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Minnesota Office of Higher Education

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

AT A GLANCE

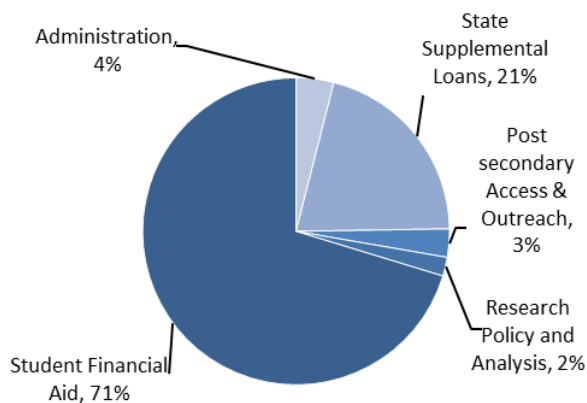
- OHE's 66 full-time employees efficiently and effectively administer over 20 financial aid and grant programs, manage low-interest rate in-school student loan and refinance programs, provide consumer protection by licensing and registering postsecondary institutions, and run numerous outreach and access programs – all contributing to the agency's mission of supporting the pursuit and completion of a higher education credential by every Minnesotan.
- Minnesota State Grant program, the largest of OHE's student financial aid programs, provided need-based financial aid to 79,805 students and awarded \$208M in FY2019.
- Student Education Loan Fund (SELF) disbursed \$65.7M in low interest loans to 7,662 low-income students in 2018-19.
- Protects consumers by registering and licensing 178 post-secondary institutions in the state of Minnesota and overseeing approximately 110 schools that disburse state aid and loan funds.
- Minnesota Indian Scholarship served 879 students and awarded \$2.86M in FY2019.
- Published original research on postsecondary education, state student financial aid programs, student financing issues, retention, and completion.
- The Get Ready program is a college readiness program, funded by a federal grant of \$3.46M per year, and targeted to low-income students.
- Minnesota 529 College Savings Plan supports 72,774 active accounts, 41,194 account holders, and \$1.6B in assets.

PURPOSE

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

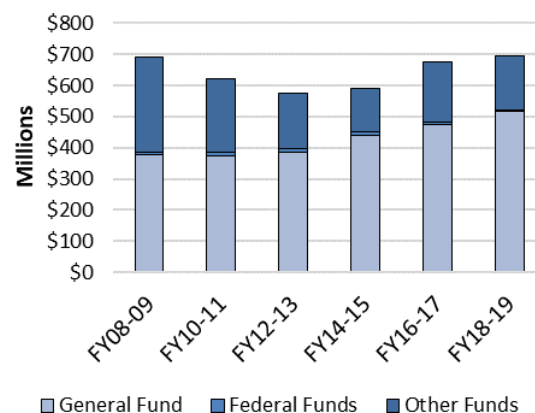
BUDGET

**Spending by Category
FY 2019 Actual**



Source: Budget Planning & Analysis (BPAS)

Historical Spending



Source: Consolidated Fund Statement
 "Other Funds" includes the Office of Higher Education fund,
 which is not in the consolidated fund statement

STRATEGIES

- **Financial aid administration:** OHE administers numerous financial aid programs, including the State Grant, Child Care Grants, Work Study, American Indian Scholarships, Occupational Scholarships, Dual Training, and the SELF Loan Program. We work closely with approved postsecondary institutions to manage and disburse funds to students, which allow them to enroll, persist, and complete postsecondary education.
- **Policy and research activities:** We conduct original, independent research to provide lawmakers, educators, 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 (ECLS), which leverage data from birth/early childhood, K-12 education, postsecondary education, workforce training and employment. SLEDs and ECLS provide data to inform early care, education and workforce policy and practice in Minnesota.
- **Consumer protection:** We register or license approximately 178 private non-profit and for-profit postsecondary institutions and oversee 110 of those schools that disburse state aid and loan funds. In 2016, we added an Institutional Monitoring Specialist position, created to provide support and information to students who have a dispute with their postsecondary institution, to monitor compliance of statutory compliance, and to work with institutions to implement best practices in postsecondary education.
- **Minnesota 529 College Savings Plan:** We work closely with the Teachers Insurance and Annuity Association of America (TIAA) to administer a program allowing families to save for future postsecondary education expenses in tax-advantaged accounts.
- **Get Ready:** Get Ready is a college readiness program, funded by a federal GEAR UP grant of \$3.46M/year. The state continues to experience racial inequities in the areas of postsecondary enrollment, retention, and completion. While college aspirations are high (over 90% across grade levels) amongst students of color, program data shows that lower rates of academic preparedness, academic tenacity, college knowledge, and a perceived lack of affordability act as significant barriers to postsecondary enrollment and completion. Through evidence-based postsecondary readiness interventions, Get Ready is working to eliminate these inequities by building schools' capacity to equip students and families with the necessary information, skills, tools, and strategies for overcoming these barriers. Get Ready is also committed to forming strong partnerships with employers, postsecondary institutions, and community organizations to ensure long-range sustainability in postsecondary readiness services after the GEAR UP grant expires.

M.S.136A <https://www.revisor.mn.gov/statutes/?id=136A> provides legal authority for OHE's student financial aid services.
M.S. 136G.01-136G.14 <https://www.revisor.mn.gov/statutes/cite/136G> provides legal authority for the Minnesota College Savings Plan.
M.S. 136A.61 – 82 <https://www.revisor.mn.gov/statutes/cite/136A.821> provides legal authority for OHE's licensing and registration services.

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	252,998	264,499	257,996	265,421	262,498	262,498	286,257	285,447
2000 - Restrict Misc Special Revenue	1,177	1,268	1,242	1,067	843	855	843	855
2001 - Other Misc Special Revenue	2,347	6,676	8,012	7,155	6,345	6,350	6,345	6,350
2403 - Gift		27		3				
3000 - Federal	2,622	2,783	3,995	6,334	6,191	6,190	6,191	6,190
8300 - Office Of Higher Education	81,624	78,909	74,172	77,081	79,577	79,188	79,577	79,188
Total	340,769	354,163	345,417	357,061	355,454	355,081	379,213	378,030
Biennial Change				7,547		8,057		54,765
Biennial % Change				1		1		8
Governor's Change from Base								46,708
Governor's % Change from Base								7

Expenditures by Program

Student Financial Aid Services	241,644	251,564	247,404	251,751	251,484	251,489	272,966	272,971
State Supplemental Loans	75,760	72,744	68,628	71,500	73,900	73,500	73,900	73,500
Research, Policy, and Analysis	3,161	7,022	7,718	6,400	5,260	5,260	5,260	5,260
Postsecondary Access and Outreach	10,717	10,870	11,646	15,944	14,086	14,085	16,226	15,375
OHE Administration	9,486	11,962	10,021	11,466	10,724	10,747	10,861	10,924
Total	340,769	354,163	345,417	357,061	355,454	355,081	379,213	378,030

Expenditures by Category

Compensation	5,625	6,110	6,593	7,603	8,019	8,129	8,183	8,333
Operating Expenses	14,618	16,089	14,853	16,007	16,278	15,798	17,791	16,461
Grants, Aids and Subsidies	248,116	261,308	257,569	263,944	261,650	261,647	283,732	283,729
Capital Outlay-Real Property		542						
Other Financial Transaction	72,410	70,114	66,401	69,507	69,507	69,507	69,507	69,507
Total	340,769	354,163	345,417	357,061	355,454	355,081	379,213	378,030

Total Agency Expenditures	340,769	354,163	345,417	357,061	355,454	355,081	379,213	378,030
Internal Billing Expenditures	225	216	316	429	413	413	413	413
Expenditures Less Internal Billing	340,543	353,947	345,101	356,632	355,041	354,668	378,800	377,617

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Full-Time Equivalents</u>	61.48	64.17	66.57	74.03	76.03	76.03	77.03	77.03

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In	3,178	12,148	330	6,028				
Direct Appropriation	260,036	256,501	269,133	270,008	267,773	267,773	291,332	290,522
Transfers In	3,675	11,016	2,365	1,026	671	671	686	686
Transfers Out	5,569	14,880	7,750	6,301	5,946	5,946	5,761	5,761
Cancellations	35	262	53	5,340				
Balance Forward Out	8,287	24	6,029					
Expenditures	252,998	264,499	257,996	265,421	262,498	262,498	286,257	285,447
Biennial Change in Expenditures				5,920		1,579		48,287
Biennial % Change in Expenditures				1		0		9
Governor's Change from Base								46,708
Governor's % Change from Base								9
Full-Time Equivalents	22.25	24.39	24.71	27.15	28.65	28.65	29.65	29.65

2000 - Restrict Misc Special Revenue

Balance Forward In	2,788	2,814	2,207	2,483	2,359	2,506	2,359	2,506
Receipts	1,195	627	1,519	943	990	991	990	991
Internal Billing Receipts	193	216	316	407	407	407	407	407
Balance Forward Out	2,806	2,173	2,484	2,359	2,506	2,642	2,506	2,642
Expenditures	1,177	1,268	1,242	1,067	843	855	843	855
Biennial Change in Expenditures				(136)		(611)		(611)
Biennial % Change in Expenditures				(6)		(26)		(26)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.76	6.37	5.55	5.15	5.35	5.35	5.35	5.35

2001 - Other Misc Special Revenue

Balance Forward In	3,830	6,308	7,151	4,994	3,854	3,159	3,854	3,159
Receipts	457	312	206	365				
Transfers In	4,288	5,716	5,846	5,846	5,846	5,846	5,846	5,846
Transfers Out	66	66	196	196	196	196	196	196
Balance Forward Out	6,162	5,594	4,994	3,854	3,159	2,459	3,159	2,459
Expenditures	2,347	6,676	8,012	7,155	6,345	6,350	6,345	6,350
Biennial Change in Expenditures				6,144		(2,472)		(2,472)

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
Biennial % Change in Expenditures				68		(16)		(16)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.48	1.63	1.45	2.00	1.60	1.60	1.60	1.60

2403 - Gift

Balance Forward In	30	30	3	3				
Balance Forward Out	30	3	3					
Expenditures	27		3					
Biennial Change in Expenditures				(24)		(3)		(3)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	0	0	0					
Receipts	2,622	2,783	3,994	6,334	6,191	6,190	6,191	6,190
Expenditures	2,622	2,783	3,995	6,334	6,191	6,190	6,191	6,190
Biennial Change in Expenditures				4,923		2,052		2,052
Biennial % Change in Expenditures				91		20		20
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	16.98	17.97	20.01	24.23	24.23	24.23	24.23	24.23

8300 - Office Of Higher Education

Balance Forward In	139,873	179,650	130,192	189,149	199,346	171,497	199,346	171,497
Receipts	121,738	28,874	133,152	87,300	51,750	82,050	51,750	82,050
Transfers In			3,000					
Transfers Out	379	36	3,023	22	22	22	22	22
Balance Forward Out	179,609	129,578	189,150	199,346	171,497	174,337	171,497	174,337
Expenditures	81,624	78,909	74,172	77,081	79,577	79,188	79,577	79,188
Biennial Change in Expenditures				(9,280)		7,512		7,512
Biennial % Change in Expenditures				(6)		5		5

