$0	Financial assistance to students with intellectual and development disabilities who attend Comprehensive Transition & Postsecondary (CTP) programs at eligible Minnesota postsecondary institutions. Program to begin making awards in FY2019.
Minnesota Life College (Now named Minnesota Independence College & Community)	FY2018	49	\$1 million	Grant to Minnesota Independence College & Community (formerly Minnesota Life College) to provide need-based scholarships and tuition reduction for their participants

Program	Year	Students	Expenditures	Description
Minnesota 529 College Savings Program	FY2018 (As of 3/31/2018)	67,625 Active Accounts 38,498 Account Holders	\$1.386 million in assets	A tax-advantaged 529 college savings plan to help families save for higher education tuition and expenses. The Plan is administered by the Office of Higher Education and State Board of Investment (SBI). There is no state appropriation.

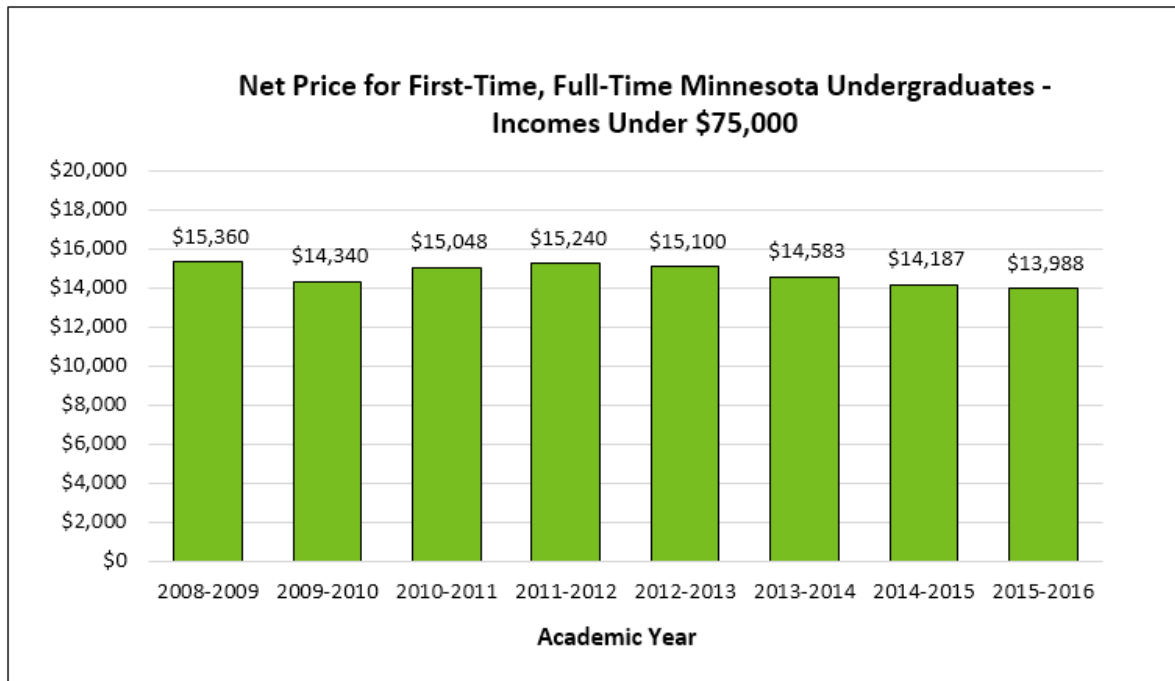
RESULTS

Student Financial Aid Services evaluates the outcomes of its strategies and services by determining their impact on student access to -and choice of- higher education institutions by:

1. Assessing the average net price students and families pay for postsecondary attendance and its relation to family income
2. Monitoring the median cumulative student loan debt of bachelor's degree completers at Minnesota four-year public and private campuses to determine if cumulative debt amounts are stable and monthly loan payments are reasonable
3. Tracking the percentage of students who take out student loans to attend college
4. Comparing the percentage of Minnesota State Grant recipients who attend the various sectors in Minnesota with nationwide averages to determine if the program continues to support student choice

1. Average Net Price in Minnesota

The State Grant program and the Federal Pell Grant program are important drivers of net price (gross price minus grants and scholarships) because they are the major form of grants for college students in Minnesota. Over the past six years, average net price of postsecondary institutions has been relatively stable in Minnesota, which is some indication that grants and scholarships are keeping pace with increasing college costs. For first-time, full-time undergraduates with family incomes below \$75,000 at Minnesota postsecondary institutions, the average net price decreased to \$13,988 during the 2015-2016 academic year.



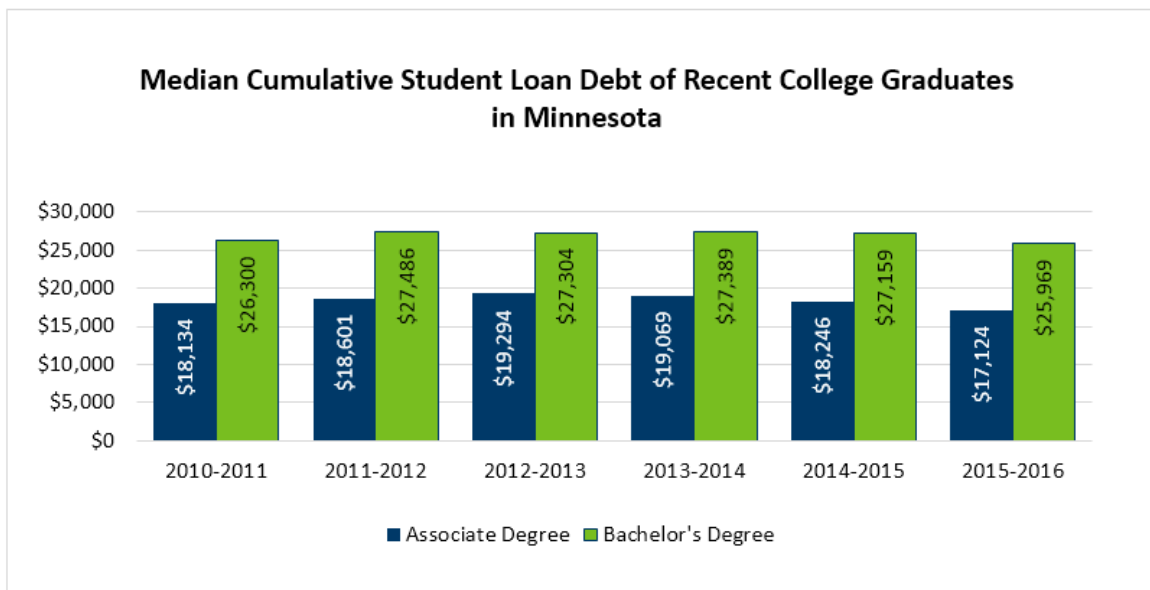
Source: Office of Higher Education Analysis of U.S. Department of Education IPEDS Data, 2018.

2. Median Cumulative Student Debt & Percentage of Students Borrowing in Minnesota

State financial aid programs help reduce the cumulative amount students must borrow to cover educational costs. Median student loan debt in Minnesota has been stable over the past five years. Students who graduated from Minnesota four-year public and private institutions had median student loan debt of \$25,969 in 2016 and associate degree recipients had a median student loan debt of \$17,124 in 2016.

Affordability of future student loan payments is also an important measure, since some students may opt out of postsecondary education or attend less expensive institutions to avoid an unmanageable debt load. Monthly payments on Minnesota's median cumulative loan debt of \$25,969 for Bachelor's degree completers would be approximately \$173-\$299 depending on the repayment plan chosen. The corresponding payment amount for associate degree completers would be \$114-\$197. Neither amount exceeds eight percent of gross monthly salaries for degree-completers in Minnesota, which is the Consumer Financial Protection Bureau's measure of an affordable loan payment.

