

Table of Contents

Minnesota Office of Higher Education

<i>Agency Profile</i>	1
<i>Agency Expenditure Overview (REVISED)</i>	3
<i>Agency Financing by Fund (REVISED)</i>	5
<i>Agency Change Summary (REVISED)</i>	8
<u>Change Item(s)</u>	10
<i>State Grant Expansion</i>	10
<i>Operating Adjustment</i>	14
<i>Licensing and Registration Proposal</i>	16
<i>Tribal College Supplemental Grant Assistance Program</i>	20
<i>EAPS Modification</i>	23
<i>North Star Promise</i>	25
<i>SELF Loan Program Increase Tax Exempt Allocation</i>	28
<i>SELF Loan Technical Changes</i>	32
<i>Eliminate Summer Academic Enrichment Program (NEW)</i>	36
<i>Eliminate Appropriations for Loan Repayment Programs (NEW)</i>	38
<u>Program</u>	40
Financial Aid	40
<i>Program Narrative</i>	40
<i>Program Expenditure Overview</i>	44
<i>Program Financing by Fund</i>	45
<u>Program</u>	46
Mn College Savings Program	46
<i>Program Narrative</i>	46
<i>Program Expenditure Overview</i>	48
<i>Program Financing by Fund</i>	49
<u>Program</u>	50
State Supplemental Loans	50
<i>Program Narrative</i>	50
<i>Program Expenditure Overview</i>	52
<i>Program Financing by Fund</i>	53
<u>Program</u>	54
Research, Policy, and Analysis	54
<i>Program Narrative</i>	54
<i>Program Expenditure Overview</i>	56
<i>Program Financing by Fund</i>	57
<u>Program</u>	58
Postsecondary Access and Outreach	58
<i>Program Narrative</i>	58
<i>Program Expenditure Overview (REVISED)</i>	62
<i>Program Financing by Fund (REVISED)</i>	63
<u>Program</u>	65
Grants & Loan Repayment Programs	65
<i>Program Narrative</i>	65

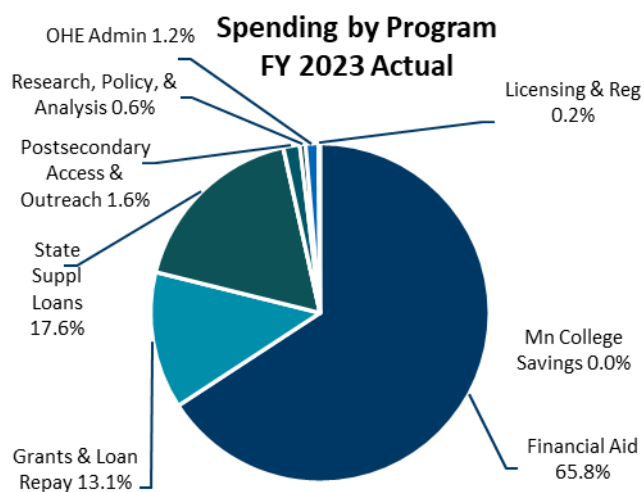
Program Expenditure Overview (REVISED)	70
Program Financing by Fund (REVISED)	71
<u>Program</u>	73
Licensing & Registration	73
<i>Program Narrative</i>	73
Program Expenditure Overview	75
Program Financing by Fund	76
<u>Program</u>	77
OHE Administration	77
<i>Program Narrative</i>	77
Program Expenditure Overview	79
Program Financing by Fund	80
<u>Additional Documents</u>	81
<i>Federal Funds Summary</i>	81

AT A GLANCE

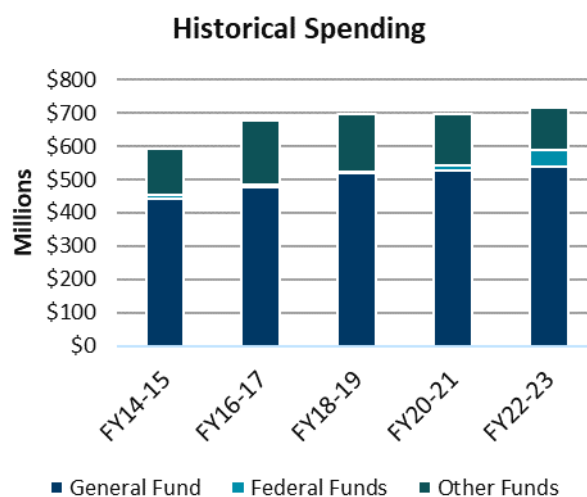
- The Minnesota Office of Higher Education's (OHE) 84 full-time employees efficiently and effectively administer over 40 financial aid and grant programs, low-interest rate in-school student loan and refinance programs, the licensing and registering postsecondary institutions to ensure consumer protection, and numerous outreach and access programs – all contributing to the agency's mission of ensuring equitable attainment of higher education for all Minnesotans.
- Administers 13 need-based financial aid programs. Awarded \$215M to 67,854 students through the Minnesota State Grant program in FY23, OHE's largest financial aid program.
- Provides low-interest student loans regardless of credit score to help students finance their education. In FY23, Student Educational Loan Fund (SELF) disbursed \$57.3M in low-interest SELF student loans to 5,728 students.
- Administers the Minnesota 529 College Savings Plan - a program that allows families to save for future postsecondary education expenses in tax-advantaged accounts. As of March 31, 2024, the plan included 96,938 active accounts, 53,168 account holders, and \$1.96B in assets.
- Provides college readiness programming to 4,758 low-income middle and high school students at 11 schools through the Get Ready program - a federally funded grant program.
- Protects consumers by registering or exempting from registration approximately 145 institutions, licenses or exempts from licensure 243 institutions.

PURPOSE

OHE's goals are to make postsecondary education accessible and affordable to all Minnesotans and foster best practices to ensure completion. We do this by administering financial aid programs that serve low- to moderate-income students, providing outreach programming to support populations that are historically underrepresented in postsecondary education, and collaborating with higher education institutions who provide high-quality options and are also committed to student success. Data drives our work and is collected and transparently shared to ensure that all stakeholders are clear on the successes and challenges of higher education in Minnesota.

BUDGET

Source: Budget Planning & Analysis System (BPAS)



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, North Star Promise, Child Care Grants, Work Study, American Indian Scholarships and Fostering Independence Grants. We work closely with approved postsecondary institutions to manage and disburse funds to students, which allow them to enroll, persist, and complete postsecondary education.
- **Grants Administration:** OHE administers competitive and legislatively-named grant programs that support training, outreach, information and resource sharing, basic needs support, postsecondary institutions' operations and maintenance, and other programs and services offered at postsecondary institutions, middle and high schools, school districts, employers, non-profit organizations, and other organizations.
- **Postsecondary Access and Outreach:** OHE provides a variety of resources to future students, families, community stakeholders, and institutions of higher education to ensure that all Minnesotans are aware of and have access to quality postsecondary education options. The Get Ready program provides targeted college and career preparation support to participating middle school and high schools that is designed to improve academic preparedness, academic tenacity, college knowledge, and college enrollment rates for low-income students. OHE also provides direct support to campuses through our Sexual Violence/Misconduct Prevention and Response program and partners with high schools and postsecondary institutions to increase college access through the Direct Admissions program.
- **Research and Policy Analysis:** OHE conducts 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:** OHE registers or exempts from registration approximately 145 institutions, licenses or exempts from licensure 243 institutions, and oversees 62 institutions participating in state authorization reciprocity. We fulfilled over 2,500 transcript requests in 2024. The division continues to monitor institutions for financial and administrative capability that may result in a closure of colleges in Minnesota to avoid national trends of abrupt closures.
- **SELF Loans:** OHE 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 of supporting students in earning a higher education credential by providing low-cost loan funds to attend a postsecondary institution. SELF Loans are not limited to people with certain income levels, and the interest rates are the same for everyone regardless of credit score.
- **Minnesota 529 College Savings Plan:** OHE works closely with the State Board of Investment and our third-party plan manager, Tuition Financing Inc. (TFI), to administer a program allowing families to save for future postsecondary education expenses in tax-advantaged accounts.

M.S.136A (<https://www.revisor.mn.gov/statutes/cite/136A.01>) provides legal authority for OHE's responsibilities and functions.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	260,247	279,200	319,641	325,490	297,122	297,175	304,534	304,753
2000 - Restrict Misc Special Revenue	2,712	1,149	1,473	2,053	1,466	1,361	1,807	1,702
2001 - Other Misc Special Revenue	8,015	9,040	11,768	138,053	57,983	57,957	57,533	57,507
2403 - Gift				3				
3000 - Federal	7,557	3,944	5,321	7,569	4,569	4,569	4,569	4,569
3015 - ARP-State Fiscal Recovery	8,679	30,193						
8300 - Office Of Higher Education	73,632	69,179	81,404	97,536	89,150	89,150	89,150	89,150
Total	360,841	392,705	419,608	570,704	450,290	450,212	457,593	457,681
Biennial Change				236,766		(89,810)		(75,038)
Biennial % Change				31		(9)		(8)
Governor's Change from Base								14,772
Governor's % Change from Base								2

Expenditures by Program

Financial Aid	242,534	258,324	288,542	376,102	314,419	314,419	321,919	321,919
Mn College Savings Program	1,557	80	87	101	45	45	45	45
State Supplemental Loans	73,632	69,179	81,404	97,536	89,150	89,150	89,150	89,150
Research, Policy, and Analysis	1,956	2,182	2,766	3,537	2,790	2,790	2,790	2,790
Postsecondary Access and Outreach	8,904	6,120	6,477	9,299	5,945	5,945	5,695	5,695
Grants & Loan Repayment Programs	27,661	51,426	33,742	75,033	30,603	30,630	30,153	30,180
Licensing & Registration	662	597	753	729	628	655	969	996
OHE Administration	3,934	4,796	5,836	8,367	6,710	6,578	6,872	6,906
Total	360,841	392,705	419,608	570,704	450,290	450,212	457,593	457,681

Expenditures by Category

Compensation	7,415	8,182	9,781	12,571	12,403	12,405	12,900	13,068
Operating Expenses	16,578	18,612	22,362	33,945	18,903	18,770	18,902	18,769
Grants, Aids and Subsidies	273,637	307,158	314,015	448,411	343,819	343,872	350,626	350,679
Other Financial Transaction	63,210	58,753	73,450	75,777	75,165	75,165	75,165	75,165
Total	360,841	392,705	419,608	570,704	450,290	450,212	457,593	457,681

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Total Agency Expenditures	360,841	392,705	419,608	570,704	450,290	450,212	457,593	457,681
Internal Billing Expenditures	346	264	329	201	201	201	201	201
Expenditures Less Internal Billing	360,495	392,441	419,279	570,503	450,089	450,011	457,392	457,480
 <u>Full-Time Equivalents</u>	 67.79	 75.98	 83.75	 95.17	 94.94	 94.44	 94.89	 94.39

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		17,019	1,409	30,008				
Direct Appropriation	271,702	296,714	371,853	423,890	362,544	362,597	369,506	369,725
Transfers In	1,375	2,875	5,216	2,125	1,125	1,125	1,125	1,125
Transfers Out	5,707	9,652	28,826	130,533	66,547	66,547	66,097	66,097
Cancellations		6,801						
Balance Forward Out	7,123	20,956	30,010					
Expenditures	260,247	279,200	319,641	325,490	297,122	297,175	304,534	304,753
Biennial Change in Expenditures				105,684		(50,834)		(35,844)
Biennial % Change in Expenditures				20		(8)		(6)
Governor's Change from Base								14,990
Governor's % Change from Base								3
Full-Time Equivalents	24.62	31.02	35.98	38.65	38.65	38.65	38.60	38.60

2000 - Restrict Misc Special Revenue

Balance Forward In	2,447	2,077	1,896	1,724	607	176	607	176
Receipts	2,324	856	1,302	936	1,035	1,185	1,376	1,526
Internal Billing Receipts	346	264	329	350	350	350	350	350
Transfers Out	11	13						
Balance Forward Out	2,049	1,772	1,724	607	176		176	
Expenditures	2,712	1,149	1,473	2,053	1,466	1,361	1,807	1,702
Biennial Change in Expenditures				(334)		(699)		(17)
Biennial % Change in Expenditures				(9)		(20)		(0)
Governor's Change from Base								682
Governor's % Change from Base								24
Full-Time Equivalents	6.11	6.61	6.76	6.66	6.43	6.43	6.43	6.43

2001 - Other Misc Special Revenue

Balance Forward In	10,060	11,888	13,095	15,416	249	166	249	166
Receipts	129							
Transfers In	5,846	5,846	14,640	122,886	57,900	57,900	57,450	57,450
Transfers Out	196	196	552					
Balance Forward Out	7,824	8,498	15,415	249	166	109	166	109
Expenditures	8,015	9,040	11,768	138,053	57,983	57,957	57,533	57,507

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Biennial Change in Expenditures				132,766		(33,881)		(34,781)
Biennial % Change in Expenditures				778		(23)		(23)
Governor's Change from Base								(900)
Governor's % Change from Base								(1)
Full-Time Equivalents	1.32	1.38	1.75	2.64	2.64	2.14	2.64	2.14

2403 - Gift

Balance Forward In	3	3	3	3				
Balance Forward Out	3	3	3					
Expenditures				3				
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	3	17	4					
Receipts	7,558	3,930	5,317	7,569	4,569	4,569	4,569	4,569
Balance Forward Out	4	4						
Expenditures	7,557	3,944	5,321	7,569	4,569	4,569	4,569	4,569
Biennial Change in Expenditures				1,390		(3,752)		(3,752)
Biennial % Change in Expenditures				12		(29)		(29)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	20.58	19.33	21.07	21.07	21.07	21.07	21.07	21.07

3015 - ARP-State Fiscal Recovery

Balance Forward In	1,125	31,144						
Direct Appropriation	39,775							
Cancellations	1,500	951						
Balance Forward Out	30,721							
Expenditures	8,679	30,193						
Biennial Change in Expenditures				(38,872)		0		0

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.46	1.04	0.03					

8300 - Office Of Higher Education

Balance Forward In	207,788	251,049	257,787	213,491	160,605	172,605	160,605	172,605
Receipts	116,182	73,948	37,163	44,650	101,150	99,150	101,150	99,150
Transfers Out	45	50	56					
Balance Forward Out	250,293	255,768	213,490	160,605	172,605	182,605	172,605	182,605
Expenditures	73,632	69,179	81,404	97,536	89,150	89,150	89,150	89,150
Biennial Change in Expenditures				36,129		(640)		(640)
Biennial % Change in Expenditures				25		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.70	16.60	18.16	26.15	26.15	26.15	26.15	26.15

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	423,963	423,963	423,963	847,926
Base Adjustments				
Current Law Base Change		(62,355)	(62,302)	(124,657)
Transfer Between Agencies		1,000	1,000	2,000
Allocated Reduction	(73)	(73)	(73)	(146)
Minnesota Paid Leave Allocation		9	9	18
Forecast Base	423,890	362,544	362,597	725,141
Change Items				
State Grant Expansion		7,500	7,500	15,000
Operating Adjustment		162	328	490
Eliminate Summer Academic Enrichment Program		(250)	(250)	(500)
Eliminate Appropriations for Loan Repayment Programs		(450)	(450)	(900)
Total Governor's Recommendations	423,890	369,506	369,725	739,231
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	2,053	1,466	1,361	2,827
Forecast Base	2,053	1,466	1,361	2,827
Change Items				
Licensing and Registration Proposal		341	341	682
Total Governor's Recommendations	2,053	1,807	1,702	3,509
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	25,867	8,483	8,457	16,940
Forecast Base	25,867	8,483	8,457	16,940
Change Items				
Eliminate Appropriations for Loan Repayment Programs		(450)	(450)	(900)
Total Governor's Recommendations	25,867	8,033	8,007	16,040
Fund: 2403 - Gift				
Planned Spending	3			
Forecast Base	3			
Total Governor's Recommendations	3			
Fund: 3000 - Federal				
Planned Spending	7,569	4,569	4,569	9,138
Forecast Base	7,569	4,569	4,569	9,138
Total Governor's Recommendations	7,569	4,569	4,569	9,138

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Fund: 8300 - Office Of Higher Education				
Planned Spending	97,536	89,150	89,150	178,300
Forecast Base	97,536	89,150	89,150	178,300
Total Governor's Recommendations	97,536	89,150	89,150	178,300
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	936	1,035	1,185	2,220
Change Items				
Licensing and Registration Proposal		341	341	682
Total Governor's Recommendations	936	1,376	1,526	2,902
Fund: 3000 - Federal				
Forecast Revenues	7,569	4,569	4,569	9,138
Total Governor's Recommendations	7,569	4,569	4,569	9,138
Fund: 8300 - Office Of Higher Education				
Forecast Revenues	44,650	101,150	99,150	200,300
Total Governor's Recommendations	44,650	101,150	99,150	200,300
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	9,480	16,285	9,480	25,765
Total Governor's Recommendations	9,480	16,285	9,480	25,765

Change Item Title: State Grant Expansion

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	7,500	7,500	7,500	7,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	7,500	7,500	7,500	7,500
FTEs	0	0	0	0

Recommendation:

Beginning in fiscal year 2026, the governor recommends modifying statute in the following ways:

- Allow the agency to set a minimum parental contribution (PC) or student contribution (SC) of \$0 when calculating State Grant awards unless resources are projected to exceed spending;
- decreasing the Living and Miscellaneous Expense allowance to 110% of the federal poverty guideline;
- increasing the Assigned Student Responsibility to 51%, beginning in fiscal year 2027;
- increasing the Assigned Family Responsibility to 100% of the federal need analysis for all families with a positive PC or SC, beginning in fiscal year 2026;
- reverting the deadline for State Grant receipt to the 30th day of the term in which the student applies for aid;
- modifying language that governs how the agency rations awards for the program when a program spending deficit is projected;
- and increasing the appropriation for the Minnesota State Grant program by \$7.5M in fiscal year 2026 and subsequent years to ensure the program has enough available resources to meet ongoing demand.