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.01	13.81	14.85	15.50	16.20	16.20	16.20	16.20

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 1000 - General				
FY2021 Appropriations	268,883	268,883	268,883	537,766
Base Adjustments				
Current Law Base Change		(1,110)	(1,110)	(2,220)
Forecast Base	268,883	267,773	267,773	535,546
Change Items				
Workforce Stabilization Program		17,500	17,500	35,000
State Grant Hold Harmless		3,150	3,150	6,300
Emergency Assistance for Postsecondary Students Expansion		650	650	1,300
Direct Admissions Minnesota		925	75	1,000
Summer Learning Acceleration and College Readiness Initiatives		1,215	1,215	2,430
Teacher Candidate Grants Increase and Modifications		2,700	2,700	5,400
Summer Learning Acceleration and College Readiness Initiatives - Summer 2021	1,125			
Operating Adjustment		137	177	314
Dual Training Grant Transfer to DLI		(200)	(200)	(400)
Interstate Tuition Reciprocity Reduction		(2,518)	(2,518)	(5,036)
Total Governor's Recommendations	270,008	291,332	290,522	581,854
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,067	843	855	1,698
Forecast Base	1,067	843	855	1,698
Total Governor's Recommendations	1,067	843	855	1,698
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	7,155	6,345	6,350	12,695
Forecast Base	7,155	6,345	6,350	12,695
Total Governor's Recommendations	7,155	6,345	6,350	12,695
Fund: 2403 - Gift				
Planned Spending	3			
Forecast Base	3			
Total Governor's Recommendations	3			
Fund: 3000 - Federal				
Planned Spending	6,334	6,191	6,190	12,381
Forecast Base	6,334	6,191	6,190	12,381
Total Governor's Recommendations	6,334	6,191	6,190	12,381

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Fund: 8300 - Office Of Higher Education				
Planned Spending	77,081	79,577	79,188	158,765
Forecast Base	77,081	79,577	79,188	158,765
Total Governor's Recommendations	77,081	79,577	79,188	158,765
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	943	990	991	1,981
Total Governor's Recommendations	943	990	991	1,981
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	365			
Total Governor's Recommendations	365			
Fund: 3000 - Federal				
Forecast Revenues	6,334	6,191	6,190	12,381
Total Governor's Recommendations	6,334	6,191	6,190	12,381
Fund: 8300 - Office Of Higher Education				
Forecast Revenues	87,300	51,750	82,050	133,800
Total Governor's Recommendations	87,300	51,750	82,050	133,800
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	5,151	5,597	5,055	10,652
Total Governor's Recommendations	5,151	5,597	5,055	10,652

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Minnesota Workforce Stabilization Grants

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	17,500	17,500	17,500	17,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	17,500	17,500	17,500	17,500
FTEs	1	1	1	1

Recommendation:

The Governor recommends \$17.5 million per year for targeted grants for reskilling and workforce stabilization. This program will benefit approximately 20,300 students who are eligible for grants to cover tuition and fees based on their income or are working in an industry that has been impacted by COVID-19.

Rationale/Background:

Through the Minnesota Workforce Stabilization Grant program, Minnesotans will be able to take a step forward toward learning new skills by applying for grants to attend a public or tribal college on their path to careers that are high need for the state. The Minnesota Workforce Stabilization Grant program offers the opportunity for Minnesotans, who have been impacted by the pandemic, to pursue their dreams. This tuition-free path to continue education and training in high need areas not only offers increased wages for individuals, but also equips Minnesota businesses with the highly trained workforce they need to be competitive in today's economy.

Proposal:

This proposal provides funding for individuals for critical reskilling.

Entry into the Workforce Stabilization Grant Program is provided via two pathways:

- Workers impacted by COVID - Limited to Minnesota residents with a high school diploma or equivalent who have worked in a critical industry, have been eligible to apply for unemployment benefits or pandemic unemployment, or are “at risk” due to their employment in a relatively instable industry. Income limit is \$80,000, based on family adjusted gross income.
- Lower-income students whose education was negatively impacted by COVID. Income limit \$50,000, based on family adjusted gross income.

In order to be eligible for a Minnesota Workforce Stabilization Grant, individuals must:

- Be a Minnesota resident as defined in 136A.101 Subd.8,
- Have a high school diploma or equivalent (ex: MN Adult Diploma, GED),
- Meet one of the following criteria:
 - Have worked in a critical industry listed in Executive Order 20-74 at least part-time between March 1, 2020 – December 31, 2021,
 - Have been eligible to apply for unemployment benefits (all programs) between March 1, 2020 – December 31, 2021, or
 - Deemed “at risk” due to their employment in an instable industry,

- d. Can demonstrate their postsecondary education or training was disrupted or adversely affected by COVID-19.
4. Have income reported on the state aid application less than \$50,000 (lower income students) and \$80,000 (workers),
5. Have not yet earned a bachelor's degree,
6. Not be in default on a state or federal student loan, and
7. Complete a state aid application.

Minnesota Workforce Stabilization grants are calculated by subtracting funding for training or education provided by a DEED-administered program and any grant and scholarship aid received by a student. Annual grants would be limited to 100% of the tuition and fees charged the student plus books and supplies as determined in the student's federal cost of attendance. Students may receive grants for three consecutive semesters (e.g. fall, spring, and summer) during a single fiscal year. Estimated awards are listed in Table 1 on the next page.

To receive a Minnesota Workforce Stabilization Grant, individuals must:

1. Enroll in one or more credits at a public college or tribal college,
2. Enroll in a certificate, associate's degree, diploma, bachelor's degree, or industry-recognized credential program designated as high need by the Commissioner of OHE, in collaboration with Minnesota State, Tribal Colleges, Minnesota Departments of Labor and Industry, and Employment and Economic Development.
 - a. "High Need" programs, include but are not limited to:
 - i. Programs leading to high demand occupations
 - ii. Programs leading to occupations with a high vacancy rate (defined as a vacancy rate above the economy-wide job vacancy rate for the same survey period, and
 - iii. Programs that support the state's economic vitality.

In addition to the grants to individuals, this proposal funds \$275,000 annually for IT adaptations to the agency's financial aid system, \$200,000 each year for marketing and outreach, and \$125,000 annually for agency staff to administer the program. Below are the estimated grants based on current enrollment estimates.

Table 1. Estimated Grants

Pathways	Family Adjusted Gross Income	Number of Students	Total Spending	Average Award
Education Impact - Lower Income students	Less than \$20,000	2,700	\$1,300,000	\$500
	\$20,000 to \$39,999	4,700	\$3,400,000	\$700
	\$40,000 to \$49,999	2,200	\$3,700,000	\$1,700
	Total	9,600	\$8,400,000	\$900
Employment Impact - Workers	Less than \$20,000	4,000	\$1,300,000	\$300
	\$20,000 to \$39,999	4,300	\$3,400,000	\$800
	\$40,000 to \$49,999	1,000	\$1,300,000	\$1,300
	\$50,000 to \$59,999	600	\$1,000,000	\$1,600
	\$60,000 to \$79,999	800	\$1,500,000	\$1,900
	Total	10,800	\$8,500,000	\$800
Total	Total	20,300	\$16,900,000	\$800

Impact on Children and Families:

Incumbent workers were significantly impacted by COVID-19 and the resulting economic consequences. Adult learners are more likely to have children than “traditional” first-time college students, and often cite being able to better support their families as a main reason for going back to school and pursuing a higher education credential. This proposal further expands an effective strategy that centers on equity and increasing outcomes for adult learners and their families.

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

Equity and Inclusion:

Persons of color and indigenous persons comprised a significant portion of workers impacted by COVID-19 and its economic ramifications. Increasing the completion rates for persons of color in Minnesota will reduce the gap in educational attainment between Whites and American Indian, Black and Hispanic students. This proposal is an effective, equity-centered strategy to increase the prosperity and economic vitality for Minnesotans statewide, especially Minnesotans of color. Federal funding policies have created a situation in which certain groups (e.g. Minnesota Prosperity/DREAM Act students and students without a high school credential) are ineligible for federal funding. Under this proposal critically under-served students receive assistance in paying for additional education.

Results:

As a new program, specific program performance measures will be used. A cost-benefit analysis from Minnesota Management and Budget’s Results First division found that need-based grants that are dependent on income and family size are a proven effective measure that increases student persistence and graduation. For every dollar invested in need-based grants, state and local taxpayers receive a total of \$4.10 in direct benefits and increased labor market earnings from program participants.

Quantity: How many students received scholarships? How many persisted term to term?

Quality: How many students completed an eligible program? How many students are employed in their field?

Result:

- For COVID-19 impacted workers, how do post-participation employment outcomes compare to pre-participation employment outcomes and pre-COVID-19 employment outcomes?
- For low-income students, how do post-participation employment outcomes compare to those of peers with higher incomes or similar sample of students before the program was available?

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: State Grant Hold Harmless

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund					
Expenditures	(5,000)	3,150	3,150	3,150	3,150
Revenues		0	0	0	0
Other Funds					
Expenditures		0	0	0	0
Revenues		0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(5,000)	3,150	3,150	3,150	3,150
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends cancelling \$5 million of available resources in FY 2021 due to a decline in enrollment following the onset of the COVID-19 pandemic. The Governor also recommends investing \$3.15 million in FY 2022 and beyond in the State Grant program to provide all Minnesotans with the promise of upward economic mobility through postsecondary attainment.

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 FY 2020 awarded approximately \$208 million in grants to approximately 77,500 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.

- 58% of students receiving a State Grant have family incomes less than \$40,000.

Minnesota State Grants primarily assist students at public institutions.

- 61% of students receiving a State Grant are at a Minnesota State College or Minnesota State University
- 15% at the University of Minnesota, and
- 23% at a private college or university.

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

Minnesota ranks 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 (\$922) lags leading states such as South Carolina (\$2,230) by more than \$1,000 according to the National Association of State Scholarship and Grant Aid Programs (2018).

For Fiscal Year 2021, the Office of Higher Education increased grants to students using its authority in Minnesota statutes to spend down unexpended funds by increasing the Living and Miscellaneous Expense (LME) allowance portion of the state grant formula, ensuring that students have a minimum standard of living and resources to pay for books and supplies without having to compromise meals and housing. The LME increased from \$10,144 (106% of federal poverty guideline for a household size of 1 for 9 months) to \$10,530 (approximately 110% of the federal poverty guideline). This temporary one-year increase allowed all eligible students to receive an increase in their state grant award. Full-time students saw an increase of \$193 in their state grant annual award. Beginning July 1, 2021, the LME will revert back to 106% of federal poverty guidelines (estimated \$10,319) resulting in all eligible students seeing a decline in their state grant award. Full-time students will see a decrease of \$106 in their state grant annual award.

Proposal:

The Governor recommends increasing the appropriation to the state grant program by \$3.15 million per year beginning in FY 2022 to maintain the current dollar amount of the LME (\$10,530).