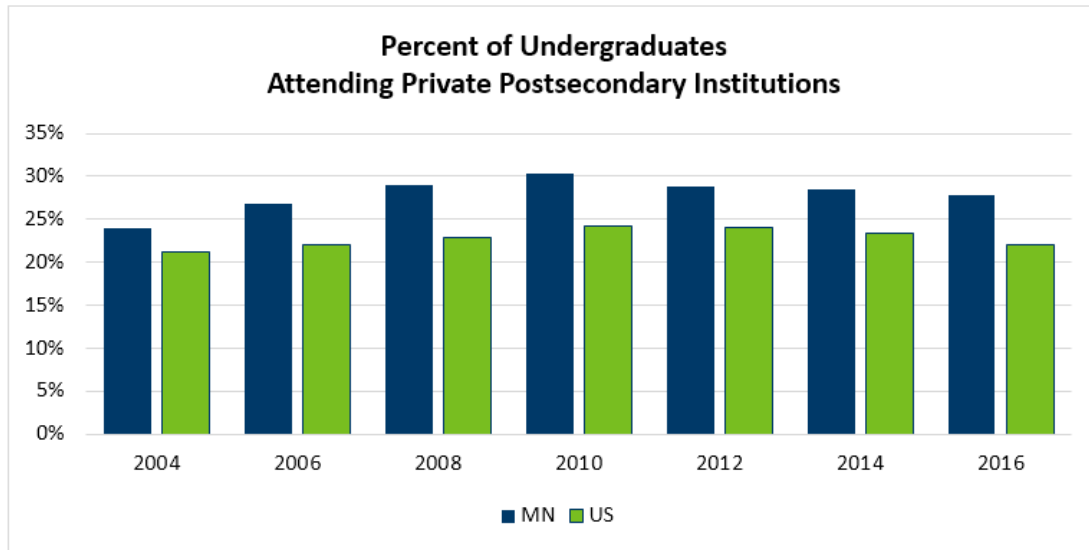
The percentage of Minnesota four-year college graduates with student loans has also been declining slightly over the past four years, from 72 percent of Bachelors' degree graduates borrowing during 2012 to 69 percent in 2016, and 72 percent for associate degree recipients borrowing in 2012 to 65 percent in 2016.



Source: Minnesota Office of Higher Education, 2017.

3. Enrollment at Private Postsecondary Education Institutions in Minnesota

Minnesota's undergraduate students continue to attend in-state private institutions at a higher rate (28 percent) than the national average (22 percent). The percentage of students enrolled at private institutions in Minnesota has decreased over the most recent six years from its peak of 30% in Fall 2010, which corresponds to recent closures of several private for-profit institutions and declining enrollments in all higher education institutions.



Source: Condition of Education, U.S. Department of Education, 2018; Minnesota Office of Higher Education, Basic Data Series, 2017.

The following links are to statutes or laws providing legal authority to the Office of Higher Education to administer the programs:

<https://www.revisor.mn.gov/statutes/?id=136A.121> Minnesota State Grant Program
<https://www.revisor.mn.gov/statutes/?id=136A.08> Interstate Tuition Reciprocity Program
<https://www.revisor.mn.gov/statutes/?id=136A.233> Minnesota State Work Study Program
<https://www.revisor.mn.gov/statutes/?id=136A.125> Postsecondary Child Care Grant Program
<https://www.revisor.mn.gov/statutes/?id=136A.126> Minnesota Indian Scholarship Program
<https://www.revisor.mn.gov/statutes/?id=197.791> MN GI Bill Program
<https://www.revisor.mn.gov/statutes/?id=136A.1796> Tribal College Supplemental Grants
<https://www.revisor.mn.gov/statutes/?id=299A.45> Safety Officers Survivor's Grant Program.
<https://www.revisor.mn.gov/laws/2017/0/Session+Law/Chapter/89/> United Family Practice & HCMC Family Medical Residency Program
<https://www.revisor.mn.gov/statutes/cite/136A.1275> Teacher Candidate Grant
<https://www.revisor.mn.gov/laws/2015/0/Session+Law/Chapter/69/-laws.3.20.0> MnSCU 2-year Occupational Grant Pilot Program
<https://www.revisor.mn.gov/statutes/cite/136A.1789> Aviation Degree Loan Repayment Program
<https://www.revisor.mn.gov/statutes/cite/136A.1794> Agricultural Educator Loan Repayment
<https://www.revisor.mn.gov/statutes/cite/136A.1791> Teacher Shortage Loan Repayment
<https://www.revisor.mn.gov/laws/2017/0/Session+Law/Chapter/89/-laws.2.36.0> LRAP of Minnesota
<https://www.revisor.mn.gov/statutes/cite/136A.1795> Large Animal Vet Loan Forgiveness
<https://www.revisor.mn.gov/statutes/cite/136A.246> PIPELINE Dual Training Grants
<https://www.revisor.mn.gov/statutes/cite/136A.1215> Grants for Students with Intellectual and Developmental Disabilities
<https://www.revisor.mn.gov/statutes/cite/136G.05> Minnesota 529 College Savings Program

Student Financial Aid

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	218,137	231,718	239,643	245,006	237,741	237,741	262,722	262,720
2000 - Restrict Misc Special Revenue	55	58	56	82	84	83	84	83
2001 - Other Misc Special Revenue		2,407	1,891	6,698	2,273	2,274	2,273	2,274
3000 - Federal	42	11	55	46	46	46	46	46
Total	218,234	234,193	241,644	251,832	240,144	240,144	265,125	265,123
Biennial Change				41,049		(13,188)		36,772
Biennial % Change				9		(3)		7
Governor's Change from Base								49,960
Governor's % Change from Base								10

Expenditures by Activity

Student Financial Aid	15,197	16,875	19,878	22,913	19,023	19,024	22,840	22,841
State Grants	193,047	203,071	212,230	213,192	209,343	209,343	230,507	230,505
Mn College Savings Program	55	58	56	82	84	83	84	83
Loan Forgiveness and Counseling	44	865	858	2,231	676	676	676	676
Interstate Tuition Reciprocity	9,891	13,325	8,622	13,414	11,018	11,018	11,018	11,018
Total	218,234	234,193	241,644	251,832	240,144	240,144	265,125	265,123

Expenditures by Category

Compensation	236	158	227	236	153	155	213	215
Operating Expenses	165	2,710	2,457	6,360	3,080	3,078	3,160	3,158
Grants, Aids and Subsidies	216,329	229,832	237,476	245,158	236,907	236,907	261,748	261,746
Other Financial Transaction	1,504	1,494	1,485	78	4	4	4	4
Total	218,234	234,193	241,644	251,832	240,144	240,144	265,125	265,123

Total Agency Expenditures	218,234	234,193	241,644	251,832	240,144	240,144	265,125	265,123
Internal Billing Expenditures	0	0		1	1	1	1	1
Expenditures Less Internal Billing	218,234	234,193	241,644	251,831	240,143	240,143	265,124	265,122

Full-Time Equivalents

2.12	1.58	2.35	2.57	1.65	1.65	2.15	2.15
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Student Financial Aid

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		8,277	2,800	4,865				
Direct Appropriation	219,406	228,706	243,547	240,216	240,216	240,216	263,380	263,378
Transfers In	1,800	6,314	2,271	2,415	15	15	1,832	1,832
Transfers Out	1,351	8,755	4,075	2,490	2,490	2,490	2,490	2,490
Cancellations		24	35					
Balance Forward Out	1,719	2,800	4,865					
Expenditures	218,137	231,718	239,643	245,006	237,741	237,741	262,722	262,720
Biennial Change in Expenditures				34,794		(9,167)		40,793
Biennial % Change in Expenditures				8		(2)		8
Governor's Change from Base								49,960
Governor's % Change from Base								11
Full-Time Equivalents	1.66	1.05	1.85	1.32	0.40	0.40	0.90	0.90