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 2023 awarded approximately \$215 million in grants to approximately 67,584 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 pay educational costs.

- 54% 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 17th 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 (\$1,067 lags leading states such as South Carolina (\$2,718) by more than \$1,000 according to the National Association of State Scholarship and Grant Aid Programs (2022).

Proposal:

Beginning in fiscal year 2025, the Free Application for Federal Student Aid (FAFSA), federal needs analysis formula, and federal Pell Grant award formula changed dramatically from prior years. These changes modified Pell Grant eligibility for many students, while also introducing a negative value for the federal needs analysis formula (now referred to as the Student Aid Index (SAI)).

Because state statute did not prohibit the use of negative values for the SAI, the result is that students with negative SAIs receive a boost to their State Grant award. For example, if a student who previously had a \$0 Expected Family Contribution (EFC) had received a \$500 State Grant award, that same student is likely now assigned a \$-1,500 SAI and correspondingly receives a \$2,000 State Grant award.

The negative SAI recognizes that some of the lowest income students in our state not only can't afford to contribute to the cost of the students' education, but they also aren't able to meet their current basic needs on their current income. By increasing grants to these students, this ensures that they have funding available to meet more of their basic needs while earning a degree, even when family resources fall short. By supporting student basic needs, the state is ensuring these students can thrive while pursuing a postsecondary education.

An additional change that began in the 2024-2025 aid year is the introduction of the North Star Promise program. Though the program is just getting started, early reports indicate strong enrollment for this academic year, implying that promotion of the tuition-free program may serve to boost enrollment throughout the state. Any time enrollment increases, there is a corresponding increase in awards made within the State Grant program.

The federal change to the award formula, along with increases in enrollment that were seen in fiscal year 2024, has increased spending for the State Grant program faster than anticipated. As a result, the Office of Higher Education introduced rationing mechanisms for the 2024-2025 aid year to lower student awards and keep program spending within the biennial appropriation. If the appropriation for the State Grant program is not increased in ongoing years, similar rationing measures will need to be considered to ensure State Grant spending stays within the biennial appropriation. Rationing measures reduce awards to students and increase the level of uncertainty a student may face when planning how to finance their education. It is also important to note that the North Star Promise program may encourage increasingly higher levels of enrollment.

In order to accommodate this increased spending, the Office of Higher Education is requesting multiple changes in statute that will ensure State Grant spending is maintained within existing biennial resources while minimizing the impact to students:

- Allow the agency to set a minimum SAI of \$0 when calculating State Grant awards, unless resources are projected to exceed spending. This change is in line with federal guidance for awarding aid;
- Decrease the Living and Miscellaneous Expense allowance to 110% of the federal poverty guideline;
- Increase the Assigned Student Responsibility to 51% of the student's calculated State Grant budget, beginning in fiscal year 2027;
- Increase the Assigned Family Responsibility to 100% of the federal need analysis for all families with a positive PC or SC;
- and revert the State Grant deadline to the 30th day of the term in which the student applies for aid.

In addition to this change, the program will require an additional investment to meet ongoing demand.

Cost: \$7.5M in FY2026; \$7.5M in FY2027, and \$7.5M per year in ongoing years.

This change would decrease grants to all students by \$900, on average, in fiscal year 2026 and \$960 in fiscal year 2027 and would reduce the estimated number of State Grant recipients by 8,700 in fiscal year 2026 and 7,000 in 2027 and subsequent years. However, this change would ensure State Grant spending does not exceed biennial appropriations while eliminating the need to ration awards, a process which introduces instability for students receiving grants.

If the increased flexibility to modify student and parent contributions less than \$0 is not added to the program, spending will likely exceed appropriations even if the program is rationed to the full extent of the law.

In addition to these changes, the agency is recommending changes to 136A.121 Subd. 7. Governing the agency's authority to reduce grant awards in the event of a projected program deficit. There is no fiscal impact to this change.

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.

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:

No additional IT needs

Results:

The purpose of this change is to ensure State Grant spending is maintained within existing biennial resources while minimizing the impact to students.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Previous</i>	<i>Previous</i>	<i>Current</i>
Quantity		FY2020	FY2021	FY2022	FY2023
	Students Served – Applications Received	130,070	122,171	117,667	110,199
	Students Served – Number of Recipients	77,544	71,889	69,495	67,584
Quantity	Percent of recipients who are students of color and indigenous students	40.6%	42%	45%	49%
Quality	Net Price (Tuition & Fees plus other expenses less grants) – First-time, full-time undergraduate receiving Title IV Financial Aid	2018-2019 Entering Students	2019-2020 Entering Students	2020-2021 Entering Students	2021-2022 Entering Students
	Incomes \$0-\$30,000	\$12,690	\$13,033	\$13,328	13,628
	Incomes \$30,001-\$48,000	\$13,057	\$13,359	\$13,730	\$13,805
	Incomes \$48,001-\$75,000	\$15,249	\$15,206	\$15,526	\$15,396
Results		2018-2019 Graduates	2019-2020 Graduates	2020-2021 Graduates	2021-2022 Graduates
	Cumulative Debt - Certificates	\$10,286	\$10,112	\$9,912	\$10,022
	Cumulative Debt – Associate Degrees	\$15,562	\$15,175	\$15,215	\$16,107
	Cumulative Debt – Bachelor’s Degrees	\$24,641	\$24,793	\$23,858	\$24,062

Statutory Change(s):

MS 136A.121

Office of Higher Education

FY 2026-27 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
General Fund					
Expenditures	0	162	328	328	328
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	162	328	328	328
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$162 thousand in FY 2026 and \$328 thousand in each subsequent year from the general fund to help address operating cost increases at the Office of Higher Education.

Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. 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 year to year.

Agencies face challenging decisions to manage these rising 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 have been identified as options to help offset rising operating costs:

- Continuing to partner with other agencies to share MNIT resources to meet operational needs rather than adding additional full-time staff.
- Pursuing grant funding to help advance agency priorities – OHE has received awards from the Joyce Foundation and ECMC for specific initiatives such as the P20 Education Partnership and FAFSA outreach.
- Utilizing the competitive procurement process and negotiations to lower the cost of contracted services. OHE recently switched its loan origination and servicing provider resulting in an anticipated \$3M in savings over the next five years.
- OHE continues to pursue opportunities to sublease part of its office space and is working with the Department of Administration on future space planning needs.

For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program's ability to conduct business with less staffing and its impact to service delivery. Agencies will need additional tools and flexibility, similar to those available in the private sector and other government entities, to help address operating pressures in upcoming biennium.

Without additional resources to address these cost pressures, both in funding and in flexibility to manage internal budgets, services delivered to Minnesotans will be impacted.

Proposal:

The Governor recommends increasing agency operating budgets to support current services. For the Office of Higher Education, this funding will help cover expected growth in employee compensation and insurance, rents, IT services and other operating costs.

Additionally, the Governor recommends providing agencies with additional management tools to address upcoming operating pressures. This includes:

- the authority to transfer administrative funding between programs, with approval of Minnesota Management and Budget and notification to the legislature,
- the ability to retain up to 10 percent of competitively awarded grants if administrative funding is not already appropriated, and
- the ability for executive branch agencies to carryforward unexpended non-grant operating appropriations for the second year of a biennium into the next beginning in FY 2025 (costs carried in standalone change item in MMB Non-Operating Budget Book).

These new authorities will provide agencies with additional flexibility to manage through cost pressures within agency divisions and prioritize needs to help minimize impacts on services to Minnesotans.

Dollars in Thousands

Net Impact by Fund	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
General Fund		162	328	490	328	328	656
Total All Funds		162	328	490	328	328	656

Fund	Component Description	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
GF	Salaries	0	162	269	431	269	269	538
GF	Lease Costs	0	0	21	21	21	21	42
GF	MNIT Services	0	0	38	38	38	38	76

Results:

This recommendation is intended to help the Office of Higher Education address rising cost pressures and mitigate impacts to current levels of service and information to the public.

Office of Higher Education

FY 2026-27 Biennial Budget Change Item

Change Item Title: Licensing and Registration

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	341	341	341	341
Revenues	341	341	341	341
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends changes to Minnesota Statutes 136A.69 to increase Registration fees by \$130,750 each year beginning FY2026. Additionally, the Governor recommends changes to Minnesota Statutes 136A.824 to increase Licensure fees by \$137,400 each year beginning FY2026, and changes to Minnesota Statutes 136A.658 to increase NC SARA fees by \$73,000 each year beginning FY2026.

The proposal results in an increase of fee revenue of \$341,150 and is a 70% increase from average base revenue of \$491,496.

Rationale/Background:

The Licensing & Registration department provides consumer protection by its regulatory oversight of postsecondary institutions operating in Minnesota. Specifically, it provides oversight of three distinct types of institutions: 1. The registration of degree-granting institutions; 2. The licensing of private-career institutions; and 3. The oversight of postsecondary institutions participating in NC-SARA.

Since 2017, the Licensing and Registration Division has been operating with a structural deficit as outlined in the chart below.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Fee Revenue	\$ 751,395	\$ 529,316	\$ 377,000	\$ 384,957	\$ 332,467	\$ 326,608	\$ 511,975	\$ 504,156	\$ 502,140	\$ 491,976
Operating Expenses	\$ 431,967	\$ 528,209	\$ 653,914	\$ 748,221	\$ 488,044	\$ 516,484	\$ 531,524	\$ 562,877	\$ 596,678	\$ 708,662
Net Revenue/Deficit	\$ 319,428	\$ 1,107	\$ (276,914)	\$ (363,263)	\$ (155,577)	\$ (189,876)	\$ (19,549)	\$ (58,721)	\$ (94,538)	\$ (216,686)

OHE has addressed the structural deficit with reserve funds which will be exhausted by the end of FY2025. An increase in fees is required to cover the operational costs of administering the program.

Minnesota joined the National Council for State Authorization Reciprocity Agreements (NC-SARA) in 2015 which allowed out-of-state schools to offer distance education programs in Minnesota without paying registration fees. This change resulted in a reduction of fee revenue from out-of-state schools of approximately \$350,000 per year. In 2021, new fees for schools participating in NC-SARA were added resulting in approximately \$125,000 per year; however, the additional fee revenue failed to fully offset the loss of fee revenue from NC-SARA.

Additionally, the Licensing and Registration unit has experienced inflationary costs associated with maintaining the program without sufficient corresponding fee increases – contributing to the cost pressures on the division.

Without the proposed fee increase, expenditures would need to be reduced severely impacting the division's ability to perform its consumer protection functions and would impact staffing levels.

Proposal:

The Governor recommends changes to Minnesota Statutes 136A.69 to increase Registration fees by \$130,750 each year beginning FY2026. Additionally, the Governor recommends changes to Minnesota Statutes 136A.824 to increase Licensure fees by \$137,400 each year beginning FY2026, and changes to Minnesota Statutes 136A.658 to increase NC SARA fees by \$73,000 each year beginning FY2026.

Degree-Granting Institutions (Registration Fees)

Under the proposal, increases to the registration fees paid by degree-granting institutions would result in \$130,750 annually in additional fee revenue. This total increase can be broken down into three distinct areas:

- Initial Registration (increase of \$42,250) - New institutions registering with OHE only pay this fee in their first year of registration. Based on last year's volume, four institutions fell into this category and would have paid an additional \$23,135.
- Registration Renewals (increase of \$107,500) – Institutions that are already registered with OHE are required to renew their registration annually. Last year, 60 institutions renewed their registration with the Office. Under the proposal, institutions are broken into tiers based on enrollment and the fees charged are scaled up as enrollment increases. As an example, the smallest institutions (less than 2,500 full-time enrollment) will not see a fee increase (there are 30 institutions in this category and their fee will remain at \$1,500). At the other end of the continuum, the largest institutions (7,500 or more full-time enrollment) will see their fees increased from \$1,500 to \$10,000 (9 institutions).
- Program Addition Fee Reduction (decrease of \$19,000) - The current fee structure includes a fee for each new program that a school adds. OHE proposes lowering the fees for existing registered institutions that add new programs to offset the proposed fee increases.

Private-Career Institutions (Licensing Fees)

Under the proposal, increases to the licensing fees paid by private-career institutions would result in an increase of \$137,400 annually in fee revenue. This total increase can be broken down into two distinct areas:

- Initial Licensing Fees (increase of \$9,000) - Initial licensure for private-career institutions is based on the number of programs a licensed institution offers. The \$23,500 increase in fee revenue would be split across 49 institutions.
- Renewal Licensing Fees (increase of \$128,400) – The renewal fee is based on the number of programs a licensed private-career institution offers. The \$128,400 increase in fee revenue is split across 202 institutions.

Institutions Participating in NC SARA (NC SARA Fees)

The proposal increases the fee for participating institutions in NC SARA resulting in \$73,000 annually in additional fee revenue. The \$73,000 increase is spread across 63 institutions in a tiered approach with small institutions bearing a smaller portion of the fee increase (from \$750 to \$1,500) and larger institutions bearing a larger portion of the fee increase (from \$3,000 to \$5,000).

The proposed fee increases result in \$341,150 annually in new fee revenue for the division (\$130,750 in registration fees + \$137,400 in licensing fees + \$73,000 in NC SARA fees).

Impact on Children and Families:

The proposed budget and statutory changes are meant to increase the availability of innovative job training programs that are needed for the job market. Availability of training programs that are relevant to the workplace assists employers to staff more easily, but also to assist all Minnesotans, including families with or without children, to increase their economic prospects.

Equity and Inclusion:

The proposed budget and statutory changes are meant to increase the availability of innovative job training programs that are needed for the job market. Availability of training programs that are relevant to the workplace assists employers to staff more easily, but also to assist all Minnesotans, including people of color, Native Americans, people with disabilities, people in the LGBTQ community, other protected classes, or Veterans.

Tribal Consultation:

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

- Yes
☒ No

IT Costs:

The proposal does not have a relevant IT component.

Results:

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Quantity	Number postsecondary institutions Registered Annually	Applications approved by OHE	The number of registered institutions fluctuates based on membership to the national reciprocity agreement. If institutions lose their reciprocity status, they must individually apply for state authorization. Some institutions become authorized under SARA and drop their state authorization status.	<u>Registered Institutions</u> - 121 <u>Registered Exempt Institutions</u> – 24 <u>SARA Institutions</u> - 62
Quantity	Number of postsecondary institutions Licensed Annually	Applications approved by OHE	The number of licensed institutions fluctuates based pipeline gaps for technical and trade programs. OHE also sees small-licensed schools opening and closing depending on economic conditions of the state and workforce shortages.	<u>Licensed Institutions</u> - 139 <u>Licensed Exempt Institutions</u> - 104
Quantity	Number of transcript requests for closed schools	Transcript requests submitted to OHE	OHE continues to see an increased number of transcript requests from students. School closures result in increased transcript requests.	2,500

Part B: Use of Evidence

1. Have you previously conducted a formal quantitative or qualitative program evaluation that informed the contents of this proposal? If so, please briefly describe the evaluation.
2. Are you planning to conduct a formal qualitative or quantitative program evaluation related to this proposal? Indicate what kind(s) of evaluation you will be conducting. Select all that apply.

- ☐ No formal evaluation planned at this time
- ☐ Not yet determined
- ☐ Needs Assessment
- ☒ Process or Implementation Evaluation
- ☐ Summative Impact Evaluation (Randomized Control Trial (RCT) or Quasi-Experimental Design)
- ☐ Summative Evaluation other than an Impact Evaluation
- ☐ Other (please describe or link):

OHE intends to conduct quantitative program evaluation of L&R's expenses and workload to validate quantitative value of the shift of changes in FTE positions and automation add value.