In FY2021, OHE exercised its statutory authority to increase the LME in order to spend down a projected balance in the State Grant program by increasing the LME to \$10,530. This is roughly equivalent to 110% of the poverty level in FY2021. This change provides students with additional grant funding to help cover the costs of books, supplies, food, housing, and other living expenses. Maintaining the LME at this level ensures students do not see a reduction in State Grant awards for FY2022, when the LME reverts to parameters set in law. Without action, the LME will revert to an estimated \$10,319 in FY2022. This recommendation ensures continued affordability of Minnesota's postsecondary education system, particularly for low-wage working adults and middle-income families impacted by COVID-19, to ensure a strong foundation of skilled workers supporting the infrastructure of Minnesota's economy. More than 40% of State Grant recipients are students of color and indigenous students.

Equity and Inclusion:

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

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Previous</i>	<i>Previous</i>	<i>Current</i>
Quantity	Students Served – Applications Received	FY2017 145,724	FY2018 135,969	FY2019 131,983	FY2020 129,54213 0,070
	Students Served – Number of Recipients	81,027	80,793	79,805	77,544
Quantity	Percent of applicants who are students of color and indigenous students	30.3%	31.7%	32.7%	32.8%
	Percent of recipients who are students of color and indigenous students	37.1%	38.1%	39.6%	40.6%
Quality	Net Price (Tuition & Fees plus other expenses less grants) – First-time, full-time undergraduate receiving Title IV Financial Aid Incomes \$0-\$30,000	2014-15 Entering Students \$13,000	2015-16 Entering Students \$12,900	2016-2017 Entering Students \$12,438	2017-2018 Entering Students \$13,163
	Incomes \$30,001-\$48,000	\$13,500	\$13,200	\$12,825	\$13,019
	Incomes \$48,001-\$75,000	\$16,300	\$16,100	\$14,635	\$15,544
Results	Cumulative Debt - Certificates	2016-2017 Graduates \$10,536	2017-2018 Graduates \$10,009	2018-2019 Graduates \$10,288	2019-2020 Graduates n/a
	Cumulative Debt – Associate Degrees	\$16,594	\$16,297	\$15,562	n/a
	Cumulative Debt – Bachelor’s Degrees	\$25,568	\$25,453	\$24,686	n/a

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Emergency Assistance for Postsecondary Students (EAPS) Expansion

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	650	650	650	650
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	650	650	650	650
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$650,000 per year for the Emergency Assistance for Postsecondary Students (EAPS) Grant Program to meet immediate student basic needs. EAPS provides financial resources to students experiencing severe financial hardships that may prevent them from continuing their post-secondary education. This proposal would increase the number of students receiving emergency grants.

Rationale/Background:

EAPS was created by the 2017 Minnesota legislature, directing Minnesota Office of Higher Education (OHE) to establish a grant program for postsecondary institutions in Minnesota to allocate grant funds on a matching basis to schools with a demonstrable homeless population and to meet student needs that could result in a student not completing the term or their program, including, but not limited to: emergency housing, food, and transportation.

Many students from lower-income backgrounds lack the financial support or family resources to both pay for college expenses and support themselves while attending college. Some have additional roles as parents and caregivers, working to support family members while in school. Students that fit this profile are sometimes forced to choose between college attendance and tending to basic needs such as food, housing, or transportation, especially when unexpected expenses arise.

The onset of the COVID-19 pandemic has drastically impacted the enrollment and success of low-income college students. Many students have experienced unanticipated job loss not accounted for in their financial aid package. On top of financial instability, students may struggle with their health and the health of their families, childcare resources, housing instability, domestic violence, and food insecurity. These students, many of whom are committed to achieving a college credential and subsequent economic security, are struggling to remain in college without many of the supports that were available pre-COVID.

In a recent basic needs survey of 43,000 college students across the country, 36% of students reported experiencing food insecurity within the 30 days preceding the survey, and 36% of all respondents experienced housing insecurity within the last year, with 9% homeless within the last year¹. Despite Minnesota's robust economy and high quality of living, student food insecurity and homelessness mirror the national survey results. According to a 2015 survey of students at 17 Minnesota institutions, 15.8% of students experience a food

¹ Goldrick-Rab, S., Richardson, J., Schneider, J., Hernandez, A., & Cady, C. [Still Hungry and Homeless in College](#). Wisconsin HOPE Lab. (2018)

shortage and lack money to buy food. One urban community college estimates that approximately 10% of its students experience at least temporary homelessness².

The ratio of homeless to housed Minnesotans exceeds that of almost all other Midwest states, reaching 1.39% of the population (second only to Illinois at 1.95%)³. Furthermore, out of 7,668 homeless individuals in the state of Minnesota, 889 are unaccompanied young adults (ages 18-24) – more than 10% of the total homeless population in the state.

In a statewide basic needs survey conducted by the Hope Center for College, Community, and Justice, in which eight Minnesota colleges in universities collected responses from 3,460 undergraduate students, 52% of students self-identified as housing insecure and 18% identified as homeless.⁴ While Minnesota housing insecurity among students is on par with the national average, homelessness among these students exceeds the national average by one percentage point.

Students who benefit from EAPS grants can vary greatly when it comes to certain characteristics such as age. However, the majority of students who received emergency grants in FY2019 were considered low income, had one or more dependents they were caring for, were currently experiencing food insecurity, and were first generation college students. Race/ethnicity of recipients follows patterns in those communities for which they serve.

While there may be underlying issues that lead to financial insecurity, students who receive EAPS funds are often on the path toward college graduation and just need help getting over a one-time emergency so that they can continue with their studies. The EAPS program connects these students to caring and culturally competent staff, grants of up to \$1,000, and community or college resources that may lead to lasting financial sustainability.

Proposal:

This proposal is to increase the number of students receiving emergency grants, by 1) increasing the maximum request per institution and 2) to increase the number of institutions receiving grants through the EAPS program.

Funds granted to colleges and universities through the EAPS grant program are used toward creating new or bolstering existing emergency grant programs at those institutions, so that they may re-grant the funds to students who are experiencing a critical financial emergency in \$1,000 or less increments. Under this proposal that financial cap could be increased to meet larger emergency costs.

Grantees will still provide a 25% match of their total award. Proposals will be selected for funding through an RFP process led by a group of stakeholders with expertise in various aspects of the program, including: financial aid, personal experience with homelessness/food insecurity/financial instability, student experience, youth homelessness, food and hunger initiatives, student mental health, college retention, etc.

Grant awards currently do not exceed \$43,000 per grantee based on a maximum funding request cap enforced by OHE. Under this proposal the new maximum funding request cap will be set at \$65,000.

Impact on Children and Families:

An increased funding in EAPS is an investment in the students who are the most susceptible to dropping out of college but have the most to gain from being successful in college. This program has proven to keep students in college at greater rates than their peer groups. Anywhere from 64%-70% of students receiving EAPS funds

² MinnPost (Producer), & Beelman, S., Kostchocka, A., Kovar, D., Serrin, B. (Directors). (2013). *No place to call home: Homeless at MCTC*. United States: YouTube.

³ Retrieved from: <https://www.usich.gov/homelessness-statistics/mn/>

⁴ Hope Center for College, Community, and Justice at Temple University. [2018 #RealCollege Survey Report: Participating Colleges in Minnesota](#). (2019).

are student-parents (depending on the year), so many of these funds are directly supporting families and children with parents in college.

Equity and Inclusion:

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

Results:

Type of Measure	Name of Measure	*Previous	Current	Dates
*Results	Students Served	644	579	Academic year 2018-2019, Academic year 2019-2020
Results	Matching Grants Awarded	11	14	Academic year 2018-2019, Academic year 2019-2020

*For academic year 2018-2019 two grant cycles ran consecutively, thus results shown are a sum of both fiscal years 2018 and 2019. Whereas the “current” results are for just fiscal year 2020.

Minnesota Office of Higher Education

FY 2020-23 Biennial Budget Change Item

Change Item Title: Direct Admissions Minnesota

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	925	75	75	75
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	925	75	75	75
FTEs	0	0	0	0

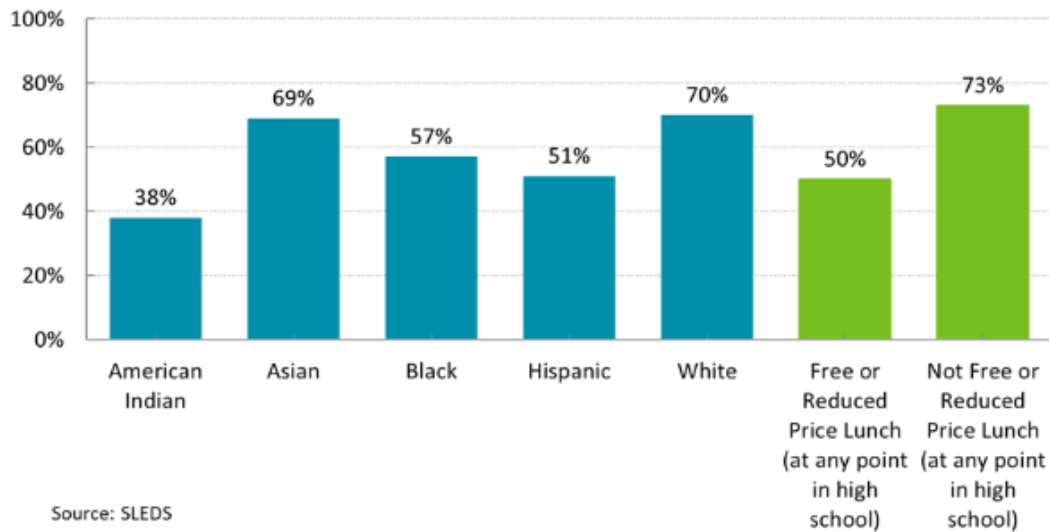
Recommendation:

The Governor recommends \$1 million in FY22-23 and \$75,000 in each year after for the new initiative Direct Admissions Minnesota, a partnership project between K-12 and higher education to create a pre-qualified or proactive admissions process for Minnesota public high school students entering their senior year seeking to enroll at institutions within the Minnesota State College and University system. This may be expanded to other public and private institutions.

Rationale/Background:

Currently, Minnesotans of color and indigenous persons are not served by the state's higher education system as well as other groups. Although Minnesota's overall educational attainment rate, as measured by completion of a postsecondary certificate or degree, is currently 62.2% for persons aged 25-44, people of color and American Indians have attainment rates that are significantly lower. American Indians, Hispanic/Latino, and Blacks have attainment rates of 28%, 28%, and 37% respectively. Disparities in attainment are also found in college participation rates of high school graduates as shown in Figure 1 on the next page. This proposal would facilitate transition of high school students, particularly students of color, American Indian students, and lower income students to a postsecondary program by creating a direct admissions pathway.

Figure 1. College Participation Rates for Minnesota Public High School Graduates Enrolled in Minnesota or Out of State in the Immediate Fall after Graduation, Class of 2018



Proposal:

It is proposed to develop the initiative Direct Admissions Minnesota piloting with 10 K-12 schools, as a way to reduce equity gaps, provide important college-going information and signals to high school students, alleviate potential access gaps for both rural and urban populations, and eliminate the need for extensive college-going knowledge to navigate the college application process. This initiative is proposed for planning in the first fiscal year and launch in the second fiscal year (implementation occurring in Fall of 2022).

