

# Table of Contents

## Minnesota Office of Higher Education

Agency Profile .....	1
Agency Expenditure Overview .....	3
Agency Financing by Fund .....	5
Agency Change Summary .....	8
<b><u>Change Item(s)</u></b> .....	<b>10</b>
<i>Minnesota State Grant Simplification and Federal Conformity</i> .....	10
<i>Increase Living and Miscellaneous Expense for Minnesota State Grant</i> .....	17
<i>Maintain Current Service Levels</i> .....	20
<i>Maintaining Statewide Longitudinal Education Data System &amp; Early Childhood Longitudinal Data System</i> ...	22
<i>Tribal College Supplemental Grant Assistance Program</i> .....	26
<i>Student Parent Support Initiative</i> .....	29
<i>Director of Tribal Relations, Public Engagement and Equal Opportunity</i> .....	32
<i>P-20 Partnership Executive Director</i> .....	35
<i>Emergency Assistance for Postsecondary Students</i> .....	38
<i>Direct Admissions Minnesota</i> .....	41
<i>Transparent Pathway to Academic Credit for Child Development Associate® Credential Holders</i> .....	46
<i>Underrepresented Student Teacher Grants Increase</i> .....	48
<i>Expanded Uses of the Dual Training Competency Grant and Dual-Training Pipeline Program</i> .....	51
<i>Grants to Student Teachers in Shortage Areas Increase</i> .....	54
<i>Teacher Shortage Loan Repayment Program Increase</i> .....	56
<i>Next Generation Nursing Assistant Training Program</i> .....	58
<i>Minnesota American Indian Scholars Program</i> .....	60
<i>Sustaining and Expanding Intervention for College Attendance Program</i> .....	63
<i>Loan Repayment Assistant Program</i> .....	67
<i>Minitex Online Library Health and Nursing Resources</i> .....	74
<i>Legalizing Adult-Use Cannabis</i> .....	77
<b><u>Program</u></b> .....	<b>82</b>
<b>Student Financial Aid Services</b> .....	<b>82</b>
<i>Program Narrative</i> .....	82
Program Expenditure Overview .....	89
Program Financing by Fund .....	90
<b><u>Program</u></b> .....	<b>92</b>
<b>State Supplemental Loans</b> .....	<b>92</b>
<i>Program Narrative</i> .....	92
Program Expenditure Overview .....	95
Program Financing by Fund .....	96
<b><u>Program</u></b> .....	<b>97</b>
<b>Research, Policy, and Analysis</b> .....	<b>97</b>
<i>Program Narrative</i> .....	97
Program Expenditure Overview .....	99
Program Financing by Fund .....	100
<b><u>Program</u></b> .....	<b>102</b>
<b>Postsecondary Access and Outreach</b> .....	<b>102</b>

<i>Program Narrative</i> .....	102
Program Expenditure Overview .....	106
Program Financing by Fund .....	107
<b><u>Program</u></b> .....	109
<b>OHE Administration</b> .....	109
<i>Program Narrative</i> .....	109
Program Expenditure Overview .....	111
Program Financing by Fund .....	112
<b><u>Additional Documents</u></b> .....	114
<i>Federal Funds Summary</i> .....	114

**AT A GLANCE**

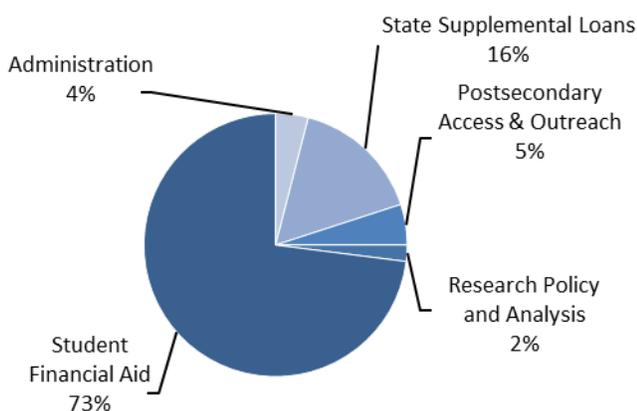
- OHE’s 69 full-time employees efficiently and effectively administers 25 financial aid and grant programs, manage low-interest rate in-school student loan and refinance programs, provide consumer protection by licensing and registering postsecondary institutions, and run numerous outreach and access programs – all contributing to the agency’s goal of supporting the pursuit and completion of a higher education credential by every Minnesotan.
- Minnesota State Grant program, the largest of OHE’s student financial aid programs, provided need-based financial aid to 71,889 students and awarded \$201M in FY2021.
- SELF Loan Program disbursed \$53.4M in low interest loans to 5,920 low-income students in FY2021.
- Protects consumers by registering and licensing 190 post-secondary institutions in Minnesota.
- Minnesota Indian Scholarship served 761 students and awarded \$2.59M in FY21
- Published 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 \$4.48M/year, and providing resources and college attainment education to low-income middle and high school students.
- Minnesota 529 College Savings Plan supports 80,397 active accounts 45,405 account holders, and \$1.8B 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.

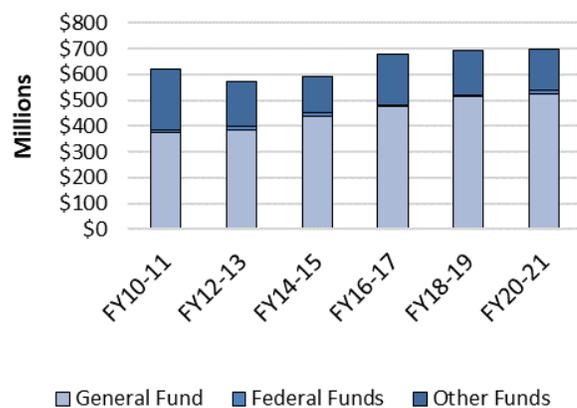
**BUDGET**

**Spending by Category  
FY 2021 Actual**



Source: Budget Planning & Analysis (BPAS)

**Historical Spending**



Source: Consolidated Fund Statement  
"Other Funds" includes the Office of Higher Education Loan Capital fund and Special Revenue Funds.

## STRATEGIES

- **Financial aid administration:** OHE administers numerous financial aid programs, including the State Grant, Child Care Grants, Work Study, American Indian Scholarships, Occupational Scholarships, Dual Training, 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, community stakeholders, and other policy leaders with objective information about postsecondary enrollment, attainment, finance, and accountability. We provide leadership and staffing for the Statewide Longitudinal Education Data System (SLEDS) and facilitate sustainability of the Early Childhood Longitudinal Education Data System (ECLDS), which leverages data from birth/early childhood, K-12 education, postsecondary education, workforce training and employment. SLEDS and ECLDS provide data to inform early care, education and workforce policy and practice in Minnesota.
- **Consumer protection:** We register or license approximately 190 private and 80 exempt non-profit and for-profit postsecondary institutions and oversee 62 institutions participating in state authorization reciprocity. In 2021, we began a database and electronic application modernization project that includes automation of renewal notifications, outstanding application material notifications, and monitoring requirements. In 2020, we passed new statutory authority to monitor institutions for financial and administrative risk to students (poor program outcomes, closure, etc). OHE is working to develop new processes and measures with stakeholders to carry out this initiative.
- **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 for future postsecondary education expenses in tax-advantaged accounts.
- **Get Ready:** Get Ready is a college and career preparation program funded by the GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) grant through the U.S. Department of Education. The program is funded for \$4.48M/year up to seven years. The state of Minnesota 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 are significant barriers to postsecondary enrollment and completion. Through evidence-based postsecondary readiness interventions, Get Ready is working to eliminate these inequities by equipping schools, students, and families with the necessary information, skills, tools, and strategies to drive better outcomes. Get Ready is also committed to bridging partnerships between community organizations, colleges and the workforce to ensure sustainability for 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/cite/136G>) provides legal authority for the Minnesota College Savings Plan.

M.S. 136A.61 – 82 (<https://www.revisor.mn.gov/statutes/cite/136A.821>) provides legal authority for OHE's licensing and registration services.

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<b><u>Expenditures by Fund</u></b>								
1000 - General	257,996	269,386	260,247	298,746	267,607	267,607	335,478	326,341
2000 - Restrict Misc Special Revenue	1,242	1,093	2,712	1,790	1,589	1,341	1,589	1,341
2001 - Other Misc Special Revenue	8,012	8,578	8,015	13,034	5,760	5,760	7,060	7,060
2403 - Gift				3				
3000 - Federal	3,995	9,078	7,557	7,146	4,532	4,532	4,532	4,532
3015 - ARP-State Fiscal Recovery			8,679	30,721				
8300 - Office Of Higher Education	74,172	64,638	73,632	102,129	102,453	102,537	102,453	102,537
<b>Total</b>	<b>345,417</b>	<b>352,772</b>	<b>360,841</b>	<b>453,569</b>	<b>381,941</b>	<b>381,777</b>	<b>451,112</b>	<b>441,811</b>
Biennial Change				116,221		(50,692)		78,513
Biennial % Change				17		(6)		10
Governor's Change from Base								129,205
Governor's % Change from Base								17

**Expenditures by Program**

Student Financial Aid Services	247,404	256,167	259,379	298,658	255,331	255,331	312,198	304,527
State Supplemental Loans	68,628	58,056	66,499	96,100	96,100	96,100	96,100	96,100
Research, Policy, and Analysis	7,718	8,032	6,739	29,174	5,357	5,357	13,049	12,564
Postsecondary Access and Outreach	11,646	17,575	16,494	16,938	12,911	12,911	15,261	14,036
OHE Administration	10,021	12,943	11,730	12,699	12,242	12,078	14,504	14,584
<b>Total</b>	<b>345,417</b>	<b>352,772</b>	<b>360,841</b>	<b>453,569</b>	<b>381,941</b>	<b>381,777</b>	<b>451,112</b>	<b>441,811</b>

**Expenditures by Category**

Compensation	6,593	6,890	7,415	9,517	9,302	9,609	10,707	11,251
Operating Expenses	14,853	15,797	16,578	18,280	15,442	14,973	17,776	17,329
Grants, Aids and Subsidies	257,569	272,858	273,637	334,763	266,192	266,190	331,624	322,226
Other Financial Transaction	66,401	57,227	63,210	91,009	91,005	91,005	91,005	91,005
<b>Total</b>	<b>345,417</b>	<b>352,772</b>	<b>360,841</b>	<b>453,569</b>	<b>381,941</b>	<b>381,777</b>	<b>451,112</b>	<b>441,811</b>

Total Agency Expenditures	345,417	352,772	360,841	453,569	381,941	381,777	451,112	441,811
Internal Billing Expenditures	316	152	346					
<b>Expenditures Less Internal Billing</b>	<b>345,101</b>	<b>352,620</b>	<b>360,495</b>	<b>453,569</b>	<b>381,941</b>	<b>381,777</b>	<b>451,112</b>	<b>441,811</b>

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<b><u>Full-Time Equivalents</u></b>	66.57	65.13	67.79	84.01	79.79	79.79	97.09	97.09

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<b>1000 - General</b>								
Balance Forward In	330	11,246		7,121				
Direct Appropriation	269,133	268,883	271,702	296,714	272,696	272,696	341,867	332,730
Transfers In	2,365	670	1,375	625	625	625	1,125	1,125
Transfers Out	7,750	6,783	5,707	5,714	5,714	5,714	7,514	7,514
Cancellations	53	4,629						
Balance Forward Out	6,029		7,123					
<b>Expenditures</b>	<b>257,996</b>	<b>269,386</b>	<b>260,247</b>	<b>298,746</b>	<b>267,607</b>	<b>267,607</b>	<b>335,478</b>	<b>326,341</b>
Biennial Change in Expenditures				31,611		(23,779)		102,826
Biennial % Change in Expenditures				6		(4)		18
Governor's Change from Base								126,605
Governor's % Change from Base								24
Full-Time Equivalents	24.71	25.39	24.62	29.01	27.84	27.84	44.89	44.89

**2000 - Restrict Misc Special Revenue**

Balance Forward In	2,207	2,520	2,447	2,049	1,256	733	1,256	733
Receipts	1,519	945	2,324	1,010	1,079	1,079	1,079	1,079
Internal Billing Receipts	316	152	346	300	300	300	300	300
Transfers Out			11	13	13	13	13	13
Balance Forward Out	2,484	2,372	2,049	1,256	733	458	733	458
<b>Expenditures</b>	<b>1,242</b>	<b>1,093</b>	<b>2,712</b>	<b>1,790</b>	<b>1,589</b>	<b>1,341</b>	<b>1,589</b>	<b>1,341</b>
Biennial Change in Expenditures				2,167		(1,572)		(1,572)
Biennial % Change in Expenditures				93		(35)		(35)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.55	4.98	6.11	7.70	5.65	5.65	5.65	5.65

**2001 - Other Misc Special Revenue**

Balance Forward In	7,151	7,884	10,060	7,824	440	330	440	330
Receipts	206	391	129					
Transfers In	5,846	5,846	5,846	5,846	5,846	5,846	7,171	7,171
Transfers Out	196	196	196	196	196	196	221	221
Balance Forward Out	4,994	5,347	7,824	440	330	220	330	220
<b>Expenditures</b>	<b>8,012</b>	<b>8,578</b>	<b>8,015</b>	<b>13,034</b>	<b>5,760</b>	<b>5,760</b>	<b>7,060</b>	<b>7,060</b>

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
Biennial Change in Expenditures				4,459		(9,529)		(6,929)
Biennial % Change in Expenditures				27		(45)		(33)
Governor's Change from Base								2,600
Governor's % Change from Base								23
Full-Time Equivalents	1.45	1.76	1.32	1.30	1.30	1.30	1.55	1.55

**2403 - Gift**

Balance Forward In	3	3	3	3				
Balance Forward Out	3	3	3					
<b>Expenditures</b>				<b>3</b>				
Biennial Change in Expenditures				3		(3)		(3)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

**3000 - Federal**

Balance Forward In	0	1	3	4				
Receipts	3,994	9,078	7,558	7,142	4,532	4,532	4,532	4,532
Balance Forward Out		1	4					
<b>Expenditures</b>	<b>3,995</b>	<b>9,078</b>	<b>7,557</b>	<b>7,146</b>	<b>4,532</b>	<b>4,532</b>	<b>4,532</b>	<b>4,532</b>
Biennial Change in Expenditures				1,630		(5,639)		(5,639)
Biennial % Change in Expenditures				12		(38)		(38)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	20.01	19.07	20.58	25.20	25.20	25.20	25.20	25.20

**3015 - ARP-State Fiscal Recovery**

Balance Forward In			1,125	30,721				
Direct Appropriation		1,125	39,775					
Cancellations			1,500					
Balance Forward Out		1,125	30,721					
<b>Expenditures</b>			<b>8,679</b>	<b>30,721</b>				
Biennial Change in Expenditures				39,400		(39,400)		(39,400)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.46	1.00				

**8300 - Office Of Higher Education**

Balance Forward In	130,192	189,839	207,788	250,293	248,774	246,931	248,774	246,931
Receipts	133,152	81,143	116,182	100,660	100,660	100,660	100,660	100,660
Transfers In	3,000							
Transfers Out	3,023	21	45	50	50	50	50	50
Balance Forward Out	189,150	206,323	250,293	248,774	246,931	245,004	246,931	245,004
<b>Expenditures</b>	<b>74,172</b>	<b>64,638</b>	<b>73,632</b>	<b>102,129</b>	<b>102,453</b>	<b>102,537</b>	<b>102,453</b>	<b>102,537</b>
Biennial Change in Expenditures				36,951		29,229		29,229
Biennial % Change in Expenditures				27		17		17
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.85	13.93	14.70	19.80	19.80	19.80	19.80	19.80

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2023 Appropriations	296,714	296,714	296,714	593,428
<b>Base Adjustments</b>				
All Other One-Time Appropriations		(23,945)	(23,945)	(47,890)
Current Law Base Change		(250)	(250)	(500)
Biennial Appropriations		177	177	354
<b>Forecast Base</b>	<b>296,714</b>	<b>272,696</b>	<b>272,696</b>	<b>545,392</b>
<b>Change Items</b>				
Minnesota State Grant Simplification and Federal Conformity		13,200	5,529	18,729
Increase Living and Miscellaneous Expense for Minnesota State Grant		25,000	25,000	50,000
Maintain Current Service Levels		1,494	1,720	3,214
Maintaining Statewide Longitudinal Education Data System & Early Childhood Longitudinal Data System		768	768	1,536
Tribal College Supplemental Grant Assistance Program		1,850	1,850	3,700
Student Parent Support Initiative		6,924	6,439	13,363
Director of Tribal Relations, Public Engagement and Equal Opportunity		134	143	277
P-20 Partnership Executive Director		134	143	277
Emergency Assistance for Postsecondary Students		2,181	2,181	4,362
Direct Admissions Minnesota		425	425	850
Transparent Pathway to Academic Credit for Child Development Associate® Credential Holders		475		475
Underrepresented Student Teacher Grants Increase		800	800	1,600
Grants to Student Teachers in Shortage Areas Increase		3,000	3,000	6,000
Teacher Shortage Loan Repayment Program Increase		800	800	1,600
Next Generation Nursing Assistant Training Program		1,500	1,500	3,000
Minnesota American Indian Scholars Program		8,500	8,500	17,000
Sustaining and Expanding Intervention for College Attendance Program		800		800
Loan Repayment Assistant Program		36	36	72
Minitex Online Library Health and Nursing Resources		650	700	1,350
Legalizing Adult-Use Cannabis		500	500	1,000
<b>Total Governor's Recommendations</b>	<b>296,714</b>	<b>341,867</b>	<b>332,730</b>	<b>674,597</b>
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Planned Spending	1,790	1,589	1,341	2,930
Forecast Base	1,790	1,589	1,341	2,930
<b>Total Governor's Recommendations</b>	<b>1,790</b>	<b>1,589</b>	<b>1,341</b>	<b>2,930</b>
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Planned Spending	13,034	5,760	5,760	11,520

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<b>Forecast Base</b>	<b>13,034</b>	<b>5,760</b>	<b>5,760</b>	<b>11,520</b>
<b>Change Items</b>				
Teacher Shortage Loan Repayment Program Increase		800	800	1,600
Legalizing Adult-Use Cannabis		500	500	1,000
<b>Total Governor's Recommendations</b>	<b>13,034</b>	<b>7,060</b>	<b>7,060</b>	<b>14,120</b>
<b>Fund: 2403 - Gift</b>				
<b>Planned Spending</b>	<b>3</b>			
<b>Forecast Base</b>	<b>3</b>			
<b>Total Governor's Recommendations</b>	<b>3</b>			
<b>Fund: 3000 - Federal</b>				
<b>Planned Spending</b>	<b>7,146</b>	<b>4,532</b>	<b>4,532</b>	<b>9,064</b>
<b>Forecast Base</b>	<b>7,146</b>	<b>4,532</b>	<b>4,532</b>	<b>9,064</b>
<b>Total Governor's Recommendations</b>	<b>7,146</b>	<b>4,532</b>	<b>4,532</b>	<b>9,064</b>
<b>Fund: 8300 - Office Of Higher Education</b>				
<b>Planned Spending</b>	<b>102,129</b>	<b>102,453</b>	<b>102,537</b>	<b>204,990</b>
<b>Forecast Base</b>	<b>102,129</b>	<b>102,453</b>	<b>102,537</b>	<b>204,990</b>
<b>Total Governor's Recommendations</b>	<b>102,129</b>	<b>102,453</b>	<b>102,537</b>	<b>204,990</b>
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
<b>Forecast Revenues</b>	<b>1,010</b>	<b>1,079</b>	<b>1,079</b>	<b>2,158</b>
<b>Total Governor's Recommendations</b>	<b>1,010</b>	<b>1,079</b>	<b>1,079</b>	<b>2,158</b>
<b>Fund: 3000 - Federal</b>				
<b>Forecast Revenues</b>	<b>7,142</b>	<b>4,532</b>	<b>4,532</b>	<b>9,064</b>
<b>Total Governor's Recommendations</b>	<b>7,142</b>	<b>4,532</b>	<b>4,532</b>	<b>9,064</b>
<b>Fund: 8300 - Office Of Higher Education</b>				
<b>Forecast Revenues</b>	<b>100,660</b>	<b>100,660</b>	<b>100,660</b>	<b>201,320</b>
<b>Total Governor's Recommendations</b>	<b>100,660</b>	<b>100,660</b>	<b>100,660</b>	<b>201,320</b>
<b>Non-Dedicated</b>				
<b>Fund: 1000 - General</b>				
<b>Forecast Revenues</b>	<b>12,953</b>	<b>6,656</b>	<b>7,453</b>	<b>14,109</b>
<b>Total Governor's Recommendations</b>	<b>12,953</b>	<b>6,656</b>	<b>7,453</b>	<b>14,109</b>

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Minnesota State Grant Simplification and Federal Conformity

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	13,200	5,529	5,279	5,279
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	13,200	5,529	5,279	5,279
FTEs	1	1	1	1

#### Recommendation:

The Governor recommends additional funding of \$13,200,000 in FY 2024, \$5,529,000 in FY 2025, and \$5,279,000 in each subsequent year from the general fund to conform the State Grant program with changes to the federal needs analysis and Pell Grant calculation that were passed by Congress in December 2021 and are currently scheduled to be implemented for the 2024-2025 aid year (July 1, 2024, fiscal year 2025). These changes will have a significant impact on State Grant administration and spending. The changes impact two key areas – the calculation of the student and family contributions or EFC, and the calculation of and eligibility for the Pell Grant award. The magnitude of the changes requires that the Office of Higher Education and Minnesota’s colleges and universities begin developing and implementing changes to eligibility, awarding, software, and related processes prior to the 2024 legislative session.

#### Federal changes to EFC

In terms of changes in calculating the student and family contribution, the Expected Family Contribution (EFC) will be replaced by a Student Aid Index (SAI). Both the EFC and the SAI calculations consider student, spouse, and parent income and assets. Currently, models project that most students should benefit from the federal changes by seeing reductions in their SAI as compared to their current EFC.

Not all students will see lower family contributions (SAIs) as compared to their current EFCs. Primarily, these students include families with more than one child in college in the same fiscal year, lower-income families with high assets, some high-income families, and students of divorced or separated parents for whom the non-custodial parent has higher earnings.

#### Federal changes to Pell Grants

Pell-eligible students will also see an increase in their Pell Grant awards under the new calculation. With this change, dependent students from upper-middle income families, and independent students without children, that were never previously awarded a Pell Grant will now be able to receive at least a minimum Pell Grant award (10% of the award maximum), currently calculated to be \$740. In addition, due to changes in the Pell Grant award formula, students in the groups described above seeing an increase in their student and family contribution (SAI) will not see a corresponding reduction in their Pell Grant awards if currently receiving a Pell Grant.

These changes represent a significant change in the calculation for student and family contributions used in eligibility and awarding of federal, state, and institutional financial aid. The changes also expand eligibility for the Federal Pell Grant program, creating a significant increase in spending. Funding to support these changes will not be approved by Congress until fall of 2023. The magnitude of the changes requires the Office of Higher Education and Minnesota’s colleges and universities to begin developing and implementing changes to eligibility, awarding, software, and related processes prior to the 2024 legislative session.

The impact of the changes for Minnesota are as follows:

- **Overall State Grant spending will be reduced** in proportion to the increase in Pell Grant spending and expanded eligibility, assuming modest changes in enrollment, wages, and college costs. This creates the opportunity for these dollars to be reinvested in the program.
- **In order to align with the federal changes and prevent conflict in awarding and administration, changes in Minnesota law governing the administration of the Minnesota State Grant program are required.**

Two changes are required to conform to federal law.

- The first required change would be to replace references to “Expected Family Contribution” with “Student Aid Index” or the more generic “results of the federal need analysis”. This is required for the Postsecondary Child Care Grant and the Minnesota Indian Scholarship program to continue awarding funds in fiscal year 2025.
  - The second required change would be to amend state statute to accept the new federal calculation for SAI which will be used in the calculation of the State Grant award. New federal law allows SAI to range from negative \$1,500 to \$99,999. The SAI will be used in calculation of the Assigned Family Responsibility for the Minnesota State Grant and as currently written would reduce State Grant awards for students with a negative SAI.
- **The changes present the opportunity for Minnesota to change existing statute to better conform to the federal Pell Grant program and simplify the program to the benefit of students.**

Currently the Minnesota State Grant program differs from the federal Pell Grant program in three key ways that create confusion for students and additional work for institutions. In order to adapt to these federal changes, simplify the State Grant formula, and increase affordability for students and families,

OHE should conform to federal law in 3 ways:

- Minnesota should change the order of the steps in which the award is calculated for calculating awards for part-time students (enrollment of less than 15 credits).
- Eligibility for the Minnesota State Grant should be set to 180 credits of grant receipt as allowed under the federal Pell Grant.
- The deadline to apply for a State Grant should be set to the end of the fiscal year as allowed under the federal Pell Grant.

### **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 2021 awarded approximately \$200 million in grants to approximately 71,889 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.**

- 57% of students receiving a State Grant have family incomes less than \$40,000.

**Minnesota State Grants primarily assist students at public institutions.**

- 61% of students receiving a State Grant are at a Minnesota State College or Minnesota State University
- 15% at the University of Minnesota, and
- 23% at 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 makes postsecondary education more affordable, reduces the number of hours they need to work and reduces the need for debt.

**Minnesota ranks 18th 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 (\$1,001) lags leading states such as South Carolina (\$2,471) by more than \$1,000 according to the National Association of State Scholarship and Grant Aid Programs (2020).

**Proposal:**

**Overall State Grant spending will be reduced** in proportion to the increase in Pell Grant spending and expanded eligibility, assuming modest changes in enrollment, wages, and college costs. This creates the opportunity for these dollars to be reinvested in the program.

Table 1 shows how federal changes may reduce annual State Grant spending by \$40 million, using Fiscal Year 2023 as an **EXAMPLE**. These are preliminary estimates. More firm estimates will be provided following the November 1, 2022 State Grant Projections report, which will utilize final data on State Grant spending for Fiscal Year 2022, as well as up-to-date assumptions on changes to enrollment and tuition and fees, provided by institutional representatives.

**Table 1: Spending Forecast vs Resources FY2023 (in millions)**

<i>Category</i>	<i>FY23 Spending Projection (as of 5/31/2022)</i>	<i>FY23 Spending Projection (with assumed federal changes)</i>
Base appropriation	\$210.037	\$210.037
Spending projection	<u>+(213.598)</u>	<u>+(173.217)</u>
Difference between resources and spending	\$3.561 (2% above appropriation)	\$(38.820) (18% below appropriation)

- In order to align with the federal changes and prevent conflict in awarding and administration, changes in Minnesota law governing the administration of the Minnesota State Grant program are required.

Two changes are required to conform to federal law.

- The first required change would be to replace references to “Expected Family Contribution” with “results of the federal need analysis” or “contribution as determined by the federal need analysis”.
- Statute changes are required for the Postsecondary Child Care Grant and the Minnesota Indian Scholarship program to continue awarding funds in fiscal year 2025, and in reference to the use of professional judgment, within the following statutes:
  - Minn. Stat. 136A.125 CHILD CARE GRANTS SUBD. 4.AMOUNT AND LENGTH OF GRANTS.
  - Minn. Stat. 136A.126 INDIAN SCHOLARSHIPS SUBD. 4.AWARD AMOUNT.
  - Minn. Stat. 136A.1312 FINANCIAL AID ADMINISTRATOR, PROFESSIONAL JUDGMENT.
- Change state statute to correct the AFR calculation for families with a negative contribution.

The second required change would be to amend state statute to accept the new federal calculation for SAI which is used in the calculation of the State Grant award.

Current state statute directs OHE to multiply the family contribution as derived by the federal need analysis by an assigned family responsibility modifier to calculate the assigned family responsibility used in calculating the student’s State Grant award. Currently, the minimum family contribution is \$0. Beginning in fiscal year 2025, the minimum family contribution will be \$-1,500. As a result, multiplying the family contribution by the AFR modifier will result in a larger family contribution and will reduce the student’s State Grant award. OHE proposes modifying state statute so that when the family contribution is a negative number, the AFR modifier is not applied. This is an essential change to the State Grant formula that will ensure the state’s highest-need students are not negatively impacted. This proposal would not incur any expense to the state until fiscal year 2025.

**Estimated cost (fiscal year 2025 and tails only): \$8.899M per year**

- The changes present the opportunity for Minnesota to change existing statute to better conform to the federal Pell Grant program and simplify the program to the benefit of Minnesota students.

Currently the Minnesota State Grant program differs from the federal Pell Grant program in three key ways that create confusion for students and additional work for institutions. In order to adapt to these federal changes, simplify the State Grant formula, and increase affordability for students and families,

OHE should conform to federal law in three ways:

- **Apply proration for enrollment level after the full award is calculated.** Minnesota should change the order of the steps in which the award is calculated for calculating awards for part-time students (enrollment of less than 15 credits).

In calculating the student’s State Grant award, the state prorates the award based on the student’s enrollment level. For students enrolling part-time, this means the student is assigned the full Assigned Family Responsibility calculated for their family, while seeing a prorated State Grant budget. This negatively impacts students enrolling part time. Applying the proration after the full award is calculated ensures that students will not be penalized by having to pay a full ASR and AFR while receiving a reduced LME in their award calculation. The change is shown below.

A	B	C
Current Pell Grant Award Formula FY23, FY24	Current State Grant Award FY23	Proposed State Grant Award FY24
	Tuition and Fees	Tuition and Fees
	+ Living and Miscellaneous Expenses	+ Living and Miscellaneous Expenses
	= State Grant Budget	= State Grant Budget
	- Assigned Student Responsibility	- Assigned Student Responsibility
	<b>x Credits of Enrollment</b>	
Maximum Pell Grant	= Maximum Pell + State Grant	= Maximum Pell + State Grant
-EFC rounded	-EFC	-EFC
= Full-Time Pell Grant		= Pell+State Grant Full-Time Award
<b>x Credits of Enrollment (banded)</b>		<b>x Credits of Enrollment</b>
	-Pell Grant	-Pell Grant
= Pell Grant Award	= State Grant Award	= State Grant Award

**Estimated cost (fiscal year 2025 and tails only): \$1M per year**

- **Increase State Grant lifetime eligibility to 180 credits of grant receipt.** Eligibility for the Minnesota State Grant should be set to 180 credits of grant receipt as allowed under the federal Pell Grant.