Part C: Evidence-Based Practices

Evidence-based practice:	Source:
Staffing analysis of state authorization agencies	Capacity to Protect: A Survey of State Authorization Agencies and Offices (sheeo.org) ¹
Improving state authorization	Improving State Authorization: The State Role in Ensuring Quality and Consumer Protection in Higher Education (sheeo.org) ²

¹ https://sheeo.org/wp-content/uploads/2021/07/SHEEO_CapacityProtect_StateAuthorization.pdf

² https://sheeo.org/wp-content/uploads/2019/07/SHEEO_StateAuth.pdf

Statutory Change(s):

MS 136A.69, MS 136A.824, MS 136A.658

Change Item Title: Tribal College Supplemental Grant Assistance Program Modification

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a modification to the appropriation language for the Tribal College Supplemental Grant Assistance Program to eliminate the \$3 million each year in legislatively-named grants to support the operations and maintenance of Tribal Colleges in Minnesota and incorporate the \$3 million each year into the grant program administered under [M.S. 136A.1796](#). The Governor also recommends amending [M.S. 136A.1796](#) to ensure support for Tribal Colleges in Minnesota by defraying the costs associated with the enrollment of all Minnesota resident students regardless of their status as enrolled members of federally recognized Indian tribes.

This proposal would not affect the appropriation's biennial base and instead reallocates the funds within the appropriation to more effectively support the Tribal Colleges.

Rationale/Background:

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. 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%¹).

The Tribal College Supplemental Grant Assistance (TCSGA) program was established in 2013. The objective of the program was 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). A portion of the appropriation supports an annual formula-funded grant to eligible Tribal Colleges 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, Tribal Colleges in Minnesota reported 22.7 FTE Non-Beneficiary Students enrolled each year in the last 7 years. While at the same time, Tribal Colleges in Minnesota have about 400 Minnesota Resident students enrolled each year with an average of about 300 FTE (with 15 credits as full-time) enrolled each term. An

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

overwhelming majority of the students that attend Tribal Colleges in Minnesota are Minnesota Residents and American Indian.

Tribal Colleges in Minnesota are valuable assets to their tribes, local communities, and the State. In addition to tribal members, Tribal Colleges in Minnesota 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.

In 2023, the TCSGA appropriation was expanded to provide three Tribal Colleges in Minnesota legislatively-named grants of \$1,000,000 each in FY2024 \$1,000,000 each in FY2025 These funds were to be used for the Tribal Colleges' general operations and maintenance expenses and only to supplement, not supplant, any existing funding. As of October 2024, two of the three Tribal Colleges had entered into a legislatively-named grant contract with OHE to utilize these funds. It is unknown whether all three eligible colleges will fully benefit from this change to the TCSGA appropriation language.

Proposal:

This proposal modifies the TCSGA appropriation by incorporating the \$3 million each fiscal year in legislatively-named grants into the in the formula-funded grant TCSGA program administered under [M.S. 136A.1796](#).

This proposal also seeks to modify the TCSGA statute to recognize the postsecondary education provided by Tribal Colleges in Minnesota for both beneficiary and non-beneficiary Minnesota Resident degree-seeking undergraduate students. By doing so, eligible Tribal Colleges in Minnesota will continue to have access to the same amount of funds to support their general operations and maintenance expenses through a formula-funded grant instead of a legislatively-named grant.

To achieve this, the proposal includes all of the following:

- Modifies the student population used to determine the TCSGA grant amount issued to eligible institutions
- Sets a minimum annual grant amount of \$500,000 per eligible Tribal College.
- Sets a maximum annual grant amount of \$1.050 million per eligible Tribal College.

Estimated Annual Grant Amounts using average # FTE students enrolled in Fall term 2020-2023

<i>College</i>	<i>Average # FTE enrolled in Fall</i>	<i>Estimated Annual Grant Amount (not limited by proposed Max Annual Grant)</i>	<i>Estimated Annual Grant Amount</i>
Leech Lake Tribal College	105.13	\$1,114,378	\$1,050,000
Red Lake Nation College	102.49	\$1,086,394	\$1,050,000
White Earth Tribal and Community College *	87.13	\$923,578	\$923,578
Total Annual Estimated Grant Amount			\$3,023,578

*Note: Estimated Annual Grant Amounts do not include a Summer term enrollment. If Summer term enrollment were included for WETCC, it is highly likely the Estimated Annual Grant amount would be over the proposed minimum of \$1,050,000 each year.

By more efficiently providing financial support to Tribal Colleges in Minnesota this proposal seeks to increase the completion rates of students attending these 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 of providing postsecondary education for all students. felt by eligible Tribal Colleges in Minnesota. It will allow the eligible colleges to reinvest funds into their postsecondary

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 Tribal Colleges in Minnesota 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 of providing postsecondary education for all students felt by eligible Tribal Colleges. 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 Tribal Colleges in Minnesota are American Indian. Any additional support for eligible 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 Colleges. Any increased ability of Tribal Colleges in Minnesota 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.

IT Costs:

N/A

Results:

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

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

Statutory Change(s):

[M.S. 136A.1796](https://www.revisor.mn.gov/statutes/cite/136A.1796) (<https://www.revisor.mn.gov/statutes/cite/136A.1796>)

Change Item Title: Emergency Assistance for Postsecondary Students Modification

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a modification to the appropriation language of Emergency Assistance for Postsecondary Students providing a transfer to the University of Minnesota and Minnesota State systems to administer their Emergency Grant Programs for FY 2026, FY 2027, and each subsequent year.

This proposal would not affect the appropriation's biennial base.

Rationale/Background:

The Minnesota Office of Higher Education (OHE) administers the legislatively-named Emergency Assistance for Postsecondary Students (EAPS) Grant to the University of Minnesota and Minnesota State systems. The intent of the grant is to provide funds for the systems to administer emergency grant programs on each of their campuses. The emergency grant programs provide crisis intervention for students who lack resources and experience an unforeseen emergency that may impact their college attendance thus improving retention and completion of college students experiencing food/housing insecurity or other unforeseen financial crises. The broad, over-arching objective is to eliminate immediate barriers that could result in students with low incomes not completing their terms or programs due to issues related to poverty, while increasing students' resiliency and self-efficacy as individuals.

These legislatively-named grants were authorized with limited funding to provide for agency administration of the grants. Administering legislatively-named grants in compliance with agency and state law and policies is labor intensive for both the agency and the grantees. Grantees who receive funds through legislatively-named grants are also required to comply with state and agency grant administration policies which include participating in Grant Contract Agreement negotiation, Grant Monitoring and Financial Reconciliation, Reimbursement Request Processing, and other activities.

The University of Minnesota and Minnesota State are well-prepared to administer emergency grant programs for the students enrolled on the campuses within their systems. They are knowledgeable about the needs of their students and how to efficiently distribute the funds.

Modifying the appropriation to provide these funds through a transfer to the University of Minnesota and Minnesota State will ensure the appropriation will more efficiently go towards its intended purpose of eliminating immediate barriers for students and increasing students' resiliency and self-efficacy as individuals.

Proposal:

Modify appropriation language to provide Emergency Assistance for Postsecondary Students (EAPS) funds to the University of Minnesota and Minnesota State through a transfer rather than through a legislatively-named grant.

Impact on Children and Families:

This program supports all students including student parents and their families, in meeting their basic needs while enrolled. Students whose basic needs are met are more likely to be academically successful and attain 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. Ensuring all of the funds appropriated for this purpose are available to the University of Minnesota and Minnesota State will ensure more funds are available for eligible students.

Equity and Inclusion:

This program supports all students in meeting their basic needs while enrolled. Students with low-incomes are more likely to benefit from the supports provided through this program. Students whose basic needs are met are more likely to be academically successful and attain postsecondary credentials. 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

IT Costs:

N/A

Results:

Anticipated outcomes include:

- Increase in retention and postsecondary attainment for students who benefit from emergency grant funding through the University of Minnesota and Minnesota State.
- Better understanding student needs and barriers to success.
- Increased awareness regarding student basic needs.
- Increased ability to connect students with institutional staff who can help them find additional services.

Statutory Change(s):

None.

Office of Higher Education

FY 2026-27 Biennial Budget Change Item

Change Item Title: North Star Promise

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends statutory changes to Minnesota Statutes 2024 136A.1465 Subdivision 1 (7) and Minnesota Statutes 2024 136A.1465 Subdivision 2 (4) to effect two changes to the North Star Promise Program (NSP) to:

1. eliminate instances where NSP is paying for out-of-state tuition
2. eliminate instances where NSP is paying for courses that are ineligible for financial aid.

The cost savings to the program of paying resident tuition instead of nonresident tuition is estimated at \$1,000,000 at the University of Minnesota and \$1,580,000 at Minnesota State Universities. These changes will allow the Office of Higher Education to award the NSP program as intended but in order to avoid the cost being passed on to students, the Governor requests that the Board of Regents of the University of Minnesota and the Board of Trustees of Minnesota State adopt policies to charge students eligible for NSP resident tuition rates.

This corresponds to a 0% savings relative to the base appropriation of \$49,500,000. There are no savings to the General Fund as the NSP appropriation is transferred to the NSP account in the Special Revenue Fund. The recommendation is to keep the savings in the Special Revenue Fund to be available for awards to students.

Rationale/Background:

The 2023 Minnesota State Legislature passed legislation that included the creation of the North Star Promise program. This is a “last-dollar” program that covers the balance of tuition and mandatory fees remaining after other scholarships, grants, stipends and tuition waivers have been applied for eligible Minnesota residents at eligible institutions.

To be eligible to participate in the program, the student must:

- Be a Minnesota resident.
- Attend a Minnesota public higher education institution or Tribal College.
- Have a family Adjusted Gross Income (AGI) as reported on the Free Application for Federal Student Aid (FAFSA) or state aid application below \$80,000.
- Be a high school graduate or GED recipient, or be 17 years or older and meet requirements for admission to an eligible college or university
- Has not earned a baccalaureate degree
- Be enrolled in a program or course of study that applies to a degree, diploma, or certificate
- Not be in default on a state or federal student loan

- Not be in arrears for child support
- Has not been convicted of fraud in obtaining federal Title IV funds
- Meet Satisfactory Academic Progress (SAP) standards

Proposal:

Changes to Minnesota Statutes 2024 136A.1465 Subdivision 1 (7)

The NSP program is calculated based on the actual tuition and mandatory fees charged by an institution. Because of differences in the definition of a resident student, there are situations where the program is paying the higher non-resident rate. The University of Minnesota Twin Cities campus estimates these instances cost the NSP program \$1,000,000 annually. The cost at Minnesota State Colleges and Universities is estimated at \$1,580,000 annually.

OHE is proposing a change to 136A.1465 Subdivision 1 (7) in order to solve the problem created by the differences in the definition of resident student. Furthermore, to avoid the cost being passed on to students, we request that the Board of Regents of the University of Minnesota and require that the Board of Trustees of Minnesota State adopt policies to charge students eligible for NSP resident tuition rates.

- The definition of a resident student for postsecondary education purposes for the majority of state financial aid programs is found in Minnesota Statute [136A.101 Subd. 8](#).
- The definition of a resident student for purposes of the resident tuition rate at Colleges and Universities in the Minnesota State system is defined by the policies of the Board of Trustees.
- The definition of a resident student for purposes of the resident tuition rate at Universities in the University of Minnesota system is defined by the policies of the Board of Regents.
- The three definitions do not always align and therefore students may be eligible for NSP but are assessed the tuition rate of a non-resident.

The cost savings from the state paying resident tuition for students, rather than the higher nonresident rate, will be reinvested back into the program. If the proposal does not pass, and the state continues to be required to pay the nonresident tuition rate for impacted students, there are less resources in the program fund.

Another technical issue discovered during the first year of implementation is that NSP is paying for courses that are ineligible for financial aid. This is due to the use of the word “actual”. OHE proposes to change that word in the statute to *eligible*. An example of a course that would be ineligible for aid is a course that is not included in a student’s Satisfactory Academic Performance Probation plan.

Changes to Minnesota Statutes 2024 136A.1465 Subdivision 2 (4)

During this first year of implementation, we received feedback from stakeholders and would like to incorporate that feedback as outlined below in the Statutory Changes section. There are times when a student has completed all the requirements necessary to earn their first baccalaureate degree; however, the institution has not yet conferred the degree and therefore, the student has not yet earned the degree. In current statute, these students would still be eligible for NSP but should not be eligible.

The proposal also would amend 136A.1465 Subdivision 2 (4) by cleaning up language related to the requirement that eligible students cannot have earned a baccalaureate degree.

Impact on Children and Families:

This change would have a positive impact on Minnesota children and families by amending statutory language to preserve program funds and allow more beneficiaries of the program.

Equity and Inclusion:

Since the program is currently in the first year, the Agency does not have data about the demographics of recipients

Tribal Consultation:

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

☐ Yes

☒ No

IT Costs:

There are no additional IT costs related to this proposal.

Results:

Anticipated outcomes include:

- Savings for the program

Statutory Change(s):

Minnesota Statutes 136A.1465

Office of Higher Education

FY 2026-27 Biennial Budget Change Item

Change Item Title: SELF Loan Program Increase Tax Exempt Allocation

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends an increase in the amount reserved for student loan bonds from \$10 million per year to \$25 million per year in the Agency's tax-exempt allocation in the Small Issue Pool.

This proposal represents no change relative to the Agency's general fund budget as a whole but is critical in allowing the Agency to obtain adequate tax-exempt financing to fund the SELF Loan Program, which results in lower borrowing costs for students. The total savings to students from the \$15M in additional cap allocation is \$2M per issuance over the life of each financing based on current spreads between tax-exempt vs taxable issuances. The Agency intends to issue tax-exempt bonds to fund the program every 18-24 months.

Rationale/Background:

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 of supporting students in earning a higher education credential by providing low-cost loan funds to attend a postsecondary institution. SELF Loans are not limited to people with certain income levels. Interest rates are the same for everyone within the same term and are not based on credit score. The Agency utilizes tax-exempt bond issuances to help fund the program and offer low-interest rate loans to students.

The Agency was reserved \$10 million in bond allocation carveout from the Small Issue Pool starting in 2002; however, it also was restricted to an application cap of \$10 million from the same Small Issue Pool at the same time. This amount has not increased in over 20 years – despite postsecondary costs increasing at rates well above inflation. In comparison, Minnesota's total bond allocation authority grew from \$239 million (2002) to \$717 million (2024), and the Housing Pool's bond allocation authority grew from \$124 million (2003) to \$237 million (2024). As a result of increasing postsecondary costs, students' borrowing needs have also increased and students and their families have requested that the SELF program increase its loan limits, which the agency did in February 2024, to allow them to utilize the SELF loan to fully finance their postsecondary needs rather than having to borrow from multiple providers (many of which may be at a significantly higher rate).

The Agency has been a careful steward of its tax-exempt cap – it has never returned any cap (due to the growing need) and has leveraged other tools (such as current refundings and relying on deallocated funds) to maximize the utilization of its current cap allocation. Currently, the Agency issues bonds about every 2-3 years; however, due to the increased loan limits, the Agency anticipates issuing tax-exempt bonds to fund the program every 18-24 months. The Agency's next planned issuance of between \$70M-\$115M is set for early Spring of 2025 which will utilize all of our remaining cap (including our 2025 allocation) and all other tools at our disposal. Moving forward,

the Agency does not have an adequate allocation in the Small Issue Pool to meet the anticipated future financing needs of the students served by the SELF Loan program.

Again, the Agency utilizes tax-exempt funding to keep interest rates charged to students low. Since the SELF Loan program is not funded by the General Fund, all program costs (including financing costs) must be included in the interest rates charged to students. It is to the advantage of Minnesota residents and non-residents attending Minnesota postsecondary institutions to be able to utilize lower-cost SELF Loan options. An estimated 1,066 students would benefit every 18-24 months as a result of the proposed additional \$15M annually in tax-exempt cap.

Other state-based student loan providers also rely on tax-exempt financing to fund their student loan programs. Tax-exempt financing allows state-based student loan programs to offer the lowest cost of financing for students, supporting the affordability of postsecondary education, a key priority of the Agency and the state. For example, Between January 1, 2023, and August 27, 2024, fourteen (14) different state-based student loan programs have completed twenty-two (22) tax-exempt private activity bond issues for a par amount of \$1.668 billion, or an average issue size of \$75.8 million. Additionally, Iowa Student Loan is allocated 16% of Iowa’s total tax-exempt allocation to fund its student loan program. The Agency’s request would increase the Agency’s allocation to only 3.5% of Minnesota’s total tax-exempt allocation.