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

1. Plan and build starting structures to support work with school districts and colleges

This first phase of work involves selecting school districts for the initial year of implementation, establishing the data sharing agreements between K-12 and college partners, and setting up initial website/portal for implementation work.

This phase requires a minimal level of funding, \$25,000, to cover potential IT and legal expenses incurred by participating organizations.

2. Implementation

Phase two work involves recurring convening of the participating organizations as the Direct Admissions Implementation working group, creating materials for dissemination, developing trainings, and building infrastructure. This is estimated to cost \$900,000. The working group will:

- determine the consensus standards for admissions to be used;
- determine the feasibility of using K-12 student information systems at the school/district to supply needed data;
- test assumptions about processing of data;
- agree on operational logistics;
- execute modifications to IT systems;
- design/produce materials for students and parents, staff, external audiences, and
- prepare participating colleges and schools via staff training.

One key implementation goal is to establish processes and identify structures that can minimize costs related to expansion of Direct Admissions Minnesota to additional school districts.

3. Launch program

Phase three focuses on outreach to students and parents about the initiative, mailing of the first letters to students and the first letters for parents, student follow-up, smoothing system glitches; and responding to questions and inquiries. This phase is estimated to cost \$75,000 each year.

A direct admissions system bypasses the typical college admissions process by proactively admitting students to college. Students, parents and guardians, and high schools receive letters indicating a student has been admitted to a set of institutions and outlines steps for how students can “claim their place” using a statewide common and free application. All students in a state are admitted to open-access institutions, and students who surpass a pre-identified threshold (based on GPA, ACT/SAT, course-taking, or a combination of measures) are automatically admitted to selective institutions. Participating colleges would agree on benchmarks to determine a student’s eligibility for direct admissions by college type.

Equity and Inclusion:

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

Results

As a new program, specific program performance measures will be used, including the percent of students of color or students eligible for free and reduced priced meals enrolling in college immediately after graduation.

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Summer Learning Acceleration and College Readiness Initiatives

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	1,215	1,215	1,215	1,215
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,215	1,215	1,215	1,215
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$1.215 million each year to address educational challenges due to the pandemic, which is disproportionately impacting the most underserved students. This will increase funding to the Office of Higher Education's Summer Academic Enrichment Program by \$500,000 annually and the Intervention for College Attendance Program by \$715,000 annually.

Rationale/Background:

Despite being the one of the top 10 most educated state in the nation, Minnesota continues to experience some of the largest disparities based on race, ethnicity, and income in terms of educational attainment. According to the National Center for Education Statistics, Minnesota ranked last and second-to-last among all states for Latino and black high school graduation rates; Minnesota placed fifth-to-last among all states in high school graduation rate among low-income students. Graduation rates for American Indian high school students are among the worst in the country.

The onset of the COVID-19 pandemic has highlighted educational and economic disparities that already existed in Minnesota. Students from underserved communities who participate in virtual learning are struggling to find and maintain digital services that can sustain their education during the pandemic, care for their families (particularly young children) so that they can concentrate on virtual learning, sustainable wages due to COVID-related job loss, and quiet space to work and study in multi-family homes. Low high school graduation rates among students of color and low-income students will not only persist through COVID, but become more severe, endangering Minnesota's economic vitality and ability to find highly skilled workers to fill open, in-demand jobs.

As the state's demographics continue to shift, and communities of color continue to grow, the need to address educational disparities in Minnesota becomes urgent. If there is not an increased and intentional investment in interrupting patterns of low-opportunity and low-achievement for these communities, Minnesota's economy will be stifled due to a shortage of a qualified workforce.

Summer breaks take a toll on students' knowledge and skills. When they report to school in the fall, they perform, on average, one month behind where they left off in the spring. Now couple that with the delays in schooling and impacts of distance learning COVID has presented. Summer (and now COVID) learning loss disproportionately affects low-income students, and this type of learning loss is cumulative over time, with the difference between the summer learning rates of low-income and higher-income students contributing substantially to the achievement gap.

Proposal:

This proposal increases funding to the Intervention for College Attendance Program (ICAP) to provide competitive grants to postsecondary institutions and community-based organizations to increase access and success of groups traditionally underrepresented in higher education by strengthening their preparation and aptitude for postsecondary success.

Under this proposal additional support will be provided for the Summer Academic Enrichment Program (SAEP) providing stipends to low income students to attend summer academic enrichment programs to increase access and success by strengthening their preparation and aptitude for postsecondary success.

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

SAEP targets students in grades 3-11, during the summer, in programs that offer opportunities to enhance needed skill developments. Income disparities are associated with reduced skills development for children with less well-educated parents, meaning that students from low-income families are less likely to excel academically as income inequality increases. SAEP continues to have a waitlist and demand year after year, this proposal will also help meet those demands.

ICAP will continue to run as a competitive program, and under this proposal the award cap would be increased.

Impact on Children and Families:

This proposal is directly related to the overall well-being of youth and their families, as we know access to higher education and a college degree lead to increased economic advancement and career flexibility. The benefits of pre-college services can be a multi-generational approach to addressing cycles of poverty and social, economic, and physical health disparities that are related to attainment gaps between wealthy Whites and low-income people of color. The proposal would increase the number of low-income 3rd-11th grade students able to participate in rigorous summer academic learning programs.

Equity and Inclusion:

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

An increased investment in ICAP is an investment in students and families whom Minnesota has historically left behind. This is not an innovation as much as it is an equalizer so that communities which have been disadvantaged by racism and cycles of poverty can have the same educational opportunities as White affluent families.

Additionally, an impact on equity would occur as rigorous course taking would enhance high school graduation for low-income students and increase their preparation for success in academic programs and the career of their choice. Representatives of these groups are administrators and staff in the academic projects that enroll low-income students and provide guidance on how to increase positive academic outcomes for the targeted student group.

Results:**Intervention for College Attendance Program**

ICAP currently uses a combination of performance measures that include high school graduation rate, college application rate, college enrollment rate, ACT scores, social -emotional development measures, number of students impacted, number of students enrolled in honors/advanced high school coursework, and college participation/retention rate, and qualitative student successes and challenges using student surveys. Current performance measures are consistently positive. In fiscal year 2020 alone, 15 programs were funded through ICAP, reaching 2,936 students.

Outcomes: High school graduation rates are higher in ICAP-funded programs than the state's average (89% in 2018). College enrollment is higher in ICAP-funded programs than the state average (90% in 2018)

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Number of Matching Grants Awarded	23	15	2018, 2020
Results	ICAP Students Served	4,060	2,936	2018, 2020
Results	College Application Rate of ICAP Seniors	88%	90%	2017, 2018

Summer Learning Acceleration and College Readiness Initiatives

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Students who participated in SAEP	801	568	2018, 2019
Results	Number of summer academic enrichment programs attended	35	36	2018, 2019
Results	Average Award	\$875	\$833	2018, 2019
Results	Total awarded	\$700,787	\$473,071	2018, 2019

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Teacher Candidate Grant Increase and Modifications

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	2,700	2,700	2,700	2,700
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,700	2,700	2,700	2,700
FTEs	0	0	0	0

Recommendation:

The Governor recommends a \$2.7 million annual appropriation increase and modifying eligibility for the Teacher Candidate Grant program administered by the Office of Higher Education (OHE). This will ensure that the funds will be available to support more teacher candidates, specifically future teachers of color, American Indian teachers and Greater Minnesota teachers, and may allow for an increase in candidate's maximum award.

Rationale/Background:

The Minnesota Teacher Candidate Grant, established in 2016, provides postsecondary financial assistance to eligible students enrolled in Minnesota teacher preparation programs. Awarded students receive grants during one term in which the student is completing a required 12-week or more student teaching experience for a Tier 3 or higher teaching license. The program currently has two goals. The first is to encourage individuals, particularly those who belong to a racial or ethnic group underrepresented in the Minnesota teacher workforce, to become teachers. The second is to encourage students to teach in Minnesota in designated license field and geographical shortage areas.

Teacher shortages exist across Minnesota, particularly teachers of color and American Indian teachers and teachers serving in greater Minnesota. This program currently maintains a significant waiting list of otherwise eligible students who are not awarded because of limited funding. OHE is also aware of additional students who would be eligible but who do not apply because they assume their applications will be placed on a waiting list.

It is known that there is a shortage of teachers in the state, particularly teachers from racial and ethnic communities of color, American Indian, and teachers in greater Minnesota.

Furthermore, financial support while attending college helps to reduce barriers to completion like maintaining stable housing, having enough food to eat, and being able to purchase the appropriate books and supplies. This is particularly important during terms in which teacher candidates are completing required student teaching experiences. These experiences often require teacher candidates to leave their current employment or drastically reduce their hours in order to serve as student teachers, which are usually unpaid.

Proposal:

This proposal seeks to streamline the Minnesota Teacher Candidate Grant program by focusing solely on encouraging individuals who belong to a racial or ethnic group underrepresented in the Minnesota teacher workforce, to become teachers. The proposal also seeks to encourage and support individuals to teach in greater Minnesota.

Under this proposal there would be increased funding provided for these targeted populations. The office has currently been setting the maximum award at \$5,000 to service more awards, but has the ability to increase to \$7,500.

According to law, OHE reserves a portion of the appropriations for teacher candidates of color and American Indian teacher candidates. The remaining funds may be awarded to any eligible teacher candidate. In FY20, the reserve funds were utilized quickly. Additionally, the program's FY2020 waiting list grew to more than 200 individuals with a great number of students on the waiting list attending teacher preparation programs in greater Minnesota. There is a clear need for an increase in the appropriation to the program. With additional funds, the program will be able to award more eligible teacher candidates and may allow for an increase the maximum award.

Based on previous applicant pools, increased funding targeted to Black, Indigenous, People of Color (BIPOC) Teacher Candidates and Teacher Candidates from institutions in Greater Minnesota, will ensure all will receive a grant.

Impact on Children and Families:

This proposal will help more students who belong to a racial or ethnic group underrepresented in the Minnesota teacher workforce complete teacher preparation programs. Students with more financial support to go to college are more likely to persist and complete their programs.

The award amount per student is up to \$7,500. However, OHE has the statutory authority to decrease the maximum award if necessary based on the amount of available funding, the number of eligible applicants and their financial need. To be able to award more students, the Office has set the max award at \$5,000 since FY2019. Data suggests teachers of color and American Indian teachers serving in Minnesota's teacher workforce have a positive impact on the success of all students in Minnesota and particularly on the success of students of color and American Indian students.

Equity and Inclusion:

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

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Results	Percentage of licensed* teachers who were teachers of color or indigenous teachers	4.3%	4.8%	2018, 2020

*2020 measures all teachers with Tier 4 licenses who are teachers of color or indigenous teachers, while 2018 measures the percent of all licensed teachers in working in the field who were teachers of color or indigenous teachers.