Currently State Grant eligibility is based on credits of enrollment, not credits of state grant receipt. Modifying the eligibility requirements to only count credits in which the student has received \$1 or more in State Grant funds by

term toward their lifetime eligibility will allow adult learners and others with reduced financial circumstances greater access to financial aid. Under current law, students may be eligible to receive a State Grant for up to 8 semesters or equivalent (120 semester credits) of postsecondary enrollment. OHE recognizes that students may exhaust all or some of their State Grant eligibility while enrolled as a dependent student and reporting a higher parental income on the Free Application for Federal Student Aid (FAFSA) which would make them ineligible to receive further State Grant aid. For students that stop out and seek to re-enroll in postsecondary education as independent students, this enrollment-based maximum limits their access to needed financial aid as they seek to complete a program as an adult learner.

OHE also recognizes that Bachelor's degree programs today may require more than 8 semesters or the equivalent (120 credits) to complete. Modifying State Grant eligibility to increase the lifetime eligibility limit to 12 semesters or equivalent (180 credits) will provide additional financial aid eligibility to accommodate programs of longer lengths. OHE anticipates this change can be implemented for the 2024-2025 academic year (fiscal year 2025), based on extensive IT programming required to modify existing financial aid systems to accommodate the change.

***Estimated cost for both changes (fiscal year 2025 and tails only): \$21.25M per year***

- **Change the deadline to apply for a State Grant to the end of the fiscal year, to better align with federal financial aid deadlines.** The deadline to apply for a State Grant should be set to the end of the fiscal year as allowed under the federal Pell Grant.

Late FAFSA filers tend to be students who have less family or community support to assist with enrollment or re-enrollment. These students also are often admitted closer to the first day of class at open access institutions. With the current deadline, late financial aid applicants do not receive the State Grant for the term even though they still need to pay tuition, are lower- or middle-income, and may receive the Pell Grant or student loans for that term. The student also has the term of enrollment count against the student's lifetime limit for eligibility for the State Grant program. This may result in the student having inadequate financial assistance for the term.

Students with balances due at the end of a term have financial holds which prevents them from enrolling in the following term and accessing some student services. Students with a financial hold may have the balance turned over to a collection agency, be subject to revenue recapture by the state, and have a negative finding on their credit report resulting in a lower credit score.

This proposal would change state statute to move the application deadline from 30 days after the start of the term to June 30<sup>th</sup> of the fiscal year in which the student applies for a State Grant. OHE estimates that this policy would impact about 4,400-4,700 students per year.

**Estimated cost for the biennium: \$25.4M**

**Table 2. Total Changes**

<i>Change</i>	<i>FY2024 (in millions)</i>	<i>FY2025 (in millions)</i>	<i>FY2024- FY2025 biennium (in millions)</i>	<i>FY2026- FY2027 biennium (in millions)</i>
Projection adjustments	TBD	TBD	TBD	TBD
Reduction in Spending due to Pell Grant and SAI	\$0.000	(\$38.820)	(\$38.820)	(\$77.640)
Correct the AFR calculation	\$0.000	\$8.899	\$8.899	\$17.798
Apply proration for enrollment level after the full award is calculated	\$0.000	\$1.000	\$1.000	\$2.000
Increase State Grant lifetime eligibility to 180 credits of grant receipt	\$0.000	\$21.250	\$21.250	\$42.500
Change the deadline to apply for a State Grant to the end of the fiscal year	\$12.700	\$12.700	\$25.400	\$25.400
IT	\$0.500	\$0.500	\$1.000	\$0.500
<b>Total</b>	<b>\$13.200</b>	<b>\$5.529</b>	<b>\$18.729</b>	<b>\$10.558</b>

**Impact on Children and Families:**

This proposal will continue to leverage the State Grant to support student parents by providing additional State Grant eligibility that may be utilized by adult learners re-engaging in postsecondary education.

**Equity and Inclusion:**

This proposal will address inequity in postsecondary access and completion by providing additional State Grant dollars to students underrepresented in higher education.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs:**

In addition to the costs outlined above, it is estimated that enacting these changes to the State Grant formula will require one additional FTE resource from MNIT at an estimated cost of \$0.250M per year. Additionally, changes to the formula will require additional technical support from the state’s external software vendor for Minnesota financial aid programs at an estimated cost: \$0.250M per year, for FY24 and FY25.

**Results:**

**By Quantity**

<i>Name of Measure</i>	<i>Previous FY2018</i>	<i>Previous FY2019</i>	<i>Previous FY2020</i>	<i>Current FY2021</i>
Students Served – Applications Received	135,969	131,983	130,070	122,171
Students Served – Number of Recipients	80,793	79,805	77,544	71,889
Percent of applicants who are students of color and indigenous students	31.7%	32.7%	32.8%	33.6%
Percent of recipients who are students of color and indigenous students	38.1%	39.6%	40.6%	42%

**By Quality**

<i>Net Price (Tuition &amp; Fees plus other expenses less grants) – First-time, full-time undergraduate receiving Title IV Financial Aid</i>	<i>2015-16 Entering Students</i>	<i>2016-2017 Entering Students</i>	<i>2017-2018 Entering Students</i>	<i>2018-2019 Entering Students</i>
Incomes \$0-\$30,000	\$12,900	\$12,438	\$13,163	\$12,690
Incomes \$30,001-\$48,000	\$13,200	\$12,825	\$13,019	\$13,057
Incomes \$48,001-\$75,000	\$16,100	\$14,635	\$15,544	\$15,249

**Cumulative Debt by Type of Degree**

<i>Name of Measure</i>	<i>2017-2018 Graduates</i>	<i>2018-2019 Graduates</i>	<i>2019-2020 Graduates</i>	<i>2020-2021 Graduates</i>
Cumulative Debt - Certificates	\$10,009	\$10,288	\$10,112	\$9,912
Cumulative Debt – Associate Degrees	\$16,297	\$15,562	\$15,175	\$15,215
Cumulative Debt – Bachelor’s Degrees	\$25,453	\$24,686	\$24,793	\$23,858

**Statutory Change(s):**

- Minn. Stat. 136A.101 Subd. 5a. Assigned family responsibility.
- Minn. Stat. 136A.121 Subd9. Awards.
- Minn. Stat. 136A.101 Subd. 7. Student.
- Minn. Stat. 136A.121 Subd. 13. Deadline.
- 136A.125 CHILD CARE GRANTS Subd. 4.Amount and length of grants.
- 136A.126 INDIAN SCHOLARSHIPS Subd. 4.Award amount.
- 136A.1312 FINANCIAL AID ADMINISTRATOR, PROFESSIONAL JUDGMENT.

**Change Item Title: Increase Living and Miscellaneous Expense for Minnesota State Grant**

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	25,000	25,000	47,800	47,800
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	25,000	25,000	47,800	47,800
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Recommendation:**

The Governor recommends an additional \$50 million for the 2024-2025 biennium and an additional \$95.6 million for the 2026-2027 biennium in the State Grant program to provide all Minnesotans with the promise of upward economic mobility through postsecondary attainment by providing increased financial aid to students with economic need. This recommendation would increase the value in law for the Living and Miscellaneous Expense Allowance used to calculate a student’s State Grant budget (currently 109% of the poverty guideline). This ensures continued affordability of Minnesota’s postsecondary education system, particularly for low wage working adults and middle-income families, and helps to ensure a strong foundation of skilled workers supporting the infrastructure of Minnesota’s economy. More than 40% of State Grant recipients are students of color and indigenous students.

**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 2022 awarded approximately \$202 million in grants to approximately 69,495 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 Statute 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 pay educational costs.**

- 55% of students receiving a State Grant have family incomes less than \$40,000

### **Minnesota State Grants primarily assist students at public institutions.**

- 59% of students receiving a State Grant are at a Minnesota State College or Minnesota State University
- 17% at the University of Minnesota, and
- 24% at 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 makes postsecondary education more affordable, reduces the number of hours they need to work and reduces the need for debt.

**Minnesota ranks 18th 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 (\$1,009) lags leading states such as South Carolina (\$2,590) by more than \$1,000 according to the National Association of State Scholarship and Grant Aid Programs (2021).

### **Proposal:**

The Living and Miscellaneous Expense Allowance (LME), together with a student's recognized tuition and fees, forms the student's State Grant budget, which is used in calculating a student's State Grant award. The LME recognizes that students incur additional costs outside of tuition and fees to obtain a postsecondary degree, such as rent, food, clothing, books, supplies, and transportation costs. Currently, the LME is set to 109% of the poverty guideline. This standard asks students to live well under the average spending on essential items that a typical person under 25 incurs in a nine-month period (\$13,551) and does not account for items related to learning such as required books and supplies. In order to afford supplies needed for coursework, students may choose to reduce spending on essential items like food or housing to make up this cost. **Food and housing insecurity places attainment of educational goals at risk.**

Increasing the LME to 130% of the poverty guideline will do more to address this discrepancy and ensure that students are better supported in their educational journey. OHE recommends moving the LME to this benchmark in increments, increasing the LME to 120% of the poverty guideline beginning in Fiscal Year 2024, and further increasing the LME to 130% of the poverty guideline beginning in Fiscal Year 2026.

- **Fiscal Years 2024 and 2025:** Increasing the LME to 120% of the poverty guideline increases grants to all current State Grant recipients (approximately 70,000 students) and adds 1,000 new recipients, while increasing the average grant by about \$375. *Estimated Cost: \$50M for the biennium.*
- **Fiscal Years 2026 and 2027:** Increasing the LME to 130% of the poverty guideline increases grants to all current State Grant recipients (approximately 70,000 students) and adds approximately 600 new recipients, in addition to students added in the 2024-2025 biennium, while increasing the average grant by about \$350, on top of the grant increase in the 2024-2025 biennium. *Estimated Cost: \$95.6M for the biennium.*

### **Impact on Children and Families:**

This proposal will continue to leverage the State Grant to support student parents by providing additional State Grant eligibility that may be utilized by adult learners re-engaging in postsecondary.

### **Equity and Inclusion:**

This proposal will address inequity in postsecondary access and completion by providing additional State Grant dollars to students underrepresented in higher education.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs**

None.

**Results:**

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Previous</i>	<i>Previous</i>	<i>Current</i>
Quantity	Students Served – Applications Received	<b>FY2018</b> 135,969	<b>FY2019</b> 131,983	<b>FY2020</b> 130,070	<b>FY2021</b> 122,171
	Students Served – Number of Recipients	80,793	79,805	77,544	71,889
Quantity	Percent of applicants who are students of color and indigenous students	31.7%	32.7%	32.8%	33.6%
	Percent of recipients who are students of color and indigenous students	38.1%	39.6%	40.6%	42%
Quality	Net Price (Tuition & Fees plus other expenses less grants) – First-time, full-time undergraduate receiving Title IV Financial Aid	2015-16 Entering Students	2016-2017 Entering Students	2017-2018 Entering Students	2018-2019 Entering Students
	Incomes \$0-\$30,000	\$12,900	\$12,438	\$13,163	\$12,690
	Incomes \$30,001-\$48,000	\$13,200	\$12,825	\$13,019	\$13,057
	Incomes \$48,001-\$75,000	\$16,100	\$14,635	\$15,544	\$15,249
Results	Cumulative Debt - Certificates	2017-2018 Graduates \$10,009	2018-2019 Graduates \$10,288	2019-2020 Graduates \$10,112	2020-2021 Graduates \$9,912
	Cumulative Debt – Associate Degrees	\$16,297	\$15,562	\$15,175	\$15,215
	Cumulative Debt – Bachelor’s Degrees	\$25,453	\$24,686	\$24,793	\$23,858

**Statutory Change(s):**

Minn. Stat. 136A.121 Subd. 6. Cost of attendance.

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Maintain Current Service Levels

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	1,494	1,720	1,342	1,342
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,494	1,720	1,342	1,342
<b>FTEs</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

### Recommendation:

The Governor recommends additional funding of \$1,494,000 in FY 2024, \$1,720,000 in FY25, and \$1,342,00 in each subsequent year from the general fund to maintain the current level of service delivery at the Minnesota Office of Higher Education (OHE).

### Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For the Office of Higher Education, the following efficiencies have been implemented to help offset rising operating costs:

- OHE continues to make strategic investments to improve our customers’ experiences while achieving operational efficiencies. The launch of OHE’s new financial aid system (MNAid) has streamlined the state grant award and refund processes and provided a new customer-friendly user interface – saving time and reducing the burden for our campus partners as well. Our investment in MNAid also allowed OHE to standup and administer the new Fostering Independence Grant program more effectively and efficiently than the manual processes we remain dependent upon. However, OHE has received a number of new programs to administer in recent years, and MNAid will not incorporate all of OHE’s existing financial aid programs for several years. These additional administrative funds will provide the back-office support needed for the agency to administer these programs more effectively and efficiently – better serving Minnesotans.
- OHE also partnered with MNIT to implement a new workflow management system for processing post-secondary institution registration, licensing, and reciprocity agreements. This new system is designed to be more intuitive and user friendly for the over 300 institutions who must submit application materials, compliance documents, and payments to OHE as required by state statute. The improved system will better allow the Licensing and Registration department (three FTEs) to better track application and payment status for post-secondary institutions to ensure compliance with financial monitoring guidelines. The new system will also allow for better data collection and analysis as well as options for automated communications, which allow the Licensing and Registration staff to shorten response time for stakeholder requests and other essential functions.

However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For the Office of Higher Education, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff compliment in a challenging labor market, lease costs, and increasing IT costs. If an operational increase is not provided, the services OHE delivers to Minnesotans will be impacted.

Specifically, without the operating adjustment from the general fund, OHE would have to primarily manage these budget pressures through attrition or administrative reductions – negatively impacting the staff, programs, and technical support OHE provides to postsecondary students and public, private, and tribal postsecondary institutions.

**Proposal:**

The Governor recommends increasing agency operating budgets to support maintaining the delivery of current services. For the Office of Higher Education, this funding will cover expected and anticipated employee compensation growth, known cost increases in rent and IT services.

**Results:**

This proposal is intended to allow the Office of Higher Education to continue to provide current levels of service and information to the public.

**Change Item Title: Maintaining Statewide Longitudinal Education Data System (SLEDS) and Early Childhood Longitudinal Data System (ECLDS)**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Fund - Expenditures	768	768	768	768
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	768	768	768	768
<b>FTEs</b>	<b>5.30</b>	<b>5.30</b>	<b>5.30</b>	<b>5.30</b>

**Recommendation:**

The Governor recommends additional funding of \$767,775 in each year from the general fund to maintain and to build upon the solid base of research, analysis and reporting done through the Minnesota’s Statewide Longitudinal Education Data System (SLEDS) and Early Childhood Longitudinal Data System (ECLDS).

The investment will maintain the work by:

1. Maximizing outreach, training and technical assistance to local schools, districts, colleges and communities by fully funding the OHE-SLEDS Director position which was created and staffed in FY2023 and adding an ECLDS Data Analyst,
2. Funding areas previously grant supported such as communications and design work, and technical services contracts, and
3. Creating efficiency within IT and administrative processes.

**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. A new report available on the website focuses on college student transfer activity and success. In addition, recent evaluations have focused on the outcomes of ABE students, and the impact that COVID has had on High School to college and work transitions. This research informs state and local policies and programs.

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. Recent research using these systems have been on transfer students, Adult Basic Education outcomes, COVID impacts on high school to college/work transitions. This research supports the development and evaluation of state policies.

**Proposal:**

This is a change to an existing program.

The funding request for the ECLDS portion of the proposal includes:

(Note MNIT expenses and communication staff expenses are split 40% ECLDS and 60% SLEDS).

- Administrative staff– \$340,000 (biennial total) which includes the ECLDS manager and data analyst as well as communications staffing. The data analyst (\$280,000 in new funds) is a new position to increase access and usability of the database and reports.
- MNIT Staffing – \$55,420 – (biennial total) which in prior years had been funded through federal grant funds and state appropriations from OHE/SLEDS. This is similar to previous funding levels but includes a 6.0% increase in IT personnel costs.

The second portion of the request is for an increase to the funding level for SLEDS in order to enhance capacity to serve existing demand and programming.

(Note MNIT expenses and communication staff expenses are split 40% ECLDS and 60% SLEDS).

- Administrative staff– \$346,100 (biennial total) which includes the SLEDS Director, SLEDS coordinators at OHE, DEED and MDE as well as communications staffing. The SLEDS Director position is not new but there was a delay in hiring the SLEDS director so next biennium shows a larger increase over current costs due to this forced savings.
- Interns- \$20,000 (biennial total) is requested to support interns which are not funded currently due to the pandemic.
- MNIT Staffing – \$83,130– (biennial total) which in prior years had been funded through federal grant funds and state appropriations from OHE/SLEDS. This is similar to previous funding levels but includes a 6.0% increase in IT personnel costs for wage increases.

Additional Costs that are shared between SLEDS and ECLDS include:

- Equipment or supplies, travel and employee development – \$33,750 (biennial total) which includes basic employee development, grant development, and travel to local and national conferences to highlight and promote the use of ECLDS+SLEDS.
- Local training, outreach and research support – \$489,150 (biennial total) is requested for training and outreach at the K12 and Postsecondary level for work that was previously covered by the federal SLDS grant. Under the federal SLDS grant, OHE sought partnering organizations to provide training and outreach to local providers. \$80,000 (biennial total) is included for a new contract to support training and outreach for ECLDS. The contract model has worked well for the SLEDS data reports and we would like to extend this support to the Early Childhood reports.
- Within the K12 arena, the partnerships with the Lakes Country Service Cooperative and the Southwest West Central Cooperative have 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.
- Printing and Promotion - \$51,000 (biennial total). Funds are requested for program expenses related to development of communications products; in prior years, these expenses had been funded through federal grant funds and state appropriations from OHE/SLEDS. In anticipation of the return to live conferences and meetings where SLEDS will distribute educational materials, an increase of \$51,000 is requested for creation and printing of promotional materials.

- **External Data** - \$117,000 (biennium total) – Funds are requested for purchasing data from the National Student Clearing House. This data is necessary to track student enrollment in postsecondary institutions nationally.

**Impact on Children and Families:**

This program works to support efforts across multiple state agencies to better understand how students progress from Pre-K through various educational pathways and ultimately into the workforce. *Children and families participate in programs across multiple agencies to meet their complex needs. By combining data from multiple agencies, ECLDS advances our understanding of the collective programs critical for a thriving young population. SLEDS provides data to help families and students make informed choices about postsecondary enrollment, areas of study and career options. Data is also provided to district and department policy makers to remove barriers to success and increase completion.*

**Equity and Inclusion:**

The ECLDS+SLEDS program provides policy makers and the general public the opportunity to view reports on enrollment, completion, postsecondary enrollment and work force participation. These reports can be filtered by demographic variables including gender, race/ethnicity, and income allowing the user to track progress on state goals to decrease existing disparities. *Recent research project using SLEDS data include evaluating the impact of the MnSCU two-year occupational grant pilot program on persistence and completion.*

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs:**

Note: the only increase in IT funding is for salary adjustments.

<b>Category</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
Payroll	69,275	69,275				
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
<b>Total</b>						
MNIT FTEs						
Agency FTEs						

**Results:**

The SLEDS system is a support function for multiple state agencies and other partners including school districts, higher education institutions and community organizations. Data from SLEDS is used to evaluate the effectiveness of many agency programs as well as track progress on meeting state goals. As such, performance is an indirect measure. However, usage data for the reports that currently exist on the website has increased over the past year as evidenced by the analytics posted below. In addition to promoting use of the current data and reports, this budget supports the exploration of new reports based on the needs and interests of stakeholders.

**SLEDS website usage (events)**

<i>Event</i>	<i>Total Events (change since last year)</i>	<i>Unique Events</i>	<i>Avg Session Duration</i>	<i>Users</i>
All Users	69,859 (+24.83% )	8,653 (+20.53%)	15.27 (+6.8%)	1,663 (+20.25%)
Returning Users	46,304 (+23.17%)	5,600 (+21.23%)	17.20 (+1.42%)	724 (+29.98%)

**Statutory Change(s):**

N/A

**Change Item Title: Tribal College Supplemental Grant Assistance Program**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Fund - Expenditures	1,850	1,850	1,850	1,850
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,850	1,850	1,850	1,850
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Recommendation:**

The Governor recommends an additional \$1,850,000 each year to expand the Tribal College Supplemental Grant Assistance Program to support Minnesota tribal colleges, so that the rate calculation covers the estimated 590 fulltime enrolled (FTE) students versus the current coverage of only 22.5 FTEs. The proposal requests an increase of \$3,700,000 in the \$300,000, biennial base.

With the current base being \$150,000 per year, this request would bring the annual base total to \$2 million per year for the program to meet the calculated cost per fulltime enrolled student. This is an 1233% increase in the program.

**Rationale/Background:**

In order to reach the 70% Educational Attainment Goal set by the Legislature, Minnesota will need an additional 108,500 persons age 25-44 to complete a postsecondary credential by 2025. In total, persons of color or Indigenous Minnesotans must earn 82% of the 100,700 additional postsecondary credentials. American Indian and Alaska Native students face the greatest barriers to credential attainment and represent the lowest attainment rate among all racial/ethnic groups (28.6%<sup>1</sup>).

The Tribal College Supplemental Grant Assistance (TCSGA) program was established in 2013. The objective of the program is to provide financial assistance to tribally controlled colleges to defray the costs associated with the enrollment of Minnesota resident students who are not enrolled members of a federally recognized Indian tribe (defined in statute as Non-Beneficiary Students). Eligible colleges receive annual grants based on the number of Minnesota Resident full-time equivalent (FTE), with 15 credits as full-time, Non-Beneficiary Students. Currently, the annual appropriation of \$150,000 provides sufficient funding to award each eligible college at the maximum per FTE Non-Beneficiary Student rate of \$5,300 in statute.

On average, Minnesota Tribal Colleges reported 25.22 FTE Non-Beneficiary Students enrolled each year in the last 5 years. While at the same time, Minnesota Tribal Colleges have about 400 students enrolled each year with an average of about 100 FTE (with 15 credits as full-time) enrolled each term. An overwhelming majority of the students that attend Minnesota Tribal Colleges are Minnesota Residents and American Indian. Each year, the number of undergraduate American Indian and Alaska Native students enrolled at Minnesota Tribal Colleges represents approximately 15-20% of the total undergraduate American Indian and Alaska Native students enrolled in any Minnesota postsecondary institution.

---

<sup>1</sup> According to 2021 SLEDS data, 28.6% of American Indians Minnesotans ages of 25-44 have obtained a postsecondary certificate or degree.

Minnesota’s tribal colleges are valuable assets to their tribes, local communities, and the State. In addition to tribal members, Minnesota’s tribal colleges provide quality postsecondary education to American Indian students who are not enrolled members of a federally recognized Indian tribe and students who are not American Indian. They also serve as vital cultural centers for their tribes as well as their local communities.

Other Minnesota public higher education institutions receive direct appropriations from the state. According to the State Higher Education Executive Officers Association (SHEEO), the per FTE state appropriations for other Minnesota public institutions was \$6,885 in 2019 (SHEEO Impact Appropriations and Financial Aid – [https://sheeo.org/wp-content/uploads/2021/05/SHEEO\\_ImpactAppropationsFinancialAid.pdf](https://sheeo.org/wp-content/uploads/2021/05/SHEEO_ImpactAppropationsFinancialAid.pdf)). In contrast, the existing TCSGA grant formula uses a maximum per FTE rate of \$5,300 and only includes Minnesota Resident Non-Beneficiary Students in the calculation.

**Proposal:**

This proposal seeks to increase the support for Minnesota Tribal Colleges by expanding this program to recognize the postsecondary education provided by Minnesota Tribal Colleges for both beneficiary and non-beneficiary Minnesota Resident degree-seeking undergraduate students. The proposal also seeks to align the funding for Minnesota Tribal Colleges with the state’s support with other public institutions in Minnesota.

To achieve these goals, the proposal modifies the student population used to determine the grant amount issued to eligible institutions. The proposal also increases the maximum per FTE rate from \$5,300 to the highest annual tuition and fees charged at a public two-year institution (\$6,484 for 2022-2023).

**FTE (15 Credits=FT) for total credits attempted by Term (2019-2020)**

<i>College</i>	<i>Fall</i>	<i>Spring</i>
Leech Lake Tribal College	125.27	120.53
Red Lake Nation College	103.80	59.67
White Earth Tribal and Community College	86.93	86.93
Total	316.00	267.13

**Estimated Grant Amounts using 2019-2020 Enrollment and \$6,484<sup>2</sup> as highest annual public two-year tuition and fees**

<i>College</i>	<i>Fall</i>	<i>Spring</i>	<i>Total</i>
Leech Lake Tribal College	\$406,125	\$390,758	\$796,883
Red Lake Nation College	\$336,520	\$193,450	\$529,970
White Earth Tribal and Community College	\$281,827	\$281,827	\$563,654
Total Fall and Spring	\$1,024,472	\$866,035	\$1,890,507
Additional estimated amount for summer enrollment			\$22,921
Total Annual Estimated Grant Amount			\$1,913,428

By increasing the state’s support of Minnesota Tribal Colleges this proposal seeks to increase the completion rates of students attending Minnesota Tribal Colleges and to close postsecondary educational attainment gaps between American Indian students and their White, non-Hispanic peers.

**Impact on Children and Families:**

This proposal lessens the financial burden on eligible Minnesota tribal colleges of providing postsecondary education for all students. It will allow the eligible colleges to reinvest funds into their postsecondary

<sup>2</sup> The \$6,484 represents the highest public 2-year tuition and fees for an academic year (30 semester credits or 45 quarter credits) used in the 2022-2023 calculation of the MN State Grant. The \$6,484 represents the highest public 2-year tuition and fees used in the 2022-2023 calculation of the MN State Grant

education and services. Thus, eligible colleges will have greater ability to support the persistence and completion of all students. This proposal will help more students attending eligible Minnesota tribal colleges persist and attain their postsecondary credentials.

Minnesotans with a postsecondary credential are better able to obtain jobs with family sustaining wages, which make it easier to provide healthy environments for children and for families to maintain stable housing.

**Equity and Inclusion:**

The proposal will lessen the financial burden for eligible tribal colleges of providing postsecondary education for all students. Thus, eligible tribal colleges will have the greater ability to support the persistence and completion of all students. An overwhelming majority of students attending eligible Minnesota tribal colleges are American Indian. Any additional support for eligible Minnesota tribal colleges will have a positive impact on the college’s ability to support American Indian students in completing their postsecondary programs.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

For this program, "Tribally controlled college" means an accredited institution of higher education located in this state that is formally controlled by or has been formally sanctioned or chartered by the governing body of a federally recognized Indian tribe, or a combination of federally recognized Indian tribes. A tribally controlled college does not include any institution or campus subject to the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities or the Board of Regents of the University of Minnesota.

The currently eligible colleges are Leech Lake Tribal College, Red Lake Nation College, and White Earth Tribal and Community College. Students who are not American Indian and those who are not members of the affiliated Minnesota Tribal Nation are enrolled at the eligible tribal colleges. However, generally, a majority of students who are enrolled are members or citizens of the Minnesota Tribal Nation associated with the tribal college. Any increased ability of Minnesota tribal colleges to have a positive impact on their student’s postsecondary education attainment would be expected to have a positive impact on the associated Minnesota Tribal Nation.

This proposal originated from the Tribal Nations Education Committee (TNEC). Since at least 2016, the TNEC Position on Education Paper identified the need for “equalization funds for Minnesota tribal colleges in order to stabilize core institutional funding.”

**IT Costs:**

N/A

**Results:**

The following performance measures would be used to evaluate results of this expanded program:

- Educational attainment rate of American Indians in Minnesota
- Student Graduation and Transfer Rates of eligible Minnesota Tribal Colleges
- Qualitative information related to student experience and student support services

**Statutory Change(s):**

136A.1796 TRIBAL COLLEGE SUPPLEMENTAL GRANT ASSISTANCE.

**Change Item Title: Student Parent Support Initiative**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Fund - Expenditures	6,924	6,439	5,939	5,939
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	<b>6,924</b>	<b>6,439</b>	<b>5,939</b>	<b>5,939</b>
<b>FTEs</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

**Recommendation:**

The Governor recommends \$6,924,000 in FY 2024, \$6,439,000 in FY 2025, and \$5,939,000 in each subsequent year from the general fund to establish a competitive grant program administered by the Office of Higher Education (OHE), in partnership with the Minnesota Department of Health (MDH), to support entities and institutions that assist pregnant women or parents of young children.

Eligible colleges and universities may apply for funds to develop and implement services and programs that will support the unique needs of parenting students, such as navigation and advising services, financial aid, parenting and child development educational opportunities, emergency funds, food and transportation support, as well as family friendly activities and well-child visits.

This is a new program, and the funds also fund 1 FTE at the Office of Higher Education, and 1 FTE at the Minnesota Department of Health.

**Rationale/Background:**

The Minnesota Student Parent Support Initiative addresses the health and educational needs of college-age expectant and parenting students across Minnesota. College-age individuals are at high risk for unintended pregnancies, unhealthy behaviors during pregnancy and are at a crucial time in their lives for building their future through postsecondary education.

Student parents face multiple barriers to college enrollment, persistence, and completion. These barriers include but are not limited to constraints with time and money, lack of child care resources and academic support, or diminished motivation as they are more likely to return to college after an extended absence and feel excluded from traditional campus support services. With the onset of the COVID-19 pandemic in March 2020, we saw re-enrollment rates of students with children drop dramatically, likely due to health concerns, job and income losses, and the challenges of remote learning for their children and themselves. Additionally, for students who reported having dependents on their FAFSA, applications are down 13% over previous years (data as of August 11, 2021).

Higher education has a direct correlation to future earning potential. Research also shows that unintended pregnancies are associated with decreased lifetime education and income. Women in Minnesota reporting an unintended pregnancy were less likely to report "some college" or "college or more."