2000 - Restrict Misc Special Revenue

Balance Forward In	153	179	176	205	208	209	208	209
Receipts	81	55	85	85	85	85	85	85
Balance Forward Out	179	176	205	208	209	211	209	211
Expenditures	55	58	56	82	84	83	84	83
Biennial Change in Expenditures				26		29		29
Biennial % Change in Expenditures				23		21		21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.43	0.50	0.49	0.55	0.55	0.55	0.55	0.55

2001 - Other Misc Special Revenue

Balance Forward In		194	3,770	4,654	231	233	231	233
Transfers In	194	5,300	2,841	2,341	2,341	2,341	2,341	2,341
Transfers Out		166	66	66	66	66	66	66
Balance Forward Out	194	2,921	4,654	231	233	234	233	234
Expenditures		2,407	1,891	6,698	2,273	2,274	2,273	2,274
Biennial Change in Expenditures				6,181		(4,042)		(4,042)
Biennial % Change in Expenditures						(47)		(47)
Governor's Change from Base								0

Student Financial Aid

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents			0.01	0.67	0.67	0.67	0.67	0.67

3000 - Federal

Balance Forward In		0						
Receipts	42	11	55	46	46	46	46	46
Expenditures	42	11	55	46	46	46	46	46
Biennial Change in Expenditures				48		(9)		(9)
Biennial % Change in Expenditures				90		(9)		(9)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.03	0.03		0.03	0.03	0.03	0.03	0.03

Program: State Supplemental Loans

<http://www.selfloan.state.mn.us/> and <http://www.selfrefi.state.mn.us/>

AT A GLANCE

- Over 50,000 borrowers currently have loans through the SELF program, which offers low-interest loans for Minnesota residents or students enrolled at a Minnesota school, and owe nearly \$500 million.
- Over 900 borrowers currently have loans through the SELF Refi program, a low-interest student loan refinance program available to Minnesota residents, and owe nearly \$25 million.
- There is a \$100 million cap on the SELF Refi program.
- Seven full time employees work on the SELF and SELF Refi programs.

PURPOSE & CONTEXT

The Office of Higher Education offers the Student Educational Loan Fund (SELF) program to help finance postsecondary education with low-interest loans. The SELF program contributes to the agency's mission by supporting students in earning a higher education credential by providing loan funds to attend college. SELF Loans are not limited to people with certain income levels. Students are eligible as long as they meet minimum program requirements and have a cosigner.

The SELF Refi program is available to help Minnesota residents refinance their student loans by offering low interest rates and favorable repayment terms. A wide variety of people are able to use the loan as long as they meet program eligibility requirements.

SERVICES PROVIDED**SELF Program**

The SELF program provides loans to students and families to help pay for college. The SELF Loan is available to Minnesota residents attending a participating college nationwide, or a Minnesota resident or nonresident attending a college in Minnesota. The program provides money to students to cover the cost of attending college beyond what is available through scholarship and grant money. Students can choose either a fixed or variable rate. SELF interest rates as of August 1, 2018 are: 4.3% variable and 6.0% fixed.

Current activities of the SELF program:

- The Agency is in the process of proposing amendments to the Administrative Rules governing the SELF program. The proposed amendments are intended to provide more flexibility to respond to the needs of borrowers and co-signers, reduce default risk, and align statute and rule language.
- In 2016, the Agency hired an in-house attorney with delegated authority to assist with the collection of defaulted loans. This action has improved collection on defaulted loans and the goal is to eliminate the use of private collection agencies in 2019.

SELF Refi

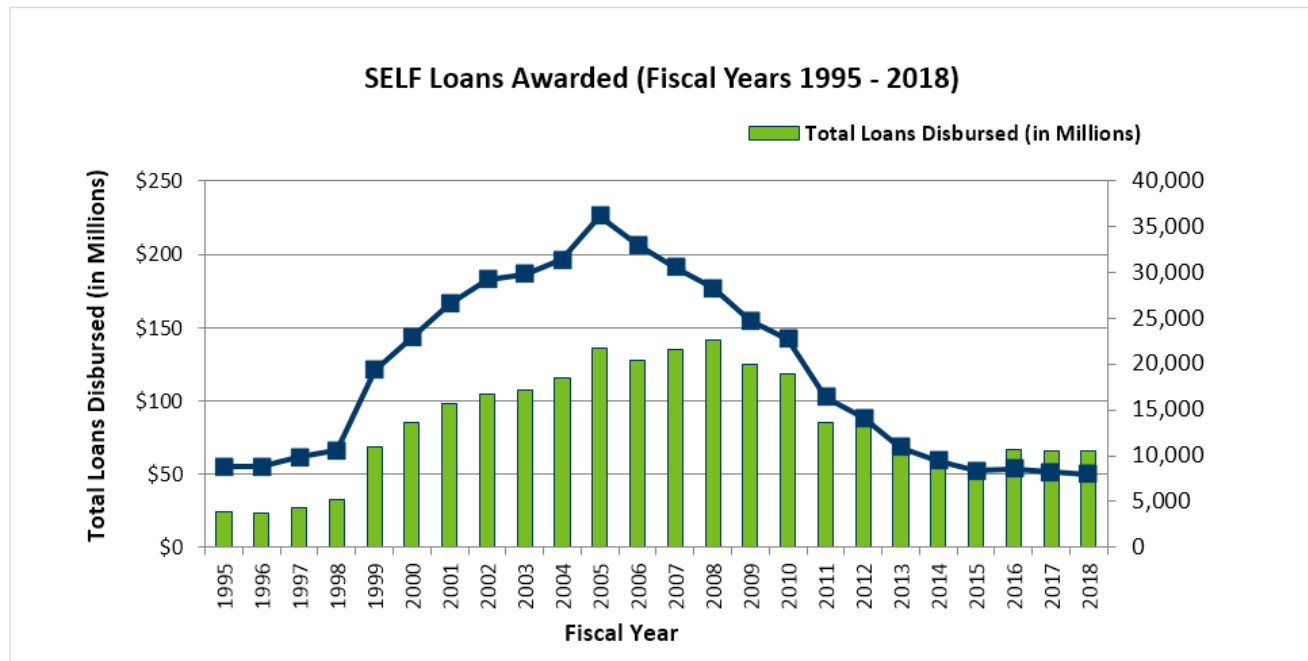
The SELF Refi program provides loans to help Minnesota residents refinance their postsecondary education debt. The SELF Refi Loan is available to Minnesota residents who have earned a credential, are currently employed, meet credit and debt-to-income requirements, and have at least \$10,000 in qualified education loans to refinance. There is also an option for a co-signed loan if the borrower does not qualify individually but meets minimum credit and debt-to-income requirements with a co-signer. The maximum SELF Refi loan is \$70,000. There are six different loan options based on loan term and type of interest rate. Rates range from 4.25% to

6.75% as of August 1, 2018. The debt-to-income ratio of the borrower and co-signer (if needed) determine which of the six options the borrower can select from. Current activities of the SELF Refi program:

- Various enhancements to the program are under consideration. Loan volume has declined since the launch of the program. The Agency is considering changes that would increase the number of Minnesota residents who can benefit from the program without a significant increase in the risk of default. The Agency has been moving cautiously with changes since it can take years to see trends in defaulted loans.