Proposal:

The Governor recommends an increase in the amount reserved for student loan bonds from \$10 million per year to \$25 million per year in the Agency’s tax-exempt allocation in the Small Issue Pool, or alternatively if additional reservation is not possible, elimination of, or increase in, the maximum bond cap allocation it may apply for within the Small Issue Pool to \$25 million per year.

Minnesota students depend on SELF loans to supplement costs of their postsecondary education. Without the SELF Loan program, students would have to resort to borrowing from other private lenders where the interest rate could be much higher as indicated in the table below. Furthermore, these private lenders have loan approvals and pricing based on credit scores. In many cases, low-income Minnesota students may not qualify for a loan or would not qualify for the teaser rates advertised.

Fixed Rate Loan Offerings		
	Low	High
Private Lenders	4.14%	15.76%
Federal Direct Program	6.53%	8.08%
SELF Loan Program	6.35%	6.85%

Based on a \$10,000 loan with a 15-year repayment term and utilizing the highest rates shown in the table above, a SELF Loan borrower would **save** \$10,109 in interest over the life of the loan and have a monthly payment of \$89.05 compared to \$145.20.

Impact on Children and Families:

- How does this budget proposal build on and/or align with innovations from other public, private, and Tribal agencies to increase equity and bridge the opportunity gap for children, youth, and families through improved access to resources and services within their community?

This proposal aligns with other public, private, and Tribal agencies that provide various sources of funding for postsecondary education. Earning a postsecondary credential often leads to increased earnings, more financial stability, and other opportunities such as purchasing homes, automobiles, and starting families.

- How does this budget proposal help achieve the administration's priorities for children and families by ensuring all children have: a healthy start; access to affordable and quality childcare and early education; access to mental health supports; and stable housing?

This proposal addresses postsecondary education which benefits children and families by expanding the potential for higher earnings which can increase access to quality childcare and stable housing.

- Based on data, how will this policy improve the lives of the next generation of all Minnesotans?

Reducing the cost of borrowing for postsecondary education compared to other higher-priced alternative options means that students will be able to pay off their loans faster, pay a lower overall amount, and more effectively transition on to other important phases of their life (e.g., purchasing a home, starting a family, etc.).

Equity and Inclusion:

- Is the proposed item submitted to reduce or eliminate inequities for people of color, Native Americans, people with disabilities, people in the LGBTQ community, other protected classes, or Veterans? Please explain how implementation of the proposed item(s) will address these inequities.

The proposal is not targeted to any one group. It will benefit an individual from any community or group who uses the SELF program.

- What are the potential positive or negative impacts on the identified groups? Explain those impacts including a summary of the data (qualitative or quantitative) used to inform the proposal. If negative, please adjust the proposal to achieve a more equitable outcome.

No negative impacts are known for the identified groups.

- How have the intended beneficiaries of this policy been engaged in its development?

There has been no direct involvement yet since at this time the communities are not anticipated to have in-depth interest in tax-exempt program financing details.

- Describe the communication plan you will be using to ensure that the identified communities or groups are updated on the proposal process and how you will address any concerns.

This proposal will be shared with identified communities in conjunction with all other Agency legislative proposals.

Tribal Consultation:

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

☐ Yes
☒ No

IT Costs:

This proposal does not have any related IT Costs.

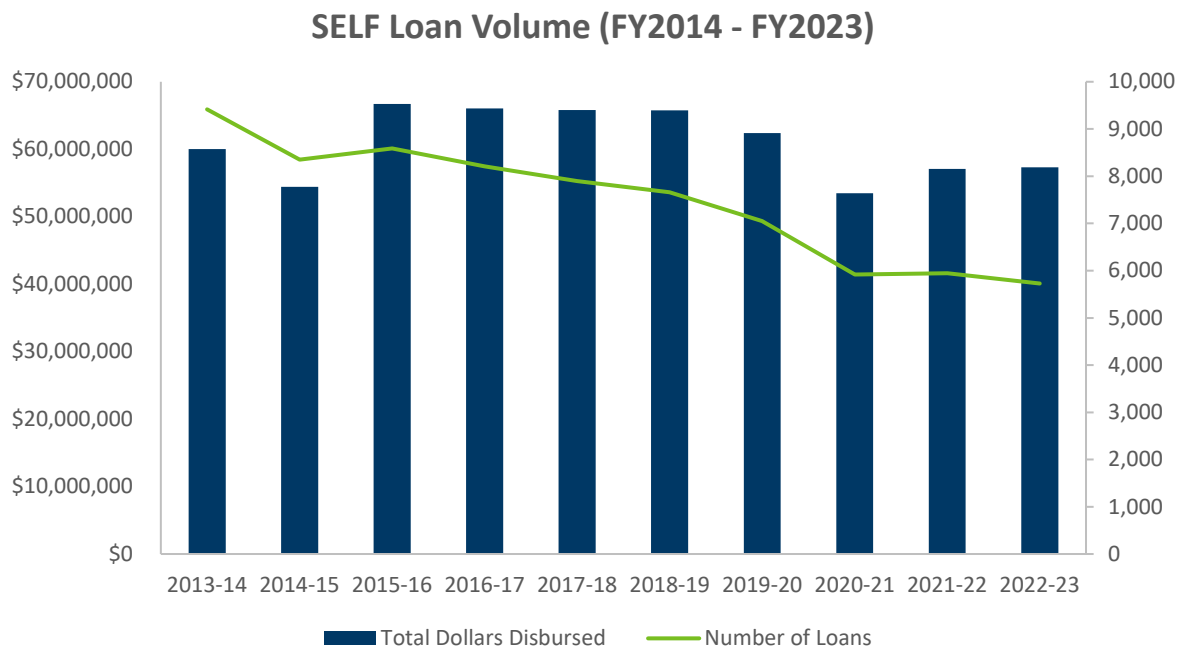
Results:

Quantity:

The chart below shows the number of SELF Loans and total dollars disbursed to students from 2015 to 2023. In 2023, the SELF program provided \$57.3M in loans to 5,728 students. Prior to 2023, the program's volume had decreased due to:

- Declining postsecondary enrollment including enrollment impacted by COVID-19.
- The amount students could borrow through the SELF program did not keep pace with escalating college costs. This meant students would borrow from other private financial sources to get all the money they needed from one place, even though it may cost them more in interest and fees.

The Agency increased SELF Loan limits in 2016 from \$10,000 to \$20,000 for students enrolled in 4-year or graduate programs to provide greater access to low-cost funding sources. In February 2024, loan limits increased from \$20,000 to \$40,000 for students enrolled in 4-year or graduate programs and from \$10,000 to \$20,000 for students enrolled in 1-3-year programs.



Quality:

The gross default rate for SELF Loans is fairly low in comparison to other private loan programs. The Agency effectively collects money owed on defaulted loans resulting in a net default (amount owed after collection payments) rate of less than 3%. Low default rates help keep interest rates low for all participating students in the program. Loans that are not repaid are a program expense.

Statutory Change(s):

Minnesota Statutes 474A.061

Office of Higher Education

FY 2026-27 Biennial Budget Change Item

Change Item Title: SELF Loan Technical Changes

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends changes to MS 136A.103, MS 136A.15, MS 136A.155, MS 136A.162, and MS136A.1701. These changes are primarily technical to clarify language that is contradictory or duplicative.

The changes are budget neutral.

Rationale/Background:

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 of supporting students in earning a higher education credential by providing low-cost loan funds to attend a postsecondary institution. SELF Loans are not limited to people with certain income levels. Interest rates are the same for everyone and are not based on credit score.

Proposed changes are primarily technical to clarify language that is contradictory or duplicative. There is one policy change that would impact eligibility for all state financial aid programs, not only SELF.

Changes were raised internally after a review of all SELF statutes. Anyone utilizing the SELF Loan program benefits from language that is neither contradictory nor duplicative. The SELF Loan is available to Minnesota residents and non-Minnesota residents attending a Minnesota postsecondary institution which would include people in Tribal Nations, Native, Black, Latine/Latinx, Asian American Minnesotans, people with disabilities, people in the LGBTQ+ community, other protected classes, or veterans.

A small population of students could be impacted if the six institutions not participating in the federal Pell Grant program were sold and were no longer eligible to participate in state student aid programs.

The intended results are that the Agency's statutes are clear and concise and the six institutions currently not participating in the federal Pell Grant program will pursue participation if eligible to do so. One of the six institutions is in the process of applying to participate in the Pell Grant program. Due to a sale, another one of the six institutions is expected to be ineligible for state financial aid.

Proposal:

The Governor recommends changes to MS 136A.103, MS 136A.15, MS 136A.155, MS 136A.162, and MS136A.1701. These changes are primarily technical to clarify language that is contradictory or duplicative. The changes are budget neutral.

Summary of technical changes:

- Clarify institution eligibility requirements for all state financial aid programs:
 - Current language states the Agency *may* terminate an institution that doesn't participate in federal financial aid programs; however, another provision *requires* institutions to participate in the federal Pell Grant program.
 - Current language references the Agency determining whether the institution maintains academic standards comparable to other institutions. The Agency needs to rely on the federal government's oversight.
- Remove non-Minnesota resident language in the definition of Minnesota resident since it is not relevant.
- Remove duplicate reference regarding credit bureau reporting and eliminate 12-month reporting language since that is not industry standard.
- Remove the aggregate loan amount restriction of \$140,000. The statute was changed in 2014 to allow the Agency to determine the maximum amount.

Policy change:

Statute changes in 2010 required postsecondary institutions to participate in the federal Pell Grant program to be eligible for state student aid. Institutions not meeting that requirement were grandfathered in and given four calendar years to participate in the federal Pell Grant program if the institution was sold. Only six institutions remain that do not participate in the Pell Grant program. After 14 years, institutions have had ample time to seek federal aid or other financing sources if anticipating a sale. The proposed change is to reduce the time to participate in the federal Pell Grant program from four calendar years to six months if the institution is sold. It is considered in the best interest of students to have access to the federal Pell Grant.

Impact on Children and Families:

- How does this budget proposal build on and/or align with innovations from other public, private, and Tribal agencies to increase equity and bridge the opportunity gap for children, youth, and families through improved access to resources and services within their community?

These changes align with other public, private, and Tribal agencies that provide various sources of funding for postsecondary education. Earning a postsecondary credential often leads to increased earnings, more financial stability, and other opportunities such as purchasing homes, automobiles, and starting families.

- How does this budget proposal help achieve the administration's priorities for children and families by ensuring all children have: a healthy start; access to affordable and quality childcare and early education; access to mental health supports; and stable housing?

This proposal addresses postsecondary education which benefits children and families by expanding the potential for higher earnings which can increase access to quality child care and stable housing.

- Based on data, how will this policy improve the lives of the next generation of all Minnesotans?

Providing a lower-cost student loan option reduces the cost of borrowing for postsecondary education compared to other higher-priced alternative options means that students will be able to pay off their loans faster, pay a lower overall amount, and more effectively transition to other important phases of their life (e.g., purchasing a home, starting a family, etc.). Clarifying language makes it easier to understand eligibility requirements.

Equity and Inclusion:

- Is the proposed item submitted to reduce or eliminate inequities for people of color, Native Americans, people with disabilities, people in the LGBTQ community, other protected classes, or Veterans? Please explain how implementation of the proposed item(s) will address these inequities.

The proposal is not targeted to any one group. It will benefit an individual from any community or group who uses the SELF program.

- What are the potential positive or negative impacts on the identified groups? Explain those impacts including a summary of the data (qualitative or quantitative) used to inform the proposal. If negative, please adjust the proposal to achieve a more equitable outcome.

If a veteran using the Minnesota GI Bill attends an institution that is sold and is no longer eligible to participate in state student aid programs it could impact the veteran. Participation in the federal Pell Grant program is beneficial to veterans and this change may encourage institutions to initiate the process of becoming a Pell Grant participant.

- How have the intended beneficiaries of this policy been engaged in its development?

There has been no direct involvement yet since at this time the communities are not anticipated to have in-depth interest in the various technical changes and there is a limited audience interest in the policy change. If this proposal moves forward the Agency will engage with the institutions that could be impacted in the future.

- Describe the communication plan you will be using to ensure that the identified communities or groups are updated on the proposal process and how you will address any concerns.

This proposal will be shared with identified communities in conjunction with all other Agency legislative proposals.

Tribal Consultation:

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

☐ Yes
☒ No

IT Costs:

The proposal does not have any related IT Costs.

Results:

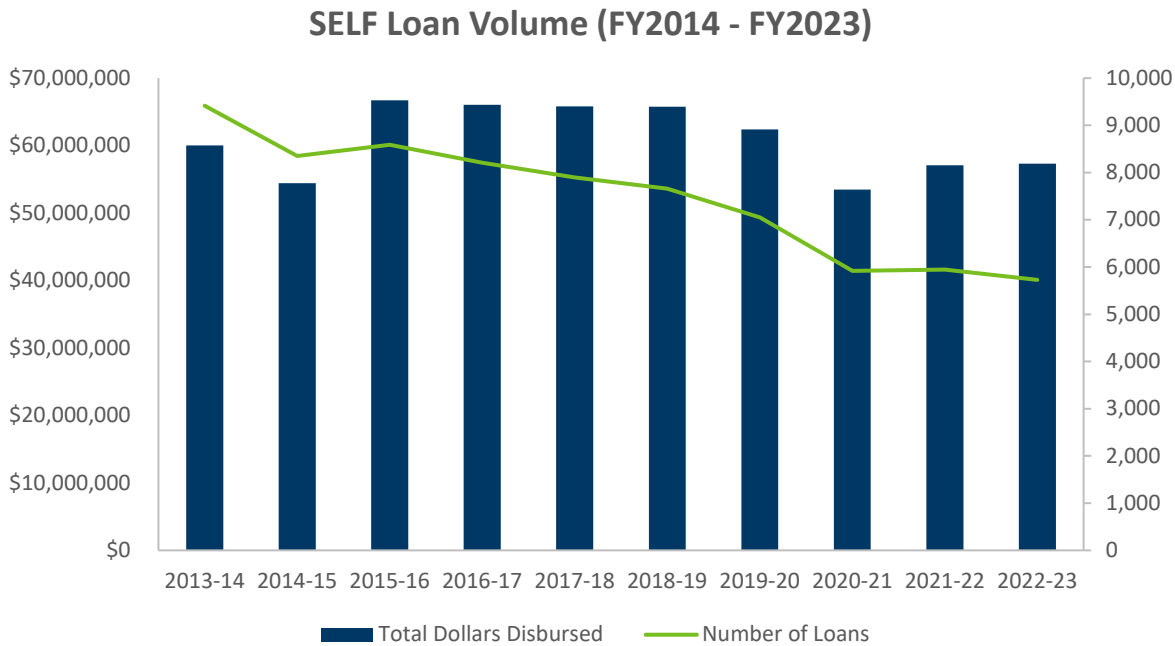
Quantity:

The chart below shows the number of SELF Loans and total dollars disbursed to students from 2015 to 2023. In 2023, the SELF program provided \$57.3M in loans to 5,728 students. Prior to 2023, the program's volume had decreased due to:

Declining postsecondary enrollment including enrollment impacted by COVID-19.

The amount students could borrow through the SELF program did not keep pace with escalating college costs. This meant students would borrow from other private financial sources to get all the money they needed from one place, even though it may cost them more in interest and fees.

The Agency increased SELF Loan limits in 2016 from \$10,000 to \$20,000 for students enrolled in 4-year or graduate programs to provide greater access to low-cost funding sources. In February 2024, loan limits increased from \$20,000 to \$40,000 for students enrolled in 4-year or graduate programs and from \$10,000 to \$20,000 for students enrolled in 1-3-year programs.



Quality:

The gross default rate for SELF Loans is fairly low in comparison to other private loan programs. The Agency effectively collects money owed on defaulted loans resulting in a net default (amount owed after collection payments) rate of less than 3%. Low default rates help keep interest rates low for all participating students in the program. Loans that are not repaid are a program expense.

Statutory Change(s):

MS 136A.103, MS 136A.15, MS 136A.155, MS 136A.162, and MS136A.1701

Office of Higher Education

FY 2026-27 Biennial Budget Change Item

Change Item Title: Eliminate Summer Academic Enrichment Program

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(250)	(250)	(250)	(250)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(250)	(250)	(250)	(250)
FTEs	(0.10)	(0.10)	(0.10)	(0.10)

Request:

The Governor recommends repealing the Summer Academic Enrichment Program statute and eliminating the program.

This is a 100% decrease to the appropriation's biennial base, decreasing it from \$500,000 to \$0.

Rationale/Background:

The Summer Academic Enrichment Program (SAEP) program provides funding of up to \$1,000 per participant for students in grades 3 through 12 who have not completed high school to attend an academically-enriched summer program. The program seeks to counter the achievement gap and give children from low-income families access to high-quality summer enrichment experiences that keep exercising their minds and boosting academic performance through participation in challenging enrichment classes in core curricular areas.