By supporting parenting students during college, Minnesota invests in greater economic stability not only for these students and their families, but for the state as a whole, through their participation in the workforce, increased income taxes, and savings in public assistance programs.

For example, single mothers in Minnesota who graduate with an Associate's degree are 48% less likely to live in poverty than a high school graduate, saving MN more than \$21,000 in public assistance spending over their lifetime. They will earn an additional \$295,000 over their lifetime than with a high school diploma alone, contributing more than \$82,000 more per graduate in lifetime state taxes.

Likewise, single mothers in Minnesota who graduate with a Bachelor's degree are 75% less likely to live in poverty than a high school graduate, saving MN more than \$36,000 in public assistance spending over their lifetime. They will earn an additional \$571,000 over their lifetime than with a high school diploma alone, contributing more than \$217,000 more per graduate in lifetime state taxes.

The proposed initiative will bridge the opportunity gap for children, youth, and families by increasing access to crucial resources and services within their community, overall ensuring that children have a healthy start and families have access to affordable and quality child care and early education; access to mental health supports; and stable housing. By helping stabilize their needs in college, this initiative sets the foundation for future success for the student parent as well as their child(ren).

**Proposal:**

The Student Parent Support Initiative would be a new program. \$5M is for grants to fund about 15 institutions annually. The proposed grants will provide up to \$350,000, based on need, per public or accredited private postsecondary institution serving low-income clients. Generally, permitted uses include services for persons, especially students, who are pregnant or the parent of a young child. The proposed funds are to be used for development: dedicated space, staff, and data collection; and yearly maintenance and capacity building of individual institutional programs. This initiative will fund one FTE at OHE and one FTE in MDH for program administration.

Another \$1.6M in the first fiscal year and a reduced amount in the following years is for providing startup cost for childcare. Accessing quality child care continues to be a challenge for student parents, especially in the wake of the pandemic. This initiative will provide \$150,000-\$350,000, based on need, per public or accredited private postsecondary institution serving low-income clients as start up funds for creating or expanding campus-based child care, or to partner with existing providers in the surrounding community to provide child care for young children of parenting students.

The proposed initiative will work with institutions to provide pregnant students and students of young children information and support regarding the available resources and provide referrals to services such as:

- One-on-one support with a program staff member
- Mental, physical, and chemical health
- Well-child visits
- Parent education workshop
- Child development - Parenting and child development educational services
- Student-parent support groups
- Postsecondary education financial aid resources or application assistance
- Academic advising
- Child care – Creating/expanding on-campus child care; partnering with community providers
- Emergency funds, food support (e.g., food stamps, food shelves), and transportation services
- Material support (e.g., clothing, furniture)
- Social activities (e.g., community or campus family and child-friendly activities)

This proposed initiative will provide intersectional support services with organizations and programs like SNAP, HomeLink, MDH, and MDE. This proposed initiative will also be a partnership with MDH, postsecondary

institutions, and community-based organizations, with other potential partners consulted during the proposal development process (MDE, DHS, DOC).

The proposed initiative asks for \$6.924 million in Year 1, \$6.439 million in Year 2, and \$5.939 million each year in subsequent years (minimum three years) to cover grants and administrative costs. If desired, OHE and MDH agree to submit a biennial report to the legislature regarding the operation and effect of the proposed initiative.

**Impact on Children and Families:**

The proposed initiative will work with institutions to provide pregnant students and students of young children information and support regarding the available resources and provide referrals to services including but not limited to mental, physical, and chemical health, well-child visits, student-parent support groups, post-secondary education financial aid resources or application assistance, academic advising, and emergency funds, food support (e.g., food stamps, food shelves), and transportation services.

The best way to ensure a child is successful in college is to help their parent succeed. Parental education is linked to upward mobility in their children through increased lifetime earnings, improved reading and mathematics skills, improved health, increased college enrollment, persistence, and completion, in addition to decreased incarceration, teenage pregnancy, and poverty rates.

**Equity and Inclusion:**

Student parents are more likely to be BIPOC as compared to students without children. In prior years, approximately 40% of participants were BIPOC students. The failure to provide support for these parents has a more significant negative impact on BIPOC student parents as they navigate the complexities and challenges of postsecondary education.

Increased access to adequate resources and services will positively improve the enrollment, persistence, and completion rates of BIPOC student parents. Moreover, ensuring student parents achieve their academic goals will positively impact their children's upward mobility and educational attainment.

Additionally, the proposed initiative will increase student parent access to crucial resources in greater Minnesota. Recipients of the grants will be determined based on need and number of students serviced, ensuring those in greatest need are a priority.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs:**

N/A

**Results:**

This is a new program, so assessment of the success of this pilot will not be possible until FY25 (for early indicators, like a reduction in withdraw rates for targeted programs) and until FY26, FY27 and beyond for assessments related to student completion and employment. Specific measures of success will include:

- Impact on student parent enrollment at participating institutions
- Reduction of drop and withdraw rates in the parenting student population at participating institutions
- Institutional usage of grant funds
- Graduation rates for student parents at participating institutions

**Statutory Change(s):**

This would create a new statute language for the program in MS 136A.

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Director of Tribal Relations, Public Engagement and Equal Opportunity

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	134	142	142	142
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	134	142	142	142
<b>FTEs</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

#### Recommendation:

The Governor recommends \$133,527 in fiscal year 2024, \$142,346 in fiscal year 2025 and each subsequent year for full-time FTE position at the Minnesota Office of Higher Education to direct Tribal Relations, public engagement and advance equal opportunity.

#### Rationale/Background:

In accordance with Minnesota Statute [MS 10.65 subd. 3<sup>1</sup>](#), “a state agency must consult with Minnesota Tribal governments on legislative and fiscal matters that affect one or all Minnesota Tribal governments or their members to identify priority issues in order to allow agencies to proactively engage Minnesota Tribal governments in the agency's development of legislative and fiscal proposals in time for submission into the governor's recommended budget and legislative proposals each year.” In addition, [MS 136A.032<sup>2</sup>](#) directs the OHE Commissioner to seek consultation with “the Tribal Nations Education Committee regarding programs, policies, and all other matters related to the postsecondary education of Minnesota's American Indian students”.

OHE is committed to responding to the needs of people and communities across the state as they relate to the agency's mission and the Educational Attainment Goal. OHE also seeks to maintain and grow relationships with the people who are affected by agency decisions, the data we collect and disseminate, and the programs we administer. To do this, the agency must engage with the public proactively and often.

State agencies are required to ensure agency compliance with all applicable federal and state laws, policies, rules and regulations, best practices and administrative procedures relating to equal opportunity. In addition, to further the agency's mission, OHE is committed to building a more diverse, equitable and inclusive workplace. Doing this requires investment to sustain efforts to review agency systems and cultures for the purpose of making lasting changes.

The capacity is limited with existing agency staff to carryout effective and adequate tribal relations, public engagement, and equal opportunity work, thus having a position dedicated to leading these efforts is needed and requires investment.

#### Proposal:

The request is funding a Director of Tribal Relations, Public Engagement, and Equal Opportunity at the Office of Higher Education.

<sup>1</sup> <https://www.revisor.mn.gov/statutes/cite/10.65>

<sup>2</sup> <https://www.revisor.mn.gov/statutes/cite/136A.032>

This position will oversee, direct and lead all Agency’s programs and activities related to tribal relations, public engagement, and equal opportunity to further the agency’s mission and the Educational Attainment Goal.

The position will provide expert advice and policy direction to senior leadership on issues affecting Minnesota Tribal Nations and the American Indian community in Minnesota. As the Tribal Liaison, they will serve as the chief liaison and principal point of contact between OHE and Minnesota’s 11 Federally Recognized American Tribes as outlined in [MS 10.65 subd. 3](#) and the Tribal Nations Education Committee as outlined in [MS 136A.032](#). They will identify and prioritize engagement opportunities needed statewide to maintain and improve relationships with the American Indian community and Tribal governments. They will also represent the agency in other public forums.

They will work in coordination with Agency Communications and Government Relations Affairs departments to build public affairs strategies that can grow government-to-government tribal relations and community engagement. In addition, this position will coordinate with the Governor’s Public Engagement team to ensure cross-agency coordination.

This position will also ensure agency compliance with all applicable federal and state laws, policies, rules and regulations, best practices and administrative procedures relating to equal opportunity and in Diversity, equity and Inclusion efforts to move the agency toward a more diverse, equity and inclusive workplace. This position will have a dotted line to the Commissioner.

**Impact on Children and Families:**

Having a dedicated staff person to do both tribal liaison duties and public engagement work, will increase the agencies awareness of the needs of families and students of tribal nations and underserved populations. Additionally, this will help expand the access to information these communities have, in regards to programs, and aid they can receive throughout agency.

**Equity and Inclusion:**

This proposal expands the agency’s ability to address the inequity in postsecondary access and completion that exists for Minnesotans who are Minnesota American Indian and Alaska Native and other Minnesotans who belong to racial and ethnic groups experiencing gaps in postsecondary attainment. Given that Minnesota’s communities of color and Indigenous populations lag whites on numerous economic outcomes, ensuring the path to greater educational attainment and therefore, family-sustaining wages for our communities of color and Indigenous communities represents a moral and practical imperative for the state.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

This proposal will impact all Minnesota Tribal Nations. The proposal is anticipated to have the following effects on Minnesota Tribal Nations:

- Increased involvement of American Indian communities in decisions of the agency
- More effective engagement activities with the American Indian community
- Tribal perspective is more accurately communicated and more likely to be understood by the agency
- Tribes are more regularly and authentically consulted and engaged with by the agency

Minnesota Tribal Nations have frequently indicated the need for each state agency to have a dedicated tribal liaison who has the capacity within their position to effectively coordinate meaningful tribal consultation.

**IT Costs:**

N/A

**Results:**

Evaluation of tribal relations and public engagement activities supported by this role will be ongoing and based on multiple methods. At a minimum, the agency will collect baseline data after filling the position. This data will include:

- Number of tribal consultation meetings
- Number of public engagement activities held or sponsored

**Statutory Change(s):**

N/A

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: P-20 Partnership Executive Director

Fiscal Impact (\$000)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	134	142	142	142
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	134	142	142	142
FTEs	1	1	1	1

### Recommendation:

The Governor recommends \$133,527 in fiscal year 2024, \$142,346 in fiscal year 2025 and each subsequent year for a full-time FTE position to oversee, direct, and coordinate all activities related to the P-20 Education Partnership (P-20). They will serve as an internal resource and consultant working collaboratively with P-20, stakeholders, and staff. This position will assist with the development of an annual report to submit to the Governor and the Legislature in accordance with Minnesota Statute 127A.70. and ensure continued progress on the ambitious goals identified by the P-20 council. They will support the work of P-20 by coordinating and attending all meetings, conferences and events and represent P-20 with credibility to a wide range of diverse groups and organizations.

### Rationale/Background:

In 2009, legislation was enacted to formally codify the Minnesota P-20 Education Partnership (formerly called the Minnesota P-16 Education Partnership). The purpose of the Partnership is to “create a seamless system of education that maximizes achievements of all students, from early childhood through elementary, secondary, and postsecondary education, while promoting the efficient use of financial and human resources” (Minn. Stat. § 127A.70). The P-20 Education Partnership is jointly led by the commissioner of education, the chancellor (or designee) of Minnesota State, and the president (or designee) of the University of Minnesota.

In the summer of 2019, leaders of the P-20 Education Partnership, along with representatives from the Department of Employment and Economic Development (DEED), the Office of Higher Education, and the Governor’s office, participated in a convening of the Level Up Coalition—a collaborative of state and national partners focused on “measurably increasing the numbers of high school students prepared for and successfully transitioning to postsecondary education and training programs” (<http://edstrategy.org/level-up-launch/>).

This convening served as a catalyst for re-centering the work of the P-20 Education Partnership around a clear and demonstrable goal: achieving the state post-secondary attainment goal set by the Minnesota Legislature in 2015. This goal aims to increase the proportion of Minnesotans age 25-44 who have attained a postsecondary certificate, diploma, or degree to 70 percent by 2025, within each racial/ethnic group. This focus on disaggregated attainment rates is significant and somewhat unique, and is critically important to the citizens of Minnesota as our state continues to have the largest gaps in educational outcomes in the country.

Setting the 2025 state attainment goal as its north star, the P-20 Education Partnership refocused its work and set out to strengthen and expand bridges across the P-12 education, postsecondary education, and the workforce to ensure that sectors are working together to support students through their educational and training transitions so that all Minnesotans are prepared to be lifelong learners and productive citizens.

**Proposal:**

The primary purpose of this position is to serve as the Executive Director of the Minnesota P-20 Partnership, responsible for the planning, direction, coordination, and day-to-day operations of the P-20 Partnership. The Executive Director has the overall responsibility to manage the duties of the P-20 Partnership including developing long-term strategic goals, biennial budget requests, and management of personnel, funding, and resources in collaboration with the P-20 Partnership Executive Committee.

This position is responsible for supporting the State of Minnesota and partner agencies in identifying the most viable pathways for individuals in achieving successful outcomes in early care, education, and work; inform decisions to support and improve early care, education, and workforce policy and practice, and assist in creating a more seamless early care, education, and workforce system for all Minnesotans, especially for historically excluded populations.

The P-20 Partnership Executive Director must develop and maintain positive relationships with key stakeholders and work with a high degree of independence as they collaborate with the Minnesota P-20 Education Partnership, multiple state agencies, external organizations, and the P-20 education systems in the state and nationally.

**Impact on Children and Families:**

The P-20 Education Partnership is committed to being a champion for lifelong learning - focusing on strategies across the learner lifespan, including early childhood, Pre-K-12, postsecondary, and the workforce. The P-20 Executive Director will play a critical role in assuring that the work of the P-20 council and stakeholders moves forward, including support for initiatives like improving financial literacy, expanding and improving dual credit opportunities, and ensuring that all Minnesotans have the opportunity to earn credentials of value.

**Equity and Inclusion:**

P-20 Education Partnership developed the following set of equity principles that undergird all of its work:

- We commit to approaching our work from an equity, anti-racism, and unity lens.
- We recognize that we cannot achieve our goals without directly addressing systemic racism, oppression, and economic and educational inequities within our spheres of influence and impact, and we are committed to doing so.
- We will strive for educational equity (not equality), which means that we will meet learners and communities where they are and provide what they need to succeed and meet their goals.
- We commit to actively engaging with data and those whom it represents, and to safeguarding that data to ensure its ethical use.
- We commit to bringing the resources of our organizations to this work, leveraging resources across sectors and organizations.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**Results:**

This position will ensure:

- Council and subcommittee meetings are conducted and completed in a timely and professional manner. Meeting facilitation procedures are sufficiently documented.
- Staff identifies data gaps reflective of state, organization, and industry priorities and proposes operational changes to mediate identified gaps.

- The annual partnership activities relevant to education and workforce reflect priorities of the Governor, legislature, and participating state agencies. Completes summaries and reports in a timely manner using appropriate research methods. All analysis and reporting is accurate.
- Coordination of the P-20 communications plan
- Identification of possible future initiatives for the P-20 Council to consider
- Development of internal work plan for P-20 Council and partners

**Statutory Change(s):**

N/A

**Change Item Title: Emergency Assistance for Postsecondary Students**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Fund - Expenditures	2,181	2,181	840	841
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,181	2,181	840	841
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Recommendation:**

The Governor recommends an additional \$2,362,000 for the 2024-2025 biennium and an \$1,681,000 increase in the 2026-2027 biennium to expand the Emergency Assistance for Postsecondary Students Grant Program (EAPS), which provides funding to colleges and universities in Minnesota to administer emergency grants to students experiencing unforeseen financial emergencies.

The request would allow for more institutions to be awarded and the Office of Higher Education to increase the maximum award in order to better meet applicant needs. Grants of up to \$1,500 may be used for housing, utilities, food/groceries, transportation, and other emergency needs. With the expansion, eligible colleges and universities may apply for up to \$90,000 to allocate to students experiencing the impacts of poverty. Eligible institutions include public, private, and tribal colleges and universities in Minnesota.

Base funding is currently \$638,000 for the biennium, this recommendation would increase base funding to \$5,000,000 for the 2024-2025 biennium, and for the 2026-2027 biennium the base will increase to \$2,319,000.

**Rationale/Background:**

The Office of Higher Education (OHE) administers the Emergency Assistance for Postsecondary Students (EAPS) Grant Program to improve the retention and completion of college students experiencing food/housing insecurity or other unforeseen financial crises. The primary goal of the program is to act as a crisis intervention for students who lack resources and experience an unforeseen emergency that may impact their college attendance. The broad, over-arching objective is to eliminate immediate barriers that could result in a low-income student not completing their term or program due to issues related to poverty, while increasing students’ resiliency and self-efficacy as individuals. This proposal requests additional funding so that we may expand our reach and increase the size of awards to institutions selected for an award.

Though devastating, the COVID-19 pandemic brought millions of dollars to higher education institutions in Minnesota through the rounds of the Higher Education Emergency Relief Fund (HEERF) federal grant. The majority of this funding was used to support emergency grants to students, which decreased the strain on the EAPS program as our grants are smaller and allow for two-year contracts.

Therefore, while the actual need for emergency grants overall increased tremendously over the last three years, the institutions were less reliant on EAPS funding than in years past. The final round of HEERF funding is expiring, though, and institutions won’t have access to the federal support they’ve received throughout the pandemic. This means that there will a huge decrease in available emergency grant awards for students in need from past years. It also means that colleges who did not apply for the last round of emergency grants will be left scrambling to find

donations that will cover the students' need. For many institutions who need it most, including two-year colleges and small rural colleges, their donor base will not suffice to meet the students' need. Meanwhile, the cost of living in Minnesota has risen significantly since 2019.

Even pre-pandemic, Minnesota was in a housing and income crisis. In a 2019 statewide basic needs survey conducted by the Hope Center for College, Community, and Justice, in which eight Minnesota colleges and universities collected responses from 3,460 undergraduate students, 52% of students self-identified as housing insecure and 18% identified as homeless.<sup>1</sup> While Minnesota housing insecurity among students is on par with the national average, homelessness among these students exceeds the national average by one percentage point. This is significant because, while it seems to follow national patterns, higher rates of homelessness are usually accounted for in states with warm weather climates; very few states that experience long and severe winters exceed the national average.

### **Proposal:**

This proposal is to expand an existing program, the Emergency Assistance for Postsecondary Students Grant Program. Grants are awarded to Minnesota postsecondary institutions to support the creation or continuance of emergency assistance programs within that college or university. Once selected for an award, the institutions re-allocate the funds with grants of no more than \$1,500 per student, as needed. Students may receive funds through their student account or may submit unpaid bills to the institution to pay directly on their behalf. These grants cannot be used for tuition or fees, but rather are intended to alleviate the stress of living expenses on students with basic needs insecurities. The increase funds will allow two things: more institutions to receive awards to fund more students; and OHE to increase the maximums on both the institutional awards and the individual student aid. The current institution cap is \$45,000 and individual student aid is capped at \$1,000.

The need for additional investment into this program is based on a variety of factors:

- Since 2017, the program has never had enough funding to fully meet the number and funding requests we receive from postsecondary institutions through the competitive grant process.
- We are aware that larger institutions (i.e., the University of Minnesota) have not applied for this grant in the past due to the limited impact it would have on such a large population of high-need students. With additional investment, we will attract larger institutions who are looking to address wide-scale disparities on their campus.
- HEERF funds have funneled millions of dollars into higher education institutions in Minnesota, much of which was spent on emergency grants to students. This created less of a need to rely on EAPS over the course of the pandemic – however, the HEERF funds are expiring and leaving a massive void for students.

### **Impact on Children and Families:**

This program is intended to support low-income college students by ensuring that their basic needs are met so they do not have to choose between paying bills and staying in college. This program also largely impacts student-parents, as anywhere from 64%-70% of students receiving EAPS funds are student-parents (depending on the year), so many of these funds are directly supporting college students who have dependent children.

### **Equity and Inclusion:**

The mission of EAPS is to support low-income students at their most vulnerable time of need and keep them in college. Unfortunately, more often than not, students with the greatest barriers to college success and financial wealth are students of color, students with disabilities, and LGBTQ+ students.

---

<sup>1</sup> Hope Center for College, Community, and Justice at Temple University. [2018 #RealCollege Survey Report: Participating Colleges in Minnesota](#). (2019).

There are very minimal challenges to make an investment in the EAPS grant program. The main obstacle would be ensuring that colleges have capacity and are properly resourced to do case management work with students. We do not want this program to become automated and leave out the relationship-building piece, so making sure that colleges have capacity to work with these students is crucial. Because of this, we may see an increase in salary requests if there was an increase in EAPS funding.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs:**

N/A

**Results:**

Anticipated outcomes include:

- Increased student participation.
- Increase in retention and success for students impacted by issues related to poverty.
- Better understanding student needs and barriers to success.
- Connecting students with institutional staff who can help them find additional services.

We currently track the following from grantees on an annual basis:

- Demographics of all students who applied for a grant
- Demographics of students who received a grant
- Length of time between students applying for grant and funds being received/bills paid.
- Term-to-term student retention of both selected/not selected (peers), if available.
- Percent of total emergency cost covered by the grant.
- Student satisfaction and level of confidence in completing their term or program post-award.
- Types of emergencies students are facing/applying to resolve – i.e., housing, food insecurity, etc.
- Anecdotal student stories, if available.
- Gift card information, if applicable (handled separately).
- Qualitative information regarding project implementation, challenges, etc. from program staff.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Number of students receiving an EAPS grant	1,298	2021	1,300	4,000	2024
Quality	Percent of emergency resolved by grant	93%	2021	95%	100%	2024
Results	Term-to-term retention for grant recipients vs. peers	TBD	-	-	-	-

**Statutory Change(s):**

N/A

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Direct Admissions Minnesota

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	425	425	425	425
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	425	425	425	425
FTEs	1	1	1	1

### Recommendation:

As Direct Admissions expands, the Governor recommends an increase of \$425,000 each year to make the program ongoing and to continue reimbursements to high schools for the modest technology and staffing costs incurred (costs average \$5,000 per school and vary by enrollment), and to establish a permanent 1.0 FTE staff person at the Office of Higher Education to coordinate the activity.

Expansion costs are anticipated to be \$500,000 per year or \$425,000 per year above the current \$75,000 per year currently included in base funding for the 2024-2025 and 2026-2027 biennia.

Direct Admissions Minnesota was a new initiative funded in the 2021 legislative session with services beginning during the 2022-2023 academic year. Direct Admissions Minnesota is a partnership project between K-12 schools and districts and Minnesota colleges to create a proactive admissions process for Minnesota public high school students entering their senior year seeking to enroll in postsecondary education.

As the program was new, the cost estimate for funding the program was higher than the actual expenses incurred for the 7,300 high school seniors (40 high schools, 37 districts) participating. The current program is anticipated to return \$400,000-\$500,000 to the general fund at the end of the 2022-2023 biennium.

### Rationale/Background:

Direct Admissions was well received by high school counselors, parents, and students with the launch in October of 2022. Approximately 10% of Minnesota high school seniors are participating with 49% of those participating seniors being comprised of Black, Indigenous, or students of color; 29% were eligible for free or reduced-price meals in 11<sup>th</sup> grade. The Office of Higher Education has already received inquiries from more than a dozen districts as well as additional colleges asking to join the program for the 2023-2024 academic year.

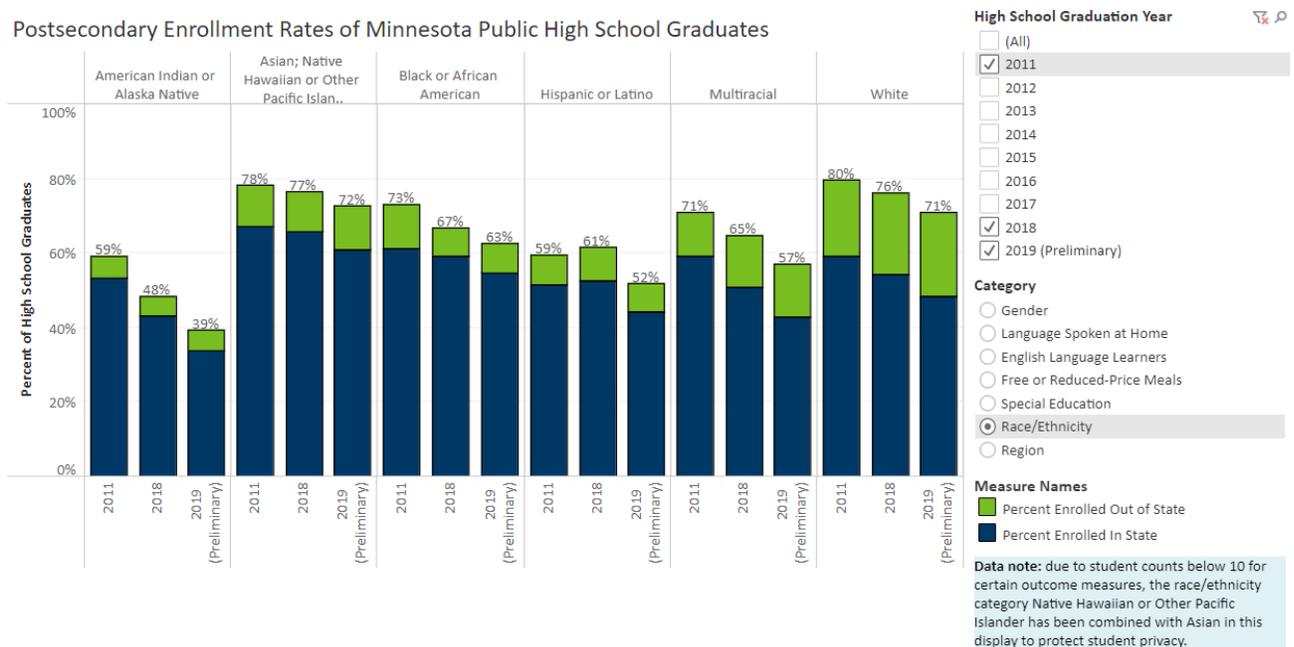
The program serves the state in meeting its goals of access to college and reducing the number of students leaving Minnesota for college.

- Although Minnesota’s overall educational attainment rate, as measured by completion of a postsecondary certificate or degree, is currently 63.0% for persons aged 25-44, people of color and American Indian Minnesotans have attainment rates that are significantly lower. Disparities in attainment are also found in college participation rates of high school graduates as shown in Figure 1 on the next page. This proposal would facilitate the transition of high school students, particularly students of color, American Indian students, and lower income students to a postsecondary program by creating a direct admissions pathway.
- This program, also serves as an incentive and nudge to enroll in-state for the more than 11,000 (18-20%) Minnesota high school graduates who enroll in college outside the state as shown in Figure 3.

Direct Admissions Minnesota has great potential to reduce equity gaps, provide important college-going information to high school students, alleviate potential access gaps for both rural and urban populations, and eliminate the need for extensive college-going knowledge to navigate the college application process. Implemented by the state of Idaho in 2015-2016, Idaho saw the following outcomes: +88% increase in college applications completed, +6.7% immediate college enrollment, +3.1% in overall college enrollment, -3% in students leaving the state for college.

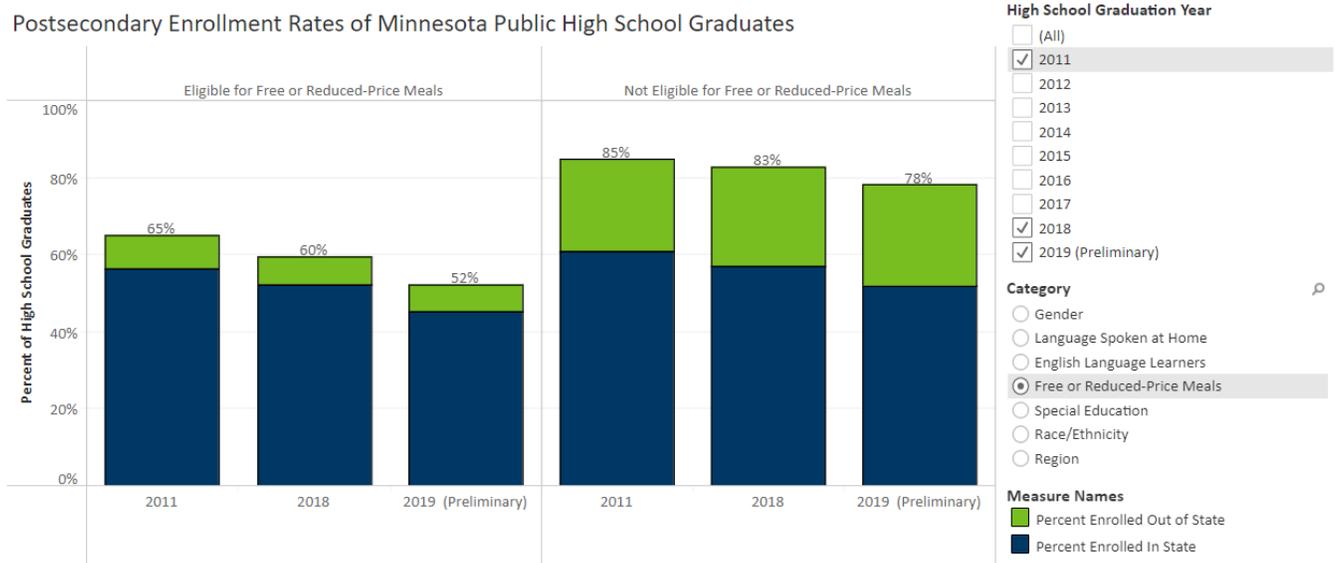
A direct admissions system bypasses the typical college admissions process by proactively admitting students to college. Students, parents and guardians, and high schools receive letters indicating a student has been admitted to a set of institutions and outlines steps for how students can “claim their place” using a statewide common and free application. All students in a state are admitted to open-access institutions, and students who surpass a pre-identified threshold (based on cumulative GPA, and core subject course grades) are directly admitted to the state’s four-year institutions. Participating colleges agree on academic benchmarks to determine a student’s eligibility for direct admissions. Minnesota currently has six academic groupings that colleges can opt into.