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Summer Learning Acceleration and College Readiness Initiatives – Summer 2021

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024
General Fund				
Expenditures	1,125	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)	1,125	0	0	
FTEs				

Recommendation:

The Governor recommends one-time funding of \$1.125 million to the Office of Higher Education (OHE) for two programs for the summer months. Specifically, this recommendation will increase funding to the Office of Higher Education's Summer Academic Enrichment Program by \$625,000 and the Intervention for College Attendance Program by \$500,000. This will address educational challenges due to the pandemic, which is disproportionately impacting the most underserved students.

Rationale/Background:

This proposal funds two existing programs that will receive dedicated 2021 summer funding at the Office of Higher Education.

Intervention for College Attendance Program (ICAP) is a competitive grant that supports OHE's core mission of providing postsecondary education opportunities to all Minnesotans. ICAP directly targets students in grades 6-13 who are underrepresented in higher education (racial/ethnic minority, low-income, first in their families to go to college, English language learner, and/or has a disability) and creates supportive and compelling pathways to achieve a college education. ICAP-funded programs use the most innovative, culturally appropriate, and proven pedagogies/strategies to reach students and ensure their success in high school and college. ICAP has historically seen incredible success in terms of impact across Minnesota, with some programs boasting high school graduation and college enrollment rates up to 40 percentage points higher for students in the ICAP-funded program than their peers.

Programs funded through ICAP have been proven to create supportive learning environments for marginalized students that lead to success in both high school and college. Specifically, the funds would support program activities such as: college tours, mentoring, career awareness, tutoring, test preparation, academic support, financial awareness/education, parent engagement, and culturally-specific cohort-based learning, among other academic and social-emotional activities.

The Summer Academic Enrichment Program (SAEP) serves low-income students in Minnesota who are underrepresented in postsecondary education participation. Based on eligibility for free or reduced-price lunch, 3rd-11th grade students can receive a stipend for up to \$1,000 to cover cost of attendance at a summer academic enrichment program offered by Minnesota postsecondary institutions and nonprofit organizations. This program currently partners with 20 organizations that provide academic programming for low-income students over the summer months.

Distance learning disproportionately affects low-income students and its effects are cumulative over time. The difference between the summer learning rates of low-income students and students from higher-income families

contribute substantially to the educational opportunity gap, further perpetuating inequities based on race/ethnicity and class. Even with programs like ICAP, summer breaks can take a toll on students' ability to retain knowledge and academic habits. When they return to school in the fall, students typically perform at the same academic level they were at during the beginning of the spring, prior to their return. This year, students must also attempt to fill in academic gaps created by COVID-19 distance learning and the digital divide. This is where an expansion in ICAP and SAEP funding could work in tandem to not only increase access to academic enrichment opportunities, but also address significant inequities in education for low-income students, students of color, and Indigenous students.

ICAP-funded programs specifically target students of color, Indigenous students, low income students, first generation students, and students with disabilities – populations that are most impacted by learning loss due to COVID-19 – in order to provide high quality postsecondary preparation, academic, and social support. Such programs include nonprofit/community organizations, school districts, colleges, and federal programs (i.e. Upward Bound) that work with these student populations in grades 6-13. Grantees must match ICAP funds dollar-for-dollar.

Proposal:

As a way to combat gaps in learning due to the historic educational attainment gap and the COVID-19 pandemic, additional funding is needed to support ICAP and SAEP, two programs proven to increase engagement and improve academic outcomes. Over the summer months, funds will be used to reach a greater number of Minnesota students, target specific high-need student populations, and deepen services offered to current participants in order to offer a full range of college/career awareness and academic success programs.

SAEP would reach more low-income students statewide and increase the number of students able to participate in these rigorous academic summer programs. The current appropriation, \$250,000, serves approximately 300 low-income students. Making another \$625,000 available for the summer would allow approximately 970 low-income students to participate in academically rigorous summer programming. This increased funding will also allow for the office to add more summer enrichment program providers and, in turn, mitigate some of the financial impacts they have endured due to COVID-19.

For ICAP, current grant awards do not exceed \$60,000 per grantee based on a maximum funding request cap enforced by OHE. This cap is not statutorily set and was developed by OHE to fund reasonably as many programs as possible, because of the availability of funds, not actual community need. The last total request for ICAP funds in FY 2020 totaled over \$1.7 million; \$675,000 was available to award. Typical grantee budgets include requests for personnel (program directors, tutors, student-workers, etc.), transportation to schools and project sites, transportation for campus tours, test prep materials, event materials, and stipends for speakers, and field trips.

The onset of the COVID-19 pandemic has highlighted educational and economic disparities that already existed in Minnesota. Students from undeserved communities who participate in distance learning are struggling to find and maintain digital services that can sustain their education during the pandemic, care for their families (particularly young children) so that they can concentrate on virtual learning, job opportunities with sustainable wages due to COVID-related job loss, motivation to plan for the future, and quiet space to work and study in multi-family homes. Low high school graduation rates among students of color and low-income students will not only persist through COVID, but become more severe, endangering Minnesota's economic vitality and ability to find highly skilled workers to fill open, in-demand jobs.

As the state's demographics continue to shift and communities of color continue to grow, the need to address educational disparities in Minnesota becomes urgent. If there is not an increased and intentional investment in interrupting patterns of opportunity gaps, Minnesota's economy will be stifled due to a shortage of a qualified workforce.

Impact on Children and Families:

An increased investment in ICAP is an investment in students and families whom Minnesota has historically left behind. This program acts as an equalizer so that communities which have been disadvantaged by racism and cycles of poverty can have the same educational opportunities as white, higher-income families.

This proposal is directly related to the overall well-being of youth and their families, as access to higher education and a college degree lead to increased economic advancement and career flexibility. The benefits of pre-college services can be a multi-generational approach to addressing cycles of poverty and social, economic, and physical health disparities that are related opportunity gaps.

The proposal would increase the number of low-income 3rd-11th grade students able to participate in rigorous summer academic learning programs.

Equity and Inclusion:

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

Funds will improve the educational outcomes for groups who start at a disadvantage due to generations of oppression and marginalization.

Additionally, an impact on equity would occur as rigorous course taking would enhance high school graduation for low-income students and increase their preparation for success in academic programs and the career of their choice. Representatives of these groups are administrators and staff in the academic projects that enroll low-income students and provide guidance on how to increase positive academic outcomes for the targeted student group.

Results:

Intervention for College Attendance Program

ICAP currently uses a combination of performance measures that include high school graduation rate, college application rate, college enrollment rate, ACT scores, social -emotional development measures, number of students impacted, number of students enrolled in honors/advanced high school coursework, and college participation/retention rate, and qualitative student successes and challenges using student surveys. Current performance measures are consistently positive. In fiscal year 2020 alone, 15 programs were funded through ICAP, reaching 2,936 students.

Outcomes: High school graduation rates are higher in ICAP-funded programs than the state's average (89% in 2018). College enrollment is higher in ICAP-funded programs than the state average (90% in 2018)

Type of Measure	Name of Measure	Previous	Current	Dates
Results	Number of Matching Grants Awarded	23	15	2018, 2020
Results	ICAP Students Served	4,060	2,936	2018, 2020
Results	College Application Rate of ICAP Seniors	88%	90%	2017, 2018

Summer Learning Acceleration and College Readiness Initiatives

Type of Measure	Name of Measure	Previous	Current	Dates
Results	Students who participated in SAEP	801	568	2018, 2019
Results	Number of summer academic enrichment programs attended	35	36	2018, 2019
Results	Average Award	\$875	\$833	2018, 2019
Results	Total awarded	\$700,787	\$473,071	2018, 2019

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund					
Expenditures	(340)	137	177	177	177
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)	(340)	137	177	177	177
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends a reduction of \$340,000 to the FY 2021 general fund operating appropriation and additional funding of \$137,000 in FY 2022 and \$177,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Office of Higher Education.

The change represents a 0.1% increase relative to the agency's base general fund budget (\$267.773 million).

Rationale/Background:

The FY 2021 operating reduction amount reflects the savings generated due to the state hiring freeze and other operating efficiencies in the current year. Specifically, salary savings generated from the hiring freeze were utilized to obtain the FY 2021 operating reduction. While the Office was able to leverage existing staff to meet short-term program needs in the middle of the pandemic, this practice is unsustainable to fully serve students, families, and our partnering institutions.

The operating increases recommended in FY 2022 and FY 2023 fund a portion of the projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year without enacted increases.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. To manage costs, most agencies find ways to become more efficient with existing resources. For the Office of Higher Education, efficiencies have already been implemented to produce savings in FY 2021 and these efficiencies will continue into FY 2022 and FY 2023 along with additional efficiencies including:

- A focus on adopting sustainability best practices has resulted in a continued cost savings from a reduction in printers and the number of copies/pages printed.
- As a result of COVID-19, the agency invested in several remote solutions (e.g., online informational videos and digital products rather than printed products for students and families). These new engagement activities will likely generate some on-going cost savings while also increasing our efficiency and impact for students and families.
- A partnership with MNIT resulted in the development of a new application that will generate organizational efficiencies in the administration of the tuition reciprocity program – allowing staff to address other pressing long-term needs and preventing additional recurring expenditures.

- The Agency experienced reduced travel costs resulting from the pandemic and expects these savings to continue.
- Long-term employee retirements provided a one-time (and on-going) opportunity to re-assess past business practices and staffing allocations to gain efficiencies in program management and better align staffing allocations with program funding.

Efficiencies will continue in the next biennium; however, cost growth will continue to put pressure on budgets and without additional resources, service delivery erodes. The Agency would have to fund the known rising costs of IT services, leased space, and expected salary/compensation costs with funds that could otherwise be used for program, outreach, and other support initiatives that would directly impact students. The Agency is already extremely lean, less than 2% of the Agency's overall base appropriation is dedicated for administrative costs – meaning that the Agency has limited ability to meet these cost pressures within its current base without the proposed increased funding.

Proposal:

The Governor recommends reducing the FY2021 general fund operating appropriation by \$340,000. In addition, the Governor recommends increasing agency operating budgets to support the delivery of current services. This increase is below the assumed level of inflation, acknowledging continued efficiencies achieved by the Office of Higher Education. For the Office of Higher Education, this funding will cover known increases in the cost of our leased office space, known IT service increases, and expected and anticipated employee compensation growth.

Results:

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

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Minnesota Indian Scholarship Eligibility and Expansion

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
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 modifications to the Minnesota Indian Scholarship Program (MISP) expanding the ancestry requirement and providing full year awards to eligible students enrolled in three consecutive semesters or four consecutive quarters. There is no change to the appropriation, though this may reduce underspending in the program. In 2020, about 15% of the \$3.5 million appropriation was left unspent. The Office of Higher Education anticipates any spending increase will be within the current appropriation.

Rationale/Background:

The Minnesota Indian Scholarship Program provides postsecondary financial assistance to eligible Minnesota resident students who are American Indian.