The proposal is part of a broader strategy to streamline and prioritize funding toward larger programs that align more directly with the core mission of the Office of Higher Education. This approach is aimed at ensuring the sustainability of critical initiatives that make higher education more accessible, while adapting to current budget constraints.

Proposal:

This proposal would eliminate the Summer Academic Enrichment Program that provides low-income families access for their children to attend academically enriched summer programs. Additionally, the SAEP appropriation language allows 3% of the appropriation to be used for administration purposes, which has been used to support 0.10 FTE at the Office of Higher Education to administer the program.

Impact on Children and Families:

This proposal would eliminate the financial assistance offered by the Office of Higher Education for summer academic enrichment programs. However, there are various summer enrichment opportunities offered by the Minnesota Department of Education and Department of Children, Youth, and Families for low-income families and their children.

Equity and Inclusion:

The elimination of this program would impact low-income families across the state.

Tribal Consultation:

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

☐ Yes
☒ No

IT Costs:

There are no IT costs associated with this change.

Results:

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of Students who received an SAEP Award.	Quantity	SAEP applications awarded	<u>2019</u> : 568 students <u>2020</u> : 133 students <u>2021</u> : 266 students <u>2022</u> : 586 students	<u>2023</u> : 935 students

Statutory Change(s):

Repeal Sec. 136A.091 MN Statutes

Office of Higher Education

FY 2026-27 Biennial Budget Change Item

Change Item Title: Eliminate Appropriations for Loan Repayment Programs

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(450)	(450)	(450)	(450)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(450)	(450)	(450)	(450)
FTEs	0	0	0	0

Recommendation:

The Governor recommends eliminating the appropriations for Agricultural Educators Loan Forgiveness, Aviation Degree Loan Forgiveness, and Large Animal Veterinarian Loan Forgiveness beginning in FY2026.

This is a 100% decrease in the biennial base for each program, decreasing Agricultural Educators Loan Forgiveness from \$100,000 to \$0, Aviation Degree Loan Forgiveness from \$50,000 to \$0, and Large Animal Veterinarian Loan Forgiveness from \$750,000 to \$0.

Rationale/Background:

The Minnesota Agricultural Education Loan Repayment Program was established in 2017 and provides student loan repayment assistance to teachers providing agricultural education (grades 5 through 12) at a Minnesota school. The Aviation Degree Loan Forgiveness program was established in 2017 and provides eligible pilots and aircraft technicians with financial assistance in repaying qualified education loans. The Large Animal Veterinarian Loan Forgiveness Program (also known as the Minnesota Rural Veterinarian Loan Repayment Program) was established in 2009 and provides student loan repayment assistance to eligible veterinarians serving in designated rural areas in Minnesota.

The proposal is part of a broader strategy to streamline and prioritize funding toward larger programs that align more directly with the core mission of the Office of Higher Education. This approach is aimed at ensuring the sustainability of critical initiatives that make higher education more accessible, while adapting to current budget constraints.

Proposal:

This proposal will end annual loan repayment and forgiveness awards for these programs. Funds for the programs that have previously been transferred to the special revenue fund will remain in the special revenue fund to facilitate a close out of the programs.

Impact on Children and Families:

Students affected by the elimination of these programs may still have access to other financial assistance options, such as the State Grant, North Star Promise, or the Teacher Shortage Loan Repayment Program, which continue to support the goal of making higher education and critical workforce careers more accessible.

Equity and Inclusion:

The Agricultural Loan Repayment program was only open to student teaching candidates pursuing a credential in agricultural education and who demonstrated financial need.

The Aviation Degree Loan Forgiveness program was only open to students pursuing a career in the aviation field and who demonstrated a financial need.

This program was only open to students pursuing veterinarian medicine that had demonstrated financial need.

Tribal Consultation:

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

☐ Yes

☒ No

IT Costs:

There are no IT costs associated with this change item.

Results:

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Agricultural Education Loan Repayment Program	Quantity	Applications awarded by OHE	Stable	6 recipients annually
Aviation Degree Loan Repayment Program	Quantity	Applications awarded by OHE	Stable	5-7 recipients annually
Large Animal Veterinarian Loan Forgiveness	Quantity	Applications awarded by OHE	Stable	6 recipients annually

Statutory Change(s):

N/A

Program: Financial Aid
<https://www.ohe.state.mn.us/mPg.cfm?pageID=888>
AT A GLANCE

- Administers 13 need-based financial aid programs designed to remove financial barriers for students so they can obtain a postsecondary credential.
- Provided a total of \$215 million in need-based financial assistance to 67,854 Minnesota students in FY2023 through the Minnesota State Grant program.
- Awarded \$50.5 million in other financial aid and grant programs in FY23.

PURPOSE AND CONTEXT

The Office of Higher Education's Student Financial Aid division supports the agency's mission to make postsecondary education accessible and affordable for all Minnesotans by offering need-based financial aid to low- and middle-income students. 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 division administers numerous programs that support students pursuing postsecondary education and training. 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 due to timing or definitional differences. Unless noted otherwise, a student is counted in the Students column only if the student directly benefited from the program, and the dollars shown in the Amount column represent funds paid or awarded to students, borrowers, participants, and grantees.

Program	Year	Students	Amount	Description
Minnesota State Grant	FY2023	67,854	\$215 million	Need-based grant to MN residents attending MN colleges.
Postsecondary Child Care Grant	FY2023	1,305	\$7.5 million	Need-based grants to student parents using child care services while attending college.
State Work Study	FY2023	7,773	\$11.8 million	Funds allocated to MN colleges to pay 75% of wages for student employment on or off campus.
Interstate Tuition Reciprocity	FY2022	25,735	\$6.6 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	FY2023	5	\$45,911	Non-need-based college grants to survivors of MN public safety officers killed in the line of duty.

Program	Year	Students	Amount	Description
Minnesota Indian Scholarship	FY2023	829	\$2.9 million	Need-based scholarships to MN resident students who have at least one-quarter American Indian ancestry.
Underrepresented Student Teacher Grants	FY2022	119	\$693,307	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	FY2023	107	\$685,000	Grants to eligible students completing required student teaching experiences who intend to teach in a license shortage area or rural school district.
Grants for Students with Intellectual and Developmental Disabilities	FY2023	40	\$193,451	Financial assistance to students with intellectual and development disabilities who attend Comprehensive Transition & Postsecondary (CTP) programs at eligible Minnesota postsecondary institutions. In FY2023, OHE transferred surplus funds to this program in order to adequately award all eligible students.
Fostering Independence Higher Education Grants	FY2023	492	\$4.3 million	Grants to eligible Minnesota residents who were in the foster care system at any point after their 13 th birthday to attend any Minnesota public or participating private institution.
Aspiring Teachers of Color Scholarship Pilot	FY2023	205	\$1.5 million	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.
Future Together Grant	FY2023	7,590	\$14.3 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.
North Star Promise	FY2024	NA	NA	Program launches for the 2024-25 academic year.

RESULTS

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

- Measuring the number of Minnesota residents that apply for financial aid and the number of Minnesota resident students who receive a Minnesota State Grant (see below)
- Assessing the net price students and families pay for postsecondary attendance and its relation to family income (see OHE's Minnesota Measures report
https://www.ohe.state.mn.us/Documents/Reports/2023/MN%20Measures/MNMeasures_2021_Report_ADA.pdf)
- 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 (see OHE's Cumulative Median Student Loan Debt in Minnesota report
https://www.ohe.state.mn.us/Documents/Cumulative%20Debt/Cumulative%20Debt%202021-2022_ADA.pdf)
- Tracking the percentage of students who take out student loans to attend college (see OHE's Cumulative Median Student Loan Debt in Minnesota report
https://www.ohe.state.mn.us/Documents/Cumulative%20Debt/Cumulative%20Debt%202021-2022_ADA.pdf)

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 2023 (academic year 2022-2023), 110,199 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of Applications Received	Quantity	FAFSA Applications	Applications have declined from 131,983 in 2019 to 110,199 in 2023.	110,199
Number of State Grant Recipients	Result	MNAid – OHE's Financial Aid Administration IT Solution.	The number of students receiving a state grant has declined from 79,805 to 67,584 in 2023. The decline in recipients is directly impacted by the decline in applications.	67,854
Percent of Applicants Receiving a State Grant	Result	MNAid – OHE's Financial Aid Administration IT Solution.	The percentages of applicants receiving a State Grant has slightly increased from 60% in 2019 to 61% in 2023.	61%

M.S. 13A.121 (<https://www.revisor.mn.gov/statutes/cite/136A.121>) provides OHE's legal authority to administer the Minnesota State Grant Program.

M.S. 136A.125 (<https://www.revisor.mn.gov/statutes/cite/136A.125>) provides OHE's legal authority to administer the Postsecondary Child Care Grant Program.

M.S. 136A.233 (<https://www.revisor.mn.gov/statutes/cite/136A.233>) provides OHE's legal authority to administer the Minnesota State Work Study Program.

M.S. 136A.08 (<https://www.revisor.mn.gov/statutes/cite/136A.08>) provides OHE's legal authority to administer the Interstate Tuition Reciprocity Program.

M.S. 299A.45 (<https://www.revisor.mn.gov/statutes/cite/299A.45>) provides OHE's legal authority to administer the Survivor's Grant Program.

M.S. 136A.126 (<https://www.revisor.mn.gov/statutes/cite/136A.126>) provides OHE's legal authority to administer the Minnesota Indian Scholarship Program.

M.S. 136A.1274 (<https://www.revisor.mn.gov/statutes/cite/136A.1274>) provides OHE's legal authority to administer the Underrepresented Student Teacher Grants.

M.S. 136A.1275 (<https://www.revisor.mn.gov/statutes/cite/136A.1275>) provides OHE's legal authority to administer the Student Teacher Grants in Shortage Areas.

M.S. 136A.1215 (<https://www.revisor.mn.gov/statutes/cite/136A.1215>) provides OHE's legal authority to administer the Grants for Students with Intellectual and Developmental Disabilities.

M.S. 136A.1241 (<https://www.revisor.mn.gov/statutes/cite/136A.1241>) provides OHE's legal authority to administer the Fostering Independence Higher Education Grants.

M.S.s 136A.1465 (<https://www.revisor.mn.gov/statutes/cite/136A.1465>) provides OHE's legal authority to administer the North Star Promise.

Financial Aid

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	242,500	258,328	288,503	263,823	264,805	264,805	272,305	272,305
2001 - Other Misc Special Revenue				112,186	49,500	49,500	49,500	49,500
3000 - Federal	34	(4)	39	93	114	114	114	114
Total	242,534	258,324	288,542	376,102	314,419	314,419	321,919	321,919
Biennial Change				163,786		(35,806)		(20,806)
Biennial % Change				33		(5)		(3)
Governor's Change from Base								15,000
Governor's % Change from Base								2

Expenditures by Activity

Financial Aid	232,541	246,818	276,089	362,733	304,294	304,294	311,794	311,794
Interstate Tuition Reciprocity	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Teacher Programs	1,493	3,006	3,953	4,869	1,625	1,625	1,625	1,625
Total	242,534	258,324	288,542	376,102	314,419	314,419	321,919	321,919

Expenditures by Category

Compensation	96	236	327	410	478	485	478	485
Operating Expenses	69	85	201	941	53	46	53	46
Grants, Aids and Subsidies	240,599	255,134	284,344	374,751	313,888	313,888	321,388	321,388
Other Financial Transaction	1,770	2,869	3,671					
Total	242,534	258,324	288,542	376,102	314,419	314,419	321,919	321,919

Full-Time Equivalents

0.82	2.02	2.49	3.08	3.08	3.08	3.08	3.08
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Financial Aid

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		12,695	1,372	4,277				
Direct Appropriation	246,771	252,737	302,908	379,232	322,805	322,805	330,305	330,305
Transfers In		2,000	4,091	1,000				
Transfers Out		2,382	15,591	120,686	58,000	58,000	58,000	58,000
Cancellations		5,371						
Balance Forward Out	4,271	1,352	4,277					
Expenditures	242,500	258,328	288,503	263,823	264,805	264,805	272,305	272,305
Biennial Change in Expenditures				51,498		(22,716)		(7,716)
Biennial % Change in Expenditures				10		(4)		(1)
Governor's Change from Base								15,000
Governor's % Change from Base								3
Full-Time Equivalents	0.82	2.02	2.49	3.08	3.08	3.08	3.08	3.08

2001 - Other Misc Special Revenue

Transfers In			112,186		49,500	49,500	49,500	49,500
Expenditures			112,186		49,500	49,500	49,500	49,500
Biennial Change in Expenditures			112,186			(13,186)		(13,186)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In			4					
Receipts	34		35	93	114	114	114	114
Balance Forward Out		4						
Expenditures	34	(4)	39	93	114	114	114	114
Biennial Change in Expenditures				102		96		96
Biennial % Change in Expenditures				332		73		73
Governor's Change from Base								0
Governor's % Change from Base								0

Program: MN College Savings Program<http://mnsaves.org/>**AT A GLANCE**

- Minnesota’s version of a qualified tuition program more commonly known as a 529 plan based on Section 529 of the Internal Revenue Code. Minnesota’s Plan (known as “mnsaves”) opened in 2001.
- The Office of Higher Education (OHE) and the State Board of Investment (SBI) are the two State entities charged with operating the plan. The current plan manager is Tuition Financing, Inc. (TFI).
- The State of Minnesota provides no financial support to operate the plan. The compensation for TFI is determined by applying a contractually agreed upon fee percentage against the assets in the plan.
- As of March 31, 2024, the plan included 96,938 active accounts, 53,168 account holders, and \$1.96B in assets.

PURPOSE AND CONTEXT

The goal of the 529 plan is to allow individuals to save money for postsecondary education expenses in a tax-advantaged way. The plan is open to all persons regardless of income level, and an account can be opened for a child before the child is born. The funds saved in the account may be used at most colleges and universities across the country, not just those in Minnesota. The goal is that saving in a 529 account will reduce the need for student and parent borrowing in the future. In that way, the plan is an early step in preparing for postsecondary education. The account owner controls the account including which investment options offered by the plan they wish to invest in. The investment options have risk levels that range from very conservative to aggressive.

Over time, the Federal government expanded the allowable uses of the 529 plan funds. Originally intended to cover basic expenses of attending college, the funds may now be used to pay K-12 tuition, student loans, apprenticeship expenses, and even to be rolled over into a Roth IRA. There are many requirements and restrictions that a potential account owner must consider, and more information can be found on the mnsaves website (<http://mnsaves.org/>).

SERVICES PROVIDED

Mnsaves is a direct sold 529 plan meaning that you do not need to go through a financial advisor to open and manage an account. OHE and SBI have designed the plan to provide a range of investment options while at the same time not overwhelming a potential account owner with too many choices.

TFI staff based in Minnesota will meet with individuals in person or over the phone to answer questions about the plan. TFI staff also reach out to employers across the state to encourage them to allow their employees to use a payroll deduction to automatically deposit funds into their accounts.

OHE has consistently advocated for more outreach to lower income and underserved communities. Studies have shown that even the act of saving something for college can positively impact a child’s actual future enrollment. OHE continues to work with TFI to plan how best to reach these populations of people.

The plan offers multiple ways to make contributions including (from above), payroll deduction, auto-debit from bank accounts, checks, and even a gifting platform so that other family members may easily contribute to someone’s account.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Total Plan Assets	Quantity	Tuition Financing, Inc. (TFI) Reports	The Plan's assets have continued to increase over time. For this purpose, we are listing the values from March 31, 2019 and March 31, 2024.	<u>March 2019</u> : \$1.445 billion <u>March 2024</u> : \$1.963 billion
Total Number of Accounts	Quantity	Tuition Financing, Inc. (TFI) Reports	The number of accounts has continued to increase on a net basis (new accounts opened fewer existing accounts being closed). As above, these numbers come from March 2019 and March 2024.	<u>March 2019</u> : 71,056 <u>March 2024</u> : 96,938
Usage for Allowable Expenses	Result	Tuition Financing, Inc. (TFI) Reports	The percentages of qualified distributions to total distributions have remained steady. Annual data for calendar year 2021 was 90.5%. The year-to-date data through July 2024 was 90.5%.	In total, since the beginning of the Plan through July 31, 2024, account owners have taken \$1.6 billion of qualified distributions.