**Figure 1. College Participation Rates for Minnesota Public High School Graduates Enrolled in Minnesota or Out of State within 2 Years of HS Graduation by Race and Ethnicity, Classes of 2011, 2018, and 2019**



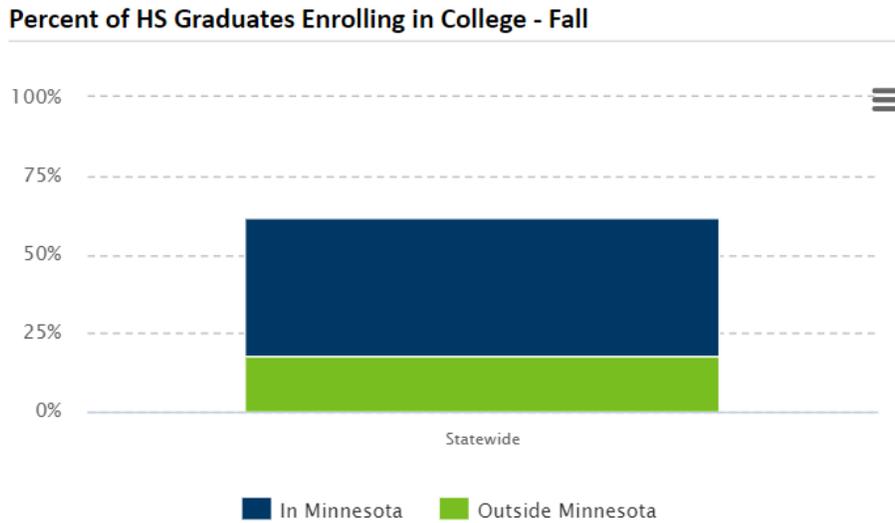
Source: Office of Higher Education (2021). Getting Prepared.

**Figure 2. College Participation Rates for Minnesota Public High School Graduates Enrolled in Minnesota or Out of State within 2 Years of HS Graduation by Free or Reduced-Price Meal Eligibility, Classes of 2011, 2018, and 2019**



Source: Office of Higher Education (2021). Getting Prepared.

**Figure 3. College Participation Rates for Minnesota Public High School Graduates Enrolled in Minnesota or Out of State in the Fall after High School Graduation, Classes of 2020**



Location	Statewide
In Minnesota	44% (26,469)
Outside Minnesota	18% (11,033)

Source: SLEDS (2022). High School Graduates: Enrollment.

**Proposal:**

Direct Admissions Minnesota was a new initiative proposed for funding for the 2021 legislative session. Direct Admissions Minnesota is a partnership project between K-12 and higher education to create a pre-qualified or proactive admissions process for Minnesota public high school students entering their senior year seeking to enroll at institutions within the Minnesota State College and University system (and potentially other private and public institutions).

A direct admissions system bypasses the typical college admissions process by proactively admitting students to college. Implementation of a Direct Admissions Minnesota initiative requires three phases of work described below. Direct Admissions Minnesota can serve as a strategy to advance the state educational attainment goal by increasing the rate at which lower-income, students of color, indigenous students, and students with disabilities participate in college.

This initiative is proposed for planning in the first fiscal year, and launch in the second fiscal year (2022-2023 academic year). Costs are scale-able in that lower funding levels would assume fewer school districts being added to each year of the program resulting in lower costs. The additional funding proposed would be used for

1. **Plan and coordinate the program statewide:** OHE requests a 1.0 FTE Direct Admissions Coordinator to coordinate the technology, administrative, communications, and legal aspects of the program. Estimated costs \$120,000 per year.
2. **Implementation:** Direct Admissions Implementation is reliant on K-12 staff time for set-up and modest system/process modifications (installation of survey software, e-transcript set-up) and the requested funding includes funds for reimbursing districts those costs incurred (approximately \$5,000 per district). Estimated costs \$330,000 per year (60-75 new districts participating).
3. **OHE communications and IT maintenance:** Direct Admissions is also reliant on communications with students and parents and facilitated transfer of student college choices between the high school and the college. On-going base funding is used to support communications design and printing \$25,000, and IT modifications \$25,000.

**Overall:**

The 2022-2023 program implementation was successful in minimizing costs to schools and the state in implementing the program.

<i>Category</i>	<i>FY2024</i>	<i>FY2025</i>	<i>Fiscal Years 2024-2025</i>
Staffing	\$120,000	\$120,000	\$240,000
K12 school implementation	\$330,000	\$330,000	\$660,000
Communications	\$25,000	\$25,000	\$50,000
IT modifications	\$25,000	\$25,000	\$50,000
Total	\$500,000	\$500,000	\$1,000,000

**Impact on Children and Families:**

This proposal seeks to increase the number of high school students enrolling in education and training post-high school that can lead them to a job paying a family sustaining wage.

**Equity and Inclusion:**

This proposal would facilitate transition of high school students, particularly students of color, American Indian students, lower income students, and students with disabilities to a postsecondary program by creating a direct admissions pathway. Direct Admissions seeks to eliminate disparities in college admissions/enrollment resulting from college knowledge, parent educational attainment, and other factors.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

**IT Costs:**

IT costs occurring are limited to software maintenance.

<i>Category</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
<b>Total</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>
MNIT FTEs						
Agency FTEs						

**Results:**

The success of Direct Admissions Minnesota would be measured by changes in the immediate college enrollment rate of high school graduates by race, income, geography, and disability status. Evaluation rates from the first two years of Direct Admissions Idaho were positive.

**Statutory Change(s):**

Since this was originally written as a “Pilot” the language in 2021 session laws will need to be put into statute as the request is to make it an on-going program.

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Transparent Pathway to Academic Credit for Child Development Associate®

#### Credential Holders

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	475	0	0	0
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	475	0	0	0
<b>FTEs</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Recommendation:

The Governor recommends a one-time \$475,000 direct appropriation to the Board of Trustees of the Minnesota State Colleges and Universities to work with Minnesota State Faculty, Minnesota Department of Education, OHE, the Children’s Cabinet, and other stakeholders to develop a transparent pathway for current Child Development Associate® Credential holders to be awarded academic credit that aligns with related academic certificate, diploma, and degree programs at Minnesota State.

#### Rationale/Background:

Childcare workforce challenges are evident. The MBVC Childcare Business Supports Working Group identified a need to create viable and coherent pathways for the childcare and Early Childhood Education workforce. Current childcare workers who want to enroll in and complete academic programs face many barriers. One identified barrier is a clear process for being awarded academic credit for training and experiential learning experiences they have completed in order to meet state and other requirements as childcare workers including earning a Child Development Associate® Credential. Also, making it easier for childcare workers to enroll in and complete academic programs at Minnesota State would break down barriers to postsecondary education attainment and be in support of efforts to meet Minnesota’s Attainment Goal.

#### Proposal:

This proposal would fund the work necessary to create one or more crosswalks for Child Development Associate® Credential holders and other childcare workers to be awarded academic credit which have been pre-evaluated by faculty teams for college credit at Minnesota State institutions. Ideally the academic credit awarded would align with core requirements of childcare and Early Childhood Education related academic programs.

<i>Year 1 Task</i>	<i>Cost (Total: \$475,000)</i>
Engage 8 colleges/universities to build pathway (CPL and direct transfer) including curriculum changes	\$240,000
Align to Workforce Development scholarships for direct student support	\$0
Develop advising tools and training	\$25,000
Develop and disseminate Outreach/Marketing tools	\$50,000
System Office/CPLAN leadership and incorporate Guided Self Placement, and other adult learning support	\$120,000
Form statewide advisory committee to advise project. Staff/manage committee and write legislative report	\$40,000

**Impact on Children and Families:**

This proposal provides funding to meet the needs of Minnesota's childcare workforce. With a sufficient and high-quality childcare workforce, childcare providers are better able to provide safe and healthy environments for children. Ensuring childcare providers are capable of providing high-quality care is essential for healthy children, families, and a robust economy.

Educational attainment, including childcare and Early Childhood Education related academic credentials, is beneficial for not only the individual completing a higher education credential, but for their family, community, and the state as a whole. A well-educated workforce is better able to facilitate and maintain economic vitality and community prosperity, and the individual is more likely to earn a family-sustaining wage for themselves and those they financially support.

**Equity and Inclusion:**

This proposal funds the work necessary to create a transparent pathway to earning academic credit for childcare and Early Childhood Education workers. Racial and economic disparities exist within the childcare workforce. The ECE workforce, which nationally is 94% female and 40% people of color, is one of the most underpaid workforces in the country, with early educators among the lowest-paid workers in every state<sup>1</sup>. Individuals with low incomes face many barriers to education and employment and individuals with the greatest barriers tend to be students of color, students with disabilities, and LGBTQ+ students. This proposal funds work that would reduce barriers for childcare workers to attainment.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

**IT Costs:**

N/A

**Results:**

This proposal would be evaluated by demonstrating the creation of the one or more crosswalks for Child Development Associate® Credential holders and other childcare workers to be awarded academic credit which have been pre-evaluated by faculty teams for college credit at Minnesota State institutions.

**Statutory Change(s):**

N/A

---

<sup>1</sup> Whitebook, M., McLean, C., & Austin, L. July 2016. Early Childhood Workforce Index. Center for the Study of Child Care Employment, University of California, Berkeley. <https://cscce.berkeley.edu/projects/early-childhood-workforce-index-2016/>; "The Early Care and Education Workforce." April 2021. National Conference of State Legislatures. <https://www.ncsl.org/research/human-services/the-early-care-and-education-workforce.aspx>

**Change Item Title: Underrepresented Student Teacher Grants Increase**

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	800	800	800	800
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	800	800	800	800
<b>FTEs</b>	<b>.25</b>	<b>.25</b>	<b>.25</b>	<b>.25</b>

**Recommendation:**

The Governor recommends an additional \$800,000 per year for the Underrepresented Student Teacher Grants program and allows for a greater amount of the appropriation to be used for program administration. The proposal requests a \$1.6m (\$800,000/year) increase in the base appropriations to the Underrepresented Student Teacher Grants program for the 2024-2025 biennium to increase the number of student teachers who can benefit from the program. The proposal also includes a change in the base appropriations language to allow for up to five percent of the appropriation to be used for program administration which would more accurately reflect the cost of administering the program.

**Rationale/Background:**

Teacher shortages exist across Minnesota, particularly among teachers of color and American Indian teachers. The current appropriation for this program is not sufficient to award all eligible students expected to apply at the maximum award amount. In FY2022, 177 eligible applications were received by the application deadlines but only 140 students received awards based on the funds available.

This proposal also supports an increase in the administrative fund’s allowance in law to an amount that more accurately reflects the cost of administering this program. The governing statute for this program requires OHE to evaluate all of the applications received by an application deadline each academic term and notify awardees by dates specified in law. In order to allow students an appropriate amount of time to submit applications and meet the statutory award notification deadlines, the program administrator must be available to dedicate a significant amount of their time to this program. In addition, the program administrator is responsible for the data collection and analysis necessary for them to meet state statute reporting requirements. The current allowance in law (3%) does not provide enough administrative funding to meet statutorily required program administration and reporting requirements.

**Proposal:**

The Grants to Underrepresented Student Teachers program provides postsecondary financial assistance to eligible students enrolled in Minnesota teacher preparation programs. Awarded students receive grants during one term in which the student is completing a required 12-week or more student teaching experience for a Tier 3 or higher teaching license. The program’s intent to encourage individuals who belong to a racial or ethnic group underrepresented in the Minnesota teacher workforce, to become teachers.

In particular, this program seeks to reduce the financial barrier many students face to completing a required 12-week or more student teaching experience for a Tier 3 or higher teaching license. These experiences often require students to leave their current employment or drastically reduce their hours in order to serve as student teachers (usually unpaid). Many individuals may not pursue enrollment in or complete a teacher preparation program

because they are not financially able to provide for themselves and their families for 12 or more weeks without an income.

The award amount per student is up to \$7,500. OHE has the statutory authority to decrease the maximum award if necessary based on the amount of available funding, the number of eligible applicants, and their financial need. If OHE decreases the maximum award amount, the number of awarded students may increase but effect of that award is reduced. If OHE sets the maximum award amount at \$7,500 fewer students receive will receive awards unless the appropriation to this program is increased.

There is a clear need for an increase in the appropriation to the program. With additional funds, the program will be able to award more students. Ensuring more students of color and American Indian students have an affordable pathway to enrolling in and completing a teacher preparation programs is likely to encourage more to enroll. In particular, with increased funds, this program may persuade more individuals who belong to racial and ethnic groups underrepresented in the Minnesota teacher workforce to consider becoming teachers.

**Impact on Children and Families:**

This proposal helps more students complete teacher preparation programs in identified license field shortage areas and serve in identified geographical shortage areas in the state. Students with more financial support to go to college are more likely to persist and complete their programs. Additional financial support while attending college helps to reduce barriers to completion like maintaining stable housing, having enough food to eat, and being able to purchase the appropriate books and supplies. This is particularly important during terms in which teacher candidates are completing required student teaching experiences.

Data suggests teachers of color and American Indian teachers serving in Minnesota’s teacher workforce have a positive impact on the success of all students in Minnesota and particularly on the success of students of color and American Indian students.

**Equity and Inclusion:**

This proposal will help more students who belong to a racial or ethnic group underrepresented in the Minnesota teacher workforce complete teacher preparation programs.

Data suggests teachers of color and American Indian teachers serving in Minnesota’s teacher workforce have a positive impact on the success of all students in Minnesota and particularly on the success of students of color and American Indian students.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

**IT Costs:**

N/A

**Results:**

This program is currently measured by the number of students of color and American Indian students completing teacher preparation programs in Minnesota and securing employment as teachers in Minnesota. The Professional Educator Licensing and Standards Board (PESLB) began reporting Teacher preparation program completer data by race, ethnicity, and political status in 2021.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Program Completion Data for students of color and American Indian students who completed PESLB approved programs, received a Tier 3 or Tier 4 license, and were hired to work in their licensure field in a Minnesota school, respectively.	N/A	244	2021

**Statutory Change(s):**

N/A

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Expanded Uses of the Dual Training Competency Grant and Dual-Training Pipeline Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
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
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Recommendation:

The Governor recommends modifying the governing statutes to expand allowable uses for grant funds, allow for trainees who participate over multiple years to fully benefit from the program, and codify prioritization of funding for grant applicants that demonstrate a commitment to recruit, train, and retain employees of color, American Indian employees, and employees with disabilities.

#### Rationale/Background:

The Minnesota Legislature established the PIPELINE Project in 2014 (Private Investment / Public Education Labor-Industry Experience project). In 2015, it was established as a program in statute. The Minnesota Dual-Training Pipeline Program at Minnesota Department of Labor and Industry (DLI) is an innovative approach to address current and future workforce needs. The program works with employers to change the conversation from “How do we find workers with the skills we need?” to “How do we GIVE workers the skills we need?” DLI works with industry councils to identify competency standards necessary for employment in specific occupations. Currently, the statute limits those occupations to those in the advanced manufacturing, health care services, information technology, and agriculture industries.

The Dual Training Competency Grant (DTG), administered by the Minnesota Office of Higher Education (OHE), was established in 2015 to support the implementation of the Minnesota Dual-Training Pipeline program administered by DLI. The grant program supports the related instruction component of dual training programs that lead towards trainees achieving identified competency standards. The grant currently reimburses grantees for the related instruction costs of tuition, fees, required books and materials of their dual trainees. To date, eleven grant rounds have awarded DTG program funds from January 2016 to the most recent round that commenced in July 2022. The program seeks to both help employers provide training for their workforce and support trainees in earning industry-recognized degrees, certificates, or credentials.

DTG appropriations have not been sufficient to meet the application requests. For example, in the most recent grant round (Round #11) application requests were \$4,430,700, but only \$3,347,00 was available. Unfortunately, 20 of the 74 total applications (19%) were not funded, and an additional 11 applications (7%) were only partially funded. To promote and support Minnesota’s Higher Education Attainment Goal, OHE prioritizes DTG grant applications that include trainees from a previous grant round and who are continuing and have not yet completed their programs in the grantee selection process.

Minnesota employers need skilled workers in the Advanced Manufacturing, Agriculture, Health Care Services, and Information Technology industries. The high demand for DTG grants to support dual training programs in these industries is evident that employers value the program and the funding model. In some critical sectors, the COVID-19 pandemic increased the need for employers to be able to train employees while they were serving in other critical occupations. As a result, the DTG program may have been seen as an effective model for supporting employee training during and after the COVID-19 pandemic. Many of those employers are likely to continue to apply for DTG program funds and offer dual training programs for their employees.

Grantees, trainees, and training providers often report during grant monitoring that additional support for trainees is needed to increase the likelihood of their completion. These types of supports include but are not limited to, tutoring, translation, navigator services, transportation, lodging, meals, and supports needed to meet other basic needs. Expanding the allowable uses of grant funds to meet trainee support needs is expected to result in more trainees persisting in their dual-training programs funded with DTG program funds.

Some trainees are prevented from fully benefiting from this program because they have reached the maximum number of four years of participation in a DTG funds supported dual-training program. For example, some trainees may participate in a DTG funds supported dual training program for one year but their employer (grantee) only utilizes \$1,000 of the annual maximum of \$6,000. If, in the future, that trainee participates in another DTG supported dual-training program, they would be limited to three years of participation. Replacing the maximum of four years a trainee can participate in a DTG supported dual-training program with a lifetime maximum amount of \$24,000 would allow for more trainees to persist in their dual-training programs and complete. This change would align DTG with other OHE programs that track lifetime eligibility based on receipt of maximum allowed funding not participation or attendance.

Minnesota's communities of color and American Indian populations lag behind white Minnesotans on various economic outcomes. Additionally, in order to reach the 70% educational attainment goal set by the Legislature, Minnesota will need an additional 108,500 persons ages 25-44 to complete a postsecondary credential by 2025. In total, persons of color or Indigenous Minnesotans must earn 82% of the 100,700 additional postsecondary credentials. Supporting Minnesotans of color and American Indian Minnesotans in their pursuit of industry-recognized degrees, certificates, or credentials is crucial to eliminating these inequities and meeting the educational attainment goal. To do that, this proposal also modifies the grant criteria to evaluate applications based on the employers' efforts to recruit, train, and retain employees of color and American Indian employees.

Minnesotans with disabilities lag behind non-disabled Minnesotans on various economic outcomes. Supporting Minnesotans with disabilities in their pursuit of industry-recognized degrees, certificates, or credentials is crucial to eliminating the inequities that exist. To do that, this proposal also modifies the grant criteria to evaluate applications based on the employers' efforts to recruit, train, and retain employees with disabilities.

### **Proposal:**

This proposal recommends modifying the governing statutes to expand the allowable uses for grant funds, allow for trainees who participate over multiple years to fully benefit from the program, and codify prioritization of funding for grant applicants that demonstrate a commitment to recruit, train, and retain employees of color, American Indian employees, and employees with disabilities. These statute amendments are recommended to support successful completion of training.

### **Impact on Children and Families:**

Greater educational attainment correlates with increased earnings, lower unemployment, better health, and other social and economic benefits. The ability of Minnesota workers to live in and raise their families in the state relies on their ability to find employment at a family-sustaining wage. This program supports Minnesotans pursuing industry-recognized degrees, certificates, or credentials leading to a greater ability to find and maintain employment at a family-sustaining wage.

**Equity and Inclusion:**

Providing and increasing state aid reduces racial disparities in the state. In particular, programs that address inequity in postsecondary access and completion. Dual-Training Grants provide trainees with the opportunity to gain needed postsecondary training in their occupation. This improves overall outcomes for trainees and their employers, which has long-lasting, intergenerational impacts on economic stability and social mobility.

This proposal ensures employers that demonstrate a commitment to recruit, train, and retain, employees of color, American Indian employees, and employees with disabilities are more likely to receive awards

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

**IT Costs**

N/A

**Results:**

This program is currently measured by the number of dual trainees that complete their programs.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Reported Dual Trainees who have completed programs	17%	32%	2018, 2020

**Statutory Change(s):**

[M.S. 136A.246](#)

**Change Item Title: Grants to Student Teachers in Shortage Areas Increase**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Fund - Expenditures	3,000	3,000	3,000	3,000
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,000	3,000	3,000	3,000
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Recommendation:**

The Governor recommends an additional \$3,000,000 each year for the Grants to Student Teachers in Shortage Areas program and allow for a greater amount of the appropriation to be used for program administration.

**Rationale/Background:**

Teacher shortages exist across Minnesota, particularly teachers serving in greater Minnesota and in identified license field shortage areas. The current appropriation for this program is not sufficient to award all eligible students. In FY2022, 411 eligible applications were received by the application deadlines but only 72 students received awards based on the funds available. There were many more applications received after applications deadlines that were not processed.

**Proposal:**

The Grants to Student Teachers in Shortage Areas program provides postsecondary financial assistance to eligible students enrolled in Minnesota teacher preparation programs. Awarded students receive grants during one term in which the student is completing a required 12-week or more student teaching experience. The program’s intent is to encourage individuals to become teachers in designated license field and geographical shortage areas in Minnesota.

In particular, this program seeks to reduce the financial barrier many students face to completing a required 12-week or more student teaching experience. These experiences often require students to leave their current employment or drastically reduce their hours in order to serve as student teachers (usually unpaid). Many individuals may not pursue enrollment in or complete a teacher preparation program because they are not financially able to provide for themselves and their families for 12 or more weeks without an income.

The award amount per student is up to \$7,500. OHE has the statutory authority to decrease the maximum award if necessary based on the amount of available funding, the number of eligible applicants, and their financial need. If OHE decreases the maximum award amount, the number of awarded students may increase but effect of that award is reduced. If OHE sets the maximum award amount at \$7,500 fewer students receive will receive awards unless the appropriation to this program is increased.

There is a clear need for an increase in the appropriation to the program. With additional funds, the program will be able to award more students. Ensuring more students have an affordable pathway to enrolling in and completing a teacher preparation programs is likely to encourage more individuals to consider enrolling in teacher preparation programs. In particular, with increased funds, this program may persuade individuals to consider becoming teachers in designated license field and geographical shortage areas in Minnesota.

**Impact on Children and Families:**

This proposal helps more students complete teacher preparation programs in identified license field shortage areas and serve in identified geographical shortage areas in the state. Students with more financial support to go to college are more likely to persist and complete their programs. Additional financial support while attending college helps to reduce barriers to completion like maintaining stable housing, having enough food to eat, and being able to purchase the appropriate books and supplies. This is particularly important during terms in which teacher candidates are completing required student teaching experiences.

**Equity and Inclusion:**

This proposal helps to ensure all students but in particular, students of color, American Indian students, and students from low-income backgrounds have equitable access to qualified teachers who are teaching in their fields of licensure.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs:**

Not an IT-related proposal.

**Results:**

This program is currently measured by the percentage of teachers holding a Tier 1 License, Tier 2 License, or Out of Field Permission for their assignment statewide and in Economic Development Regions other than Economic Development Region 11 (7-County Twin Cities). The tiered licensure for educators system was implemented beginning in 2018 and the Professional Educator Licensing and Standards Board (PESLB) began reporting this data in 2021.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percent of Teachers Holding a Tier 1 License, Tier 2 License, or Out of Field Permission for their assignment	N/A	6.61%	2020
Results	Percent of Teachers Holding a Tier 1 License, Tier 2 License, or Out of Field Permission for their assignment in Economic Development Regions other than EDR 11 (7-County Twin Cities)	N/A	7.18%	2020

**Statutory Change(s):**

N/A

**Change Item Title: Teacher Shortage Loan Repayment Program Increase**

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	800	800	800	800
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	800	800	800	800
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Recommendation:**

The Governor recommends an additional \$1.6m (\$800,000/year) in the base appropriations to the Teacher Shortage Loan Repayment Program for the 2024-2025 biennium, to increase the number of teachers who can benefit from the program.

**Rationale/Background:**

This program has a Special Revenue Fund. Until FY2021, it operated with a significant spending balance because of a one-time appropriation (\$2 million) during the 2016 legislative session and another one-time appropriation (\$500,000) during the 2017 legislative session. The Office utilized portions of the one-time appropriations to make awards in FY2017-FY2020. Base appropriations to the program remain at \$200,000/year.

Statute amendments during the 2021 legislative session that became effective for FY2022 significantly changed eligibility requirements. Despite a narrowed set of eligibility requirements, demand continues to greatly exceed the amount of available funding. In FY2021, 440 eligible applications were received but only 208 teachers were awarded. This proposal seeks to increase the number of eligible teachers who receive awards.

**Proposal:**

The Teacher Shortage Loan Repayment Program intends to accomplish three objectives:

1. Encourage more people of color and American Indians to become teachers
2. Encourage more people to become teachers in identified license/assignment field shortage areas and to teach in identified Rural School Districts
3. Incentivize current teachers to continue to teach in identified shortage areas

The program provides student loan debt relief, in the form of repayment awards, to eligible teachers for up to \$1,000. Eligible teachers may receive up to 5 annual awards or a total of up to \$5,000.

An average of 823 teachers received awards each year over the first 4 years of the program (FY2017-FY2020). OHE awarded 266 eligible teachers in FY2021 and 208 eligible teachers in FY2022.

There is a clear need for an increase in the appropriation to the program. With additional funds, the program will be able to award up to an additional 776 eligible teachers.

**Impact on Children and Families:**

Critical teacher shortage areas exist throughout the state that affect children and families. This program intends to encourage more people to become teachers who fulfill these teacher shortage areas. It also intends to encourage current teachers who are fulfilling teacher shortage areas to continue to teach. All children and families benefit from having access to a more diverse and effective teacher workforce. An increase in the appropriation to this program will allow more teachers to benefit from the program especially teachers of color and American Indian teachers as well as teachers who serve in greater Minnesota and in designated license field shortage areas.

Data suggests teachers of color and American Indian teachers serving in Minnesota’s teacher workforce have a positive impact on the success of all students in Minnesota and particularly on the success of students of color and American Indian students.

**Equity and Inclusion:**

This program provides priority for applicants who belong to racial and ethnic groups underrepresented in the Minnesota teacher workforce. An intent of this program is to encourage more people of color and American Indians to become teachers. An increase in the appropriation to this program will allow more teachers of color and American Indian teachers to benefit from the program.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs:**

N/A

**Results:**

This program is currently measured by the percentage of teachers holding a Tier 1 License, Tier 2 License, or Out of Field Permission for their assignment statewide and in Economic Development Regions other than Economic Development Region 11 (7-County Twin Cities). The tiered licensure for educators’ system was implemented beginning in 2018 and the Professional Educator Licensing and Standards Board (PESLB) began reporting this data in 2021.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percent of Teachers Holding a Tier 1 License, Tier 2 License, or Out of Field Permission for their assignment	N/A	6.61%	2020
Results	Percent of Teachers Holding a Tier 1 License, Tier 2 License, or Out of Field Permission for their assignment in Economic Development Regions other than EDR 11 (7-County Twin Cities)	N/A	7.18%	2020
Results	Percent of Teachers of Color and Indigenous Teachers Holding a Tiered License	N/A	5.64%	2020

\*Source: [2021 Biennial Minnesota Teacher Supply and Demand](https://mn.gov/pelsb/assets/Supply and Demand 2021_Final_tcm1113-463801.pdf) (https://mn.gov/pelsb/assets/Supply and Demand 2021\_Final\_tcm1113-463801.pdf)

**Statutory Change(s):**

N/A

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Next Generation Nursing Assistant Training Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	1,500	1,500	1,500	1,500
General Fund - Revenues	0	0	0	0
Other Funds- Expenditures	0	0	0	0
Other Funds- Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,500	1,500	1,500	1,500
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends a \$3m (\$1.5m/year) increase in the direct appropriation to the Board of Trustees of the Minnesota State Colleges and Universities to fund Minnesota State HealthForce Center of Excellence to educate and train Certified Nursing Assistants (CNA) across the state. Specifically, the HealthForce Center of Excellence will utilize the funds to cover the costs necessary for individuals to be trained and certified as CNAs at Minnesota State Colleges and Universities, private training providers, and Minnesota high schools. This funding will build upon the existing work being conducted by HealthForce which was funded with American Rescue Plan and state COVID-19 response funding. Funding will be used to pay for all costs associated with training, certification, lab equipment upgrades, outreach, marketing, and administrative expenses for Minnesota State HealthForce Center of Excellence.

### Rationale/Background:

Minnesota's healthcare employers have a continued and ongoing need for nursing assistants particularly in long-term care facilities. According to data from the Minnesota Department of Employment and Economic Development, nursing assistants are the fifth highest in-demand job in the state of Minnesota. This need has only been exacerbated by the pandemic.

This proposal will fund training, support, and certification costs for participants from across Minnesota communities, including disadvantaged communities. Training will be made available in programs located throughout Minnesota. After they complete their training and obtain their certifications, they will be employed throughout the state, helping to alleviate staffing shortages felt in every region.

### Proposal:

The Next Generation Nursing Assistant (NGNA) initiative was launched in late December 2021. It has proven that a no-barriers approach to training is successful. As of June 2022, the NGNA initiative had partnered with 20 Minnesota State Colleges and Universities and five private training providers to provide classes, uniforms, exams, and other supports at no cost to participants. In addition, the initiative supported students at 19 Minnesota high schools by providing access to exams at no cost.

As of the end of September 2022, the program has supported 1,627 participants. Of the 1,627 participants, 1,120 (69%) have taken certification exams. Of those 1,120 participants, 806 (72%) have successfully passed their certification exams. Notably, of the 1,120 participants who took certification exams, 380 were high school students. 275 (72%) of the high school students successfully passed their certification exams. Overall, the program has prepared and certified 806 individuals to enter the workforce as Certified Nursing Assistants.

This proposal would provide ongoing funding to continue providing a barrier-free pathway to employment as a CNA. The proposal supports funding to pay for all costs associated with training including tuition, instruction, books/materials, scrubs, testing, other certification costs, and student supports necessary to reduce barriers to completion and certification. In addition, funding would be available to pay for lab equipment upgrades, outreach, marketing, and administrative expenses for Minnesota State HealthForce Center of Excellence.