Some tribal nations do not base citizenship or membership on an individual's degree of ancestry. This proposal recognizes the citizens and enrolled members of all tribal nations and extends scholarship eligibility to all those citizens and members. In addition, some individuals who are citizens or members of tribal nations have difficulty obtaining documentation that verifies their blood quantum or degree of ancestry. This proposal may make the application process easier for those individuals who can more easily provide citizenship or membership documentation. The statute currently limits the maximum annual award for undergraduate students at \$4,000 and for graduate students at \$6,000. This proposal seeks to reduce the financial burdens to maintaining enrollment during a third consecutive semester or fourth consecutive quarter. The intent is to encourage more students to maintain enrollment year-round and complete their programs faster by providing continued financial support throughout the year. This proposal also aligns the Minnesota Indian Scholarship Program with other state financial aid programs which allow for full year grants (M.S. 136A.121 Subd. 9a).

The Office of Higher Education has been in conversations about these proposals with the Tribal Nations Education Committee and will continue to engage with the committee and other stakeholders.

Proposal:

This proposal modifies the ancestry requirement to include citizens and enrolled members of tribal nations as eligible applicants. In Fiscal Year 2020, the scholarship provided over \$2.9 million in scholarships to over 900 undergraduate and graduate students. The statute currently requires students possess one-quarter or more American Indian ancestry to be eligible for the scholarship.

This proposal also provides full year awards to eligible students enrolled in three consecutive semesters or four consecutive quarters. The statute currently limits the maximum annual award for undergraduate students at

\$4,000 and for graduate students at \$6,000. For most students, the annual award is divided across 2 semesters (fall and spring) or 3 quarters (fall, winter, and spring).

This proposal furthers the Office of Higher Education and the state's attainment goal efforts by incentivizing persistence and completion, especially of American Indian postsecondary students. We know many students maintain eligible enrollment in the third consecutive semester or fourth consecutive quarter but do so without the support of the scholarship. This may lead to increased student loan debt, students withdrawing due to financial pressures, or students not succeeding academically due to financial stress. In FY 2019, about 10% of recipients received the maximum MISP award and were enrolled the summer 2019 term. Approximately 37% (34 students) of those students were enrolled in enough credits that they would have been eligible for an additional award under this proposal.

The office will administer the program with the same resources and staff. It is possible this proposal will increase the number of eligible students who are awarded a scholarship and increase the total amount of awards. In FY 2019, about 10% of recipients received the maximum MISP award and were enrolled the summer 2019 term. Approximately 37% (34 students) of those students were enrolled in enough credits that they would have been eligible for an additional award under this proposal. However, it is anticipated that any spending increase will be within the current appropriation. If the appropriation is not sufficient, the statute does provide for a waiting list procedure if the number of eligible students exceeds the amount of funds available.

Impact on Children and Families:

This proposal will help more American Indian postsecondary students meet the eligibility requirements for the scholarship and complete their postsecondary programs. Students with more financial support to go to college are more likely to persist and complete their programs. Additional financial support while attending college helps to reduce barriers to completion like maintaining stable housing, having enough food to eat, and being able to purchase the appropriate books and supplies.

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

Equity and Inclusion:

This proposal recognizes all citizens and members of Tribal Nations regardless of their degree of ancestry. The proposal seeks to extend scholarship eligibility to those students who have been unable to qualify in the past.

This proposal aligns the Minnesota Indian Scholarship Program with other state financial aid programs which allow for full year grants (M.S. 136A.121 Subd. 9a). The proposal seeks to support more equitable access for American Indian postsecondary students to persist in and complete the postsecondary programs of their choice.

Minnesota Office of Higher Education

FY 2020-23 Biennial Budget Change Item

Change Item Title: Postsecondary Child Care Grants

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
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 simplifying the award formula for the Minnesota Postsecondary Child Care Grant program. These budget neutral changes are intended to increase the number of students benefitting from the program by streamlining program administration and increasing award predictability. Approximately \$1 million has been underspent annually in this program.

Rationale/Background:

The Postsecondary Child Care Grant program provides financial assistance to postsecondary students with financial need who require child care assistance for their dependent children and do not receive funds from the Minnesota Family Investment Program (MFIP). The goal of the Child Care Grant is to provide low-income students with grants to defray the cost of child care while the student is attending class. The annual number of students applying for and receiving a Child Care Grant has declined by nearly 50% since 2011. For aid year 2019, a total of 1,669 students in approximately 50 institutions participated in the Child Care Grant program. Minnesota State Grant data for the same year shows 13,454 students with dependents received the Minnesota State Grant. Even when we account for ages of dependent children, these numbers suggest that many more students may have been eligible for the Child Care Grant but did not apply because they did not know about the program or did not think they would qualify, or were denied because they were receiving MFIP, reached the ten semester term limit, or had provider issues.

The Office of Higher Education is seeking changes to the Postsecondary Child Care Grant program in order to simplify the application and award process to increase the number of students applying for and receiving Child Care Grants. These changes can be made without an increase to existing appropriations based on spending models run. State appropriations currently are set at \$6.694 million per fiscal year and typically approximately \$1 million is left underspent. FAFSA completion data for the current academic year, 2020-2021, show a 25-30% decline in the number of students with children completing the FAFSA. This decline corresponds with the need for parents to provide at-home care and remote learning support in response to COVID-19. As such, the need for Child Care Grants to assist student parents is greatest now.

Proposal:

This proposal would simplify the Postsecondary Child Care Grant Program award formula. Currently to receive a Postsecondary Child Care Grant a student's current child care grant award is based on:

- the student's family adjusted gross income and household size relative to the federal poverty guidelines,
- the number of credits of enrollment,

- the number of eligible children,
- undergraduate/graduate status,
- the age of the child (infant, not an infant),
- estimated child care expenses for the student and child, and
- the maximum award amount.

The calculations require an award matrix of 13 columns by 200 rows (approximately 3,000 cells on average). As the appropriations determine the maximum award amount, an individual student's award can dramatically increase or decrease year to year as unspent funds from the first year are transferred to the second year.

A survey of financial aid administrators found concerns with the formula the program used to determine Child Care Grant awards. In general, the calculating of awards was seen by respondents as too manual and inefficient. Aid administrators felt the complexity of the calculation results in unpredictable award amounts. They could not easily quote an amount to a student without completing the entire calculation, which was reported as not feasible due to current school staffing levels. Students also had concerns or confusion as to when funds would be distributed based on the disbursement timeline at their schools. It was reported that in some instances, students were waiting to find child care until they knew what their Child Care Grant award amount would be. This is not possible within the current application process, which requires students to know who their child care provider will be and rates charged in order to estimate annual child care expenses at time of application. This complexity and confusion results in the student not applying.

Appropriations are currently set at \$6.694 million per fiscal year. These changes can be made without an increase to existing appropriations based on spending models run.

OHE proposes to implement a simplified award formula with four changes:

1. The maximum annual award per child would be set equal to the maximum federal Pell Grant. (2020-2021: maximum Pell Grant \$6,345). For students at levels above Pell eligibility, the award would reduce proportionally.
2. Student eligibility would be set equal to the maximum allowable EFC for Pell Grant eligibility (2020-2021: maximum EFC \$5,711 or approximately Adjusted Gross Incomes for \$0-\$75,000 depending on household size).
3. Eligible students would be awarded the following based on enrollment level:
 - a. Undergraduate students
 - 12 or more credits per term: 100% of the maximum term grant
 - 9-11 credits: 75% of the maximum term grant
 - 6-8 credits: 50% of the maximum term grant
 - 3-5 credits: 25% of the maximum term grant.
 - b. Graduate Students
 - 6 or more credits per term: 100% of the maximum term grant
 - 5 credits: 75% of the maximum term grant
 - 3-4 credits: 50% of the maximum term grant
 - 1-2 credits: 25% of the maximum term grant.
4. Eligibility would be based on credits of child care grant receipt with lifetime eligibility set at 150 credits (10 semesters, this changes current law from enrollment to receipt).

Sample award table shown below. Implementation of these changes will leverage existing processes, workgroups and materials to facilitate timing for students and financial aid administrators.

Table 1. Example Annual Award Table under the Simplified Formula

Undergraduate Student Enrollment Levels	Full-time (12 or more credits per term)	3 Quarters Time (9-11 credits per term)	Half Time (6-8 credits per term)	1 Quarter Time (1-5 credits per term)
Graduate Student Enrollment Levels	Full-time (6 or more credits per term)	3 Quarters Time (5 credits per term)	Half Time (3-4 credits per term)	1 Quarter Time (1-2 credits per term)
Expected Family Contribution				
Pell Eligible: EFC \$0-\$5,711	\$6,345	\$4,759	\$3,173	\$1,586
EFC \$5,712-\$5,999	\$6,000	\$4,500	\$3,000	\$1,500
EFC \$6,000-\$6,999	\$5,000	\$3,750	\$2,500	\$1,250
EFC \$7,000-\$7,999	\$4,000	\$3,000	\$2,000	\$1,000
EFC \$8,000-\$8,999	\$3,000	\$2,250	\$1,500	\$750
EFC \$9,000-\$9,999	\$2,000	\$1,500	\$1,000	\$500
EFC \$10,000-\$10,999	\$1,000	\$750	\$500	\$250
EFC \$11,000+	\$0	\$0	\$0	\$0

Equity and Inclusion:

This proposal impacts students with children by increasing financial access through the removal of administrative and informational barriers to accessing financial aid to cover child care costs.

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Exempt Developmental Credits from State Grant Term Limits

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
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 exempting from the calculation of state grant eligibility any credits taken that were developmental education, in order to ensure adequate eligibility remains for program completion. This budget neutral proposal would ensure a student's state grant eligibility is not adversely impacted by enrolling in courses that cannot be used towards graduation.

Rationale/Background:

Students enrolling in developmental education are allowed to use state and federal financial aid to help pay for those classes. However, the lifetime eligibility on state grants means that the student could run out of state grant eligibility before completing all needed college level courses.

Proposal:

This proposal would exempt from the calculation of state grant eligibility any credits taken that were developmental education in order to ensure adequate eligibility remains for program completion.

This proposal is likely to have a modest impact on new entering students as Minnesota State moves to eliminate developmental education courses in favor of alternative academic supports. However, the proposal will provide needed access to currently enrolled students or returning students who already completed developmental education courses.

This proposal would preserve eligibility for students requiring developmental education so that they can complete up to a bachelor's degree.

During fall 2018 and fall 2019, approximately 500 Minnesota resident undergraduate students have accumulated credits above the 120 credit threshold for Minnesota State Grant program eligibility due to enrollment in developmental education course. Of those recipients above the threshold, there was an average of 5 credits that were developmental education. To exempt these credits from the Minnesota State Grant calculation of eligibility, OHE estimates that overall state grant spending would increase by 0.02% or an estimated \$35,000 per year which the agency will absorb.

Impact on Children and Families and Equity and Inclusion:

This proposal would expand access (or seek to expand access) to a state funded program supporting enrollment into and completion of a postsecondary education, and address a common barrier faced by underserved students, including adult learners, students of color, incarcerated individuals in need of education, and student parents in support of the Governor's workforce development goal.