RESULTS

SELF Program



Source: Office of Higher Education

Quantity:

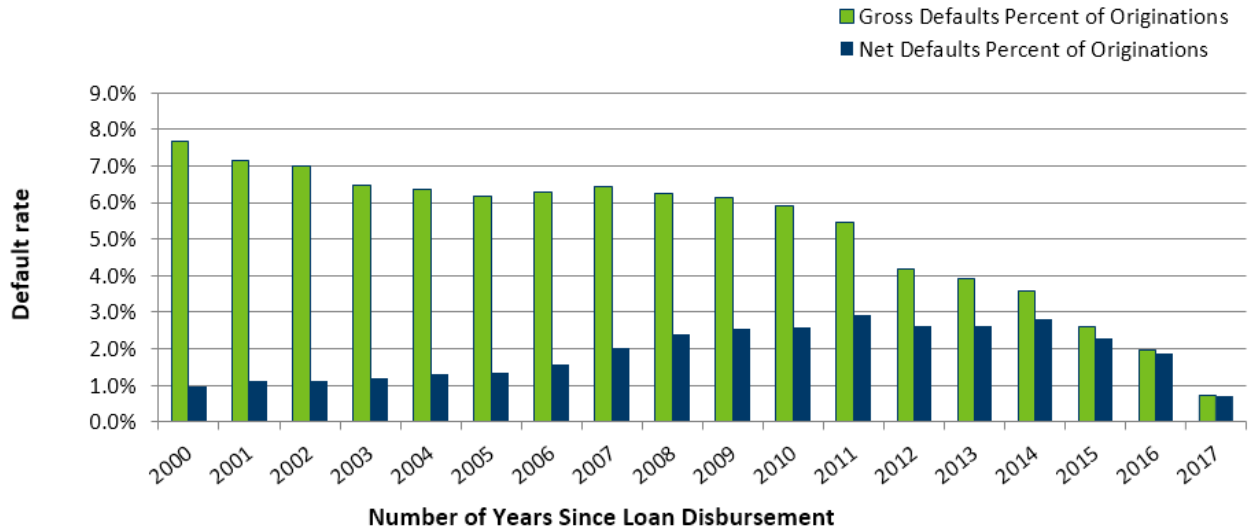
The number of SELF Loans and total dollars given to students was decreasing between 2009 and 2015; however, loan volume has been relatively stable the last three years. There are two primary reasons for the decrease:

- Loan volume increased in fiscal year 2016 as a result of increasing the loan limit from \$10,000 to \$20,000 for students enrolled in 4-year or graduate programs. Since the increase, the volume has remained stable.
- The federal government passed a law in 2008, which greatly restricts the ability of colleges to give students information about non-federal loans. Before this law was in place, colleges could give students information about the SELF Loan and the low interest rates available.
- The amount students could borrow through the SELF program was not keeping up with the cost of going to college. This means students borrow from private banks or other financial sources in order to get all the money they need from one place, even though it may cost them more in interest and fees.

Quality:

Gross defaults represent the loan balance at the time of default. The amount owed after payments have been made on the defaulted loans is the net default. Both the gross and net default rates for SELF loans are fairly low in comparison to other private loan programs.

SELF Loan Program Default Rates as of 2017



Source: Minnesota Office of Higher Education

Result:

We effectively collect money owed on defaulted loans resulting in net default rates of less than 3%. Low default rates help keep interest rates low for students, since people not repaying their loans is a program expense.

SELF Refi

Quantity:

The legislature limited the SELF Refi program to a maximum amount of \$100 million in loans outstanding. Currently, borrowers owe \$25 million dollars.

Quality:

The SELF Refi program provides a low-cost option to Minnesota residents who are looking to refinance their student loans to better manage their student debt by changing the interest rate, the interest rate type and/or the repayment term. Consumers can compare the SELF Refi rates to other refinancing products available through the federal government, other states, or private lenders to determine whether the SELF Refi Loan is beneficial for them.

Result:

The program is relatively new (2016) and will continue to be evaluated for its effectiveness and future enhancements. Loan volume will be evaluated annually.

M.S. 136A.1701 (<https://www.revisor.mn.gov/statutes/?id=136A.1701>) provides the legal authority for the SELF program.

M.S. 136A.1704 (<https://www.revisor.mn.gov/statutes/?id=136A.1704>) provides the legal authority for the SELF program.

State Supplemental Loans

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

8300 - Office Of Higher Education	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000
Total	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000
Biennial Change				(5,210)		19,240		19,240
Biennial % Change				(3)		11		11
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

State Supplemental Loans	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000
Total	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000

Expenditures by Category

Compensation	28	19						
Operating Expenses	5,689	4,385	4,835	5,000	5,000	5,000	5,000	5,000
Other Financial Transaction	92,200	73,650	70,925	90,000	90,000	90,000	90,000	90,000
Total	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000

Full-Time Equivalents

0.40	0.29							
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State Supplemental Loans

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
8300 - Office Of Higher Education								
Balance Forward In	148,473	128,634	137,449	177,222	177,222	177,222	177,222	177,222
Receipts	78,078	86,869	115,533	95,000	95,000	95,000	95,000	95,000
Balance Forward Out	128,634	137,449	177,221	177,222	177,222	177,222	177,222	177,222
Expenditures	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000
Biennial Change in Expenditures				(5,210)		19,240		19,240
Biennial % Change in Expenditures				(3)		11		11
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.40	0.29						

Program: Research, Policy, and Analysis<http://www.ohe.mn.us/>**AT A GLANCE**

- Provides research and analysis on postsecondary education for the Governor, the Minnesota Legislature, and the people of the State of Minnesota.
- Awarded \$748,000 in external grant funds in FY2017 for cross-agency collaborative projects.
- \$3,340,000 appropriated for diverse grant programs, ranging from Spinal Cord & Traumatic Brain Injury Grants to Concurrent Enrollment Grants in FY2018.

PURPOSE & CONTEXT

The Research, Policy and Analysis Division provides credible, politically neutral, research-based data, information and analysis on higher education. Research products are used to operate programs, develop and inform policies, and provide assistance to individuals, colleges, communities, and the state.

SERVICES PROVIDED

- Provides credible and timely analysis of state higher education enrollment, completions, and funding, including: college preparation and access, financing of higher education (student & state), student outcomes (credentials, debt, employment), and system/institutional performance.
- Leverages data and analysis to guide planning, administering and budgeting for Minnesota's state financial aid programs (e.g. Minnesota State Grant, Tuition Reciprocity).
- Serves as the lead agency for the Statewide Longitudinal Education Data System (SLEDs), which uses early childhood through postsecondary and workforce data to identify the most viable pathways for individuals to achieve successful outcomes in education and work. SLEDs data informs education and workforce policy and practice in Minnesota. SLEDs provides reports and data to high schools and colleges to inform planning and improvement at the local level.
- Engages in cross-agency, philanthropic and non-profit collaboration to broaden data and information available to Minnesotans.
- Manages collection of student enrollment and completion records from over 100 postsecondary education institutions operating in Minnesota.
- Develops and runs several grant programs created by the Minnesota Legislature (Equity in Attainment and Job Connection Grants, Spinal Cord & Traumatic Brain Injury Research Grants, and Concurrent Enrollment Grants).