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

Mn College Savings Program

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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Expenditures by Fund

2000 - Restrict Misc Special Revenue	1,557	80	87	101	45	45	45	45
Total	1,557	80	87	101	45	45	45	45
Biennial Change				(1,449)		(98)		(98)
Biennial % Change				(88)		(52)		(52)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Mn College Savings Program	1,557	80	87	101	45	45	45	45
Total	1,557	80	87	101	45	45	45	45

Expenditures by Category

Compensation	43	45	50	67	39	39	39	39
Operating Expenses	14	33	37	34	6	6	6	6
Grants, Aids and Subsidies	1,500	2						
Total	1,557	80	87	101	45	45	45	45

Total Agency Expenditures	1,557	80	87	101	45	45	45	45
Internal Billing Expenditures	4	5	5					
Expenditures Less Internal Billing	1,553	75	82	101	45	45	45	45

Full-Time Equivalents

0.40	0.42	0.40	0.30	0.30	0.30	0.30	0.30
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Mn College Savings Program

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
2000 - Restrict Misc Special Revenue								
Balance Forward In	112	98	100	56				
Receipts	1,543	81	43	45	45	45	45	45
Balance Forward Out	98	98	56					
Expenditures	1,557	80	87	101	45	45	45	45
Biennial Change in Expenditures			(1,449)		(98)		(98)	
Biennial % Change in Expenditures			(88)		(52)		(52)	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	0.40	0.42	0.40	0.30	0.30	0.30	0.30	0.30

Program: State Supplemental Loans

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

AT A GLANCE

- Provide low-interest rate student loans to eligible borrowers to help students finance their postsecondary education and earn their credential. Interest rates are the same for all eligible borrowers regardless of their credit score or income.
 - Over 27,000 borrowers currently have loans through the Student Educational Loan Fund (SELF) program, which offers low-interest loans for Minnesota residents or students enrolled at a Minnesota school and owe over \$415 million.
- Over 350 borrowers currently have student loans refinanced through the SELF Refi program and owe over \$6 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 of supporting students in earning a higher education credential by providing low-cost loan funds to attend a postsecondary institution. SELF Loans are not limited to people with certain income levels. Interest rates are the same for everyone and are not based on credit score. Students are eligible as long as they meet minimum program requirements and have a cosigner. The SELF Refi program is currently on pause for new applications due to a change in the loan servicer.

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 scholarships and grant money. Students can choose a fixed or variable rate and select a repayment term of 10, 15, or 20 years. SELF interest rates as of August 1, 2024, range from 6.35% to 7.80%. Payments for new SELF Loans are currently set at \$15 per month while in school and during a 1-year Transition Period after school.

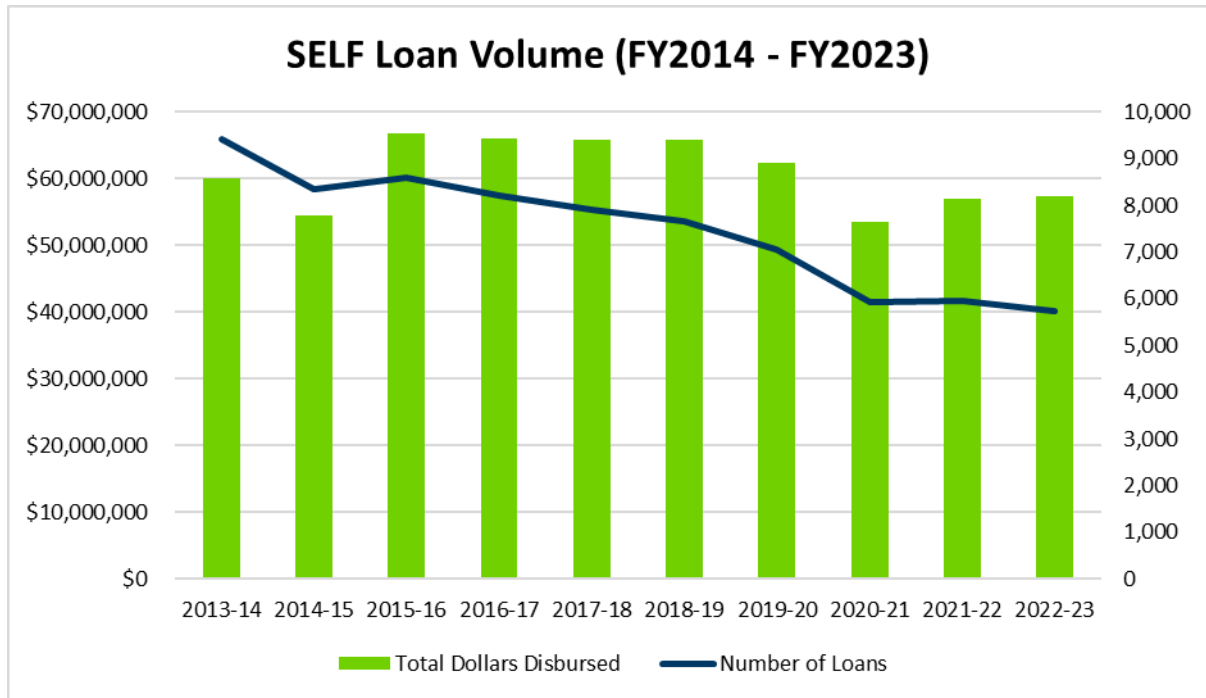
RESULTS**Quantity:**

The chart below shows the number of SELF Loans and total dollars disbursed to students from 2015 to 2023. In 2023, the SELF program provided \$57.3M in loans to 5,728 students. Prior to 2023, the program's volume had decreased due to:

- Declining postsecondary enrollment including enrollment impacted by COVID-19.
- The amount students could borrow through the SELF program did not keep pace with escalating college costs. This meant students would borrow from private financial sources to get all the money they needed from one place, even though it may cost them more in interest and fees.

The Agency increased SELF Loan limits in 2016 from \$10,000 to \$20,000 for students enrolled in 4-year or graduate programs to provide greater access to low-cost funding sources. In February 2024, loan limits increased

from \$20,000 to \$40,000 for students enrolled in 4-year or graduate programs and from \$10,000 to \$20,000 for students enrolled in 1-3-year programs.



Quality:

The gross default (loan balance at the time of default) rate for SELF Loans is fairly low in comparison to other private loan programs. The Agency effectively collects money owed on defaulted loans resulting in a net default (amount owed after collection payments) rate of less than 3%. Low default rates help keep interest rates low for all participating students in the program. Loans that are not repaid are a program expense.

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 FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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Expenditures by Fund

8300 - Office Of Higher Education	73,632	69,179	81,404	97,536	89,150	89,150	89,150	89,150
Total	73,632	69,179	81,404	97,536	89,150	89,150	89,150	89,150
Biennial Change				36,129		(640)		(640)
Biennial % Change				25		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

State Supplemental Loans	73,632	69,179	81,404	97,536	89,150	89,150	89,150	89,150
Total	73,632	69,179	81,404	97,536	89,150	89,150	89,150	89,150

Expenditures by Category

Compensation	1,667	1,904	2,076	3,181	3,181	3,181	3,181	3,181
Operating Expenses	10,524	11,397	10,231	19,333	10,947	10,947	10,947	10,947
Grants, Aids and Subsidies	0		1					
Other Financial Transaction	61,441	55,879	69,096	75,022	75,022	75,022	75,022	75,022
Total	73,632	69,179	81,404	97,536	89,150	89,150	89,150	89,150

Full-Time Equivalents

14.70	16.60	18.16	26.15	26.15	26.15	26.15
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State Supplemental Loans

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
8300 - Office Of Higher Education								
Balance Forward In	207,788	251,049	257,787	213,491	160,605	172,605	160,605	172,605
Receipts	116,182	73,948	37,163	44,650	101,150	99,150	101,150	99,150
Transfers Out	45	50	56					
Balance Forward Out	250,293	255,768	213,490	160,605	172,605	182,605	172,605	182,605
Expenditures	73,632	69,179	81,404	97,536	89,150	89,150	89,150	89,150
Biennial Change in Expenditures			36,129		(640)		(640)	
Biennial % Change in Expenditures			25		(0)		(0)	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	14.70	16.60	18.16	26.15	26.15	26.15	26.15	26.15

Program: Research, Policy, and Analysis

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

AT A GLANCE

- Provide 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.
- Use data and projections to guide planning and budgeting for state financial aid programs as well as in planning for future programming, pilots, and initiatives.

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 (ECLS). SLEDs and ECLS leverage data from birth/early childhood, K-12 education, postsecondary education, workforce training, and employment to assist families, communities, and the state in identifying the most viable pathways for individuals to achieve successful outcomes in education and work. SLEDs and ECLS 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 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.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Unduplicated count of students enrolled for which OHE maintains data	Quantity	Institutional data submitted to OHE	Our office typically receives, cleans, processes, and loads about half a million enrollment records per year.	502,575

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Unduplicated count of students graduating for which OHE maintains data	Quantity	Institutional data submitted to OHE	Our office typically receives, cleans, processes, and loads about 100,000 degrees conferred records per year.	102,029
Count of fiscal notes completed to support fiscal analysis of legislative bills	Results	Fiscal Note Tracking System	During a budget year, our team may complete as many as 15 fiscal notes.	7
Count of data requests fulfilled by SLEDs	Results	Data requests submitted to SLEDs governance	Since 2019, the SLEDs team has fulfilled between five and ten data requests per year.	8
Count of reports on higher education policy issue areas produced	Results	Legislatively-mandated Reports	Our team produces 15-20 reports on higher education policy issues in a typical year.	18

M.S. 136A.01 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.

M.S. 135A.012 (<https://www.revisor.mn.gov/statutes/cite/135A.012>) provides statutory authority for the state's attainment goal and monitoring progress to the goal.

M.S. 127A.70 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:

- M.S. 136A.121 (<https://www.revisor.mn.gov/statutes/cite/136A.121>) provides statutory responsibility for data collection, analysis and reporting of postsecondary enrollment, completion, and financial aid.
- M.S. 116J.4011 (<https://www.revisor.mn.gov/statutes/cite/116J.4011>) provides statutory responsibility for collaborative reporting with DEED related to postsecondary employment outcomes of college graduates.
- M.S. 124D.09 (<https://www.revisor.mn.gov/statutes/cite/124D.09>) requires OHE to evaluate and report on concurrent enrollment programs.
- M.S. 135A.15 (<https://www.revisor.mn.gov/statutes/cite/135A.15>) requires OHE to annually report statistics on sexual assault.
- M.S. 136A.055 (<https://www.revisor.mn.gov/statutes/cite/136A>) requires OHE to report annually on developmental education enrollment and completion of recent high school graduates.
- M.S. 136A.08 (<https://www.revisor.mn.gov/statutes/cite/136A.08>) requires OHE to report on students receiving tuition reciprocity.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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Expenditures by Fund

1000 - General	1,704	2,010	2,660	3,088	2,690	2,690	2,690	2,690
2000 - Restrict Misc Special Revenue	124	171	106	449	100	100	100	100
2001 - Other Misc Special Revenue	129							
Total	1,956	2,182	2,766	3,537	2,790	2,790	2,790	2,790
Biennial Change				2,165		(723)		(723)
Biennial % Change				52		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Research, Policy, and Analysis	1,956	2,182	2,766	3,537	2,790	2,790	2,790	2,790
Total	1,956	2,182	2,766	3,537	2,790	2,790	2,790	2,790

Expenditures by Category

Compensation	180	190	361	341	313	318	313	318
Operating Expenses	1,775	1,992	2,405	3,196	2,477	2,472	2,477	2,472
Grants, Aids and Subsidies	1							
Total	1,956	2,182	2,766	3,537	2,790	2,790	2,790	2,790

Total Agency Expenditures	1,956	2,182	2,766	3,537	2,790	2,790	2,790	2,790
Internal Billing Expenditures	5							
Expenditures Less Internal Billing	1,951	2,182	2,766	3,537	2,790	2,790	2,790	2,790

Full-Time Equivalents

2.08	1.55	2.10	1.91	1.68	1.68	1.68	1.68
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		329		398				
Direct Appropriation	1,922	1,922	3,059	2,690	2,690	2,690	2,690	2,690
Transfers Out		185						
Cancellations		56						
Balance Forward Out	218		399					
Expenditures	1,704	2,010	2,660	3,088	2,690	2,690	2,690	2,690
Biennial Change in Expenditures				2,034		(368)		(368)
Biennial % Change in Expenditures				55		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.33	0.77	1.87	1.68	1.68	1.68	1.68	1.68

2000 - Restrict Misc Special Revenue

Balance Forward In	157	195	39	349				
Receipts	162		415	100	100	100	100	100
Balance Forward Out	195	23	349					
Expenditures	124	171	106	449	100	100	100	100
Biennial Change in Expenditures				260		(355)		(355)
Biennial % Change in Expenditures				88		(64)		(64)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.70	0.78	0.23	0.23				

2001 - Other Misc Special Revenue

Receipts	129							
Expenditures	129							
Biennial Change in Expenditures				(129)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.05							

Program: Postsecondary Access and Outreach

Direct Admissions: <https://www.ohe.state.mn.us/mPg.cfm?pageID=2484>

Campus Sexual Violence Prevention and Response: <https://www.ohe.state.mn.us/mPg.cfm?pageID=2291>

Get Ready: <https://www.ohe.state.mn.us/mPg.cfm?pageID=2002>

College-bound student resources: <https://www.ohe.state.mn.us/mPg.cfm?pageID=2059>

Summer Academic Enrichment Program: <https://www.ohe.state.mn.us/mPg.cfm?pageID=1958>

AT A GLANCE

- Provide information to students and families regarding postsecondary options, how to access state and federal financial aid programs, and paying for college in order to increase college access.
- Administer multiple programs designed to promote college access and postsecondary degree attainment, including the Get Ready program (serving over 2900 students from 7th to 12th grade) and Direct Admissions (offering proactive admissions to over 22,500 high school seniors).
- Support early college preparation through the Summer Academic Enrichment Program (SAEP) which provided grants to 935 students in grades 3 through 11 in FY23 to attend an academically-enriched summer program.

PURPOSE AND CONTEXT

The Office of Higher Education's postsecondary access and outreach functions support the agency's mission of making postsecondary education accessible to all Minnesotans. This work includes providing summer enrichment opportunities to low-income students through the Summer Academic Enrichment Program, offering a comprehensive college preparation curriculum and college exploration activities through the federally funded Get Ready program, and providing a nationally recognized proactive admissions model through the Direct Admissions program. The Office of Higher Education (OHE) also ensures that all students and families have access to clear and comprehensive information about college exploration, ways to pay for college, how to access state and federal financial aid, and all of Minnesota's postsecondary options through the agency's student and parent information program. These efforts, along with the funding to support the Director of Tribal Relations and the work of the Sexual Violence Prevention and Response program, are all designed to help Minnesota close its postsecondary attainment gap.

SERVICES PROVIDED

Summer Academic Enrichment Program (SAEP) – the SAEP 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 from low-income families' access to high-quality summer enrichment experiences that keep exercising their minds and boosting academic performance through participation in challenging enrichment classes in core curricular areas.

Get Ready serves 6th-12th grade students, their families, and the educators at 11 specifically chosen middle and high schools 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.
- **Postsecondary Persistence:** Get Ready program staff receive extensive training and certification in holistic coaching methodology to support students' postsecondary transition, persistence, and attainment.

Direct Admissions is Minnesota's proactive postsecondary admissions program that seeks to increase the number of graduating seniors who enroll in college the fall after high school as well as increasing FAFSA completion rates and enrollment rates at Minnesota's colleges and universities. Students receive a letter/email communication and survey in early fall indicating which colleges will admit them so they can reserve their spot.

Student and Parent Information initiatives provide information to college-bound students and their families through a variety of events, publications, and online resources. This includes publications like *Paying for College: A Guide to Financial Aid and Responsible Borrowing*, *Grants and Scholarships: Financial Aid You Don't Repay*, and *Choosing a College: Find Your Pathway to Success* that 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 agency also provides:

- **Financial Aid and College Knowledge Presentations:** The Communications division coordinates outreach presentations to help students and families understand the financial aid process, the Free Application for Federal Student Aid (FAFSA), and the MN Dream Act.
- **Outreach Videos:** These videos are recorded presentations. 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 the 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.