**Impact on Children and Families:**

This proposal provides funding to meet the needs of Minnesota's healthcare employers to fill nursing assistant positions in their facilities. With sufficient staffing healthcare facilities are able to provide safe and healthy environments for patients and staff. Ensuring healthcare facilities are capable of providing high-quality care is essential for healthy children, families, and a robust economy

Educational attainment, including becoming a CNA, is beneficial for not only the individual completing a higher education credential, but for their family, community, and the state as a whole. A well-educated workforce is better able to facilitate and maintain economic vitality and community prosperity, and the individual is more likely to earn a family-sustaining wage for themselves and those they financially support.

**Equity and Inclusion:**

This proposal funds a barrier-free pathway to employment as a CNA. Individuals with low-incomes face many barriers to education and employment and individuals with the greatest barriers tend to be students of color, students with disabilities, and LGBTQ+ students. This proposal also includes funds for outreach and marketing of this program which can be directed towards efforts that specifically recruit people of color, American Indians, people with disabilities, people in the LGBTQ community and other protected classes to become CNAs.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs:**

N/A

**Results:**

This program is currently measured by the number of participants who are prepared and certified as Certified Nursing Assistants.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Number of participants who were prepared, passed exams, and are certified to be employed as CNAs	N/A	806	2022

**Statutory Change(s):**

N/A

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Minnesota American Indian Scholars Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	8,500	8,500	8,500	8,500
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8,500	8,500	8,500	8,500
FTEs	0	0	0	0

### Recommendation:

The Governor recommends an increase of \$4,468,199 per year to the appropriations to the Board of Regents of University of Minnesota and \$4,031,801 per year to the appropriation to Board of Trustees of the Minnesota State Colleges and Universities to provide a first-dollar tuition and free pathway for eligible Minnesota American Indian students to complete an undergraduate education. The funding would be used to ensure all Minnesota Residents for resident tuition purposes who are enrolled members or citizens of any federally recognized American Indian or Canadian First Nation tribe and all enrolled members or citizens of a Minnesota Tribal Nation, regardless of resident tuition status would receive a tuition and fee waiver under the Minnesota American Indian Scholars Program. Funds could also be used to provide student supports for eligible students and administer the program.

### Rationale/Background:

In order to reach the 70% educational attainment goal set by the Legislature, Minnesota will need an additional 108,500 persons age 25-44 to complete a postsecondary credential by 2025. In total, persons of color or Indigenous Minnesotans must earn 82% of the 108,500 additional postsecondary credentials. American Indian and Alaska Native students face the greatest barriers to credential attainment and represent the lowest attainment rate among all racial/ethnic groups (28.6%).

One significant barrier to enrollment, persistence, and completion experienced by American Indian and Alaska Native students is the cost of tuition and fees as well as the cost of books, supplies, housing, transportation, food, and other expenses. Additionally, providing a first-dollar tuition and fee-free pathway for American Indian and Alaska Native signals to individuals, particularly high school students and their families, that college may be more affordable than they believed. It can also demonstrate that state leaders and public postsecondary institutions acknowledge the historical wrongs endured by American Indians and Alaska Natives and the need to make meaningful changes to break down barriers to attainment for American Indian and Alaska Native students.

Similar existing programs at the University of Minnesota are limited either by campus of attendance or individual student eligibility requirements. Far too many American Indian and Alaska Native students who are currently attending or who may attend in the future do not meet the narrow eligibility requirements for the new Native American Promise Tuition Program. The American Indian Tuition Waiver at the University of Minnesota Morris provides a substantial reduction in the cost of higher education for eligible students but the Morris campus is limited in its academic offerings and is located in a rural area of greater Minnesota. There are no Minnesota State Colleges or Universities that offer such a program for American Indian and Alaska Native students.

Additionally, last-dollar tuition and fees-free programs, like Minnesota's Future Together Grant (funded with temporary ARPA funds) and other similar free college initiatives only support students with remaining tuition and fees costs after all other grants and scholarships have been awarded. Students with the lowest incomes are more

likely to receive federal Pell and Minnesota State grant to cover all of their tuition and fees. As a result, last-dollar tuition and fee-free programs do nothing to reduce other postsecondary education costs faced by students including books, supplies, housing, transportation, food, and other expenses.

By providing funding so the University of Minnesota and Minnesota State can provide a first-dollar tuition and free pathway for eligible American Indian and Alaska Native students to complete an undergraduate education is expected to increase the number of Minnesotans, particularly the number of American Indian and Alaska Native Minnesotans, with a postsecondary credential in support of Minnesota’s Education Attainment Goal. More importantly, providing this tuition waiver to eligible students demonstrates that state leaders and public postsecondary institutions acknowledge the historical wrongs endured by American Indians and Alaska Natives and the need to make meaningful changes to break down barriers to attainment for American Indian and Alaska Native students.

**Proposal:**

The proposal provides direct funding to the Board of Regents of the University of Minnesota and Board of Trustees of the Minnesota State Colleges and Universities to provide a first-dollar tuition and free pathway for eligible Minnesota American Indian students to complete an undergraduate education as part of the Minnesota American Indian Scholars Program. Funds could also be used to provide student supports for eligible students and administer the program.

All Minnesota Residents for resident tuition purposes who are enrolled members or citizens of any federally recognized American Indian or Canadian First Nation tribe and all enrolled members or citizens of a Minnesota Tribal Nation, regardless of resident tuition status would receive a tuition and fee waiver. The amount of the waiver would be equal to the student’s actual tuition and fees. Any amount of other grants or scholarships students are eligible to receive should not be reduced except to ensure the total of all aid including the waiver does not exceed the student’s total cost of attendance.

**Impact on Children and Families:**

This proposal lessens the barriers to an undergraduate education for eligible Minnesota American Indian and Alaska Native students. Minnesotans with a postsecondary credential are better able to obtain jobs with family sustaining wages, which make it easier to provide healthy environments for children and for families to maintain stable housing.

**Equity and Inclusion:**

This proposal addresses the inequity in postsecondary access and completion that exists for Minnesotans who are Minnesota American Indian and Alaska Native. The program ensures eligible students with lower incomes fully benefit from a combination of the waiver and other grants and scholarships with the intention of reducing the financial barriers to educational attainment beyond tuition and fees. Postsecondary educational attainment has 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.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

This proposal originated from the Tribal Nations Education Committee (TNEC). Since at least 2016, the TNEC Position on Education Paper identified the need for “a tuition and fee waiver for all American Indian students attending Minnesota State Colleges and Universities and University of Minnesota institutions in order to increase

access.” Additionally, a 2008 TNEC resolution indicated their support for tuition and fee waivers for American Indian students.

Any increase in the credential attainment of Minnesotan who are American Indian and Alaska Native would be expected to have a positive impact on all Minnesota Tribal Nations.

**IT Costs:**

Not an IT-related proposal.

**Results:**

The following performance measures would be used to evaluate results of this program:

- Educational attainment rate of American Indians in Minnesota

**Statutory Change(s):**

N/A

**Change Item Title: Sustaining and Expanding Intervention for College Attendance Program**

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	800	0	0	0
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	800		0	0
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Recommendation:**

The Minnesota Office of Higher Education requests a total of \$800,000 in one-time funding for FY2024, after which time the appropriation would continue at our standard base amount of \$875,000 for the Intervention for College Attendance Program (ICAP). Therefore, this proposal represents a one-time increase over the agency’s FY22–23 biennium general fund operating base (\$875,000).

The one-time increase for FY24 supports two targeted initiatives that seek to increase for college attendance and success.

1. \$500,000 to sustain projects that received American Rescue Plan (ARP) funding within the ICAP funding mechanism. This would sustain projects that were funded in FY22 by federal ARP directives to help mitigate learning loss due to decreased school time and engagement for low-income students and students of color impacted by the COVID-19 pandemic. We call this the **“Learning Loss Mitigation” Project**.
2. \$300,000 to provide one-time catalyst funding on a competitive basis to postsecondary institutions, nonprofit organizations, and local government organizations to create or enhance support/navigation/pre-college services for students who were formerly incarcerated. We call this the **“Project Rebound Pilot” Project**.

These two projects seek to engage students who have learning gaps that would otherwise prevent them from being college-ready. They are intended to get students back on course, with a plan for success, that will lead them to fruitful employment and economic stability.

**Rationale/Background:**

Learning Loss Mitigation Rationale

The onset of the COVID-19 pandemic magnified existing educational and economic disparities in Minnesota. Many students from marginalized communities who participated in virtual learning from 2020 to 2022 struggled with challenges including:

- Lack of or inconsistent access to digital technology and services that could sustain their education during the pandemic.
- The need to care for their families (particularly young children) so that they could concentrate on virtual learning.
- Lack of or difficulty maintaining a family-sustaining wages due to COVID-19 related inflation and job insecurity.
- Uncertainty, anxiety and mental health challenges that decreased motivation to plan for the future during a chaotic and uncertain time.

- Lack of access to a quiet space to work and study in multi-family homes.

Low high school graduation rates among students of color and low-income students not only persisted through the height of the pandemic, but we are starting to see its impact on college-going years later, which can be seen in the historic low-enrollment numbers at Minnesota postsecondary institutions. As Minnesota youth shy away from obtaining higher education credentials (including certificates and short-term programs), Minnesota will continue to struggle to find highly skilled workers to fill open, in-demand jobs.

We know that summer breaks take a toll on students' knowledge and skills. When students report to school in the fall, they perform, on average, one month behind where they left off in the spring. Now, coupled with the delays in schooling and impacts of distance learning during COVID we are seeing high school students whose reading and math skills are at an elementary or middle school levels. COVID-related learning loss disproportionately affects low-income students, and we know that this type of 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.

### Project Rebound Pilot Rationale

Critical to changing the life course, improving the standard of living, and reducing recidivism rates of formerly incarcerated Minnesotans is the ability to continue their education. Often more likely to have no high school diploma or General Education Diploma (GED), many incarcerated people in Minnesota struggle to find stable gainful employment. Supporting formerly incarcerated peoples' pursuit of a postsecondary credential will greatly impact the likelihood of successful reentry into society.

To illustrate this point, below are statistics pertaining to incarcerated and formerly incarcerated people:

- Nationally, almost 30% of the formerly incarcerated are unemployed. This percentage increases for BIPOC communities (60% unemployment for women identifying as Black).
- The formerly incarcerated are 8 times less likely to complete a postsecondary credential.
- Formerly incarcerated people are 32% less likely than the general public (25 and older) to have "some college" (55.4% vs. 23%).
- Formerly incarcerated people are 25% less likely than the general public (25 and older) to have a postsecondary credential (29% vs. 4%).
- No more than 6% of any formerly incarcerated demographic completed a postsecondary credential.
- In Minnesota, American Indian and Alaska Natives are almost 12 times more likely to be incarcerated, Black communities are almost 11 times more likely, and Hispanic communities are 5 times more likely.

While there are a number of initiatives in Minnesota that seek to improve conditions and education for incarcerated people, there are few supports that connect them to education and job training that could set them on a different path after they are released. Even if formerly incarcerated Minnesotans do enroll in college, there are no specific services available that help direct these folks to jobs that match their skillset, find basic needs resources, and ultimately be successful in the college setting.

### ICAP and the Importance of Creating Lifelong Learners

ICAP directly targets students in grades 6-13 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 percentage points higher for students in the funded-program than their peers. The goal of ICAP is to help prepare

students for college and to ensure that they are lifelong learners, who are excited and prepared to step into their next phase of life.

**Proposal:**

The Minnesota Office of Higher Education requests a total of \$1,675,000 in one-time funding for FY2024, after which time the appropriation would continue at our standard base amount of \$875,000 for the Intervention for College Attendance Program. Therefore, this proposal represents a one-time increase over the agency’s FY22–23 biennium general fund operating base (\$875,000). This one-time appropriation increase will be used to 1) sustain ARP-funded ICAP projects for an additional year, and 2) catalyze funding for services that connect formerly incarcerated students to college preparation and navigation services.

**Learning Loss Mitigation:**

- ARP funds (\$500,000) supported an additional ten grantees in FY22.
- These grantees applied for the FY22-FY23 ICAP program, but did not receive an award due to limited funding. They were well-regarded and scored high among reviewers, but there was not enough funding to fully meet the demand of the competition.
- The 10 grantees have projects that all focused on combatting learning loss among low-income students and students of color who were impacted by the COVID-19 pandemic. This includes activities such as: tutoring, mentoring, afterschool support, summer bridge programming, STEM programming, and navigation services for 200+ low-income students and students of color.
- Among these grantees, there are postsecondary institutions (both public and private), school districts, and nonprofit organizations.
- ARP funds were able to cover one year of services for these organizations.
- With one year of additional funding, these organizations would be able to provide services for two years, which is the length of a typical ICAP grant.

**Project Rebound:**

Project Rebound Pilot will provide the following services for formerly incarcerated students in Minnesota -

- Substantial education supports
  - Dedicated admissions support
  - Directed advising and career counseling
  - Required materials funds
  - FAFSA completion assistance
  - Tutoring/Mentorship opportunities (test accommodations, disability support, learning center)
  - Assistance with internship requirements
  - Work study opportunities
- Community assistance
  - Connection to community groups or employment services
  - Housing
  - Transportation
  - Food
  - Mental health resources
  - Legal services

Nonprofit organizations, local governments, and postsecondary organizations will submit proposals for one-time pilot funding on a competitive basis. The total amount of \$300,000 will be awarded to three to five organizations (\$60,000 - \$100,000 awards) with proposed projects that can be sustained by other sources beyond the grant period. This funding is intended to spark innovation in this area of support, and/or enhance programs that intend to impact formerly incarcerated Minnesotans.

**Impact on Children and Families:**

- An increased investment in ICAP is an investment in students and families whom Minnesota has historically left behind. This is not an innovation as much as it is an equalizer so that communities which have been disadvantaged by racism and cycles of poverty can have the same educational opportunities as white affluent families.
- This proposal is directly related to the overall well-being of youth and their families, as we know access to higher education and a college degree leads to increased economic advancement and career flexibility. The benefits of pre-college services can be a multi-generational approach to addressing cycles of poverty and social, economic, and physical health disparities that are related to attainment gaps between wealthy Whites and low-income people of color.
- Students and families are active participants in the vision of ICAP and the way funds are distributed to various programs. We include stakeholder voices throughout the RFP process and in the final selection of grantee funding.

**Equity and Inclusion:**

The implementation of this proposal will reduce inequities for people of color, Native Americans, people with disabilities, people impacted by the carceral system, and low-income Minnesotans by offering equalizing opportunities for educational and career advancement. ICAP is completely built to support these communities and reduce/eliminate attainment gaps that exist between them and wealthy white communities.

There are very minimal-to-no negative impacts in further investing in ICAP. Funds will improve the educational outcomes for groups who start at a disadvantage due to generations of oppression and marginalization.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs:**

N/A

**Results:**

MMB Results First indicates that many of the recommended supports funded by OHE’s Project Rebound Pilot have been shown to be promising or proven effective. Those components include, but are not limited to, life skills training, career and technical training, mentorship opportunities, positive lifestyle and relationship support, transitional employment and housing support, and healthcare.

To determine the success of OHE’s Project Rebound Pilot, we will evaluate the number of incarcerated or formally incarcerated persons impacted by the programs before and after implementation. Additionally, the Project Rebound Pilot will evaluate if the educational and community assistance supports funded are sustainable after the conclusion of the pilot.

**Statutory Change(s):**

No statute changes. This recommendation is for a temporary expansion of program and participant eligibility under Minnesota Statute 136A.861.

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Loan Repayment Assistant Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund - Expenditures	36	36	36	36
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	36	36	36	36
FTEs	0	0	0	0

### Recommendation:

The Governor recommends an increase of \$36,000 per year for Loan Repayment Assistant Program (LRAP) Minnesota to provide more loan repayment assistance to eligible legal aid attorneys who represent low-income clients.

The LRAP program sustains the work of attorneys providing legal representation and advice to about 10,000 underrepresented, low-income Minnesotans each year. Without LRAP attorneys, thousands of people would receive little, if any help, with essential needs like food, shelter, and safety.

Recipients of loan repayment assistance serve all Minnesota counties, with about half serving low-income clients in Greater Minnesota exclusively or as part of their statewide service. Many of our recipients are bilingual and provide enhanced legal services to clients in their preferred language.

With the current State appropriation of \$25,000 per year, LRAP has been able to provide loan repayment assistance to five attorneys. This request will expand the program to cover the additional needs of eligible attorneys with private loan debt.

### Rationale/Background:

With consistent funding to pay LRAP recipients' private loans and federal loans at the same 10-year rate, we can ensure that these attorneys start in legal aid, stay in legal aid, and know that they will be completely freed of their student debt burden after 10 years of service. We also ensure that thousands of underrepresented, low-income Minnesotans each year will be able to receive the legal help they need. This is in alignment with our mission "to help reduce the education debt burden experienced by dedicated public interest lawyers who represent low-income clients seeking legal services to secure essential needs like food, shelter and safety, and fundamental rights like equal access to justice."

### Detailing the debt burden

The Public Service Loan Forgiveness (PSLF) program was passed with bipartisan support and signed into law by a Republican President in 2007. After PSLF was enacted into law, LRAP aligned our program with the federal program to better support Minnesota legal aid attorneys in their 120-payment obligation for PSLF.

But with the current trends we are seeing, LRAP intends to shift again to better support our legal aid attorneys. Along with the number of attorneys seeking loan repayment assistance exceeding our capacity, we are also seeing:

- An increase in the number of attorneys accepted into our program with both federal student loan debt and private student loan debt.
- Attorneys accepted into our program with the highest dollar amounts of private student loan debt we have ever seen.
- An increase in the number of attorneys accepted into our program who, even after receiving **federal** student loan forgiveness, are still burdened with **private** student loan debt.

As the cost of higher education continue to rise—along with the costs of basic needs such as childcare and housing—we predict that more and more attorneys, including legal aid attorneys, will require private student loans to finance their education. Since LRAP Minnesota’s founding in 1991, we have never consistently received funding to support private student loan payments. Therefore, we have not traditionally provided this support to our recipients.

**More recipients have private student loan debt**

Right now, 18% of our recipients have both federal and private student loans. Based on prior application cycles, by the time our current application cycle closes on November 1, 2022, we expect at least 3 more recipients with private student loan debt to join our program.

Though the pandemic pause (forbearance) that started in March of 2020 was a meaningful to borrowers with federal student loans, those with private student loan debt—such as our recipients in the following chart—have received no relief. Over the last two and a half years, they have continued monthly loan payments, none of which are supported by LRAP Minnesota.

Current recipients hold a sum federal student loan debt amount of \$752,392, private loan debt of \$140,937 with their monthly private student loan debt payments averaging \$1,587.

By December 2022, these recipients will have made 34 monthly payments on their private student loans. If LRAP Minnesota provided loan repayment assistance for private loans, the 34 monthly payments for these 6 recipients combined --\$53,958—could have stayed in Minnesota to support these public servants, their families, and their local communities in a plethora of ways.

**Private student debt amounts are higher than ever**

Our newest recipients (those with 1 year of qualifying employment in the chart) have significant amounts of private student loan debt and high monthly payments. As the cost of higher education continues to increase, we expect more attorneys to come to us with higher amounts of private loan debt.

**Recipients are still paying private student loans after federal forgiveness**

Without consistent funding for private student loans, we expect LRAP recipients will have their federal loans forgiven but will still be paying private student loans for years, or decades, afterwards.

Since LRAP Minnesota has successfully aligned our federal student loan repayment program with PSLF, additional funding would allow us to create a similar loan repayment program for private student loans. By paying recipients’ private loans and federal loans at the same 10-year rate—we can ensure that these attorneys start in legal aid, stay in legal aid, and know that they will be completely freed of their student debt burden after 10 years of service.

The data are clear that our state needs these dedicated, skilled legal aid attorneys to support low-income Minnesotans. According to the attached *Minnesota Supreme Court Legal Services Advisory Committee FY21 Annual Report*, more than 1.2 million Minnesotans are at or below 200% of the federal poverty guidelines, thus qualifying for legal aid services (LSAC, p. 2). At the same time, according to the attached *Community Development*

*and Legal Assistance: Building Partnerships* report, due to limited resources, legal aid is only able to assist 40% of eligible individuals (Community Development, p.9). Of the individuals who are served, the majority are members of underrepresented groups based on gender (66% female) and race (51% BIPOC) in addition to being low income (LSAC, p. 4).

Any funding that expands legal aid not only furthers equity—it reduces costs to the state and provides a 4:1 return on investment (Community Development, p.9). By investing an additional \$36,000 per year in LRAP Minnesota, we will better serve our attorneys and the Minnesotans who need them most.

LRAP funding is legislatively named and receive \$25,000 ongoing support each year from the State of Minnesota.

**Proposal:**

This proposal is to expand our current program to cover private student loan payments. Since LRAP Minnesota’s founding in 1991, we have never consistently received funding to support private student loan payments. Therefore, we have not traditionally provided this support to our recipients. Additional funding would allow them to create a loan repayment program, similar to the successful federal student loan repayment program they already have, for private student loans.

Proposed LRAP awards for private student loan repayments is trending the opposite direction. Based on our recipient data, the annual award for an attorney with one to three years of experience would be close to \$5,000, and an annual award for an attorney with more experience would be around \$1,300. We estimate as we reach 2024 and beyond that the majority of our recipients with private student loans will need \$5,000 or more in private student loan assistance each year.

While LRAP is confident that their recipients will continue to receive PSLF even after federal loan payments resume, they already have one recipient and are expecting many more LRAP recipients to achieve federal loan forgiveness, but still need to pay private student loans for years, or decades, afterwards.

The number of returning applicants, more than 85%, is another indicator of our program’s value. Experienced attorneys can handle larger caseloads and more complex cases. The longer we can keep LRAP recipients in their jobs, the more value they offer to their employers and to the low-income Minnesotans they serve.

LRAP leverages rather than duplicates the help provided by the federal debt relief programs. LRAP enables our attorneys to meet the complex requirements of the federal Public Service Loan Forgiveness program, which allows for discharge of the remaining balance on federal education loans after ten years of qualifying loan payments while working in public service. Often nearly \$100,000 of an attorney’s student loan principal and interest will be eligible for discharge. But in the meantime, LRAP assistance is needed to help recipients meet the ten years of qualifying payments while balancing low legal aid salaries, the needs of their families, and state and private school debt that does not qualify for federal assistance.

LRAP awards for federal student loan repayments are based on income-driven repayment amounts and weigh years of experience when determining percentage of annual payment amounts covered. An annual award for an attorney with the most experience is about \$5,000, and an annual award for a new attorney is approximately \$2,500.

Below is a chart with the number of LRAP recipients, their employing agencies, and the counties served by those agencies this past year (2021). Attorneys at organizations primarily serving greater Minnesota are in bold.

<b>Number of Attorneys</b>	<b>Employing Agency</b>	<b>Counties Served</b>
2	Central MN Legal Services- Minneapolis	Anoka, Hennepin
3	Central MN Legal Services- St. Cloud	Benton, Chisago, Isanti, Mille Lacs, Morrison, Sherburne, Stearns, Todd, Wright
1	Central MN Legal Services- Willmar	Big Stone, Chippewa, Kandiyohi, Lac qui Parle, Lincoln, Lyon, Meeker, Renville, Swift, Yellow Medicine
1	Immigrant Law Center of Minnesota- St. Paul	All MN Counties
1	Immigrant Law Center of Minnesota- Austin	All MN Counties
1	Legal Aid Sv of Northeastern MN- Duluth	Carlton, Cook, Lake, Southern St. Louis
1	Legal Assistance of Dakota County	Dakota
3	Legal Rights Center	Hennepin
2	Legal Services of Northwest Minnesota- Alexandria	Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, Wadena
1	Legal Services of Northwest Minnesota- Bemidji	Beltrami, Clearwater, Hubbard, Lake of the Woods, Mahnomon
3	Legal Services of Northwest Minnesota- Moorhead	Becker, Clay, Kittson, Marshall, Norman, Pennington, Polk, Red Lake, Roseau, Wilkin
10	Mid-Minnesota Legal Aid- Minneapolis	Hennepin
1	Mid-Minnesota Legal Aid- St. Cloud	Benton, Chisago, Isanti, Mille Lacs, Morrison, Sherburne, Stearns, Todd, Wright
2	Mid-Minnesota Legal Aid- Willmar	Big Stone, Chippewa, Kandiyohi, Lac qui Parle, Lincoln, Lyon, Meeker, Renville, Swift, Yellow Medicine
1	Minnesota Disability Law Center	All MN Counties
1	Minnesota Justice Foundation	All MN Counties
1	Neighborhood Justice Center	Dakota, Ramsey, Washington
1	SMRLS- Hotline	Carver, Dakota, Ramsey, Scott, Washington
1	SMRLS- Immigration Legal Services	33 East Metro and Southern Minnesota Counties (entire SMRLS service area)
2	SMRLS- Mankato	Blue Earth, Brown, Faribault, Le Sueur, Martin, McLeod, Nicollet, Sibley, Waseca, Watonwan
1	SMRLS- St. Paul	Carver, Dakota, Ramsey, Scott, Washington
2	SMRLS- Worthington	Cottonwood, Jackson, Murray, Nobles, Pipestone, Redwood, Rock

<b>Number of Attorneys</b>	<b>Employing Agency</b>	<b>Counties Served</b>
2	The Advocates for Human Rights	All MN Counties
2	Tubman	All MN Counties (pro se assistance); Hennepin, Ramsey, Washington and occasionally Anoka and Dakota (full representation)
2	Volunteer Lawyers Network	All MN Counties (select services); Hennepin (other clients)

**Impact on Children and Families:**

The families of recipients and of the people they serve are impacted in a positive way through this support.

According to the attached *2022 American Bar Association Profile of the Legal Profession*, the median civil legal aid salary is \$57,500 (compared to the entry level salary at some big law firms in major cities of \$215,000). This is despite an increase in entry level legal aid salaries of 19.8% over the last four years (Profile, p.37). Meanwhile, the average total education debt upon graduation – money owed from law school, undergraduate school and other education expenses – was \$120,000 (Profile, p. 51).

Low salaries and high debts have a major impact on lawyers and their families. In the same report, the data showed that many new lawyers postpone major life decisions like marriage, having children, and buying houses—or do not do those things at all—because of student loan debt (Profile, p. 51).

- More than one-third (39%) said they postponed or decided not to have children because of their debts, including 48% of Asian lawyers.
- More than 1 in 4 (27%) said they postponed or decided not to get married because of their debts, including 39% of Asian lawyers.
- More than half (52%) said they postponed or decided not to buy a house because of their debts, including 64% of Asian lawyers and 60% of Black lawyers.
- More than half (55%) said salary factored more heavily in their job selection than they anticipated when they began law school. One-third (33%) said they took a job that is less focused on public service or doing good than they intended when they began law school because of debt.

Issues that we have seen in Minnesota align with the national statistics. Attrition of attorneys with three to five years of experience has been a particular problem for legal aid providers. Attorneys’ value to the providers (and the providers’ clients) increases with years of experience because an experienced attorney is more efficient—they can handle a larger caseload with more complex legal matters, and they are more likely to have developed the network needed to resolve client matters outside of expensive and time-consuming litigation. At the same time, within that three to five-year mark, attorneys who postponed major life decisions at the beginning of their career have a strong desire to start their families and their futures. Legal aid providers and their clients are well served by all their attorneys, but loss of experienced attorneys can place a unique burden on such providers. Loan repayment assistance bridges the gap so that attorneys can choose and stay in fulfilling careers that serve the public good; and can better afford housing, marriage, and children.

Because legal aid attorneys are directly working with clients on basic needs, they are ensuring healthy families, stable housing, and access to resources for thousands of underrepresented, low-income Minnesotans each year.

**Equity and Inclusion:**

Equity and inclusion are impacted in a positive way through this support.

According to the attached *2020 Law School Student Loan Debt Survey Report*, people of color reported significantly higher student loan debt amounts than their white counterparts, with one-third saying they had more than \$200,000 in loans after graduation (Debt p. 17). Additionally, two-thirds of Black respondents reported that their student loan debt balance had increased from the time they graduated law school to the time of the survey (Debt p. 18). As highlighted in the previous section, significant numbers of new attorneys of color are postponing life milestones such as buying a house or starting a family because of their student debt. The higher levels of debt also make it much more difficult for attorneys of color to accept or stay in jobs with lower salaries.

Aligned with the national statistics, the LRAP recipient with the highest level of student loan debt (including a significant amount in private loan debt) is Black. As we try to recruit and retain more BIPOC attorneys in legal aid, we expect that we will need to offer loan repayment assistance for both federal and private student loans, as well as higher amounts of assistance generally.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes

No

**Results:**

Evaluation of our program and the success of this proposal will be ongoing and based upon a number of different methods.

One method of evaluation we use to evaluate LRAP's effectiveness is a biennial survey for recipients and employers, which indicates that the loan repayment assistance program is continuing to meet a pressing need within the legal community in an effective and efficient manner. Legal service employers consistently report that LRAP enables them to recruit and retain talented attorneys. LRAP recipients stated that they would have to leave the work they love and excel in for private sector employment if they did not receive help from LRAP. They made it clear that based on their salaries alone, they would not be able to meet basic expenses including housing, childcare, and reliable transportation for client service and community outreach.

We also survey recipients when they leave our program. Although exiting recipients have named varying reasons for leaving qualifying employment (from finances to work environment), these recipients consistently report that LRAP helped them remain in qualifying employment longer than they otherwise would have been able to. Also, nearly all exiting recipients have remained in public sector employment, preserving our investment in federal Public Service Loan Forgiveness (PSLF).

Recipient success with obtaining PSLF is another measure of effectiveness. Our program is designed to work in tandem with federal forgiveness, so that recipients can manage the 120 qualifying student loan payments and other complex requirements of the program. Prior to the sweeping federal changes under the current administration, statistics of successful PSLF attainment were grim (with the Department of Education denying 99% of applications). LRAP Minnesota can celebrate that all recipients who complete our program and apply for PSLF are granted forgiveness and freed of their federal student debt burden—including three recipients so far in 2022. While we are confident that our recipients will continue to receive PSLF even after federal loan payments resume, we already have one recipient and are expecting many more LRAP recipients to achieve federal loan forgiveness, but still need to pay private student loans for years, or decades, afterwards.