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Quantity	Number of reports published	36	29	22	22	26	5
Quality	Number of external uses, citations, or quotes on Google Scholar	20	20	20	16	18	8
Results	Number of collaborative projects - grant dollars awarded to OHE	2 - \$0	4 - \$100,000	2 - \$0	3 - \$73,000	5 - \$748,000	5 - \$0

Type of Measure	Name of Measure	2013	2014	2015	2016	2017	2018
Results	Number of New Grantees (Organizations) - Grant dollars awarded	-	-	-	12-\$1,054,022	19-\$1,743,999	27-\$3,795,835
Quantity	Number of fiscal notes completed	19	26	43	24	12	7

Minnesota Statute 136A.01 provides the legal authority for OHE's Research, Policy & Analysis Services (<https://www.revisor.mn.gov/statutes/?id=136A.01>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<u>Expenditures by Fund</u>								
1000 - General	1,016	2,085	2,600	3,016	1,362	1,362	2,362	2,362
2000 - Restrict Misc Special Revenue	27	23	105	412	154		154	
2001 - Other Misc Special Revenue	63	165	457	4,664	3,177	2,977	3,177	2,977
2403 - Gift		13		30				
Total	1,106	2,286	3,161	8,122	4,693	4,339	5,693	5,339
Biennial Change			7,891		(2,251)		(251)	
Biennial % Change			233		(20)		(2)	
Governor's Change from Base							2,000	
Governor's % Change from Base							22	

Expenditures by Activity

Research Policy and Analysis	538	677	1,517	1,406	1,222	1,022	2,222	2,022
Miscellaneous Grant Programs	568	1,609	1,644	6,716	3,471	3,317	3,471	3,317
Total	1,106	2,286	3,161	8,122	4,693	4,339	5,693	5,339

Expenditures by Category

Compensation	323	237	247	195	203	217	355	369
Operating Expenses	223	289	929	1,008	969	862	1,817	1,710
Grants, Aids and Subsidies	560	1,761	1,986	6,919	3,521	3,260	3,521	3,260
Total	1,106	2,286	3,161	8,122	4,693	4,339	5,693	5,339

Total Agency Expenditures	1,106	2,286	3,161	8,122	4,693	4,339	5,693	5,339
Internal Billing Expenditures	2	0	16	15	15		15	
Expenditures Less Internal Billing	1,104	2,286	3,145	8,107	4,678	4,339	5,678	5,339

Full-Time Equivalents

3.62	2.64	2.65	2.29	2.23	2.23	3.23	3.23
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
1000 - General								
Balance Forward In		525	378	1,654				
Direct Appropriation	1,862	2,572	4,572	4,362	4,362	4,362	5,362	5,362
Transfers In		25	750					
Transfers Out	555	984	1,447	3,000	3,000	3,000	3,000	3,000
Cancellations		29						
Balance Forward Out	291	25	1,653					
Expenditures	1,016	2,085	2,600	3,016	1,362	1,362	2,362	2,362
Biennial Change in Expenditures				2,514		(2,892)		(892)
Biennial % Change in Expenditures				81		(51)		(16)
Governor's Change from Base								2,000
Governor's % Change from Base								73
Full-Time Equivalents	2.78	2.48	2.15	1.45	1.73	1.73	2.73	2.73

2000 - Restrict Misc Special Revenue

Balance Forward In		62	74	462	155	1	155	1
Receipts	88	35	493	105				
Balance Forward Out	62	73	462	155	1	1	1	1
Expenditures	27	23	105	412	154		154	
Biennial Change in Expenditures				467		(363)		(363)
Biennial % Change in Expenditures				934		(70)		(70)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.27	0.06	0.03					

2001 - Other Misc Special Revenue

Balance Forward In	92	64	60	1,507	193	216	193	216
Receipts	35	162	457	350	200		200	
Transfers In			1,447	3,000	3,000	3,000	3,000	3,000
Balance Forward Out	64	60	1,508	193	216	239	216	239
Expenditures	63	165	457	4,664	3,177	2,977	3,177	2,977
Biennial Change in Expenditures				4,892		1,033		1,033
Biennial % Change in Expenditures				2,142		20		20
Governor's Change from Base								0

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents	0.57	0.10	0.47	0.84	0.50	0.50	0.50	0.50

2403 - Gift

Balance Forward In		15	30	30		
Receipts	15	15				
Balance Forward Out	15	17	30			
Expenditures		13		30		
Biennial Change in Expenditures				17	(30)	(30)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						

Program: Postsecondary Access and Outreach

<http://www.minitex.umn.edu/> and <http://www.getready.state.mn.us/>

AT A GLANCE

- **Get Ready Program:** \$3.46M/year Federal grant, 20 FTEs. Programming associated with the recently renewed federal grant launches in September 2018. An estimated 47,000 students from low-income background and communities of color will receive services during the seven-year grant cycle.
- **Intervention for College Attendance Program (ICAP):** \$671,000/year in funding serving 3,760 students in grades six through 12, as well as postsecondary students.
- Over 60 million searches in the Electronic Library for Minnesota (**ELM**) in FY2018.
- **College Possible:** \$250,000/year in funding serving 7,362 high school and postsecondary students.
- **Minitex Resource Sharing** processed almost 355,000 requests.
- Receiving \$125,000/year, **Summer Academic Enrichment Program (SAEP)** provided awards to 899 students in summer 2017.
- **Student Parent Outreach:** The Summer Nudging program reached over 4,700 students this year. The program works in partnership with Minnesota State University Mankato, Anoka Technical College, Bemidji State University, Minnesota State University Moorhead, and Fond du lac Tribal and Community College.
- Users launched 60,608 sessions and viewed over 179,000 digital objects related to MN history and culture using **Minnesota Reflections**.
- **Campus Sexual Violence Prevention and Response Program:** \$175,000/year in funding to serve as a resource to postsecondary institutions to prevent and respond to sexual violence.

PURPOSE & CONTEXT

The Agency is charged in statute with reaching students from grades K-12 through adulthood with information about preparing and paying for college and postsecondary options. OHE outreach and access programs include Get Ready, the Intervention for College Awareness Program, Campus Sexual Violence Prevention and Response Program, Summer Academic Enrichment Program, College Possible, Minnesota Education Equity Partnership (MnEEP), and other programs such as MNLink/Minetex, Student Parent Outreach, and a Student Employer Connection Information System.

Get Ready, which receives federally funding through GEAR UP a grant, and \$180,000 annually in state funding, aims to increase the number of students from low-income backgrounds and communities of color who are graduating from high school, participating in postsecondary education, and successfully transitioning into a career pathway. The program builds high-need middle and high schools' capacity to deliver postsecondary readiness programming to students and their families, effectively utilize data to drive continuous improvement, and make the systemic changes necessary to sustain a culture of college-going.

The Intervention for College Attendance Program provides competitive grants to postsecondary institutions, professional organizations, community-based organizations, or other service providers to strengthen student preparation and aptitude for postsecondary success.

The Summer Academic Enrichment Program provides funding of up to \$1,000 per participant for students in grades three through 11 to attend an academically-enriched summer program.

The mission of Minitex services, including MNLINK and the ELM (Electronic Library for Minnesota), is to provide statewide support functions to assist academic, public, state government, school and special libraries. Minitex is an information and resource sharing program of the Minnesota Office of Higher Education and the University of Minnesota Libraries. It leverages the resources from 2,200 participating institutions to provide direct benefits to students, educators, library staff, and the general public. It reduces costs for local libraries and reaches residents in every community in the state, providing access to information, educational resources, and ebooks throughout Greater Minnesota, leveling the playing field for those with less access to quality resources.

The Campus Sexual Violence Prevention and Response Program provides technical assistance and content expertise to campuses throughout Minnesota on sexual violence prevention and response. The program also creates and facilitates a network of practitioners in Minnesota that do sexual violence prevention and response work. Additionally, resources and tools are created and shared with campuses as well as the general public around campus sexual violence.