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

Director Tribal Relations – the Director of Tribal Relations is responsible for maintaining Government-to-Government relationships with each Tribal Nation within the exterior boundaries of the state of Minnesota. On an

annual basis, coordinate the agency's consultation with each Tribal Nation in compliance with MN Statutes 10.65 and with the Tribal Nations Education Committee as outlined in MN Statutes 136A.032. In addition, engage the larger American Indian community through various agencies, organizations, and partners including the Minnesota Chippewa Tribe, the Minnesota Indian Affairs Council, and Urban Indian Community organizations. Attend and participate in Tribal State Relations Training and manage agency staff attendance in compliance with MN Statutes 10.65. Utilize information discussed via consultation and community engagement to direct OHE Senior leadership and staff on development of policy and initiatives that will impact Tribal Nations and American Indian students.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
High school participation in the Direct Admission Program	Quantity	Through the number of executed participation agreements between high schools and Office of Higher Education	<u>2022-23 academic year:</u> 46 participating high schools (6,989 students served) <u>2023-24 academic year:</u> 120 participating high schools (22,505 students served)	2024-25 academic year: 186 high schools projected to participate (estimated 33,000 students to be served)
Participating Direct Admissions' student requests for proactive admission	Quantity	Internal data from student responses to Direct Admissions communication	For the 2022-23 pilot program year of Direct Admissions, approximately 30% of the students in participating high schools requested admission through the program. In total, 2016 students submitted 12,420 admissions requests through Direct Admissions.	For 2023-24 program year of Direct Admissions, the agency ended with 34,751 total student requests for proactive admissions. The program benefited 4,975 students, or about 22% of overall senior students from participating schools.
Overall comparison of Direct Admissions program participating and non-program participating high schools' college-going behavior	Results	Direct Admissions Agreements and High School lists.	<u>2022-23 Pilot year data:</u> For students participating in Direct Admissions, 50% enrolled in a Minnesota college or university and 77% completed the Free Application for Federal Student Aid (FAFSA). When looking at high school students who did not participate in Direct Admissions, only 26% enrolled in an in-state institution and 51% completed the FAFSA.	<u>2022-23 Pilot year data:</u> For students participating in Direct Admissions, 50% enrolled in a Minnesota college or university and 77% completed the Free Application for Federal Student Aid (FAFSA). When looking at high school students who did not participate in Direct Admissions, only 26% enrolled in an in-state institution and 51% completed the FAFSA.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of Students who received an SAEP Award.	Quantity	SAEP applications awarded	<u>2019</u> : 568 students <u>2020</u> : 133 students <u>2021</u> : 266 students <u>2022</u> : 586 students	<u>2023</u> : 935 students
Number of students receiving Get Ready services	Quantity	Apricot (Get Ready's data base management System)	<u>2020-21</u> : 4,791 <u>2021-22</u> : 6,347* <u>2022-23</u> : 4,758* * The decrease in the number of students who received Get Ready services from 2021-2022 to 2022-2023 was due to program services ending at one high school	<u>2023-24</u> : 2,969 (number declined due to first cohort of students graduating high school)

The following links identify state statutes that provide the Office of Higher Education the legal authority to administer these programs:

M.S. 136A.091 (<https://www.revisor.mn.gov/statutes/cite/136A.091>) provides the legal authority for the Summer Academic Enrichment Program.

M.S. 136A.01 (<https://www.revisor.mn.gov/statutes/cite/136A.01>) provides the legal authority for the Get Ready Federal Grant program.

M.S. 136A.84 (<https://www.revisor.mn.gov/statutes/2023/cite/136A.84>) provides the legal authority for the Direct Admissions Program.

M.S. 136.01 (<https://www.revisor.mn.gov/statutes/cite/136A.01>) provides the legal authority for the Student and Parent Information initiatives.

M.S. 135A.15 (<https://www.revisor.mn.gov/statutes/cite/135A.15>) provides the legal authority for the Sexual Harassment and Violence Policy initiative.

M.S. 136A.032 (<https://www.revisor.mn.gov/statutes/cite/136A.032>) provides the legal authority for the consultation with the Tribal Nations.

Postsecondary Access and Outreach

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	261	1,765	1,195	1,785	1,495	1,495	1,245	1,245
2000 - Restrict Misc Special Revenue				43				
3000 - Federal	7,523	3,943	5,282	7,471	4,450	4,450	4,450	4,450
3015 - ARP-State Fiscal Recovery	1,120	412						
Total	8,904	6,120	6,477	9,299	5,945	5,945	5,695	5,695
Biennial Change				752		(3,886)		(4,386)
Biennial % Change				5		(25)		(28)
Governor's Change from Base								(500)
Governor's % Change from Base								(4)
<u>Expenditures by Activity</u>								
Access Programs	8,744	5,797	6,220	8,693	5,530	5,530	5,280	5,280
Outreach Programs	160	228	220	543	365	365	365	365
Training		95	37	63	50	50	50	50
Total	8,904	6,120	6,477	9,299	5,945	5,945	5,695	5,695
<u>Expenditures by Category</u>								
Compensation	2,234	2,053	2,435	2,837	2,848	2,853	2,842	2,847
Operating Expenses	2,262	2,998	3,115	5,469	2,716	2,711	2,715	2,710
Grants, Aids and Subsidies	4,408	1,069	244	243	243	243	0	0
Other Financial Transaction			683	750	138	138	138	138
Total	8,904	6,120	6,477	9,299	5,945	5,945	5,695	5,695
<u>Expenditures by Agency</u>								
Total Agency Expenditures	8,904	6,120	6,477	9,299	5,945	5,945	5,695	5,695
Internal Billing Expenditures	296	220	280	201	201	201	201	201
Expenditures Less Internal Billing	8,607	5,900	6,197	9,098	5,744	5,744	5,494	5,494
<u>Full-Time Equivalents</u>								
	22.57	21.46	23.08	23.05	23.05	23.05	23.00	23.00

Postsecondary Access and Outreach

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		1,406		290				
Direct Appropriation	1,627	777	1,486	1,495	1,495	1,495	1,245	1,245
Transfers In		250						
Transfers Out		3						
Cancellations		664						
Balance Forward Out	1,366		291					
Expenditures	261	1,765	1,195	1,785	1,495	1,495	1,245	1,245
Biennial Change in Expenditures				953		10		(490)
Biennial % Change in Expenditures				47		0		(16)
Governor's Change from Base								(500)
Governor's % Change from Base								(17)
Full-Time Equivalents	1.99	2.13	2.01	1.98	1.98	1.98	1.93	1.93

2000 - Restrict Misc Special Revenue

Balance Forward In	43	43	43	43				
Balance Forward Out	43	43	43					
Expenditures				43				
Biennial Change in Expenditures				43		(43)		(43)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	2	13	1					
Receipts	7,521	3,930	5,282	7,471	4,450	4,450	4,450	4,450
Expenditures	7,523	3,943	5,282	7,471	4,450	4,450	4,450	4,450
Biennial Change in Expenditures				1,287		(3,853)		(3,853)
Biennial % Change in Expenditures				11		(30)		(30)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	20.58	19.33	21.07	21.07	21.07	21.07	21.07	21.07

3015 - ARP-State Fiscal Recovery

Postsecondary Access and Outreach

Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Balance Forward In	1,125	417						
Cancellations		5						
Balance Forward Out	5							
Expenditures	1,120	412						
Biennial Change in Expenditures				(1,531)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grants and Loan Repayment Programs<https://www.ohe.state.mn.us/>**AT A GLANCE**

- Annually operates 12 competitive grants, 13 legislatively-named and formula-funded grants, and 5 student loan repayment programs.
- Administers the innovative Dual Training Grant, a funding source that generates collaborative and strategic educational solutions between employers and related instruction training providers across Minnesota in collaboration with the Department of Labor and Industry Pipeline Program.
- Supports cutting-edge research through the Spinal Cord & Traumatic Brain Injury (SCI/TBI) grant and David J. Tomassoni ALS Research Grant programs.
- Works, in partnership with the Inclusive Higher Education Technical Assistance Center, to administer Inclusive Higher Education Grants to provide grants to enhance existing or develop new inclusive higher education pathways for students with intellectual and developmental disabilities (IDD).
- Supports statewide information and resource sharing programs and services through Minitex and MNLink.

The programs and services within the Office of Higher Education's Grants and Workforce Initiatives Division support the agency's mission by:

- Providing grants to postsecondary institutions and other organizations that support outreach, information sharing, and other support services thus enabling students to access and choose among postsecondary education options
- Providing financial assistance to enable trainees, participants, graduates, and student loan borrowers to serve in particular occupations necessary to maintain the state's economic vitality; and
- Providing financial assistance to postsecondary institutions and other organizations to provide direct support to students to achieve student financial access to postsecondary education.

SERVICES PROVIDED

Addiction Medicine Graduate Medical Education Fellowship provides funds to Hennepin Healthcare for up to six physicians enrolled in an addiction medicine fellowship program.

Agricultural Educator Loan Repayment Program provides student loan repayment assistance to teachers providing agricultural education who agree to serve full-time for 5 years at a Minnesota school.

Aviation Degree Loan Repayment Program provides student loan repayment assistance to eligible pilots and aircraft technicians residing in Minnesota who agree to serve full-time for five years in Minnesota.

College Possible provides funds to support college access and success programming for low-income students who are residents of Minnesota attending high schools and postsecondary institutions within Minnesota.

Concurrent Enrollment Program provides grants to postsecondary institutions for the development of new Career and Technical Education concurrent enrollment courses and the expansion of existing concurrent enrollment programs.

David J. Tomassoni ALS Research Grant provides grants to support clinical and translational research related to Amyotrophic Lateral Sclerosis (ALS).

Dual Training Grant provides grants to employers to train employees through dual training programs in identified occupations in the advanced manufacturing, agriculture, childcare, health care services, information technology, legal cannabis, and transportation industries.

Emergency Assistance for Postsecondary Students (EAPS) for Minnesota State and the University of Minnesota provides funds to provide emergency grants to Minnesota State and University of Minnesota students to meet immediate student needs that could result in students not completing the term or their program including, but not limited to, emergency housing, food, and transportation.

Emergency Assistance for Postsecondary Students (EAPS) Grants for Private, Non-profit Postsecondary Institutions and Tribal Colleges provides grants to private, non-profit postsecondary institutions and tribal colleges to provide emergency grants to students to meet immediate student needs that could result in students not completing the term or their program including, but not limited to, emergency housing, food, and transportation.

Foster Care Grant provides funds to Foster Advocates to provide education support and wraparound services for individuals who are transitioning from foster care to adulthood.

Hennepin Healthcare Family Residency provides funds for resident physicians in graduate family medical education programs in order to address the shortage of Family Medicine physicians in underserved rural and urban areas of the state.

Hunger Free Campus Grants and Distinctions provides funds to postsecondary institutions to achieve and/or sustain the Hunger Free Campus Distinction.

Inclusive Higher Education Grants provides grants to postsecondary institutions to enhance existing or develop new inclusive higher education pathways established to enable students with intellectual and developmental disabilities (IDD) to have all the rights, responsibilities, privileges, benefits, and outcomes that result from higher education, including academic growth, career advancement, and improved self-determined living.

Inclusive Higher Education Technical Assistance Center provides funds to the U of M Institute on Community Integration to support a center to increase access to self-sustaining postsecondary education options across Minnesota for students with an intellectual disability to earn meaningful credentials through degree, certificate, and nondegree initiatives.

Intervention for College Attendance Program (ICAP) provides grants to postsecondary institutions, middle and high schools, school districts, and other organizations to provide direct services to students from underserved communities in 6th-12th grade and their first year of college to foster postsecondary attendance and retention.

Intervention for College Attendance Program (ICAP) Formerly Incarcerated Students Pilot provides grants to postsecondary institutions, non-profit organizations, and local government organizations to provide direct services to students who have formerly been incarcerated so they have the available resources, skills, and guidance to enter and succeed in postsecondary education.

Federal John R Justice Student Loan Repayment Program provides student loan repayment assistance to public defenders and prosecutors serving in Minnesota who agree to a service obligation of one to three years. This program is funded through a federal grant from the Department of Justice Bureau of Justice Programs.

Loan Repayment Assistance Program provides funds to the 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.

MNLINK and Minitex provides funds to support library resource sharing and interlibrary loan, support for digital library collections, cooperative library services, and other services.

Minnesota Education Equity Partnership (MNEEP) provides funds for outreach services to historically underserved groups of Minnesota elementary and secondary students through research, planning, and implementation of initiatives to increase the access of Minnesota students of color to Minnesota colleges and universities.

MN Independence College and Community (MICC) provides funds for need-based scholarships and tuition reduction at MN Independence College and Community for Minnesota residents participating in vocational and life skills training programs for young adults with learning differences and autism spectrum disorders.

Rural Veterinarian Loan Repayment Program (Large Animal Veterinarian Loan Repayment Program) provides student loan repayment assistance to eligible large animal veterinarians who agree to serve full time in rural areas of the state for five years.

Spinal Cord Injury and Traumatic Brain Injury Program provides grants for research into new and innovative treatments and rehabilitative efforts for the functional improvement of people with spinal cord and traumatic brain injuries. The Office coordinates the administration of this competitive grant program with the Spinal Cord Injury and Traumatic Brain Injury Program Advisory Council.

Student Loan Debt Counseling Grant Program provides grants to support individual student loan repayment counseling to borrowers who are Minnesota residents.

Student Parent Support Initiatives provides grants to Minnesota postsecondary institutions, Tribal Nations, and other organizations to address the needs and support the educational goals of pregnant and parenting college students across Minnesota. In addition, the Office, in partnership with the Minnesota Department of Health, provides health-related supports for community health care providers and other organizations serving pregnant and parenting students as well as technical assistance for postsecondary institutions.

Teacher Shortage Loan Repayment Program provides student loan repayment assistance to eligible teachers providing classroom instruction in Minnesota. The purpose of the program is to encourage teachers, particularly those who belong to a race or ethnicity underrepresented in the state's teacher workforce, to teach in Minnesota, to teach in license shortage areas, or to teach in rural school districts.

Tribal College Supplemental Grant Assistance provides funds to tribally controlled colleges that are not part of Minnesota State, to support the education of students enrolled at the colleges who are Minnesota resident students but not enrolled members of a federally recognized Indian tribe.

Tribal College Supplemental Grant Assistance Operations and Maintenance provides grants to three Minnesota tribal colleges to be used for general operations and maintenance expenses.

United Family Practice provides funds for resident physicians in graduate family medical education programs in order to address the shortage of Family Medicine physicians in underserved rural and urban areas of the state.

RESULTS PERFORMANCE DATA

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of organizations funded through ICAP Grants	Quantity	Applications awarded by OHE	Increasing (20 grantees in FY2022)	26 grantees in FY 2024
Number of SCI-TBI Grantees	Quantity	Applications awarded by OHE	Increasing (16 awardees in FY24)	16 grantees in FY 2023
Number of Dual Training Grant Grantees and Trainees	Quantity	Applications awarded by OHE	Increasing (59 grantees to train 664 employees in FY2023)	84 grantees expected to train 958 employees in FY 2024

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

M.S. 136A.1794 (<https://www.revisor.mn.gov/statutes/cite/136A.1794>) provides OHE's legal authority to administer the Agricultural Educator Loan Repayment Program.

M.S. 136A.1789 (<https://www.revisor.mn.gov/statutes/cite/136A.1789>) provides OHE's legal authority to administer the Aviation Loan Repayment Program.

M.S. 136A.91 (<https://www.revisor.mn.gov/statutes/cite/136A.91>) provides OHE's legal authority to administer the Concurrent Enrollment Program.

M.S. 124 (<https://www.revisor.mn.gov/laws/2024/0/Session+Law/Chapter/124/>) provides OHE's legal authority to administer the David J. Tomassoni ALS Research Grant.

M.S. 136A.246 (<https://www.revisor.mn.gov/statutes/cite/136A.246>) provides OHE's legal authority to administer the Dual Training Grant.

M.S. 63 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/63/>) and M.S. 136A.246 (<https://www.revisor.mn.gov/statutes/cite/136A.246>) provide OHE's legal authority to administer the Dual Training Grant - Legal Cannabis Industry.

M.S. 135A.137 (<https://www.revisor.mn.gov/statutes/cite/135A.137>) provides OHE's legal authority to administer the Hunger Free Campus Grants and Distinctions.

M.S. 135A.162 (<https://www.revisor.mn.gov/statutes/cite/135A.162>) provides OHE's legal authority to administer the Inclusive Higher Education Grants.

M.S. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) and M.S. 135A.161 (<https://www.revisor.mn.gov/statutes/cite/135A.161>) provide OHE's legal authority to administer the Inclusive Higher Education Grants and Inclusive Higher Education Technical Assistance Center.

M.S. 136A.861 (<https://www.revisor.mn.gov/statutes/cite/136A.861>) provides OHE's legal authority to administer the Intervention for College Attendance Program (ICAP).

M.S. 136A.1795 (<https://www.revisor.mn.gov/statutes/cite/136A.1795>) provides OHE's legal authority to administer the Rural Veterinarian Loan Repayment Program.

M.S. 136A.901 (<https://www.revisor.mn.gov/statutes/cite/136A.901>) provides OHE's legal authority to administer the Spinal Cord Injury and Traumatic Brain Injury Program.

M.S. 136A.1788 (<https://www.revisor.mn.gov/statutes/cite/136A.1788>) provides OHE's legal authority to administer the Student Loan Debt Counseling Grant Program.

M.S. 136A.1251 (<https://www.revisor.mn.gov/statutes/cite/136A.1251>) provides OHE's legal authority to administer the Student Parent Support Initiatives.

M.S. 136A.1791 (<https://www.revisor.mn.gov/statutes/cite/136A.1791>) provides OHE's legal authority to administer the Teacher Shortage Loan Repayment Program.