The number of returning applicants, more than 85%, is another indicator of our program’s value. Experienced attorneys can handle larger caseloads and more complex cases. The longer we can keep LRAP recipients in their jobs, the more value they offer to their employers and to the low-income Minnesotans they serve.

<b>Type of Measure</b>	<b>Name of Measure</b>	<b>Current Value</b>	<b>Date</b>	<b>Projected Value (without)</b>	<b>Projected Value (with)</b>
Quantity	Percentage of recipients with private and federal loan debt forgiven after 120 payments	0	10/12/22	0	100%
Quality	Percentage of LRAP recipients returning each year	85%	10/12/22	85%	90%
Results	Number of clients helped by recipients each year	10,000	10/12/22	10,000	11,000

**Change Item Title: Minitex Online Library Health and Nursing Resources**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Fund - Expenditures	\$650	\$700	\$750	\$803
General Fund - Revenues	0	0	0	0
Other Funds - Expenditures	0	0	0	0
Other Funds - Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	\$650	\$700	\$750	\$803
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Recommendation:**

The Governor recommends an increase of \$650,000.00 in FY24 and \$700,000 in FY25 to fund statewide contracts for databases that support nursing programs. The proposed funding is an 11% increase to our current program budget. Costs for future years are an average 7% increase per year.

Currently, 57 (thirty-three 2-year, eight 4-year, and sixteen 4-year private) academic and government libraries across Minnesota subscribe to nursing databases. That means that a majority of Minnesota higher education institutions license these resources individually to support students on their campuses.

Minitex already supports this identified need across Minnesota higher education institutions, by devoting part of our funding to offset nursing database costs in part. Additional funding and a statewide procurement process would allow for greater negotiation leverage. It would fully offset costs for the selected resources, allowing libraries to devote those dollars elsewhere. Making the selected resources available statewide to everyone in Minnesota would ensure equity of access for programs, faculty, and students no matter their geographic location. Statewide licensed resources would also follow a nursing student after graduation, to serve as a resource and tool in their actual practice.

**Rationale/Background:**

Minnesota and the United States more broadly are experiencing a nursing shortage. As academic institutions in Minnesota train culturally, responsive nurses and healthcare providers to meet the health needs of diverse populations in urban and rural areas change, library resources to support students and faculty needs to change.

By using the cooperative purchasing strength of the Minitex information network, librarians can provide access to nursing and scientific literature, train and share tools to streamline the research process, and cater to the specific research needs of nursing students.

**Proposal:**

\$1.35 million for the 24-25 biennium and ongoing is requested to support statewide nursing and healthcare database resources.

In cooperation with vendors, Minitex offers discounted pricing on individual subscriptions/purchases of a wide variety of electronic resources including nursing resources. Our Cooperative Purchasing staff manages annual subscription renewals on behalf of libraries.

**Category:**

Software - \$650,000.00 for online nursing resources

The annual amount for FY24 is calculated by using as a baseline the FY23 subscription costs for online nursing resources in Minnesota’s academic and state libraries.

For fiscal years 2025, 2026, and 2027 an annual increase of 7% was calculated. The increase per year is based on the average price increases over the past 10 years, which ranged from 5-7%.

Minitex currently provides 55 statewide online library resources via eLibrary Minnesota (ELM), a collection of research and information databases used by Minnesota residents through their school, public, academic, and state government libraries or the ELM Portal. The Minitex Shared E-Resources Task Force databases in ELM recommended the shares resources, currently licensed through June 30, 2025. ELM is funded with state appropriations to the Minnesota Office of Higher Education and the Minnesota Department of Education.

In addition to the ELM resources, Minitex supports Minnesota higher education institutions, by devoting part of our funding to offset nursing database costs. Additional funding and a statewide procurement process would allow for greater purchasing power, and provide access to a greater number of students, library staff, and local public health providers.

These critical resources provide access to nursing specialties and include quick lessons, evidence-based care sheets, CEU modules, and research instruments. Options to translate full-text articles and resources are available in over 14 languages. The translations come with a disclaimer that will advise you that this is an “on-the-fly” machine translation and is not intended to replace human translation.

Over the past 10 years, pricing for these resources increased between 5-7% per year while often library budgets remain flat or have decreased. Student access to online library resources remains a critical service for libraries.

Minitex manages the subscription renewal process for most academic libraries in Minnesota. Listed below are the 10-year costs for two nursing databases for one Minnesota university.

<i><b>Bemidji State University</b></i>	<i><b>CINAHL Plus with Full Text</b></i>	<i><b>% increase</b></i>	<i><b>Covid Nursing Journals II</b></i>	<i><b>% increase</b></i>
<b>2022</b>	\$5,864.00	4.01%	\$11,115.00	5.41%
<b>2021</b>	\$5,638.00	3.01%	\$10,545.00	5.32%
<b>2020</b>	\$5,473.00	4.99%	\$10,012.50	7.23%
<b>2019</b>	\$5,213.00	5.02%	\$9,337.00	5.46%
<b>2018</b>	\$4,964.00	4.99%	\$8,853.50	5.45%
<b>2017</b>	\$4,728.00	5.00%	\$8,396.21	6.30%
<b>2016</b>	\$4,503.00	4.99%	\$7,898.50	7.15%
<b>2015</b>	\$4,289.00	4.99%	\$7,371.50	7.09%
<b>2014</b>	\$4,085.00	5.01%	\$6,883.75	6.83%
<b>2013</b>	\$3,890.00	4.99%	\$6,443.75	6.94%
<b>2012</b>	\$3,705.00		\$6,025.65	

Additional funding for shared resources through Minitex allows academic libraries to reallocate budgets for other educational resources and services to meet student needs.

**Impact on Children and Families:**

Health care can be confusing for everyone. More than 90 million U.S. adults have low health literacy, which provides a framework to guide both healthcare professionals and community members to use health information and make informed decisions about their own, their families, and their community’s health and wellbeing. Libraries play an essential role in making quality health information accessible to all.

**Equity and Inclusion:**

This proposal provides equity of access to resources, no matter geographic location, institutional wealth, and continuity of care by providing teaching/learning resources available to students after they have left school.

Minitex has engaged the Policy Advisory Council, a 12-member board of public, academic, government, K-12 library staff, and the Shared E-Resources Task Force, a 30-member committee of research librarians from across Minnesota. These groups meet regularly to discuss issues and opportunities. The cooperative purchasing leveraged by the committees supports student success and lifelong learning.

Funding for shared nursing and healthcare resources benefits academic, public, and school libraries including the 19 high schools participating in OHE’s Nursing Assistant Initiative. Public libraries, as centers for community engagement and education, provide ideal spaces for the transfer of health information, making them logical choices as partners for improving population health.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

This project does not have a direct effect on Tribal governments but will have a direct effect on Tribal College libraries and students. The directors from Red Lake Tribal College Library and Fond du Lac Tribal College Library serve on our advisory committees.

**Results:**

Part A: Performance measures

Minitex does not currently collect usage statistics for the proposed nursing resources. Current shared e-resource usage: 55 million searches in FY22.

We will collect resource usage statistics quarterly to share with the Minitex Policy Advisory Council and share widely in our annual report.

Additionally, academic library staff will be surveyed for how their service has been impacted by the shared resources. They will also be surveyed on the number and outcomes of student training provided using the resources.

**Statutory Change(s):**

None.

# Minnesota Office of Higher Education

## FY 2024-25 Biennial Budget Change Item

### Change Item Title: Legalizing Adult-Use Cannabis

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
<b>General Fund</b>				
Cannabis Management Office Expenditures	\$15,430	\$14,841	\$13,980	\$13,711
DEED Expenditures	\$10,400	\$6,700	\$0	\$0
Health Expenditures	\$8,115	\$8,115	\$8,115	\$8,115
Public Safety Expenditures	\$4,175	\$2,662	\$2,662	\$2,662
Revenue Expenditures	\$3,673	\$3,118	\$3,138	\$3,153
Human Services Expenditures	\$2,260	\$6,476	\$6,476	\$6,476
Cannabis Expungement Board Expenditures	\$921	\$844	\$844	\$844
Pollution Control Expenditures	\$607	\$496	\$70	\$70
Supreme Court Expenditures	\$545	\$545	\$0	\$0
Higher Education Expenditures	\$500	\$500	\$500	\$500
Agriculture Expenditures	\$411	\$411	\$338	\$338
Natural Resources Expenditures	\$338	\$0	\$0	\$0
Education Expenditures	\$180	\$120	\$120	\$120
Labor and Industry Expenditures	\$132	\$132	\$132	\$132
Commerce Expenditures	\$75	\$283	\$569	\$799
Corrections Expenditures	(\$177)	(\$345)	(\$407)	(\$458)
Tax Aids, Credits, and Refunds Revenues	\$5,800	\$31,000	\$79,300	\$130,800
Cannabis Management Office Revenues	\$1,996	\$3,330	\$4,000	\$6,000
<b>State Government Special Revenue Fund</b>				
Health Expenditures	(\$3,424)	(\$3,424)	(\$3,424)	(\$3,424)
Health Revenues	(\$7,411)	(\$10,879)	(\$12,973)	(\$19,223)
<b>Trunk Highway Fund</b>				
Public Safety Expenditures	\$5,608	\$1,668	\$1,668	\$1,668
<b>Outdoor Heritage Fund</b>				
Tax Aids, Credits, and Refunds Revenues	(\$3)	\$96	\$330	\$594
<b>Arts and Cultural Heritage Fund</b>				
Tax Aids, Credits, and Refunds Revenues	(\$2)	\$57	\$198	\$356
<b>Clean Water Fund</b>				
Tax Aids, Credits, and Refunds Revenues	(\$3)	\$96	\$330	\$594
<b>Parks and Trails Fund</b>				
Tax Aids, Credits, and Refunds Revenues	(\$1)	\$41	\$142	\$257
Net Fiscal Impact = (Expenditures – Revenues)	\$49,393	\$19,401	(\$36,546)	(\$84,672)
<b>FTEs</b>	<b>92</b>	<b>98</b>	<b>104</b>	<b>104</b>

### Recommendation:

The Governor recommends funding for the safe and responsible legalization of cannabis for adults in Minnesota. A new Cannabis Management Office will be responsible for the implementation of the regulatory framework for adult-use cannabis, along with the medical cannabis program, and a program to regulate hemp and hemp-derived products. This recommendation also includes funding for grants to assist individuals entering the legal cannabis market, provides for expungement of non-violent offenses involving cannabis, and implements taxes on adult-use cannabis.

**Rationale/Background:**

Prohibiting the use of cannabis in Minnesota has not worked. Despite the current prohibition, marijuana is widely consumed across Minnesota. The most recent Minnesota Survey on Adult Substance Use conducted in 2014-2015 found that nearly half (44%) of Minnesota adults reported using marijuana at some point during their lives. The maturation of the market for hemp-derived cannabinoid products following the 2018 Farm Bill culminating in the 2022 legislation authorizing hemp-derived THC edible cannabinoids have created urgency for comprehensive regulation and reform at the state level.

Regulating cannabis for use by adults will replace the abundant illicit market with a tightly regulated system with controls similar to those currently accepted for the sale of alcohol. This proposal will allow for the monitoring and regulation of its cultivation, processing, transportation and sale, activities currently occurring to the profit of drug cartels and criminals and without consumer protection guardrails.

Importantly, this proposal will begin to address racial inequities our current system has created. Despite survey data suggesting that Black and white Minnesotans use cannabis at similar rates, in 2021 Black Minnesotans were over four times more likely than their white counterparts to be arrested for marijuana according to data from the Bureau of Criminal Apprehension.

Marijuana prohibition additionally leaves potential tax revenue uncollected and furthers an opportunity for economic growth in the underground market. This proposal will bolster amounts available the General Fund for policymakers to prioritize while grant programs administered by DEED and the Office of Cannabis Management will further ensure Minnesotan entrepreneurs have the best opportunity to become the new adult-use market.

Finally, this approach is now well-tested across the country. Nineteen states and the District of Columbia have passed laws to legalize and regulate cannabis for adults. In Colorado, the first state to adopt this approach, legal sales began in January 2014 so there is now nearly a decade of implementation experience in other states to help craft this proposal for Minnesota.

**Proposal:**

This proposal creates a new agency, the Cannabis Management Office, which would be responsible for the implementation of a new regulatory framework for adult-use cannabis. The Office of Medical Cannabis will also move from the Department of Health to join this new agency. The office will be headed by a director appointed by the Governor and receive advice from a Cannabis Advisory Council with representatives from experts, local governments, the cannabis industry and relevant state agencies. The core duties of the office will include:

- to develop, maintain, and enforce an organized system of regulation for the lawful cannabis industry
- to establish programming, services, and notification to protect, maintain, and improve the health of citizens.
- to prevent unauthorized access to cannabis by individuals under 21 years of age.
- to establish and regularly update standards for product testing, packaging, and labeling.
- to promote economic growth with an emphasis on growth in areas that experienced a disproportionate, negative impact from cannabis prohibition.
- to issue and renew licenses.
- to impose and collect civil and administrative penalties.
- to authorize research and studies on cannabis, cannabis products, and the cannabis industry.

Adult-use cannabis will be subject to a new 15% gross receipts tax and state sales tax with retail sales beginning January 1, 2025. A new 15% gross receipts tax would also be imposed on the retail sale of edible cannabinoid products with retail sales beginning October 1, 2023.

The proposal authorizes three grant programs to support the establishment of cannabis businesses in Minnesota. Cannabis grower grants administered by the Office of Cannabis Management will provide farmers with assistance

navigating the new industry and regulations along with subsidized loans for expanding into legal cannabis. Administered by the Department of Employment and Economic Development industry navigation grants and industry training grants will assist individuals in setting up a legal cannabis business through technical assistance and navigation services while providing grants to organizations and individuals for training on cannabis jobs.

The proposal provides for automatic sealing of dismissals, exonerations, convictions, or stayed sentences of petty misdemeanor and misdemeanor marijuana offenses by the Bureau of Criminal Apprehension, which will provide notice of the expungement to local law enforcement agencies as well as the Judicial Branch for compliance purposes. It also provides for the establishment of a Cannabis Expungement Board to review other cannabis convictions to consider eligibility for expungement or resentencing.

The proposal authorizes the Governor to enter into compacts with Minnesota Tribal governments on issues related to medical cannabis and adult-use cannabis.

The proposal finally provides significant resources to address substance use disorders. The proposal includes initial funding for grants directed by the advice of a Substance Use Disorder Advisory Council convened by the Department of Human Services. Five percent of the revenue from the cannabis gross receipts tax would flow into this fund to support these grants into the future.

Appropriations necessary for its implementation include:

- \$30,271,000 in FY2024/2025 and \$27,691,000 in FY2026/2027 to establish and begin operations of a new Cannabis Management Office responsible for the implementation of the new regulatory framework.
- \$822,000 in FY2024/2025 and \$ 676,000 in FY2026/2027 to the Department of Agriculture for food safety and pesticide enforcement lab testing and rulemaking related to changes in cannabis laws.
- \$1,765,000 in FY2024/2025 and \$1,688,000 in FY2026/2027 for a newly created Cannabis Expungement Board for staffing and other expenses related to reviewing criminal convictions and issuing decisions related to expungement and resentencing.
- \$358,000 in FY2024/2025 and \$1,368,000 in FY2026/2027 for the Department of Commerce for staffing and other expenses to complete scale, and packaging inspections.
- A reduction of \$522,000 in FY2024/2025 and \$865,000 in FY2026/2027 to the Department of Corrections' base budget to account for an expected reduction in marijuana-related incarcerations.
- \$300,000 in FY2024/2025 and \$240,000 in FY2026/2027 for the Department of Education to support schools and districts in accessing resources on cannabis use and substance use.
- \$17,100,000 in FY2024/2025 for the Department of Employment and Economic Development for cannabis industry navigator and startup grants.
- \$16,230,000 in FY2024/2025 and \$16,230,000 in FY2026/2027 for the Department of Health for education of women who are pregnant, breastfeeding, or who may become pregnant; data collection and reports; and youth education.
- \$8,736,000 in FY2024/2025 and \$12,952,000 in FY2026/2027 for the Department of Human Services to implement the substance use disorder treatment and prevention grant program and process background studies relevant to the work of the Cannabis Expungement Board.
- \$264,000 in FY2024/2025 and \$264,000 in FY2026/2027 for the Department of Labor and Industry to identify occupational competency standards and provide technical assistance for developing dual-training programs.
- \$338,000 in FY2024/2025 for the Department of Natural Resources for training of DNR Conservation Officers relating to the new cannabis regulatory system and requirements, recognition of impairment, and for the enforcement of the purposed environmental standards adopted by the Cannabis Management Office.
- \$1,000,000 in FY2024/2025 and \$1,000,000 in FY2026/2027 for the Office of Higher Education for Dual Training Competency Grants to employers in the legal cannabis industry.

- \$1,103,000 in FY2024/2025 and \$140,000 in FY2026/2027 for the Pollution Control Agency for rulemaking to establish of water, energy, odor, and solid waste environmental standards for cannabis businesses and provide technical assistance for small businesses.
- \$6,837,000 in FY2024/2025 and \$5,324,000 in FY2026/2027 for the Department of Public Safety Bureau of Criminal Apprehension for identifying and sealing records, forensic science services, and investigations.
- \$7,276,000 in FY2024/2025 and \$3,336,000 in FY2026/2027 for the Department of Public Safety Minnesota State Patrol from the Trunk Highway Fund for additional Drug Recognition Expert (DRE) troopers, crash reconstruction specialist troopers, and replacement drug detection canines.
- \$6,791,000 in FY2024/2025 and \$6,291,000 in FY2026/2027 for the Department of Revenue to collect and administer the tax requirements.

**Impact on Children and Families:**

The current widespread underground market for marijuana provides no controls against the sale and access to children. This proposal provides age restrictions to prevent the sale of cannabis to those under 21. Additionally, the biannual Healthy Kids Colorado Survey found no increase in the use of marijuana from 2011 to 2015 in the period where legal sales initiated in the state, a finding that has been consistent in Washington, Oregon, Alaska, California, Massachusetts, Maine, and Nevada. The proposal additionally provides funding for MDH to conduct a long-term, coordinated education program to raise public awareness about and address adverse health effects associated with the use of cannabis or cannabis products by persons under age 21.

**Equity and Inclusion:**

This proposal seeks to begin to address the inequities the current system of marijuana prohibition has created, beginning with the expungement of nonviolent marijuana offenses. A Division of Social Equity at the Office of Cannabis Management will work to further promote the consideration of equity and inclusion in the development and implementation of cannabis regulatory systems. The proposal additionally requires the prioritization of social equity applicants in cannabis license selection along with the cannabis grower and industry training and navigation grant programs.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

Minnesota tribal governments, in particular the Red Lake Nation and the White Earth Nation, have raised significant concerns about the current interactions between their medical cannabis programs and current restrictions in statute. This proposal will provide broad authority for the Governor or designated representatives to negotiate compacts with an American Indian tribe regulating cannabis and cannabis products including medical cannabis.

**Results:**

The proposal requires Department of Health to engage in research and data collection activities to measure the prevalence of cannabis use and the use of cannabis products in the state by persons under age 21 and persons age 21 or older.

**Statutory Change(s):**

13.411, by adding a subdivision; 13.871, by adding a subdivision; 152.02, subdivisions 2, 4; 152.022, subdivisions 1, 2; 152.023, subdivisions 1, 2; 152.024, subdivision 1; 152.025, subdivisions 1, 2; 181.938, subdivision 2; 181.950, subdivisions 2, 4, 5, 8, 13, by adding a subdivision; 181.951, by adding subdivisions; 181.952, by adding a subdivision; 181.953; 181.954; 181.955; 181.957, subdivision 1; 244.05, subdivision 2; 256.01, subdivision 18c; 256D.024, subdivision 1; 256J.26, subdivision 1; 273.13, subdivision 24; 275.025, subdivision 2; 290.0132, subdivision 29; 290.0134, subdivision 19; 297A.67, subdivisions 2, 7; 297A.99, by adding a subdivision; 297D.01, subdivision 2; 297D.04; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivision 1a; 297D.10; 297D.11; 609.135, subdivision 1; 609.531, subdivision 1; 609.5311, subdivision 1; 609.5314, subdivision 1; 609.5316, subdivision 2; 609.5317, subdivision 1; 609A.01; 609A.03, subdivisions 5, 9; 624.712, by adding subdivisions; 624.713, subdivision 1; 624.714, subdivision 6; 624.7142, subdivision 1; 624.7151; proposing coding for new law in Minnesota Statutes, chapters 3; 17; 28A; 34A; 116J; 116L; 120B; 144; 152; 289A; 295; 604; 609A; 624; proposing coding for new law as Minnesota Statutes, chapter 342; repealing Minnesota Statutes 2020, sections 152.027, subdivisions 3, 4; 152.21; 152.22, subdivisions 1, 2, 3, 4, 5, 5a, 5b, 6, 7, 8, 9, 10, 11, 12, 13, 14; 152.23; 152.24; 152.25, subdivisions 1, 1a, 1b, 1c, 2, 3, 4; 152.26; 152.261; 152.27, subdivisions 1, 2, 3, 4, 5, 6, 7; 152.28, subdivisions 1, 2, 3; 152.29, subdivisions 1, 2, 3, 3a, 4; 152.30; 152.31; 152.32, subdivisions 1, 2, 3; 152.33, 1.38 subdivisions 1, 1a, 2, 3, 4, 5, 6; 152.34; 152.35; 152.36, subdivisions 1, 1a, 2, 3, 4, 5; 152.37; 297D.01, subdivision 1; Minnesota Rules, parts 4770.0100; 4770.0200; 4770.0300; 4770.0400; 4770.0500; 4770.0600; 4770.0800; 4770.0900; 4770.1000; 4770.1100; 4770.1200; 4770.1300; 4770.1400; 4770.1460; 4770.1500; 4770.1600; 4770.1700; 4770.1800; 4770.1900; 4770.2000; 4770.2100; 4770.2200; 4770.2300; 4770.2400; 4770.2700; 4770.2800; 4770.4000; 4770.4002; 4770.4003; 4770.4004; 4770.4005; 4770.4007; 4770.4008; 4770.4009; 4770.4010; 4770.4012; 4770.4013; 4770.4014; 4770.4015; 4770.4016; 4770.4017; 4770.4018; 4770.4030.

Program: Student Financial Aid Services

<http://www.ohe.state.mn.us/>

**AT A GLANCE**

- Administered 25 financial aid, grant, and loan repayment programs designed to remove financial barriers for students so they can obtain a postsecondary credential.
- Provided a total of \$201 million in need-based financial assistance to 71,889 Minnesota students in FY2021 through the Minnesota State Grant program.

**PURPOSE AND CONTEXT**

The Office of Higher Education’s Student Financial Aid Services support the agency’s mission to achieve student financial access to postsecondary education for all Minnesotans. Student financial aid programs further support the agency’s mission by enabling students to access and choose the postsecondary institution and training provider that best meets their educational needs, regardless of their financial circumstances. Student financial aid programs also enable graduates to serve in particular occupations necessary to maintain the state’s economic vitality.

**SERVICES PROVIDED**

The Student Financial Aid Services division administers numerous programs that support students pursuing postsecondary education and training. The division also serves student loan borrowers serving Minnesota in key occupations identified by the legislature. Additionally, the division administers several grants that go to a variety of external organizations and employers. As a result, it is not always possible to determine the number of students that directly benefit from the grant. The Table below provides the most recent data available on each of the programs administered by Student Financial Aid Services. The information may differ from other documents published by the Minnesota Office of Higher Education. Unless noted otherwise, data is only provided in the Students column, if students directly benefit from the program and data provided in the Amount column represents funds paid or awarded to students, borrowers, participants, and grantees.

<i>Program</i>	<i>Year</i>	<i>Students</i>	<i>Amount</i>	<i>Description</i>
Minnesota State Grant	FY2021	71,889	\$201 million	Need-based grant to MN residents attending MN colleges.
Postsecondary Child Care Grant	FY2021	1,136	\$5.489 million	Need-based grants to student parents using child care services while attending college.
State Work Study	FY2021	6,454	\$12.9 million	Funds allocated to MN colleges to pay 75% of wages for student employment on or off campus.
Interstate Tuition Reciprocity	FY2020	26,668	\$6.08 million	Waives non-resident tuition rates for MN residents attending public colleges in reciprocity states. Amount represents the fiscal year expenditure.
Safety Officers Survivor’s Grant	FY2021	8	\$84,196	Non-need-based college grants to survivors of MN public safety officers killed in the line of duty.

<b>Program</b>	<b>Year</b>	<b>Students</b>	<b>Amount</b>	<b>Description</b>
Minnesota Indian Scholarship	FY2021	761	\$2.497 million	Need-based scholarships to MN resident students who have at least one-quarter American Indian ancestry.
Tribal College Supplemental Grants	FY2021	-	\$151,739	Direct financial support to tribal colleges in MN to support the cost of educating non-tribal members.
United Family Practice & Hennepin Healthcare Family Medical Residency Program	FY2020 – FY2021	63	\$2.292 million	Financial support for family-practice residency programs. The program supported a cohort of 63 Fellows and Residents over the biennium.
Dual Training Grants	FY2022	-	\$1.601 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.
Emergency Assistance for Postsecondary Students Grant Program	FY2021	995	\$269,000	Competitive grants to postsecondary institutions to re-grant to students experiencing homelessness, food insecurity, and/or other financial barriers that would impact their attendance/persistence in college.
Underrepresented Student Teacher Grants	FY2022	140	\$947,046	Grants to eligible students completing required student teaching experiences who belong to a racial or ethnic group underrepresented in the Minnesota teacher workforce.
Student Teacher Grants in Shortage Areas	FY2022	72	\$485,104	Grants to eligible students completing required student teaching experiences who intend to teach in a license shortage area or rural school district.
Various State Loan Repayment Programs	FY2022	-	\$742,867	Teacher Shortage Loan Repayment (208 teachers and \$207,867), Agricultural Educator Loan Repayment (4 Ag Educators and \$60,000), Aviation Degree Loan Repayment (1 pilot and \$25,000), Large Animal Vet Loan Forgiveness (6 Vets and \$450,000).
Loan Repayment Assistance Program	FY2020		\$25,000	Grant to Loan Repayment Assistance Program of Minnesota to provide education debt relief to attorneys with full-time employment providing legal advice or representation to low-income clients or support services for this work. In FY2020, the program supported 28 attorneys.

<b>Program</b>	<b>Year</b>	<b>Students</b>	<b>Amount</b>	<b>Description</b>
Federal John R. Justice Student Loan Repayment	FY2021	-	\$37,682	Federal grant funds used for student loan repayment assistance to public defenders and prosecutors.
Grants for Students with Intellectual and Developmental Disabilities	FY2021	30	\$215,363	Financial assistance to students with intellectual and development disabilities who attend Comprehensive Transition & Postsecondary (CTP) programs at eligible Minnesota postsecondary institutions. In FY2021, OHE transferred surplus funds to this program in order to adequately award all eligible students.
Minnesota Independence College & Community	FY2020 – FY2021	-	\$3.125 million	Grant to Minnesota Independence College & Community to provide need-based scholarships and tuition reduction for their participants. For the 2020-21 academic year, the institution served 129 participants, including residential participants and alumni.
Student Loan Debt Counseling Program	FY2022		\$360,104	Grant to a Minnesota-based nonprofit qualified debt counseling organization to provide individuals student loan debt repayment counseling to Minnesota residents.
Fostering Independence Higher Education Grants	FY2022		\$0	Grants to eligible Minnesota residents who were in the foster care system at any point after their 13 <sup>th</sup> birthday to attend any Minnesota public or participating private institution. First awards to students in FY2023.
Aspiring Teachers of Color Scholarship Pilot	FY2022		\$0	Scholarships to support undergraduate and graduate students who are preparing to become teachers, have demonstrated financial need, and belong to racial or ethnic groups underrepresented in the state's teacher workforce. First awards to students in FY2023 made possible with one-time funds available until FY2025.
Minnesota 529 College Savings Program	FY2022 (As of 6/30/2022)	88,221 Active Accounts 48,190 Account Holders	\$1.707 billion in total 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.

<i>Program</i>	<i>Year</i>	<i>Students</i>	<i>Amount</i>	<i>Description</i>
Future Together Grant	FY2022	1,572	\$1.984 million	Tuition-free pathway grants to eligible Minnesota residents enrolled at Minnesota public institutions and tribal colleges in programs leading to high-need careers. Program funded with federal ARPA funds through FY2024 or until funds exhausted.