The Student Parent Outreach initiatives provide a range of services from publishing information and conducting presentations on postsecondary access and finance to launching a Summer Nudging program designed to help college-bound students successfully enter into college in the immediate fall following high school graduation (preventing "summer melt") by sending weekly text messages, or "nudges." Data shows that one in five college bound students fail to matriculate in the fall following high school graduation. The Summer Nudging program reached over 1,800 students at 300 high schools in Minnesota last year

SERVICES PROVIDED

Get Ready employs a comprehensive approach, serving 6th-12th grade students, their families, and the educators that support their learning. The following represent Get Ready's core interventions:

- *Postsecondary Pathways Curriculum*: Get Ready's research-based, student-led exploration of personal and social identity, individual skills and interests, learning techniques for academic success, career choices, and options for extending the education process beyond high school. Students receive 25 lessons per year.
- *Postsecondary Pathways Counseling*: Students receive one-on-one and small group assistance with academic planning, goal setting, exploring college and career options, financing a postsecondary education, and completing the college application process.
- *Postsecondary Pathways Field Experiences*: Students participate in college visits, job shadowing, internships, service learning, and academic enrichment activities offered in collaboration with Get Ready's community partners.
- *Parent Empowerment Initiatives*: Parents receive the necessary information, tools, and strategies to support their children during the postsecondary planning process via one-to-one advising, seminars, and culturally-specific workshops.
- *Professional Development for Educators*: School staff receive training and technical support related to postsecondary readiness best practices, effective data utilization, equity mindsets, leading change, and resource management.

Intervention for College Attendance Program (ICAP) - grants provide secondary and college students with the following services:

- Academic counseling, and mentoring
- Fostering and improving parental involvement in planning for and facilitating a college education
- Services for students with English as a second language
- Academic enrichment activities and tutoring
- Career awareness and exploration
- Assistance with high school course selection
- Information about college admission requirements, financial aid counseling, and orientation to college life

Minnesota Minority Education Equity Partnership (MnEEP) – OHE serves as the fiscal agent for an annual pass-through state appropriation of \$45,000 to help fund MnEEP operations and activities. MnEEP was founded to increase the success of students of color and American Indian students in Minnesota schools, colleges, and universities. MnEEP achieves its mission by researching race equity in Minnesota education and fostering collaborative efforts between students, parents, and educators to better align the Minnesota education system with communities of color.

College Possible - Twin Cities - OHE serves as the fiscal agent for a \$250,000 annual pass-through state appropriation. College Possible's mission is to help capable low-income students become college graduates.

MNLINK - the online discovery and interlibrary loan portal for libraries, provides access to materials across the region. MNLINK provides 24/7 access to request books, articles, media and other physical or online resources.

- ELM, the Electronic Library for Minnesota, is an electronic collection of research and information databases that Minnesotans can access 24/7. Schools and libraries can directly link to ELM at no charge.

Minitex - provides overnight delivery of physical materials to participating libraries, including delivery to the state's residents from the University of Minnesota's library collections.

- Through Resource Sharing, 350,000 interlibrary loan requests were processed, 75,000 articles were delivered directly to patrons online, and approximately 121,650 physical and electronic delivery requests from the University of Minnesota's library were filled.
- Over 265,000 items from Minnesota's history and culture are findable and preserved through the Minnesota Digital Library's primary service, Minnesota Reflections. This service has helped 180 libraries, museums, historical societies, and other Minnesota organizations digitize their collections and host them online and share the objects with the Digital Public Library of America.
- The newest service is Ebooks Minnesota, a collection of ebooks for academic, public, and school libraries. The collection launched with over 2,500 titles in February 2016, and since then, 27,000 state residents have read 36,000 titles.
- Through AskMN, online reference librarians answer students' and professors' questions and help them locate educational materials.
- Group discounts are negotiated for online databases, information resources, library supplies, and training opportunities.
- Professional education opportunities are provided for library staff, K12 school students, and the general public.
- Minnesota Library Access Center (MLAC) is a long-term, underground storage facility and makes 1.5 million volumes from 21 libraries available upon request. To date it has circulated 16,942 volumes.

The Campus Sexual Violence Prevention and Response program serves as a resource to all postsecondary institutions in Minnesota providing professional development and trainings, guidance on best practices, hosting community listening sessions, and providing materials to institutions. The program also provides guidance for fulfilling the requirements delineated in the Postsecondary Education Sexual Harassment and Violence Policy (Minnesota Statute 135A.15) as well as oversees the statewide campus sexual assault reporting required under Minnesota Statutes 135A.15.

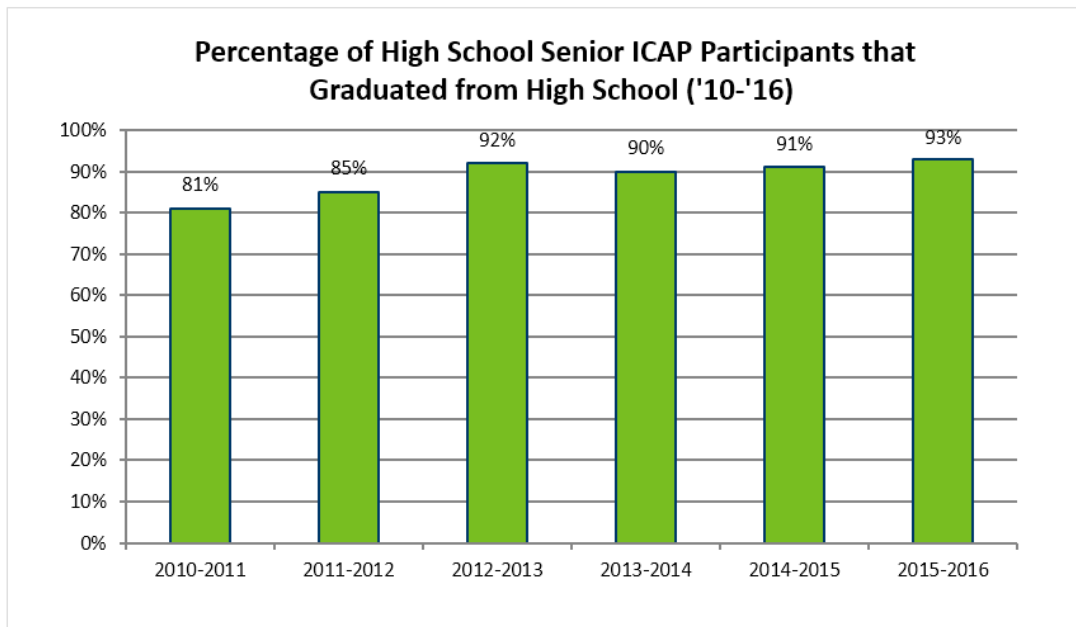
A grant of \$405,000 a year was provided to the Minnesota Chamber Foundation for the creation of a web-based app. This job and intern-seeking online tool blind matches the needs of employers located in Minnesota with the individual profiles of high school seniors and postsecondary students attending Minnesota high schools and postsecondary institutions. It was named the **Student and Employer Connection Information System**.