M.S. 136A.1796 (<https://www.revisor.mn.gov/statutes/cite/136A.1796>) provides OHE's legal authority to administer the Tribal College Supplemental Grant Assistance (TCSGA).

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the TCSGA for Operations and Maintenance.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the United Family Practice program.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the College Possible program.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the ICAP for Formerly Incarcerated Students Pilot program.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the Loan Repayment Assistance Program.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the MNLINK and Minitex programs.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the Minnesota Education Equity Partnership (MNEEP) program.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the MN Independence College and Community (MICC) program.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the Foster Care Grant program.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) OHE's legal authority to administer the Hennepin Healthcare Family Residency program.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the EAPS for Minnesota State and the University of MN program.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the EAPS Grants for Private, Non-profit Postsecondary Institutions and Tribal Colleges program.

2023 Minn. Session Law Serv. Ch. 41 (<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/41/>) provides OHE's legal authority to administer the Addiction Medicine Graduate Medical Education Fellowship program.

Grants & Loan Repayment Programs

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	12,102	12,600	21,974	49,146	22,115	22,168	22,115	22,168
2000 - Restrict Misc Special Revenue	115			12				
2001 - Other Misc Special Revenue	7,885	9,040	11,768	25,867	8,483	8,457	8,033	8,007
2403 - Gift				3				
3000 - Federal		4		5	5	5	5	5
3015 - ARP-State Fiscal Recovery	7,559	29,782						
Total	27,661	51,426	33,742	75,033	30,603	30,630	30,153	30,180
Biennial Change				29,688		(47,542)		(48,442)
Biennial % Change				38		(44)		(45)
Governor's Change from Base								(900)
Governor's % Change from Base								(1)

Expenditures by Activity

Grants	26,340	50,890	32,844	71,866	29,918	29,975	29,918	29,975
Loan Repayment Programs	1,321	536	898	3,167	685	655	235	205
Total	27,661	51,426	33,742	75,033	30,603	30,630	30,153	30,180

Expenditures by Category

Compensation	225	292	377	594	481	461	481	461
Operating Expenses	334	253	3,967	1,017	429	423	429	423
Grants, Aids and Subsidies	27,102	50,877	29,397	73,417	29,688	29,741	29,238	29,291
Other Financial Transaction		4		5	5	5	5	5
Total	27,661	51,426	33,742	75,033	30,603	30,630	30,153	30,180

Full-Time Equivalents

1.97	2.84	2.56	4.49	4.49	3.99	4.49	3.99
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Grants & Loan Repayment Programs

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		1,415	37	24,031				
Direct Appropriation	16,878	36,774	58,064	33,822	29,522	29,575	29,072	29,125
Transfers In	1,375	625	1,125	1,125	1,125	1,125	1,125	1,125
Transfers Out	5,650	5,950	13,220	9,832	8,532	8,532	8,082	8,082
Cancellations		660						
Balance Forward Out	501	19,604	24,032					
Expenditures	12,102	12,600	21,974	49,146	22,115	22,168	22,115	22,168
Biennial Change in Expenditures				46,418		(26,837)		(26,837)
Biennial % Change in Expenditures				188		(38)		(38)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.24	0.42	0.78	1.85	1.85	1.85	1.85	1.85

2000 - Restrict Misc Special Revenue

Balance Forward In	115	12	12	12				
Balance Forward Out	0	12	12					
Expenditures	115			12				
Biennial Change in Expenditures				(103)		(12)		(12)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	10,060	11,888	13,095	15,416	249	166	249	166
Transfers In	5,846	5,846	14,640	10,700	8,400	8,400	7,950	7,950
Transfers Out	196	196	552					
Balance Forward Out	7,824	8,498	15,415	249	166	109	166	109
Expenditures	7,885	9,040	11,768	25,867	8,483	8,457	8,033	8,007
Biennial Change in Expenditures				20,709		(20,695)		(21,595)
Biennial % Change in Expenditures				122		(55)		(57)
Governor's Change from Base								(900)
Governor's % Change from Base								(5)
Full-Time Equivalents	1.27	1.38	1.75	2.64	2.64	2.14	2.64	2.14

Grants & Loan Repayment Programs

Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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2403 - Gift

Balance Forward In	3	3	3	3				
Balance Forward Out	3	3	3					
Expenditures				3				
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	1	4						
Receipts	3	0		5	5	5	5	5
Balance Forward Out	4							
Expenditures		4		5	5	5	5	5
Biennial Change in Expenditures				1		5		5
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3015 - ARP-State Fiscal Recovery

Balance Forward In		30,728						
Direct Appropriation	39,775							
Cancellations	1,500	946						
Balance Forward Out	30,716							
Expenditures	7,559	29,782						
Biennial Change in Expenditures				(37,341)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.46	1.04	0.03					

Program: Licensing and Registration<https://www.ohe.state.mn.us/mPg.cfm?pageID=197>**AT A GLANCE**

- Register or exempt from registration 145 postsecondary providers to operate in Minnesota – providing consumer protections for students and their families.
- License or exempt from licensure 243 postsecondary providers to operate in Minnesota – providing consumer protections for students and their families.
- Administer state authorization reciprocity for 62 Minnesota postsecondary institutions to offer distance education in other states- increasing student choice and access without minimal reductions of consumer protections for students and families and reduces enrollment costs for out-of-state students.

PURPOSE AND CONTEXT

OHE's Licensing & Registration division protects consumers (students) by licensing and registering private degree and non-degree institutions. These services contribute to OHE's mission to support Minnesotans pursue and complete higher education by protecting and informing educational consumers and increasing access to quality credentials that will improve individual quality of life.

Consumer protections include minimum standards, monitoring for abrupt closures, ensuring the maintenance of student transcripts of closed schools, and requiring remediation of inaccurate advertising and marketing material. The division is also responsible for administering Minnesota's participation in a national State Authorization Reciprocity Agreement (SARA). The reciprocity agreement allows Minnesota-based participating institutions to enroll students in 49 states and several territories without licensing or registration requirements and increases student choice to an additional 2,600 colleges and universities that offer distance education programs.

In addition, the division is responsible for responding to transcript requests from former students of closed schools. Transcripts are important to the economic mobility of students as prior credits can be transferred to new programs, employers can require transcripts for employment verification, prior credit information is required for some Minnesota financial aid programs under Chapter 136A, and transcripts are necessary to apply for a ladder credential, graduate school, or a professional license or certification. OHE fulfills approximately 2,500 transcript requests from students of closed schools in Minnesota.

SERVICES PROVIDED

Regulatory Services protects consumers by licensing and registering private degree and non-degree institutions by:

- Ensuring that schools operating in Minnesota, or providing education to Minnesotans, meet quality standards
- Monitoring school compliance to Minnesota statutes and degree standards
- Monitoring school compliance with the requirements of the national state authorization reciprocity agreement
- Providing information and assist students to resolve disputes with schools
- Consumer complaints are accepted, reviewed, and investigated by division staff
- When necessary, OHE assists schools with revision of programs, revisions to, or the closing of, an entire school

By carrying out the statutory requirements of state authorization, the division is able to track institutions that are at risk of closure and mitigate potential harms to a student that is attending a school at risk of closure, reduce the economic costs and negative outcomes for students when marketing materials include inaccurate or misleading information, and requiring remediation of a school's policy and procedures to correct for actions that were causing harm to students.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of postsecondary institutions registered annually	Quantity	Applications approved by OHE	The number of registered institutions fluctuates based on membership to the national reciprocity agreement. If institutions lose their reciprocity status, they must individually apply for state authorization. Some institutions become authorized under SARA and drop their state authorization status.	<u>Registered Institutions</u> - 121 <u>Registered Exempt Institutions</u> - 24 <u>SARA Institutions</u> - 62
Number of postsecondary institutions licensed annually	Quantity	Applications approved by OHE	The number of licensed institutions fluctuates based pipeline gaps for technical and trade programs. OHE also sees small-licensed schools opening and closing depending on economic conditions of the state and workforce shortages.	<u>Licensed Institutions</u> - 139 <u>Licensed Exempt Institutions</u> - 104
Number of transcript requests for closed schools	Quantity	Transcript requests submitted to OHE	OHE continues to see an increased number of transcript requests from students. School closures result in increased transcript requests.	2,500

M.S.136A.01 (<https://www.revisor.mn.gov/statutes/cite/136A.01>) provides OHE's legal authority to license and register private collegiate and career schools.

M.S. 136A.61 to 136A.71 (<https://www.revisor.mn.gov/statutes/cite/136A>) – 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.

M.S. 136A.82 to 136A.834 (<https://www.revisor.mn.gov/statutes/cite/136A>) – Minnesota Private Career School Act provides the legal authority for the Licensure of non-degree- granting private career schools in Minnesota.

Licensing & Registration

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

2000 - Restrict Misc Special Revenue	662	597	753	729	628	655	969	996
Total	662	597	753	729	628	655	969	996
Biennial Change				223		(199)		483
Biennial % Change				18		(13)		33
Governor's Change from Base								682
Governor's % Change from Base								53

Expenditures by Activity

PIR/PCS Licensure	662	597	753	729	628	655	969	996
Total	662	597	753	729	628	655	969	996

Expenditures by Category

Compensation	405	431	448	492	492	492	833	833
Operating Expenses	258	166	305	237	136	163	136	163
Other Financial Transaction		0						
Total	662	597	753	729	628	655	969	996

Total Agency Expenditures	662	597	753	729	628	655	969	996
Internal Billing Expenditures	40	38	44					
Expenditures Less Internal Billing	622	559	709	729	628	655	969	996

Full-Time Equivalents

3.54	3.74	3.60	3.60	3.60	3.60	3.60	3.60
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Licensing & Registration

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
2000 - Restrict Misc Special Revenue								
Balance Forward In	1,068	674	685	446	123		123	
Receipts	266	510	514	406	505	655	846	996
Balance Forward Out	672	587	446	123				
Expenditures	662	597	753	729	628	655	969	996
Biennial Change in Expenditures				223		(199)		483
Biennial % Change in Expenditures				18		(13)		33
Governor's Change from Base								682
Governor's % Change from Base								53
Full-Time Equivalents	3.54	3.74	3.60	3.60	3.60	3.60	3.60	3.60

Program: OHE Administration

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

Audit Reports: Campus Financial Aid Administrator Resources

(<https://www.ohe.state.mn.us/mPg.cfm?pageID=891>)

AT A GLANCE

- Provide strategic fiscal leadership, oversight, and support for agency leadership and programs, while managing processes and transactions related to OHE's \$392 million annual budget.
- Manage all litigation for the agency, strategize legal services for each agency unit, train program managers and staff on the code of conduct and data practices policies, and provide direction to program units to ensure the agency is meeting all statutory and regulatory obligations in implementation of its work.
- Support an equitable workforce and inclusive culture for the agency's 84 full time staff through reviewing and updating policies and procedures, promoting training and professional development opportunities, and internal communication and events.
- Audit postsecondary schools that participate in OHE-administered financial aid programs with the goal of ensuring students receive the correct amount of eligible aid.

PURPOSE AND CONTEXT

Agency Administration encompasses several internal operations/divisions of OHE, including Financial Services, Human Resources, General Counsel, 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. General Counsel provides guidance to agency leadership and programming staff regarding legal and compliance issues. The Audit division helps to ensure the appropriate use of state resources by providing training and conducting audits for program recipients.

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 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.
- Support and represent the agency in legal and compliance matters including direct litigation and acting as the agency's key point of contact with the Minnesota Attorney Generals Office.
- 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.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Material findings in Certified Audited Financial Statements.	Result	Annual Certified Audited Financial Statements for 2017-2023, prepared in accordance with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAS).	OHE continues to have strong internal controls in place to address accounting standards per the Governmental Accounting Standards Board (GASB). This has resulted in consistent audits with no material findings.	2017 – No findings 2018 – No findings 2019 – No findings 2020 – No findings 2021 – No findings 2022 – No findings 2023 – No findings
Number of student files audited from postsecondary institutions participating in state aid.	Quantity	OHE Audit records	OHE has seen significant increases in the number of audits performed going from 1,087 in FY22 to 1,645 in FY23	1,645
SELF Program bond ratings. 2018 Issuance (2018 Senior Series) 2020 Issuance (2020 Senior Series) 2023 Issuance (2023 Senior Series)	Quality	S&P Global Ratings	OHE's bond ratings have remained stable over time.	AA (sf) AA (sf) AA (sf)
Completion Rate of employee Individual Development Plans	Result	OHE HR records	N/A	95%

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

M.S. 136A.171 to 136A.187 (<https://www.revisor.mn.gov/statutes/cite/136A>) provide the legal authority for the issuance of student loan revenue bonds.

M.S. 136A.01, Subd. 2. (a)(1) and 136A.1313 (<https://www.revisor.mn.gov/statutes/cite/136A>) provide the legal authority for OHE's audit functions.

OHE Administration

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General	3,680	4,496	5,309	7,648	6,017	6,017	6,179	6,345
2000 - Restrict Misc Special Revenue	254	300	527	719	693	561	693	561
Total	3,934	4,796	5,836	8,367	6,710	6,578	6,872	6,906
Biennial Change				5,473		(915)		(425)
Biennial % Change				63		(6)		(3)
Governor's Change from Base								490
Governor's % Change from Base								4

Expenditures by Activity

OHE Administration Activities	3,934	4,796	5,836	8,367	6,710	6,578	6,872	6,906
Total	3,934	4,796	5,836	8,367	6,710	6,578	6,872	6,906

Expenditures by Category

Compensation	2,566	3,031	3,706	4,649	4,571	4,576	4,733	4,904
Operating Expenses	1,342	1,688	2,100	3,718	2,139	2,002	2,139	2,002
Grants, Aids and Subsidies	26	77	30					
Total	3,934	4,796	5,836	8,367	6,710	6,578	6,872	6,906

Full-Time Equivalents

	21.71	27.35	31.36	32.59	32.59	32.59	32.59	32.59
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OHE Administration

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		1,175		1,012				
Direct Appropriation	4,504	4,504	6,336	6,651	6,032	6,032	6,194	6,360
Transfers Out	57	1,132	15	15	15	15	15	15
Cancellations		50						
Balance Forward Out	766		1,012					
Expenditures	3,680	4,496	5,309	7,648	6,017	6,017	6,179	6,345
Biennial Change in Expenditures				4,781		(923)		(433)
Biennial % Change in Expenditures				58		(7)		(3)
Governor's Change from Base								490
Governor's % Change from Base								4
Full-Time Equivalents	20.24	25.68	28.83	30.06	30.06	30.06	30.06	30.06

2000 - Restrict Misc Special Revenue

Balance Forward In	953	1,055	1,016	818	484	176	484	176
Receipts	353	265	329	385	385	385	385	385
Internal Billing Receipts	346	264	329	350	350	350	350	350
Transfers Out	11	13						
Balance Forward Out	1,041	1,008	818	484	176		176	
Expenditures	254	300	527	719	693	561	693	561
Biennial Change in Expenditures				692		8		8
Biennial % Change in Expenditures				125		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.47	1.67	2.53	2.53	2.53	2.53	2.53	2.53

Office of Higher Education

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
US Department of Education 84.176	Paul Douglas Repayment Program - Teacher Collection of Loan Repayment funds from 1 student each year that did not complete the teaching obligation under this program (which stopped taking new participants in FY 1996).	\$ -	\$ 5	\$ 5	\$ 5	No	-
US Department of Justice 16.816	Minnesota John R Justice Loan Repayment Program for Public Defenders and Prosecutors - Provides awards to 32 public prosecutors and defenders each year.	\$ 39	\$ 93	\$ 114	\$ 114	No	-
US Department of Education 84.334	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) - An intervention program that works with low-income students and those under-represented in postsecondary education to prepare them for education after high school. The program serves students in 5th through 12th grade. The program has a dollar for dollar matching requirement, in cash or in-kind – the match includes both state resources and resources from partner schools.	\$ 5,282	\$ 7,471	\$ 4,450	\$ 4,450	Dollar for Dollar soft-match required	21
Federal Fund – Agency Total		\$ 5,321	\$ 7,569	\$ 4,569	\$ 4,569		21

Narrative

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.

Paul Douglas Repayment Program - 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.

Gaining Early Awareness and Readiness for Undergraduate Programs (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 just received a 7-year GEAR UP grant beginning with FY2025, the grant performance period runs from 9/01/2024 through 8/31/2031. The Agency will submit a proposal for an additional round of funding as the 7-year grant wraps up. Continuation of all 21 FTE charged supported by the grant is contingent on OHE's ability to receive continued funding. The grant has a dollar for dollar soft-match requirement which is met primarily with in kind match funds from OHE and its partner organizations, as well as from a state funded Get Ready appropriation with a base of \$180,000 per year.