## 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. Measuring the number of Minnesota residents that apply for financial aid and the number of Minnesota resident students who receive a Minnesota State Grant
2. Assessing the net price students and families pay for postsecondary attendance and its relation to family income
3. 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
4. Tracking the percentage of students who take out student loans to attend college
5. Comparing the percentage of Minnesota State Grant recipients who attend in-state private institutions with nationwide averages to determine if the program continues to support student choice

### Applicants for Financial Aid

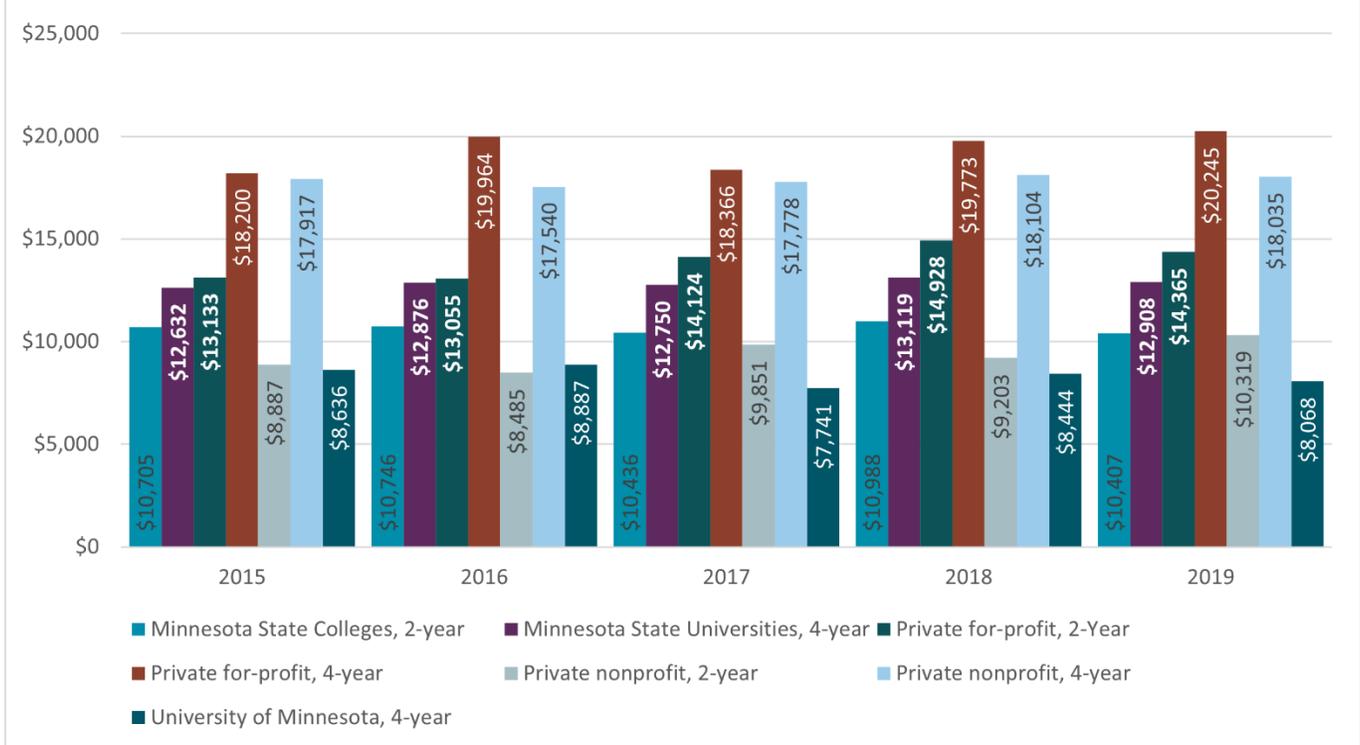
Measuring the number of Minnesota resident students who receive a State Grant compared to the number of State Grant applicants helps Student Financial Aid Services evaluate the State Grant award calculation. For fiscal year 2021 (academic year 2020-2021), 122,171 students completed the FAFSA or state aid application and met eligibility requirements outlined in state statute to receive a Minnesota state grant and of those that applied, 71,889 students received a State Grant. These totals include students meeting State Grant eligibility requirements and those who qualified for a State Grant award under the Minnesota Dream Act. The percent of applicants receiving a State Grant has remained stable over the last few years.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Quantity	Students Served – Applications Received	145,724	135,969	131,983	130,070	122,171
Quantity	Students Served – Number of State Grant Recipients	81,027	80,793	79,805	77,544	71,889
Quantity	Percent of Applicants Receiving a State Grant	56%	59%	60%	60%	59%

### Net Price in Minnesota

Net price is the average yearly price actually charged to undergraduate students after subtracting grants and scholarships they may receive. The Federal Pell Grant, Minnesota State Grant, and other state financial aid programs are important drivers of net price. Over the past five years, the net price across all sectors has been relatively stable in Minnesota, which is some indication that grants and scholarships are keeping pace with increasing college costs.

### Net Price by Sector for Students with Incomes Under \$75,000

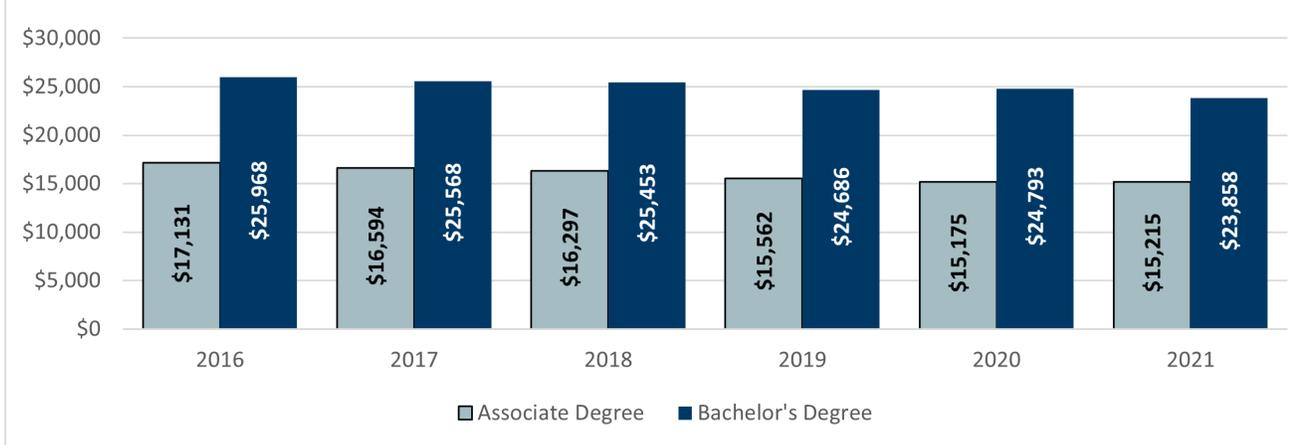


### Median Cumulative Student Debt & Percentage of Students Borrowing in Minnesota

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 with a bachelor’s degree from Minnesota institutions had an average median student loan debt of \$23,858 in 2021, and associate degree recipients had an average median student loan debt of \$15,215 in 2021.

The percentage of Minnesota four-year college graduates with student loans has also been declining slightly over the past four years, from 72 of Bachelor’s degree graduates borrowing in 2014 to 63 percent in 2021, and 69 percent for associate degree recipients borrowing in 2014 to 52 percent in 2021.

### Median Cumulative Student Loan Debt of Recent College Graduates in Minnesota

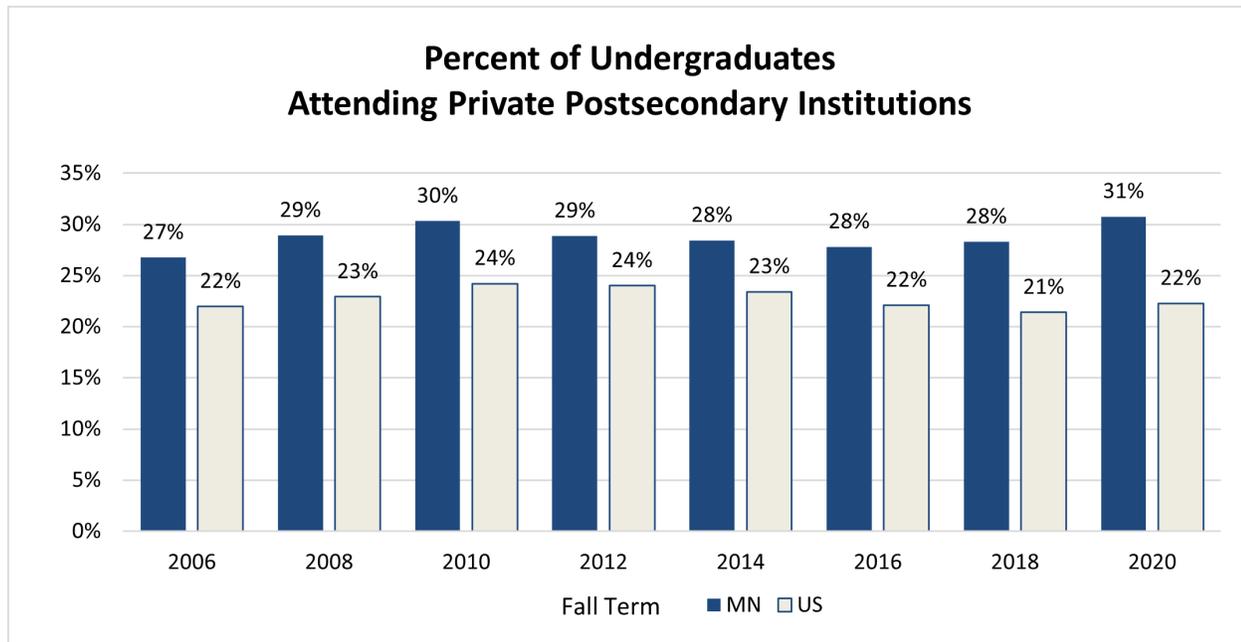


### Cumulative Median Debt of Graduates, 2016-17 to 2020-21 by Degree Level

Type of Measure	Name of Measure	2016-2017 Graduates	2017-2018 Graduates	2018-2019 Graduates	2019-2020 Graduates	2020-2021 Graduates
Results	Cumulative Debt – Sub-baccalaureate Certificates	\$10,535	\$10,009	\$10,286	\$10,112	\$9,917
Results	Cumulative Debt – Associate Degrees	\$16,594	\$16,297	\$15,562	\$15,175	\$15,215
Results	Cumulative Debt – Bachelor’s Degrees	\$25,588	\$25,453	\$24,641	\$24,793	\$23,858

### Enrollment at Private Postsecondary Education Institutions in Minnesota

Minnesota’s undergraduate students continue to attend in-state private institutions at a higher rate (31 percent) than the national average (22 percent). The percentage of students enrolled at private institutions in Minnesota increased in fall 2020 as COVID-19 impacted enrollment unevenly, with public 2-year colleges seeing the largest enrollment declines of any institution type.



Source: Digest of Education Statistics, U.S. Department of Education, 2021; Minnesota Office of Higher Education, Student Enrollment Database.

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.125> Postsecondary Child Care Grant Program
- <https://www.revisor.mn.gov/statutes/?id=136A.233> Minnesota State Work Study Program
- <https://www.revisor.mn.gov/statutes/?id=136A.08> Interstate Tuition Reciprocity Program
- <https://www.revisor.mn.gov/statutes/?id=299A.45> Safety Officers Survivor’s Grant Program
- <https://www.revisor.mn.gov/statutes/?id=136A.126> Minnesota Indian Scholarship Program
- <https://www.revisor.mn.gov/statutes/?id=136A.1796> Tribal College Supplemental Grants

<https://www.revisor.mn.gov/laws/2021/1/Session+Law/Chapter/2/> United Family Practice & Hennepin Healthcare Family Medical Residency Program

<https://www.revisor.mn.gov/statutes/cite/136A.246> Dual Training Grants

<https://www.revisor.mn.gov/laws/2021/1/Session+Law/Chapter/2/> Emergency Assistance for Postsecondary Students Grant Program

<https://www.revisor.mn.gov/statutes/cite/136A.1274> Underrepresented Student Teacher Grants

<https://www.revisor.mn.gov/statutes/cite/136A.1275> Student Teacher Grants in Shortage Areas

<https://www.revisor.mn.gov/statutes/cite/136A.1791> Teacher Shortage Loan Repayment

<https://www.revisor.mn.gov/statutes/cite/136A.1795> Large Animal Vet Loan Forgiveness

<https://www.revisor.mn.gov/statutes/cite/136A.1794> Agricultural Educator Loan Repayment

<https://www.revisor.mn.gov/statutes/cite/136A.1789> Aviation Degree Loan Repayment Program

<https://www.revisor.mn.gov/statutes/cite/136A.1215> Grants for Students with Intellectual and Developmental Disabilities

<https://www.revisor.mn.gov/laws/2021/1/Session+Law/Chapter/2/> LRAP of Minnesota

<https://www.revisor.mn.gov/laws/2021/1/Session+Law/Chapter/2/> Minnesota Independence College & Community Student Loan Debt Counseling Program

<https://www.revisor.mn.gov/laws/2021/1/Session+Law/Chapter/2/> Student Loan Debt Counseling Program

<https://www.revisor.mn.gov/statutes/cite/136A.1241> Fostering Independence Higher Education Grants

<https://www.revisor.mn.gov/laws/2021/1/Session+Law/Chapter/2/> Aspiring Teachers of Color Scholarship Pilot

<https://www.revisor.mn.gov/statutes/cite/136G.05> Minnesota 529 College Savings Program

---

# Student Financial Aid Services

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<b><u>Expenditures by Fund</u></b>								
1000 - General	244,622	253,226	246,084	261,060	252,486	252,486	308,053	300,382
2000 - Restrict Misc Special Revenue	76	64	1,557	78	80	80	80	80
2001 - Other Misc Special Revenue	2,664	2,839	4,145	6,750	2,715	2,715	4,015	4,015
3000 - Federal	42	37	34	54	50	50	50	50
3015 - ARP-State Fiscal Recovery			7,559	30,716				
<b>Total</b>	<b>247,404</b>	<b>256,167</b>	<b>259,379</b>	<b>298,658</b>	<b>255,331</b>	<b>255,331</b>	<b>312,198</b>	<b>304,527</b>
Biennial Change				54,466		(47,375)		58,688
Biennial % Change				11		(8)		11
Governor's Change from Base								106,063
Governor's % Change from Base								21

## **Expenditures by Activity**

Student Financial Aid Services	20,791	22,792	28,119	68,043	25,209	25,209	33,190	33,190
State Grants	219,256	221,597	220,762	221,281	221,027	221,027	269,077	261,406
Mn College Savings Program	76	64	1,557	78	80	80	80	80
Loan Forgiveness and Counseling	1,196	620	441	756	515	515	1,351	1,351
Interstate Tuition Reciprocity	6,085	11,094	8,500	8,500	8,500	8,500	8,500	8,500
<b>Total</b>	<b>247,404</b>	<b>256,167</b>	<b>259,379</b>	<b>298,658</b>	<b>255,331</b>	<b>255,331</b>	<b>312,198</b>	<b>304,527</b>

## **Expenditures by Category**

Compensation	167	178	285	573	213	220	347	354
Operating Expenses	1,315	497	297	1,236	137	132	218	213
Grants, Aids and Subsidies	244,468	254,223	257,027	296,840	254,976	254,974	311,628	303,955
Other Financial Transaction	1,454	1,268	1,770	9	5	5	5	5
<b>Total</b>	<b>247,404</b>	<b>256,167</b>	<b>259,379</b>	<b>298,658</b>	<b>255,331</b>	<b>255,331</b>	<b>312,198</b>	<b>304,527</b>

Total Agency Expenditures	247,404	256,167	259,379	298,658	255,331	255,331	312,198	304,527
Internal Billing Expenditures	6	4	4					
<b>Expenditures Less Internal Billing</b>	<b>247,399</b>	<b>256,163</b>	<b>259,375</b>	<b>298,658</b>	<b>255,331</b>	<b>255,331</b>	<b>312,198</b>	<b>304,527</b>

## **Full-Time Equivalent**

	1.70	1.77	2.47	3.96	1.79	1.79	2.79	2.79
--	------	------	------	------	------	------	------	------

# Student Financial Aid Services

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<b>1000 - General</b>								
Balance Forward In	0	7,569		4,556				
Direct Appropriation	251,346	251,346	252,666	258,529	254,511	254,511	311,878	304,207
Transfers In	1,858	663	625	625	625	625	625	625
Transfers Out	4,708	2,888	2,650	2,650	2,650	2,650	4,450	4,450
Cancellations		3,463						
Balance Forward Out	3,874		4,557					
<b>Expenditures</b>	<b>244,622</b>	<b>253,226</b>	<b>246,084</b>	<b>261,060</b>	<b>252,486</b>	<b>252,486</b>	<b>308,053</b>	<b>300,382</b>
Biennial Change in Expenditures				9,296		(2,172)		101,291
Biennial % Change in Expenditures				2		(0)		20
Governor's Change from Base								103,463
Governor's % Change from Base								20
Full-Time Equivalents	0.58	0.60	0.86	1.76	0.59	0.59	1.34	1.34

## 2000 - Restrict Misc Special Revenue

Balance Forward In	175	133	112	98	80	60	80	60
Receipts	31	40	1,543	60	60	60	60	60
Balance Forward Out	130	110	98	80	60	40	60	40
<b>Expenditures</b>	<b>76</b>	<b>64</b>	<b>1,557</b>	<b>78</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>
Biennial Change in Expenditures				1,495		(1,475)		(1,475)
Biennial % Change in Expenditures				1,071		(90)		(90)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

## 2001 - Other Misc Special Revenue

Balance Forward In	4,706	5,179	5,856	4,360	260	195	260	195
Transfers In	2,756	2,756	2,756	2,756	2,756	2,756	4,081	4,081
Transfers Out	106	106	106	106	106	106	131	131
Balance Forward Out	4,691	4,989	4,361	260	195	130	195	130
<b>Expenditures</b>	<b>2,664</b>	<b>2,839</b>	<b>4,145</b>	<b>6,750</b>	<b>2,715</b>	<b>2,715</b>	<b>4,015</b>	<b>4,015</b>
Biennial Change in Expenditures				5,391		(5,465)		(2,865)
Biennial % Change in Expenditures				98		(50)		(26)
Governor's Change from Base								2,600

**Student Financial Aid Services**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
Governor's % Change from Base								48
Full-Time Equivalents	0.69	0.77	0.75	0.80	0.80	0.80	1.05	1.05

**3000 - Federal**

Balance Forward In			1	4				
Receipts	42	38	37	50	50	50	50	50
Balance Forward Out		1	4					
<b>Expenditures</b>	<b>42</b>	<b>37</b>	<b>34</b>	<b>54</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
Biennial Change in Expenditures				9		12		12
Biennial % Change in Expenditures				11		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.03							

**3015 - ARP-State Fiscal Recovery**

Balance Forward In				30,716				
Direct Appropriation			39,775					
Cancellations			1,500					
Balance Forward Out			30,716					
<b>Expenditures</b>			<b>7,559</b>	<b>30,716</b>				
Biennial Change in Expenditures				38,275		(38,275)		(38,275)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.46	1.00				

**Program: State Supplemental Loans**

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

**AT A GLANCE**

- Over 32,000 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 over \$419 million.
- Over 500 borrowers currently have loans through the SELF Refi program, a low-interest student loan refinance program available to Minnesota residents, and owe over \$10 million.

**PURPOSE AND CONTEXT**

The Office of Higher Education offers the Student Educational Loan Fund (SELF) program to help students finance their 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 low-cost 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 co-signer. The SELF Refi program is available to help Minnesota residents refinance their student loans by offering low interest rates and favorable repayment terms

**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, 2022 are: 4.50% variable and 6.35% fixed. SELF VI phase launched in April 2022. SELF VI offers more manageable payments while in-school. Payments are currently set at \$15 per month per SELF VI Loan while in school and during 1-year Transition Period after school.

**SELF Refi**

The SELF Refi program provides loans to help Minnesota residents refinance their postsecondary education debt to make their debt more manageable through lower interest rates and/or longer repayment terms. 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 \$150,000. There are six different loan options based on loan term and type of interest rate. Rates range from 3.30% to 7.00% as of August 1, 2022. The debt-to-income ratio of the borrower and co-signer (if needed) determine which of the six options the borrower can select from.

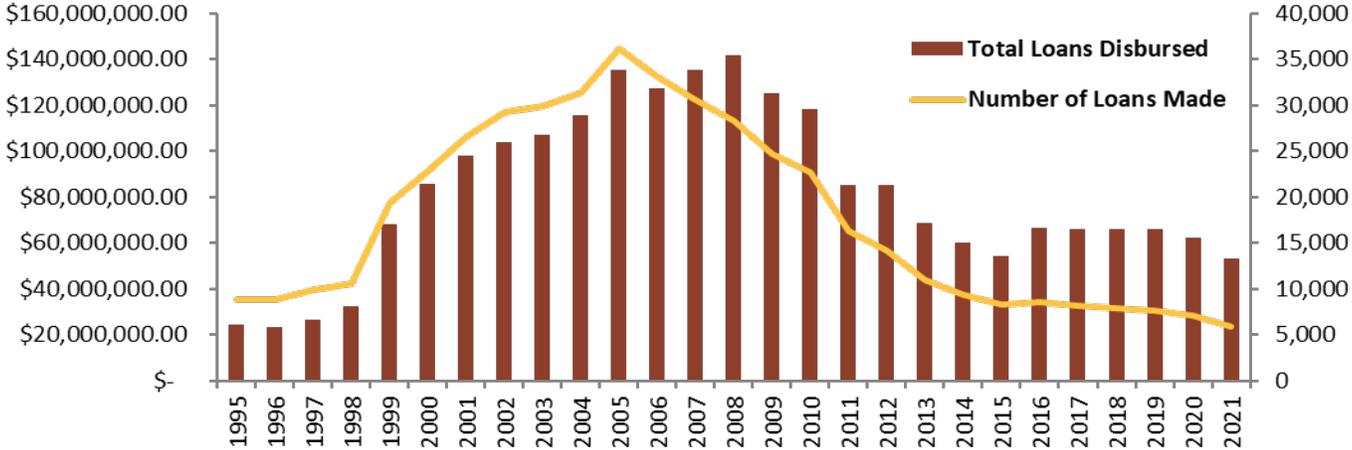
**RESULTS****Quantity:**

The chart below shows the number of SELF Loans and total dollars given to students decreased between 2009 and 2015. There are two primary reasons for the decrease:

- 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 meant students would borrow from private banks or other financial sources in order to get all the money they needed from one place, even though it may cost them more in interest and fees.

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 relatively stable with slight decreases since 2019 due to declining postsecondary enrollment.

### SELF Loans Awarded (FY1995 - FY2021)

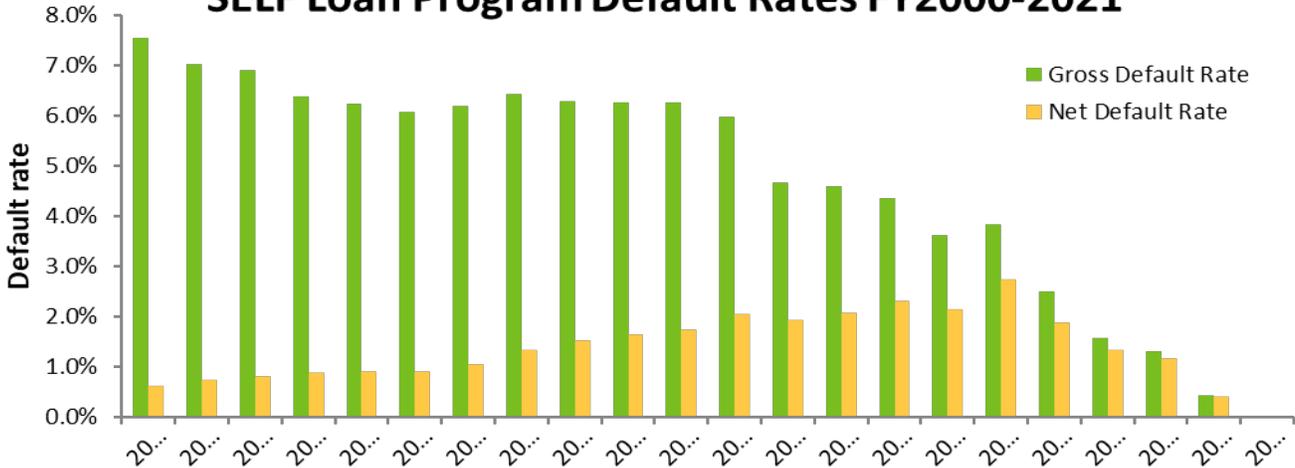


Source: Office of Higher Education

**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. As shown in the chart below, both the gross and net default rates for SELF loans are fairly low in comparison to other private loan programs. 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 Loan Program Default Rates FY2000-2021



Source: Minnesota Office of Higher Education

## **SELF Refi Program**

### **Quantity:**

The legislature limited the SELF Refi program to a maximum amount of \$300 million in loans outstanding. Currently, borrowers owe over \$10 million dollars.

### **Quality:**

The program is still relatively new (2016) and will continue to be evaluated. Changes in eligibility have been made since the start of the program and will continue to be made to increase the program's value to Minnesota residents in managing student debt.

---

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 Refi program.

# State Supplemental Loans

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<b><u>Expenditures by Fund</u></b>								
8300 - Office Of Higher Education	68,628	58,056	66,499	96,100	96,100	96,100	96,100	96,100
<b>Total</b>	<b>68,628</b>	<b>58,056</b>	<b>66,499</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>
Biennial Change				35,915		29,601		29,601
Biennial % Change				28		18		18
Governor's Change from Base								0
Governor's % Change from Base								0
<b><u>Expenditures by Activity</u></b>								
State Supplemental Loans	68,628	58,056	66,499	96,100	96,100	96,100	96,100	96,100
<b>Total</b>	<b>68,628</b>	<b>58,056</b>	<b>66,499</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>
<b><u>Expenditures by Category</u></b>								
Operating Expenses	3,687	2,104	5,058	5,100	5,100	5,100	5,100	5,100
Other Financial Transaction	64,941	55,952	61,441	91,000	91,000	91,000	91,000	91,000
<b>Total</b>	<b>68,628</b>	<b>58,056</b>	<b>66,499</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>

# State Supplemental Loans

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<b>8300 - Office Of Higher Education</b>								
Balance Forward In	127,277	188,244	193,832	239,222	239,222	239,222	239,222	239,222
Receipts	132,595	63,644	111,889	96,100	96,100	96,100	96,100	96,100
Transfers Out	3,000							
Balance Forward Out	188,244	193,832	239,222	239,222	239,222	239,222	239,222	239,222
<b>Expenditures</b>	<b>68,628</b>	<b>58,056</b>	<b>66,499</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>	<b>96,100</b>
Biennial Change in Expenditures				35,915		29,601		29,601
Biennial % Change in Expenditures				28		18		18
Governor's Change from Base								0
Governor's % Change from Base								0

**Program: Research, Policy, and Analysis**

<http://www.ohe.state.mn.us/> and <https://sleds.mn.gov/>

**AT A GLANCE**

- Provides research and analysis on postsecondary education, college readiness, and postsecondary-workforce alignment for the Governor, the Minnesota Legislature, and the people of the State of Minnesota.
- Supports innovative research through Spinal Cord & Traumatic Brain Injury (SCI/TBI) grants program.

**PURPOSE AND CONTEXT**

The Research, Policy and Analysis Division provides credible, politically neutral, research-based data, information and analysis on higher education. Research provided is used to evaluate programs, inform strategic plans, develop and inform state policy, and assist individuals, colleges, communities, and the state with determining effective practices based on data-informed strategies.

**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).
- Leads the Statewide Longitudinal Education Data System (SLEDS) and facilitates interagency work of the Early Childhood Longitudinal Data System (ECLDS). SLEDS and ECLDS leverage data from birth/early childhood, K-12 education, postsecondary education, workforce training and employment. SLEDS assists families, communities and the state in identifying the most viable pathways for individuals to achieve successful outcomes in education and work. SLEDS and ECLDS informs early care, education, and workforce policy and practice in Minnesota.
- Engages in cross-agency, philanthropic and non-profit collaboration to broaden resources, data, and information available to Minnesotans.
- Manages collection of student enrollment and completion data from over 200 postsecondary education institutions and DEED-approved eligible training providers operating in Minnesota. Administers surveys to institutions regarding study abroad health and safety, sexual assault, cumulative debt, financial aid awarded, and dual credit acceptance.
- Develops and runs several grant and pilot programs created by the Minnesota Legislature (including the Spinal Cord & Traumatic Brain Injury Research Grant program and Direct Admissions)

**RESULTS**

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Quantity	Unduplicated count of students enrolled for which OHE maintains data.	518,577	509,698	506,840	501,860	--
Quantity	Unduplicated count of students graduating for which OHE maintains data.	98,167	100,063	98,060	100,479	--

<b>Type of Measure</b>	<b>Name of Measure</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Results	Number of New SCI/TBI Grantees (Organizations) - Grant dollars awarded	27 organization s; \$3,795,835	27 organization s; \$3,761,301	*20 organization s; \$3,254,973	19 organization s; \$2,081,898	11 organization s; \$3,147,411

\*In 2020, supplemental funding was provided to existing grantees to help the continuity of research disrupted because of the COVID pandemic.

136A.01 OFFICE OF HIGHER EDUCATION Subd. 2(a)(6) (<https://www.revisor.mn.gov/statutes/cite/136A.01>) provides authority for OHE to collect and maintain student enrollment and financial aid data, and report data on students and postsecondary institutions to develop and implement a process to measure and report on the effectiveness of postsecondary institutions.

135A.012 HIGHER EDUCATION ATTAINMENT GOAL (<https://www.revisor.mn.gov/statutes/cite/135A.012>) provides statutory authority for the state’s attainment goal and monitoring progress to the goal.

127A.70 MINNESOTA P-20 EDUCATION PARTNERSHIP. Subd. 2(b) (<https://www.revisor.mn.gov/statutes/cite/127A.70>) provides statutory authority for the management of SLEDS and ECLDS.

Statutory reporting by the Research Department includes, but is not limited to:

- Minnesota Statutes 136A.121 STATE GRANT PROGRAM. Subd. 20 provides statutory responsibility for data collection, analysis and reporting of postsecondary enrollment, completion, and financial aid.
- Minnesota Statutes 116J.4011 LABOR MARKET INFORMATION DATA PRODUCTION REQUIREMENT provides statutory responsibility for collaborative reporting with DEED related to postsecondary employment outcomes of college graduates.
- Minnesota Statutes 124D.09 subdivision 10a requires OHE to evaluate and report on concurrent enrollment programs.
- Minnesota Statutes 135A.15 SEXUAL HARASSMENT AND VIOLENCE POLICY Subd 6. requires OHE to annually report statistics on sexual assault.
- Minnesota Statutes 136A.055 DEVELOPMENTAL EDUCATION REPORTING requires OHE to report annually on developmental education enrollment and completion of recent high school graduates.
- Minnesota Statutes 136A.08 RECIPROCAL AGREEMENTS RELATING TO NONRESIDENT TUITION WITH OTHER STATES OR PROVINCES Subd 7 require OHE to report on students receiving tuition reciprocity.