RESULTS

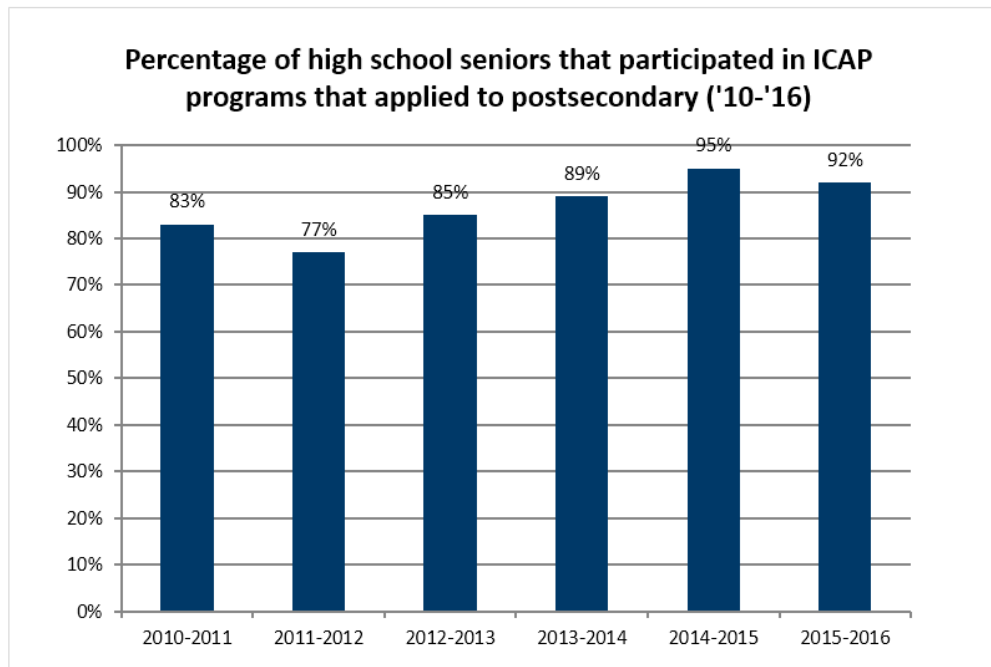
GET READY Direct Service Indicators

12th Grade	2015-16 Program Participants	2016-17 Program Participants
College Enrollment (Total)	66%	67%
College Enrollment (4-year College)	55%	59%
College Enrollment (2-year College)	45%	41%
12 th Grade FAFSA/Dream Act Completion	83%	97%
ACT Participation	Not Available	72%
College plan immediately after high school	Not Available	83%

Intervention for College Attendance Program



Outcomes: High school graduation rates are higher than the state's average (82.5% in 2016).



Outcomes: ICAP participants are applying for college at an increasing rate.

Minitex

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Requests created by MN residents using the MNLINK	456,559	484,037	2017 & 2018
Quantity	Delivery items shipped	517,506	540,494	2017 & 2018
Quantity	Reference questions answered online through AskMN	32,231	37,257	2017 & 2018
Quantity	ELM searches by MN resident for articles, references sources, and full text documents	67,000,000	60,277,210	2017 & 2018
Quantity	Number of unique digital object representing Minnesota's history & culture in MN Reflections	266,083	273,585	2017 & 2018

All numbers are from data tracking systems including Online Computer Library Center (OCLC). In the case of electronic delivery, the data comes from vendor system statistics. Resource Sharing numbers come from software programs, including Ex Libris Aleph, Agent ILL, OCLC Worldshare, and VDX.

Minnesota Statute 136A.01 provides the legal authority for OHE's Postsecondary and Outreach Services (<https://www.revisor.mn.gov/statutes/?id=136A.01>)

Postsecondary Access and Outreach

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	7,665	9,869	8,147	8,212	7,853	7,853	7,741	7,741
2000 - Restrict Misc Special Revenue			2	5	5	5	5	5
3000 - Federal	3,878	3,383	2,568	3,490	4,325	4,325	4,325	4,325
Total	11,543	13,252	10,717	11,707	12,183	12,183	12,071	12,071
Biennial Change				(2,371)		1,942		1,718
Biennial % Change				(10)		9		8
Governor's Change from Base								(224)
Governor's % Change from Base								(1)

Expenditures by Activity

Access Programs	11,396	12,599	10,137	10,836	11,456	11,456	11,749	11,749
Outreach Programs	147	653	572	779	677	677	272	272
Training			8	92	50	50	50	50
Total	11,543	13,252	10,717	11,707	12,183	12,183	12,071	12,071

Expenditures by Category

Compensation	1,829	1,637	1,535	1,797	1,896	1,946	1,896	1,946
Operating Expenses	2,077	2,114	533	2,388	2,896	2,846	2,896	2,846
Grants, Aids and Subsidies	7,637	9,500	8,649	7,522	7,391	7,391	7,279	7,279
Total	11,543	13,252	10,717	11,707	12,183	12,183	12,071	12,071

Total Agency Expenditures	11,543	13,252	10,717	11,707	12,183	12,183	12,071	12,071
Internal Billing Expenditures	159	194	157	241	240	240	240	240
Expenditures Less Internal Billing	11,384	13,058	10,560	11,466	11,943	11,943	11,831	11,831

<u>Full-Time Equivalents</u>	23.48	20.98	18.25	23.39	23.30	23.30	23.30	23.30
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Postsecondary Access and Outreach

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		208		359				
Direct Appropriation	7,273	7,773	7,853	7,853	7,853	7,853	7,741	7,741
Transfers In	600	1,963	654					
Cancellations		75						
Balance Forward Out	208		360					
Expenditures	7,665	9,869	8,147	8,212	7,853	7,853	7,741	7,741
Biennial Change in Expenditures				(1,175)		(653)		(877)
Biennial % Change in Expenditures				(7)		(4)		(5)
Governor's Change from Base								(224)
Governor's % Change from Base								(1)
Full-Time Equivalents	2.40	2.85	1.24	3.11	3.10	3.10	3.10	3.10

2000 - Restrict Misc Special Revenue

Balance Forward In	49	49	49	47	42	37	42	37
Balance Forward Out	49	49	47	42	37	32	37	32
Expenditures			2	5	5	5	5	5
Biennial Change in Expenditures				7		3		3
Biennial % Change in Expenditures						47		47
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.03	0.10	0.10	0.10	0.10	0.10

3000 - Federal

Balance Forward In	0	0	0					
Receipts	3,878	3,382	2,568	3,490	4,325	4,325	4,325	4,325
Expenditures	3,878	3,383	2,568	3,490	4,325	4,325	4,325	4,325
Biennial Change in Expenditures				(1,203)		2,592		2,592
Biennial % Change in Expenditures				(17)		43		43
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.08	18.13	16.98	20.18	20.10	20.10	20.10	20.10

Program: OHE Administration

School Licensure & Registration www.ohe.state.mn.us/mPg.cfm?pageID=197

Financial Reports <http://www.ohe.state.mn.us/investors/financialStatements.cfm>

Publications <http://www.ohe.state.mn.us/sPages/pubsGR.cfm>

AT A GLANCE

- Support the operation of seven financial aid programs.
- Provide leadership, supervision and support functions for 64 full-time employee staff.
- Provide information through websites and publications on higher education and college planning.
- Register higher education providers to operate in Minnesota.

PURPOSE & CONTEXT

Administrative services provide management, leadership, and administrative support to further the Agency's mission to advance the promise of higher education to all Minnesotans and provide critical information to make higher education decisions.

Primary customers include: students, postsecondary institutions, the Governor's Office, legislators, Minnesota Management and Budget, vendors, media and our internal staff.

SERVICES PROVIDED

- The Commissioner advises the Governor on higher education policy and works closely with the legislature to develop postsecondary education policies. The Deputy Commissioner oversees our day-to-day operations.
- Financial Services provides accounting, auditing, budgeting, and purchasing services as well as revenue bond management.
- Regulatory Services protects consumers by licensing and registering private degree and non-degree institutions to:
 - Ensure that schools operating in MN, or providing education to Minnesotans, meet quality standards
 - Monitor school compliance to MN statutes and degree standards
 - Provide information and assist students to resolve disputes with schools
 - Consumer complaints are accepted, reviewed and investigated by the Student Consumer Advocate
 - When necessary our office will assist a school with revision of programs, or the closing of an entire school
- Human Resources ensures that we have qualified staff to operate programs and provide services.
- Communications and Outreach convey information about preparing, choosing and paying for college to thousands of students each year, through web sites, publications, presentations and social media. The Summer Nudging program, which helps first-year college students prepare for their freshmen year, has nearly quadrupled since last year, and new collaborative efforts between OHE and the Get Ready grant program are maximizing federal funds to reach more students. Communications handles proactive and reactive media relations and serves as the public relations arm of the agency.
- The Midwest Higher Education Compact (MHEC) is a statutorily created interstate compact whose core functions are cost savings, student access and success, policy research and analysis. They operate the State Authorization Reciprocity Agreement (SARA) for institutions offering online instruction. OHE receives an annual appropriation of \$115,000 for payment of membership dues to the MHEC.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	No material findings in Certified Audited Financial Statements –Meeting accounting standards	100%	100%	2011 & 2015
Quantity	Summer Nudging participants	275	1200	2015 & 2016
Quantity	Total number of SARA institutions	44	57	2016 & 2018
Quantity	Total number of Private and Out-of-State Public Postsecondary Education Schools Registered Annually	174	81	2016 & 2018
Quantity	Total number of Private Career Schools Licensed	134	105	2016 & 2018

Minnesota Statute 136A.01 provides the legal authority for OHE’s Administration Services (<https://www.revisor.mn.gov/statutes/?id=136A.01>)

Minnesota Statute 136A.658 authorize OHE to enter into reciprocity agreements and to exempt participating out-of-state institutions from the Minnesota Private and Out-of-State Public Postsecondary Education Act.