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Dual Training Grant Criteria Modification

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
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 modifying the Dual Training Grant criteria for awarding grants to reimburse employee expenses related to instruction toward attaining an industry-recognized degree, certificate or credential from their employers. This budget neutral proposal would ensure grant award decisions encompass overall grant review scores. Currently, statute requires the Office of Higher Education to prioritize grants that would serve recent high school graduates or people who have recently passed a high school equivalency exam, regardless of other review criteria.

Rationale/Background:

The Dual Training Grant (DTG), administered by the Minnesota Office of Higher Education (OHE), was established in 2015 to support of the implementation of the Minnesota Dual-Training Pipeline administered by the Minnesota Department of Labor and Industry (DLI). The program financially supports the related instruction of employees for Minnesota Dual-Training Pipeline employers. The grant reimburses grantees for related instruction costs of tuition, fees, required books, and required materials of their dual trainees. To date, nine grant rounds have awarded DTG program funds from January 2016 to round nine that commenced in July 2020. The program seeks to both help employers upskill their workforce and support trainees in earning industry-recognized degrees, certificates, or credentials.

Grants are awarded through a competitive grant process. Grant applications are reviewed and scored based on the criteria set in the statute. The statute currently requires grants be first awarded to employers seeking to train “employees who graduated from high school or passed commissioner of education-selected high school equivalency tests in the current or immediately preceding calendar year,” regardless of the review score. Then, if there are funds remaining, the grants must be awarded based on the remaining criteria set in statute. The current grant criteria results in applications with low scores in the grant review process being awarded solely because they have trainees that are recent high school graduates and GED recipients.

Proposal:

This proposal modifies grant criteria to ensure grants are awarded to the programs that demonstrate adherence to the grant criteria and receive the highest review scores. It removes the requirement that programs with recent high school graduates and GED recipients in their trainee population be awarded first. The proposal then modifies the grant criteria to allow applicants to demonstrate their ability to recruit, train, and retain employees who are recent high school graduates or GED recipients.

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

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

This proposal ensures state dollars are invested in programs that are more likely to result in successful outcomes and prioritizes awards to employers that demonstrate a commitment to recruit, train, and retain recent high school graduates and recent GED recipients, employees of color, American Indian employees, and employees with disabilities.

Impact on Children and Families:

Greater educational attainment correlates with increased earnings, lower unemployment, better health, and other social and economic benefits. The ability of Minnesota workers to live in and raise their families in the state relies on their ability to find employment at a family-sustaining wage. This program supports Minnesotans pursuing industry-recognized degrees, certificates, or credentials leading to a greater ability to find and maintain employment at a family-sustaining wage. This proposal prioritizes grants to employers who demonstrate a commitment to recruit, train, and retain recent high school graduates and GED recipients thus impacting and improving the outcomes for the next generation of Minnesotans who benefit from the program.

Equity and Inclusion:

This proposal prioritizes awards to employers who demonstrate a commitment to recruit, train, and retain employees of color and American Indian employees. Supporting Minnesotans of color and American Indian Minnesotans in their pursuit of industry-recognized degrees, certificates, or credentials is crucial to eliminating the inequities that exist.

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Concurrent Enrollment Grant Program Expanded Use

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
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 expanding the uses for the existing \$340,000 per year Concurrent Enrollment Grant program to address current needs. This budget neutral item would expand grants to support potential concurrent enrollment teachers seeking graduate credentials, low-resourced high schools requiring additional funds towards concurrent enrollment fees, and the creation of equity plans at high schools. Funds would continue to be used for their original purpose of developing and enhancing the concurrent enrollment program.

Rationale/Background:

During the 2015 Minnesota legislative session, the Concurrent Enrollment Grant Program (CEGP) was established to award grants to Minnesota colleges for the development of new concurrent enrollment courses and for the expansion of existing concurrent enrollment programs. The 2019 higher education omnibus bill provided \$225,000 each year of the 2019-2020 biennium to support the development of new concurrent enrollment courses in career and technical education and \$115,000 each year of the biennium for the expansion of existing concurrent enrollment programs by a postsecondary institution currently offering a concurrent enrollment course.

Since its establishment, CEGP has supported 24 concurrent enrollment projects that have provided expanded access to dual credit programs for hundreds of students. While consulting with stakeholders it became clear that the need for financial support for concurrent enrollment has not diminished, the specified use of the appropriation does not continue to meet the needs of the colleges and universities who coordinate and host these programs. The challenge that stakeholders are facing today differ than those from 10 years ago, when there were not enough courses to meet student demand. Now, there are not enough teachers, support services, and financial resources available for concurrent enrollment to continue to expand due to changes in accreditation requirements by the Higher Learning Commission, as well as concurrent enrollment fees that are not feasible for low-resourced high schools.

Proposal:

In addition to the need for additional teacher credentialing created by accreditation requirements, low-resourced high schools – especially in rural districts – do not have the funds available to support the cost of concurrent enrollment due to decreased per-student reimbursement from the Minnesota Department of Education.

In order to resolve this issue, it is being proposed that the CEGP appropriation include new language that expands the use of funds to support low-resourced high schools, graduate credentials and cost of tuition for high school teachers so that they may continue to teach concurrent enrollment courses, and the creation of equity plans and

added supports to existing concurrent enrollment programs, in addition to its current use: concurrent enrollment development and expansion.

Impact on Children and Families:

An accessible concurrent enrollment program support students who may not otherwise have the opportunity to access college-level coursework. As concurrent enrollment expands, youth will not only have more access to these courses but will also have the supports and resources available so that they can thrive.

Children and families are being engaged as stakeholders by acting as partners in developing priorities and needs for the future of concurrent enrollment.

Impact on Equity and Inclusion:

The ultimate goal is to create opportunities for more students to access college coursework. Because concurrent enrollment courses are free to students in Minnesota, low income students stand to benefit greatly from earning early college credit, which can be transferred to their college of choice. Additionally, students of color and students with disabilities are underrepresented in concurrent enrollment classrooms – the added courses, cultural competency, targeted recruitment/support, allow for more opportunities for students to experience college without having to leave their high school classrooms.

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Dual Training Competency Grants; Department of Labor and Industry transfer

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund - OHE				
Expenditures	(200)	(200)	(200)	(200)
Revenues	0	0	0	0
General Fund - DLI				
Expenditures	200	200	200	200
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends reducing the annual \$200,000 appropriation for the Dual Training Competency Grants from the Office of Higher Education's base budget and adding it to the Minnesota Department of Labor and Industry (DLI)'s base budget beginning in FY 2022.

Rationale/Background:

The Dual Training Competency Grants (DTG), administered by the Minnesota Office of Higher Education (OHE), was established in 2015 to support of the implementation of the Minnesota Dual-Training Pipeline administered by the Minnesota Department of Labor and Industry (DLI). Pipeline exists to support employers in creating or enhancing a competency based dual-training approach where workers receive a combination of related instruction strategically paired with on-the-job training. DTG supplies the funding for the related instruction, and DLI provides added support to OHE in areas like outreach, grantee training, and monitoring. Additionally, DLI and OHE coordinate on maintaining a related instruction training provider inventory which must be posted on our websites. This inventory is maintained and hosted by DLI.

Proposal:

The Governor recommends moving the appropriation for the Dual Training Competency Grant program from OHE's budget to DLI's budget.

Minnesota Office of Higher Education

FY 2022-23 Biennial Budget Change Item

Change Item Title: Interstate Tuition Reciprocity Reduction

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	(2,518)	(2,518)	(2,518)	(2,518)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(2,518)	(2,518)	(2,518)	(2,518)
FTEs	0	0	0	0

Recommendation:

The Governor recommends a reduction of \$2.518 million each year from the base funding for Tuition Reciprocity. This reduction will align the appropriation with current enrollment levels. This program allows Minnesotan residents to be regarded as a North Dakota resident for admission and tuition purposes.

Rationale/Background:

The last two fiscal year payments have averaged slightly below the existing appropriation. Enrollment is the primary cost driver of the interstate payments.

Proposal:

Minnesota's tuition reciprocity agreements aim to expand education opportunities for Minnesota residents by allowing Minnesota residents (and residents of participating states) to be treated as a resident in the state they are attending college with regard to admission and tuition. This proposal reduces the annual appropriation by 22% of what OHE utilizes to make Minnesota's interstate payment to North Dakota under the existing reciprocity agreement.

Impact on Children and Families:

North Dakota has the right to increase the tuition surcharge charged to Minnesota students under the agreement in the next academic year if the state reduces its appropriation, students and their families could see an increase in their tuition bill to offset potential lost revenue from the recipient institutions.

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

- Administer over 20 financial aid and grant programs designed to remove financial barriers for students so they can obtain a postsecondary credential.
- Provide a total of \$208 million in need-based financial assistance to 79,805 Minnesota students in FY2019 through the Minnesota State Grant program.

PURPOSE AND CONTEXT

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

SERVICES PROVIDED

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

<i>Program</i>	<i>Year</i>	<i>Students</i>	<i>Expenditures</i>	<i>Description</i>
Minnesota State Grant	FY2019	79,805	\$208 million	Need-based grant to MN residents attending MN colleges.
Interstate Tuition Reciprocity	FY2019	27,299	\$8.34 million	Waives non-resident tuition rates for MN residents attending public colleges in reciprocity states.
State Work Study	FY2019	9,569	\$14.7 million	Funds allocated to MN colleges to pay 75% of wages for student employment on or off campus.
Postsecondary Child Care Grant	FY2019	1,650	\$7.1 million	Need-based grants to student parents using childcare services while attending college.
Minnesota Indian Scholarship	FY2019	879	\$2.98 million	Need-based scholarships to MN resident students who have at least one-quarter American Indian ancestry.
United Family Practice & HCMC Family Medical Residency Program	FY2019	39	\$1.52 million	Financial support for family-practice residency programs.

Program	Year	Students	Expenditures	Description
Tribal College Supplemental Grants	FY2019	-	\$118,561	Direct financial support to tribal colleges in MN to support the cost of educating non-tribal members.
Safety Officers Survivor's Grant	FY2019	8	\$71,365	Non-need-based college grants to survivors of MN public safety officers killed in the line of duty.
Teacher Candidate Grant	FY2019	119	\$558,929	Grants to eligible students completing required student teaching experiences. Awards prioritized for teacher candidates in shortage areas and teacher candidates who belong to racial or ethnic groups underrepresented in the MN teacher workforce.
Various State Loan Repayment Programs*	FY2019	-	\$1.23 million	Teacher Shortage Loan Repayment (1,020 teachers and \$1.018m), Agricultural Educator Loan Repayment (22 Ag Educators and \$63,622), Aviation Degree Loan Repayment (9 pilots and \$45,000), LRAP of MN (50 attorneys and \$25,000), Large Animal Vet Loan Forgiveness (5 Vets and \$75,000).
Federal John R. Justice Student Loan Repayment	FY2019	-	\$41,573	Federal grant funds used for student loan repayment assistance to public defenders and prosecutors.
PIPELINE Dual Training Grants	FY2019	-	\$1.89 million	Grants to employers to train employees through dual training programs in identified occupations in the advanced manufacturing, health care services, information technology, and agriculture industries.
Grants for Students with Intellectual and Developmental Disabilities	FY2019	37	\$380,148	Financial assistance to students with intellectual and development disabilities who attend Comprehensive Transition & Postsecondary (CTP) programs at eligible Minnesota postsecondary institutions. Program began making awards in FY2019, so the awarded amount in FY2019 represents two years of funding.
Minnesota Life College (Now named Minnesota Independence College & Community)	FY2019	-	\$1.35 million	Grant to Minnesota Independence College & Community (formerly Minnesota Life College) to provide need-based scholarships and tuition reduction for their participants. For the 2018-19 academic year, 51 students received need-based scholarships and 117 students received reduced tuition.