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<b><u>Expenditures by Fund</u></b>								
1000 - General	2,006	2,231	2,631	22,642	2,262	2,262	9,954	9,469
2000 - Restrict Misc Special Revenue	364	63	238	245	50	50	50	50
2001 - Other Misc Special Revenue	5,348	5,738	3,870	6,284	3,045	3,045	3,045	3,045
2403 - Gift				3				
<b>Total</b>	<b>7,718</b>	<b>8,032</b>	<b>6,739</b>	<b>29,174</b>	<b>5,357</b>	<b>5,357</b>	<b>13,049</b>	<b>12,564</b>
Biennial Change				20,163		(25,199)		(10,300)
Biennial % Change				128		(70)		(29)
Governor's Change from Base								14,899
Governor's % Change from Base								139

<b><u>Expenditures by Activity</u></b>								
Research, Policy, and Analysis	2,012	2,538	1,956	2,385	1,972	1,972	2,740	2,740
Miscellaneous Grant Programs	5,707	5,494	4,783	26,789	3,385	3,385	10,309	9,824
<b>Total</b>	<b>7,718</b>	<b>8,032</b>	<b>6,739</b>	<b>29,174</b>	<b>5,357</b>	<b>5,357</b>	<b>13,049</b>	<b>12,564</b>

<b><u>Expenditures by Category</u></b>								
Compensation	463	406	232	385	248	257	729	738
Operating Expenses	1,647	2,219	1,895	2,513	1,859	1,850	2,470	2,476
Grants, Aids and Subsidies	5,608	5,407	4,612	26,276	3,250	3,250	9,850	9,350
<b>Total</b>	<b>7,718</b>	<b>8,032</b>	<b>6,739</b>	<b>29,174</b>	<b>5,357</b>	<b>5,357</b>	<b>13,049</b>	<b>12,564</b>

Total Agency Expenditures	7,718	8,032	6,739	29,174	5,357	5,357	13,049	12,564
Internal Billing Expenditures	20	11	5					
<b>Expenditures Less Internal Billing</b>	<b>7,698</b>	<b>8,021</b>	<b>6,734</b>	<b>29,174</b>	<b>5,357</b>	<b>5,357</b>	<b>13,049</b>	<b>12,564</b>

<b><u>Full-Time Equivalent</u></b>	<b>3.73</b>	<b>3.48</b>	<b>2.60</b>	<b>3.85</b>	<b>1.80</b>	<b>1.80</b>	<b>9.10</b>	<b>9.10</b>
------------------------------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<b>1000 - General</b>								
Balance Forward In	330	1,096		380				
Direct Appropriation	5,262	5,262	5,262	25,262	5,262	5,262	12,954	12,469
Transfers In			750					
Transfers Out	3,000	3,500	3,000	3,000	3,000	3,000	3,000	3,000
Cancellations	53	627						
Balance Forward Out	532		381					
<b>Expenditures</b>	<b>2,006</b>	<b>2,231</b>	<b>2,631</b>	<b>22,642</b>	<b>2,262</b>	<b>2,262</b>	<b>9,954</b>	<b>9,469</b>
Biennial Change in Expenditures				21,036		(20,749)		(5,850)
Biennial % Change in Expenditures				496		(82)		(23)
Governor's Change from Base								14,899
Governor's % Change from Base								329
Full-Time Equivalents	2.72	2.49	1.33	1.30	1.30	1.30	8.60	8.60

**2000 - Restrict Misc Special Revenue**

Balance Forward In	65	106	271	195				
Receipts	405	225	162	50	50	50	50	50
Balance Forward Out	106	269	195					
<b>Expenditures</b>	<b>364</b>	<b>63</b>	<b>238</b>	<b>245</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
Biennial Change in Expenditures				57		(383)		(383)
Biennial % Change in Expenditures				13		(79)		(79)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.25		0.70	2.05				

**2001 - Other Misc Special Revenue**

Balance Forward In	2,445	2,705	4,204	3,464	180	135	180	135
Receipts	206	391	129					
Transfers In	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090
Transfers Out	90	90	90	90	90	90	90	90
Balance Forward Out	303	357	3,463	180	135	90	135	90
<b>Expenditures</b>	<b>5,348</b>	<b>5,738</b>	<b>3,870</b>	<b>6,284</b>	<b>3,045</b>	<b>3,045</b>	<b>3,045</b>	<b>3,045</b>
Biennial Change in Expenditures				(932)		(4,064)		(4,064)
Biennial % Change in Expenditures				(8)		(40)		(40)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.76	0.99	0.57	0.50	0.50	0.50	0.50	0.50

**2403 - Gift**

Balance Forward In	3	3	3	3				
Balance Forward Out	3	3	3					
<b>Expenditures</b>				<b>3</b>				
Biennial Change in Expenditures				3		(3)		(3)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

## Program: Postsecondary Access and Outreach

Minitex: <http://www.minitex.umn.edu/>

Get Ready: <http://www.getready.state.mn.us/>

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

### AT A GLANCE

- **Get Ready Program:** \$4.48M/year federal funded grant program launched 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):** \$796,000 /year provides student support services to 2,936 students in grades six through 12, as well as first-year postsecondary students.
- **Minnesota Minority Education Equity Partnership (MnEEP):** \$45,000/year to help fund MnEEP operations and activities to increase the success of students of color and American Indian students in Minnesota schools, colleges, and universities.
- **Minitex/MNLink:** \$5.9M/year to provide statewide support functions to assist academic, public, state government, school and special libraries through services such as interlibrary loan and the Electronic Library for Minnesota (ELM), which provides over 20 million resource downloads annually.
- **College Possible:** \$500,000/year provided students support services to 12,114 high school and postsecondary students to facilitate educational completion in fiscal years 2020 and 2021.
- **Summer Academic Enrichment Program (SAEP):** \$250,000/year provides grants for approximately 800 students annually in grades 3 through 11 to attend an academically-enriched summer program.
- **Student/Parent Outreach:** A range of services/publications are made available to college-bound students and their families on topics such as choosing a college, paying for college, and FAFSA completion.
- **Campus Sexual Violence Prevention and Response Program:** \$175,000/year in funding is utilized to provide resources, training, and guidance on best practices to postsecondary institutions to prevent and respond to sexual violence.
- **Direct Admission:** \$925,000 in 2022 was utilized to contract with about 40 secondary schools and the higher education systems in the state to pilot a program to establish and, to the extent feasible, implement a process for leveraging existing kindergarten through grade 12 and higher education student information systems to automate the admissions process for students.

### PURPOSE AND CONTEXT

The Agency is charged in statute with providing students from secondary education through adulthood with information on postsecondary options, including paying for and preparing for college. 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/Minitex, Student Parent Outreach, and a Student Employer Connection Information System. Additionally, the mission of the Minnesota Office of Higher Education 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.

## SERVICES PROVIDED

**THE STUDENT/PARENT OUTREACH** initiatives provide a range of services to college-bound students and their families. The following represent the core modalities:

- *Financial Aid & Choosing a College Publications:* Currently, we produce and print publications on *Financial Aid Basics, FAFSA & Dream Act, Grants & Scholarships, Loans & Consumer Protection, and Choosing a College*. These publications give an overview of Minnesota institutions, the programs they offer, the application process for financial aid, and all of the different ways to finance one's postsecondary education. The Choosing a College publication allows students to explore two-year and four-year public and private institutions, as well as accredited cosmetology and specialized trade schools. The profiles found in the beginning of the guide provide information on tuition, fees, class sizes, and required exams. Our program grid, found in the back of the guide, helps match students' interests and field of study with the Minnesota institution that is best suited for them. It is the easiest way to know what programs each school offers.
- *Financial Aid & College Knowledge Presentations:* These presentations are delivered by our team of contracted outreach presenters in English or Spanish to help students and families understand the financial aid process, the Free Application for Federal Student Aid (FAFSA), the Minnesota Dream Act, and how to choose and apply to college.
- *Outreach Videos:* These videos are recorded presentations given by the contracted outreach presenters. They are available in long-form (approximately 25 minutes) and short-form, allowing students and their families to choose the exact topic they would like to learn more about.
- *Minnesota State Fair:* Each year, OHE has a booth in Education Building of the Minnesota State Fair, where we distribute information about our publications, outreach, attainment goal, and other resources to students and their families about postsecondary education.

*Minnesota Goes to College:* Minnesota Goes to College provides graduating high school seniors with the preparation, opportunity, and support needed to apply and enroll in college. Each school year, participating schools, college access programs, postsecondary institutions, and community organizations plan and host Minnesota Goes to College events for students and families. These events focus on college and career exploration, financial aid and Dream Act information, and application completion. This work aligns with the State of Minnesota's [2025 Attainment Goal](http://www.ohe.state.mn.us/sPages/educ_attain_goal_2025.cfm) ([http://www.ohe.state.mn.us/sPages/educ\\_attain\\_goal\\_2025.cfm](http://www.ohe.state.mn.us/sPages/educ_attain_goal_2025.cfm))- ensuring 70 percent of Minnesotans ages 25 to 44 attain a postsecondary credential. Minnesota Goes to College is sponsored by a steering committee of K12, higher education, and nonprofit partners, including: Minnesota Department of Education (MDE), Minnesota Office of Higher Education (OHE), Minnesota Private College Council, Minnesota State, University of Minnesota - Twin Cities, Minnesota State University - Mankato, Saint Paul.

**GET READY** serves 6th-12th grade students, their families, and the educators through the following 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 students from underserved communities in 6<sup>th</sup>-12<sup>th</sup> grade and their first year of college 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
- Social-emotional development
- Culturally appropriate teaching and learning

**MINNESOTA MINORITY EDUCATION EQUITY PARTNERSHIP (MNEEP)** – OHE serves as the fiscal agent for an annual pass-through to MnEEP in the amount of \$45,000. 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 \$500,000 annual legislatively named state grant. College Possible’s mission is to help 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 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.

**THE SUMMER ACADEMIC ENRICHMENT PROGRAM** provides funding of up to \$1,000 per participant for students in grades 3 through 11 to attend an academically-enriched summer program. The program seeks to counter the achievement gap and give children access to high-quality experiences that keep exercising their minds and boosting academic performance through participation in challenging enrichment classes in core curricular areas.

**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.

## RESULTS

### Get Ready Direct Service Indicators

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of students receiving Get Ready Services	4,169	7,112	2020 & 2021
Quantity	Number of students going on college visits.	1,555	1,151	2020 & 2021
Results	Middle School Reading Proficiency (% Proficient)	<i>No testing</i>	<i>No testing</i>	2020 & 2021
Results	Middle School Math Proficiency (% Proficient)	<i>No testing</i>	<i>No testing</i>	2020 & 2021
Results	Postsecondary education knowledge (% correct score)	72%	85%	2020 & 2021

### Intervention for College Attendance Program

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of organizations funded through ICAP grants	15	15	2020 & 2021
Quantity	Number of students served through ICAP-funded projects	2936	3231	2020 & 2021
Average	Average graduation rate of seniors in ICAP-funded projects	97%	90%	2020 & 2021
Average	Average college acceptance rate of seniors in ICAP-funded projects	92%	88%	2020 & 2021
Quantity	Number of organizations funded through ICAP grants	15	15	2020 & 2021

---

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<b><u>Expenditures by Fund</u></b>								
1000 - General	7,693	8,384	7,852	9,838	8,419	8,419	10,769	9,544
2000 - Restrict Misc Special Revenue		150		3	10	10	10	10
3000 - Federal	3,953	9,041	7,523	7,092	4,482	4,482	4,482	4,482
3015 - ARP-State Fiscal Recovery			1,120	5				
<b>Total</b>	<b>11,646</b>	<b>17,575</b>	<b>16,494</b>	<b>16,938</b>	<b>12,911</b>	<b>12,911</b>	<b>15,261</b>	<b>14,036</b>
Biennial Change				4,211		(7,610)		(4,135)
Biennial % Change				14		(23)		(12)
Governor's Change from Base								3,475
Governor's % Change from Base								13
<b><u>Expenditures by Activity</u></b>								
Access Programs	11,437	17,103	16,334	16,461	12,584	12,584	14,934	13,709
Outreach Programs	196	472	160	377	277	277	277	277
Training	13			100	50	50	50	50
<b>Total</b>	<b>11,646</b>	<b>17,575</b>	<b>16,494</b>	<b>16,938</b>	<b>12,911</b>	<b>12,911</b>	<b>15,261</b>	<b>14,036</b>
<b><u>Expenditures by Category</u></b>								
Compensation	2,006	2,217	2,260	2,718	2,813	2,911	2,933	3,031
Operating Expenses	2,176	2,167	2,263	2,573	2,132	2,034	2,182	2,084
Grants, Aids and Subsidies	7,465	13,191	11,971	11,647	7,966	7,966	10,146	8,921
<b>Total</b>	<b>11,646</b>	<b>17,575</b>	<b>16,494</b>	<b>16,938</b>	<b>12,911</b>	<b>12,911</b>	<b>15,261</b>	<b>14,036</b>
Total Agency Expenditures	11,646	17,575	16,494	16,938	12,911	12,911	15,261	14,036
Internal Billing Expenditures	252	106	296					
<b>Expenditures Less Internal Billing</b>	<b>11,394</b>	<b>17,469</b>	<b>16,198</b>	<b>16,938</b>	<b>12,911</b>	<b>12,911</b>	<b>15,261</b>	<b>14,036</b>
<b><u>Full-Time Equivalent</u></b>	<b>21.89</b>	<b>21.68</b>	<b>22.77</b>	<b>27.38</b>	<b>27.38</b>	<b>27.38</b>	<b>28.38</b>	<b>28.38</b>

# Postsecondary Access and Outreach

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<b>1000 - General</b>								
Balance Forward In		1,081		1,419				
Direct Appropriation	7,948	7,948	9,270	8,419	8,419	8,419	10,769	9,544
Transfers In	508	8						
Transfers Out	8	246						
Cancellations		407						
Balance Forward Out	755		1,418					
<b>Expenditures</b>	<b>7,693</b>	<b>8,384</b>	<b>7,852</b>	<b>9,838</b>	<b>8,419</b>	<b>8,419</b>	<b>10,769</b>	<b>9,544</b>
Biennial Change in Expenditures				1,612		(852)		2,623
Biennial % Change in Expenditures				10		(5)		15
Governor's Change from Base								3,475
Governor's % Change from Base								21
Full-Time Equivalents	1.91	2.61	2.19	2.18	2.18	2.18	3.18	3.18

## 2000 - Restrict Misc Special Revenue

Balance Forward In	43	193	43	43	40	30	40	30
Receipts	150							
Balance Forward Out	193	43	43	40	30	20	30	20
<b>Expenditures</b>		<b>150</b>		<b>3</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Biennial Change in Expenditures				(147)		17		17
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

## 3000 - Federal

Balance Forward In	0	1	2					
Receipts	3,953	9,039	7,521	7,092	4,482	4,482	4,482	4,482
<b>Expenditures</b>	<b>3,953</b>	<b>9,041</b>	<b>7,523</b>	<b>7,092</b>	<b>4,482</b>	<b>4,482</b>	<b>4,482</b>	<b>4,482</b>
Biennial Change in Expenditures				1,622		(5,651)		(5,651)
Biennial % Change in Expenditures				12		(39)		(39)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	19.98	19.07	20.58	25.20	25.20	25.20	25.20	25.20

# Postsecondary Access and Outreach

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<b>3015 - ARP-State Fiscal Recovery</b>								
Balance Forward In			1,125	5				
Direct Appropriation		1,125						
Balance Forward Out		1,125	5					
<b>Expenditures</b>			<b>1,120</b>	<b>5</b>				
Biennial Change in Expenditures				1,125		(1,125)		(1,125)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

**Program: OHE Administration**

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

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

Audit Reports: Campus Financial Aid Administrator Resources (state.mn.us)  
(<https://www.ohe.state.mn.us/mPg.cfm?pageID=891>)

**AT A GLANCE**

- Provided strategic fiscal leadership, oversight, and support for agency leadership and programs, while managing processes and transactions related to OHE's \$391 million annual budget.
- Supported an equitable workforce and inclusive culture through reviewing and updating policies and procedures, promoting training and professional development opportunities, and internal communication and events.
- Audited postsecondary schools that participate in OHE-administered financial aid programs with the goal of ensuring students receive the correct amount of eligible aid.
- Administered the Minnesota College Savings Plan in conjunction with the State Board of Investment.
- Licensed and Registered 190 postsecondary providers to operate in Minnesota – providing consumer protections for students and their families.

**PURPOSE AND CONTEXT**

Agency Administration encompasses several internal operations/divisions of OHE, including Financial Services, Human Resources, and Audit. Financial Services empowers leadership and program staff to achieve agency goals by promoting sound fiscal policy in decision-making while maintaining compliance with state, federal, and grant policies and procedures. Human Resources seeks to recruit and retain an equitable workforce to more effectively serve OHE's customers, employees, and the communities that we serve. The Audit division helps to ensure the appropriate use of state resources by providing training and conducting audits for program recipients. Additionally, OHE's Licensing & Registration division protects consumers (students) by licensing and registering private degree and non-degree institutions.

**SERVICES PROVIDED**

- Oversee and support the agency's financial operations (accounting, budgeting, and purchasing services) to efficiently and effectively utilize public funds while maintaining compliance with established policies and procedures.
- Responsible for debt management and compliance for the SELF and SELF REFI student loan programs. Specifically, Financial Services works with financial advisors, legal counsel, rating agencies, underwriters and investors to bring student loan revenue bonds to market and obtain the most favorable interest rates for the programs in order to offer low-cost student loans to Minnesota students and residents.
- Support and manage OHE's employees by promoting an equitable and inclusive workplace and enforcing statewide and departmental human resources, policies, and procedures.
- Ensure the appropriate use of state resources by providing training and audits for program recipients, and reviewing internal controls and perform/assist in risk assessments, both formal and informal.
- Regulatory Services protects consumers by licensing and registering private degree and non-degree institutions to:
  - Ensure that schools operating in Minnesota, or providing education to Minnesotans, meet quality standards
  - Monitor school compliance to Minnesota statutes and degree standards

- Monitor school compliance with the requirements of the national state authorization reciprocity agreement
- Provide information and assist students to resolve disputes with schools
- Consumer complaints are accepted, reviewed, and investigated by the Student Consumer Advocate
- When necessary, OHE assists schools with revision of programs, or the closing of an entire school

## RESULTS

<b>Type of Measure</b>	<b>Name of Measure</b>	<b>Previous</b>	<b>Current</b>	<b>Dates (FY)</b>
Quality	No material findings in Certified Audited Financial Statements – Meeting accounting standards	100%	100%	2020 & 2021
Quantity	Number of student files audited from postsecondary institutions participating in state aid.	685	1,087	2021 & 2022
Quantity	Minnesota College Savings Plan (529 Plan)			
	Number of active accounts	80,397	88,221	2021 & 2022
	Number of account owners	45,405	48,190	
	Total assets (in thousands)	\$1,858,000	\$1,707,234	
Quantity	Number postsecondary institutions Licensed and Registered Annually			
	SARA Institutions	66	64	2021 & 2022
	Exempt Institutions	73	80	
	Licensed Institutions	105	112	
	Registered Institutions	73	78	
Quality	SELF Program bond ratings.			
	2018 Issuance (2018 Senior Series)	AA (sf) (stable)	AA (sf) (stable)	2021 & 2022
	2020 Issuance (2020 Senior Series)	AA(sf)	AA(sf)	

---

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

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.

Minnesota Statutes 136G.01 to 136G.14 provides the legal authority for the College Savings Plan.

# OHE Administration

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<b><u>Expenditures by Fund</u></b>								
1000 - General	3,675	5,544	3,680	5,206	4,440	4,440	6,702	6,946
2000 - Restrict Misc Special Revenue	802	816	916	1,464	1,449	1,201	1,449	1,201
8300 - Office Of Higher Education	5,544	6,582	7,133	6,029	6,353	6,437	6,353	6,437
<b>Total</b>	<b>10,021</b>	<b>12,943</b>	<b>11,730</b>	<b>12,699</b>	<b>12,242</b>	<b>12,078</b>	<b>14,504</b>	<b>14,584</b>
Biennial Change				1,465		(109)		4,659
Biennial % Change				6		(0)		19
Governor's Change from Base								4,768
Governor's % Change from Base								20

## **Expenditures by Activity**

OHE Administration Activities	9,481	12,344	11,067	11,751	11,309	11,439	13,571	13,945
PIR/PCS Licensure	539	599	662	948	933	639	933	639
<b>Total</b>	<b>10,021</b>	<b>12,943</b>	<b>11,730</b>	<b>12,699</b>	<b>12,242</b>	<b>12,078</b>	<b>14,504</b>	<b>14,584</b>

## **Expenditures by Category**

Compensation	3,957	4,089	4,638	5,841	6,028	6,221	6,698	7,128
Operating Expenses	6,029	8,810	7,066	6,858	6,214	5,857	7,806	7,456
Grants, Aids and Subsidies	28	36	27					
Other Financial Transaction	6	7						
<b>Total</b>	<b>10,021</b>	<b>12,943</b>	<b>11,730</b>	<b>12,699</b>	<b>12,242</b>	<b>12,078</b>	<b>14,504</b>	<b>14,584</b>

Total Agency Expenditures	10,021	12,943	11,730	12,699	12,242	12,078	14,504	14,584
Internal Billing Expenditures	38	31	40					
<b>Expenditures Less Internal Billing</b>	<b>9,983</b>	<b>12,911</b>	<b>11,690</b>	<b>12,699</b>	<b>12,242</b>	<b>12,078</b>	<b>14,504</b>	<b>14,584</b>

## **Full-Time Equivalent**

	39.25	38.20	39.95	48.82	48.82	48.82	56.82	56.82
--	-------	-------	-------	-------	-------	-------	-------	-------

# OHE Administration

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<b>1000 - General</b>								
Balance Forward In		1,500		766				
Direct Appropriation	4,577	4,327	4,504	4,504	4,504	4,504	6,266	6,510
Transfers In							500	500
Transfers Out	35	150	57	64	64	64	64	64
Cancellations		132						
Balance Forward Out	868		766					
<b>Expenditures</b>	<b>3,675</b>	<b>5,544</b>	<b>3,680</b>	<b>5,206</b>	<b>4,440</b>	<b>4,440</b>	<b>6,702</b>	<b>6,946</b>
Biennial Change in Expenditures				(333)		(6)		4,762
Biennial % Change in Expenditures				(4)		(0)		54
Governor's Change from Base								4,768
Governor's % Change from Base								54
Full-Time Equivalents	19.50	19.69	20.24	23.77	23.77	23.77	31.77	31.77

## 2000 - Restrict Misc Special Revenue

Balance Forward In	1,924	2,087	2,021	1,713	1,136	643	1,136	643
Receipts	933	679	619	900	969	969	969	969
Internal Billing Receipts	316	152	346	300	300	300	300	300
Transfers Out			11	13	13	13	13	13
Balance Forward Out	2,055	1,950	1,713	1,136	643	398	643	398
<b>Expenditures</b>	<b>802</b>	<b>816</b>	<b>916</b>	<b>1,464</b>	<b>1,449</b>	<b>1,201</b>	<b>1,449</b>	<b>1,201</b>
Biennial Change in Expenditures				762		270		270
Biennial % Change in Expenditures				47		11		11
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.90	4.58	5.01	5.25	5.25	5.25	5.25	5.25

## 8300 - Office Of Higher Education

Balance Forward In	2,915	1,595	13,955	11,071	9,552	7,709	9,552	7,709
Receipts	557	17,499	4,294	4,560	4,560	4,560	4,560	4,560
Transfers In	3,000							
Transfers Out	23	21	45	50	50	50	50	50
Balance Forward Out	905	12,491	11,071	9,552	7,709	5,782	7,709	5,782
<b>Expenditures</b>	<b>5,544</b>	<b>6,582</b>	<b>7,133</b>	<b>6,029</b>	<b>6,353</b>	<b>6,437</b>	<b>6,353</b>	<b>6,437</b>

**OHE Administration**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
Biennial Change in Expenditures				1,036		(372)		(372)
Biennial % Change in Expenditures				9		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.85	13.93	14.70	19.80	19.80	19.80	19.80	19.80

Office of Higher Education

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
US Department of Education CFDA 84.176	<b>Paul Douglas Repayment Program:</b> 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).	\$ -	\$ 9	\$ 5	\$ 5	No	-
US Department of Justice CFDA 16.81	<b>John R. Justice Student Loan Repayment Grant Program:</b> provides awards to 32 public prosecutors and defenders each year.	\$ 34	\$ 45	\$ 45	\$ 45	No	-
	<b>Program Total - Student Financial Aid Services</b>	<b>\$ 34</b>	<b>\$ 54</b>	<b>\$ 50</b>	<b>\$ 50</b>		<b>-</b>
US Department of Education CFDA 84.334S	<b>GEAR UP:</b> 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.	\$ 4,234	\$ 4,482	\$ 4,482	\$ 4,482	Yes	25.2
Governors Emergency Education Relief Fund CFDA 84.425C	<b>Governors Emergency Education Relief:</b> provides support through grants to Institutes of Higher Education serving students within the State that have been significantly impacted by COVID-19	\$ 3,289	\$ 2,610	\$ -	\$ -	No	-
	<b>Program Total - Postsecondary Access and Outreach</b>	<b>\$ 7,523</b>	<b>\$ 7,092</b>	<b>\$ 4,482</b>	<b>\$ 4,482</b>		<b>25.2</b>
	<b>Federal Fund – Agency Total [3000 fund]</b>	<b>\$ 7,557</b>	<b>\$ 7,146</b>	<b>\$ 4,532</b>	<b>\$ 4,532</b>		<b>25.2</b>
US Department of the Treasury CFDA 21.027	<b>Workforce Stabilization Grants Program:</b> provides financial aid grants to Minnesota workers who have been impacted by COVID-19 to attend a Minnesota public or tribal college or university in order to train for a career in a high-need area.	\$ 4,950	\$ 28,550	\$ -	\$ -	No	-
US Department of the Treasury CFDA 21.027	<b>Workforce Stabilization Technical Change:</b> is the administrative component of the Workforce Stabilization Grants program.	\$ 384	\$ 1,116	\$ -	\$ -	No	1
US Department of the Treasury CFDA 21.027	<b>Next Generation Nursing Assistant Training for High School and College Students:</b> the program trains and supports students to become certified nursing assistants.	\$ 2,225	\$ 1,050	\$ -	\$ -	No	-
	<b>Program Total - Student Financial Aid Services</b>	<b>\$ 7,559</b>	<b>\$ 30,716</b>	<b>\$ -</b>	<b>\$ -</b>		<b>1.0</b>

**Office of Higher Education**

**Federal Funds Summary**

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
US Department of the Treasury CFDA 21.027	<b>Learning Acceleration and College Readiness Initiatives.</b> Fund for the Office of Higher Education's (OHE) Summer Academic Enrichment Program and Intervention for Collage Attendance Program for the summer months, to address learning loss mitigation and educational challenges due to the COVID-19 pandemic	\$ 1,120	\$ 5	\$ -	\$ -	No	-
	<b>Program Total - Postsecondary Access and Outreach</b>	\$ 1,120	\$ 5	\$ -	\$ -		-
	<b>ARP-State Fiscal Recovery - Agency Total [3015 Fund]</b>	\$ 8,679	\$ 30,721	\$ -	\$ -		1.0
	<b>Total Agency - Federal Funds</b>	\$ 16,236	\$ 37,867	\$ 4,532	\$ 4,532		26.2

**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 a 7-year GEAR UP grant beginning with FY2018 the grant performance period runs from 9/26/2017 through 9/25/2024. The Agency will submit a proposal for an additional round of funding as the 7-year grant wraps up.
2. Governors Emergency Education Relief Fund (GEER) - provides emergency support through grants to Institutes of Higher Education (IHEs) servicing students within the State that the Governor determines have been most significantly impacted by COVID-19 to support the ability of such institutions to continue to provide educational services and support the ongoing functionality of the institutions. \$300,000 will be awarded as block grants to tribal colleges. \$5 Million will be awarded via a competitive grant process to IHEs. This is one-time funding ending 9/30/2022 and the Agency does not anticipate the program continuing afterwards.
3. Paul Douglas Repayment Programs - The Paul Douglas Teacher Scholarship program provided financial aid to individuals with the requirement that the individual teach in a state, public, or private nonprofit school for two years for each year of financial aid provided. The program stopped accepting individuals in 1996, and the program has been active at the Agency solely for the purpose of collecting back the aid from individuals that did not satisfy their teaching requirement. Currently the program is down to 1 individual that is required to pay back program funds.
4. 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. The Agency will submit a proposal yearly, for additional rounds of funding.
5. Workforce Stabilization Grant Program - provides financial aid grants to Minnesota workers who have been impacted by COVID-19 to attend a Minnesota public or tribal college or university in order to train for a career in a high-need area. The program only runs through FY2023 and is funded by Coronavirus State and Local Fiscal Recovery Funds. The agency is not planning to pursue additional sources of funding to continue the program beyond FY2023.
6. Workforce Stabilization Technical Change/Administration funds - is the administrative component of the Workforce Stabilization Grant program and allows for administrative expenses by the Agency and grantee or partner organizations. The funds currently support 1 FTE which will be eliminated unless the position is repurposed to support other programs.
7. Next Generation Nursing Assistant Training - The program trains and supports students to become certified nursing assistants and was created to address an immediate need within the State. The program only runs through FY2023 and is funded by Coronavirus State and Local Fiscal Recovery Funds. A similar program also beginning in FY2023 is funded with one-time State appropriations and the Agency has a proposal to include the program in our base budget but does not anticipate the program continuing to be federally funded.
8. Learning Acceleration and College Readiness Initiatives – the program addresses educational challenges due to the pandemic, which has disproportionately impacted the most underserved students. The funding supports two existing programs administered by OHE: Intervention for College Attendance Program (ICAP) (\$500,000) and Summer Academic Enrichment Program (SAEP) (\$625,000). The Agency does not plan to pursue funding to continue the program once the Coronavirus State and Local Fiscal Recovery Funds have been expended.