Minnesota Statutes 136A.61 to 136A.71 – Minnesota Private and Out-of-State Public Postsecondary Education Act provides the legal authority for the registration of private degree granting institutions in Minnesota, out-of-state private institutions and out-of-state public institutions that provide classes, programs or degrees to Minnesota residents. This includes programs offered by distance education/online institutions.

Minnesota Statutes 136A.82 to 136A.834 – Minnesota Private Career School Act provides the legal authority for the Licensure of non-degree- granting private career schools in Minnesota.

Minnesota Statutes 136A.171 to 136A.187 provides the legal authority for the issuance of student loan revenue bonds.

OHE Administration

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,055	2,970	2,608	5,432	4,030	4,030	4,530	4,280
2000 - Restrict Misc Special Revenue	810	959	1,014	831	800	810	800	810
8300 - Office Of Higher Education	6,728	6,238	5,864	7,355	7,318	7,307	7,318	7,307
Total	9,592	10,168	9,486	13,618	12,148	12,147	12,648	12,397
Biennial Change				3,343		1,191		1,941
Biennial % Change				17		5		8
Governor's Change from Base								750
Governor's % Change from Base								3

Expenditures by Activity

OHE Administration Activities	9,064	9,491	8,736	13,092	11,637	11,630	12,137	11,880
PIR/PCS Licensure	528	678	750	526	511	517	511	517
Total	9,592	10,168	9,486	13,618	12,148	12,147	12,648	12,397

Expenditures by Category

Compensation	2,928	3,658	3,616	3,842	4,065	4,143	4,185	4,263
Operating Expenses	6,643	6,490	5,865	9,089	8,017	8,003	8,397	8,133
Grants, Aids and Subsidies	15	13	5					
Capital Outlay-Real Property				640	36		36	
Other Financial Transaction	7	7	0	47	30	1	30	1
Total	9,592	10,168	9,486	13,618	12,148	12,147	12,648	12,397

Total Agency Expenditures	9,592	10,168	9,486	13,618	12,148	12,147	12,648	12,397
Internal Billing Expenditures	31	45	52	23	23	23	23	23
Expenditures Less Internal Billing	9,561	10,124	9,434	13,595	12,125	12,124	12,625	12,374

Full-Time Equivalents

32.10	38.51	38.23	39.87	40.55	40.55	41.55	41.55
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OHE Administration

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		511		1,409				
Direct Appropriation	2,527	2,564	4,064	4,070	4,077	4,077	4,577	4,327
Transfers In	20	20						
Transfers Out	26	47	47	47	47	47	47	47
Cancellations		78						
Balance Forward Out	466		1,409					
Expenditures	2,055	2,970	2,608	5,432	4,030	4,030	4,530	4,280
Biennial Change in Expenditures				3,015		20		770
Biennial % Change in Expenditures				60		0		10
Governor's Change from Base								750
Governor's % Change from Base								9
Full-Time Equivalents	15.50	19.02	17.01	19.59	19.85	19.85	20.85	20.85

2000 - Restrict Misc Special Revenue

Balance Forward In	2,827	2,772	2,488	2,091	1,989	1,918	1,989	1,918
Receipts	755	652	617	729	729	729	729	729
Internal Billing Receipts	193	239	193	317	317	317	317	317
Balance Forward Out	2,772	2,464	2,091	1,989	1,918	1,837	1,918	1,837
Expenditures	810	959	1,014	831	800	810	800	810
Biennial Change in Expenditures				75		(235)		(235)
Biennial % Change in Expenditures				4		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.08	6.69	7.21	5.64	5.30	5.30	5.30	5.30

8300 - Office Of Higher Education

Balance Forward In	7,468	3,140	2,424	2,388	2,325	2,320	2,325	2,320
Receipts	2,506	5,528	6,205	7,328	7,341	7,354	7,341	7,354
Transfers Out	147	32	379	36	28	28	28	28
Balance Forward Out	3,100	2,398	2,388	2,325	2,320	2,339	2,320	2,339
Expenditures	6,728	6,238	5,864	7,355	7,318	7,307	7,318	7,307
Biennial Change in Expenditures				253		1,406		1,406
Biennial % Change in Expenditures				2		11		11

OHE Administration

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.52	12.80	14.01	14.64	15.40	15.40	15.40	15.40

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
US Department of Education CFDA#84.334S	GEAR UP: An intervention program that works with low-income students and those under-represented in postsecondary education to prepare them for education after high school. The program serves students in 5th through 12th grade. The program has a dollar for dollar matching requirement, in cash or in-kind – the match includes both state resources and resources from partner schools.	Yes	1,790	3,460	4,325	4,325	Yes	20.1
US Department of Education CFDA#84.367B	Improving Teacher Quality State Grant Program: An annual award for state administered grants allowing institutions of higher education to conduct K-12 teacher professional development in core academic areas. FY2019 is the last year of the program.	No	778	30	0	0	No	.08
	Program Total – Postsecondary Access and Outreach		2,568	3,490	4,325	4,325		20.18
US Department of Education CFDA#84.176	Paul Douglas Repayment Program: Teacher Collection of Loan Repayment funds from 1 student each year that did not complete the teaching obligation under this program (which stopped taking new participants in FY 1996).	No	19	4	4	4	No	0
US Department of Justice CFDA#16.81	John R. Justice Student Loan Repayment Grant Program provides awards to 32 public prosecutors and defenders each year. In FY2012, Minnesota received approximately \$140,000. The grant award was reduced to \$63,000 for FY2013 due to federal budget cuts.	No	36	42	42	42	No	.03
	Program Total – Student Financial Aid		55	46	46	46		.03
	Federal Fund – Agency Total		2,623	3,536	4,372	4,372		20.21

Narrative

1. GEAR UP is a discretionary grant program that is designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. The program achieves this by delivering college and career readiness programming directly to students and families, engaging in targeted community outreach, and creating systemic change within its partner schools. Minnesota received its fourth 6-year GEAR UP grant beginning with FY2019.

2. The Improving Teacher Quality Program, Title II, Part A of the No Child Left Behind Act, supports competitive grants to postsecondary institutions to increase K-12 student academic achievement through improving the effectiveness of classroom instruction. Grants support sustained high-quality professional development for teachers in mathematics, science, history, geography, civics/government, and economics. The program was not a part of the reauthorization of the Elementary and Secondary Education act and funding ends September 30, 2018.
3. John R. Justice (JRJ) Grant Program provides loan repayment assistance for public defenders and prosecutors who commit to continued employment as public defenders and prosecutors. The program intends to encourage lawyers to pursue public service careers and retain them as prosecutors and public defenders. Minnesota received its first JRJ award in Federal Fiscal Year 2010.