Program	Year	Students	Expenditures	Description
Minnesota 529 College Savings Program	FY2018 (As of 3/31/2020)	72,774 Active Accounts 41,194 Account Holders	\$1.6 billion in assets	A tax-advantaged 529 college savings plan to help families save for higher education tuition and expenses. The Plan is administered by the Office of Higher Education and State Board of Investment (SBI). There is no state appropriation.
Emergency Assistance for Postsecondary Students Grant Program	2019 (FY2018 /2019 combined)	644	\$348,000	Competitive grants to postsecondary institutions to re-grant to students experiencing homelessness, food insecurity, and/or other financial barriers that would impact their attendance/persistence in college.

** FY19 award amounts are higher for the Agricultural Educator Loan Repayment program and the Aviation Degree Loan repayment program because the programs began issuing awards in FY19 and had FY18 and FY19 appropriations available to award in only FY19.*

RESULTS

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

- Assessing the average net price students and families pay for postsecondary attendance and its relation to family income.
- 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.
- Tracking the percentage of students who take out student loans to attend college.
- Comparing the percentage of Minnesota State Grant recipients who attend the various sectors in Minnesota with nationwide averages to determine if the program continues to support student choice.

Applicants for financial aid

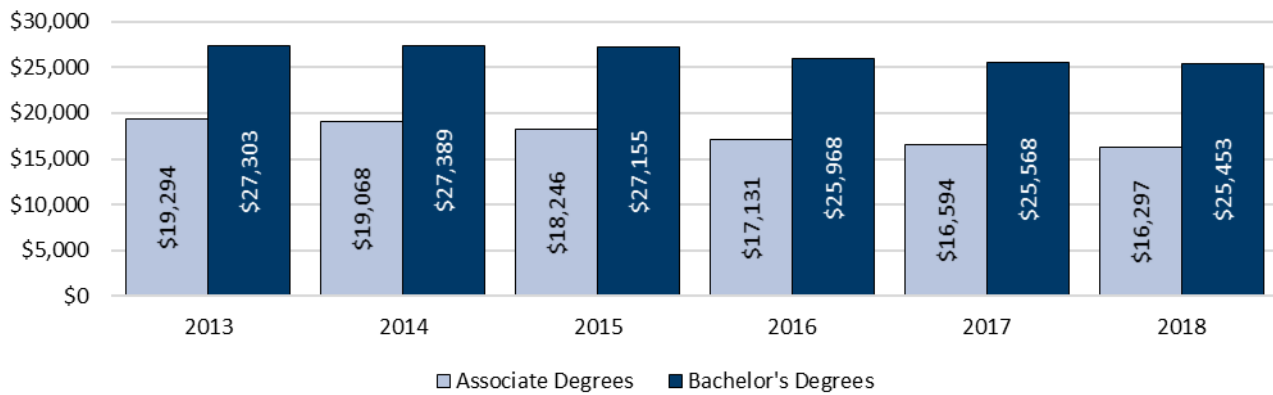
Type of Measure	Name of Measure	2015	2016	2017	2018	2019
Quantity	Students Served - Eligible Students applying for State Grant	160,257	153,442	145,724	135,969	131,983
Quantity	Students Served - Number of State Grant Recipients	95,324	82,416	81,027	80,793	79,805
Quantity	Percent of Applicants Receiving a State Grant	59%	54%	56%	59%	60%

Median Cumulative Student Debt & Percentage of Students Borrowing in Minnesota

State financial aid programs help reduce the cumulative amount students must borrow to cover educational costs. Median student loan debt in Minnesota has been stable over the past five years. Students who graduated with a bachelor's degree from Minnesota institutions had an average median student loan debt of \$25,453 in 2018 and associate degree recipients had an average median student loan debt of \$16,297 in 2018.

The percentage of Minnesota four-year college graduates with student loans has also been declining slightly over the past four years, from 72 percent of Bachelors' degree graduates borrowing in 2014 to 68 percent in 2018, and 69 percent for associate degree recipients borrowing in 2014 to 60 percent in 2018.

Median Cumulative Student Loan Debt of Recent College Graduates in Minnesota



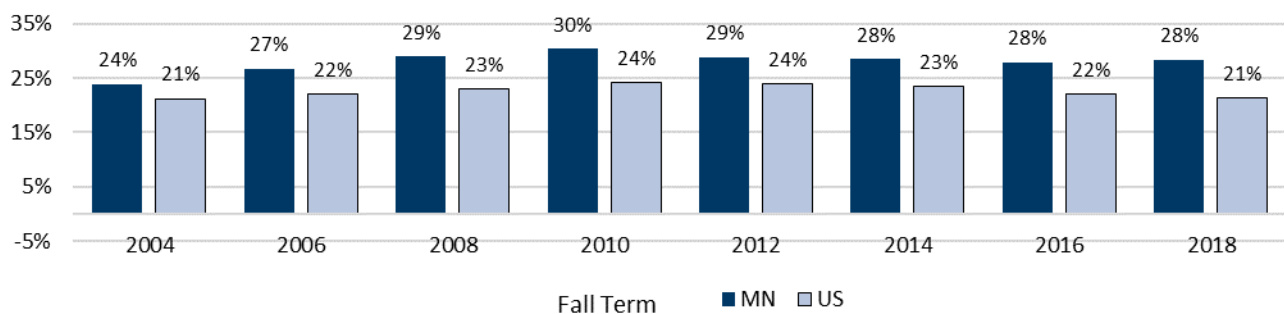
Cumulative Median Debt of Graduates, 2013-14 to 2017-18 by Degree Level

Type of Measure	Name of Measure	2013-2014 Graduates	2014-2015 Graduates	2015-2016 Graduates	2016-2017 Graduates	2017-2018 Graduates
Results	Cumulative Debt – Sub-baccalaureate Certificates	\$11,228	\$11,343	\$10,853	\$10,535	\$10,009
Results	Cumulative Debt – Associate Degrees	\$19,068	\$18,246	\$17,131	\$16,594	\$16,297
Results	Cumulative Debt – Bachelor's Degrees	\$27,389	\$27,155	\$25,968	\$25,588	\$25,453

Enrollment at Private Postsecondary Education Institutions in Minnesota

Minnesota's undergraduate students continue to attend in-state private institutions at a higher rate (28 percent) than the national average (21 percent). The percentage of students enrolled at private institutions in Minnesota has decreased over the most recent eight years from its peak of 30% in fall 2010, which corresponds to recent closures of several private for-profit institutions and declining enrollments in all higher education institutions.

Percent of Undergraduates Attending Private Postsecondary Institutions



Source: Condition of Education, U.S. Department of Education, 2020; Minnesota Office of Higher Education, Student Enrollment Database.

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

<https://www.revisor.mn.gov/statutes/?id=136A.121> Minnesota State Grant Program
<https://www.revisor.mn.gov/statutes/?id=136A.08> Interstate Tuition Reciprocity Program
<https://www.revisor.mn.gov/statutes/?id=136A.233> Minnesota State Work Study Program
<https://www.revisor.mn.gov/statutes/?id=136A.125> Postsecondary Child Care Grant Program
<https://www.revisor.mn.gov/statutes/?id=136A.126> Minnesota Indian Scholarship Program
<https://www.revisor.mn.gov/statutes/?id=136A.1796> Tribal College Supplemental Grants
<https://www.revisor.mn.gov/statutes/?id=299A.45> Safety Officers Survivor's Grant Program.
<https://www.revisor.mn.gov/laws/2019/0/Session+Law/Chapter/64/> United Family Practice & HCMC Family Medical
 Residency Program
<https://www.revisor.mn.gov/statutes/cite/136A.1275> Teacher Candidate Grant
<https://www.revisor.mn.gov/statutes/cite/136A.1789> Aviation Degree Loan Repayment Program
<https://www.revisor.mn.gov/statutes/cite/136A.1794> Agricultural Educator Loan Repayment
<https://www.revisor.mn.gov/statutes/cite/136A.1791> Teacher Shortage Loan Repayment
<https://www.revisor.mn.gov/laws/2019/0/Session+Law/Chapter/64/> LRAP of Minnesota
<https://www.revisor.mn.gov/statutes/cite/136A.1795> Large Animal Vet Loan Forgiveness
<https://www.revisor.mn.gov/statutes/cite/136A.246> PIPELINE Dual Training Grants
<https://www.revisor.mn.gov/statutes/cite/136A.1215> Grants for Students with Intellectual and Developmental Disabilities
<https://www.revisor.mn.gov/statutes/cite/136G.05> Minnesota 529 College Savings Program

Student Financial Aid Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23

Expenditures by Fund

1000 - General	239,643	248,375	244,622	247,994	248,022	248,022	269,504	269,504
2000 - Restrict Misc Special Revenue	56	62	76	71	73	73	73	73
2001 - Other Misc Special Revenue	1,891	3,082	2,664	3,644	3,347	3,352	3,347	3,352
3000 - Federal	55	45	42	42	42	42	42	42
Total	241,644	251,564	247,404	251,751	251,484	251,489	272,966	272,971
Biennial Change				5,947		3,818		46,782
Biennial % Change				1		1		9
Governor's Change from Base								42,964
Governor's % Change from Base								9

Expenditures by Activity

Student Financial Aid Services	19,878	19,950	20,791	23,137	21,469	21,473	42,319	42,323
State Grants	212,230	222,053	219,256	213,912	218,424	218,424	221,574	221,574
Mn College Savings Program	56	62	76	71	73	73	73	73
Loan Forgiveness and Counseling	858	1,156	1,196	500	500	501	500	501
Interstate Tuition Reciprocity	8,622	8,342	6,085	14,131	11,018	11,018	8,500	8,500
Total	241,644	251,564	247,404	251,751	251,484	251,489	272,966	272,971

Expenditures by Category

Compensation	227	225	167	188	193	195	318	320
Operating Expenses	2,457	1,927	1,315	2,246	2,142	2,147	2,617	2,622
Grants, Aids and Subsidies	237,476	247,935	244,468	249,317	249,149	249,147	270,031	270,029
Other Financial Transaction	1,485	1,477	1,454					
Total	241,644	251,564	247,404	251,751	251,484	251,489	272,966	272,971

Total Agency Expenditures	241,644	251,564	247,404	251,751	251,484	251,489	272,966	272,971
Internal Billing Expenditures		0	6	6	6	6	6	6
Expenditures Less Internal Billing	241,644	251,564	247,399	251,745	251,478	251,483	272,960	272,965

Full-Time Equivalents

2.35	2.55	1.70	1.83	1.83	1.83	2.83	2.83
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Student Financial Aid Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In	2,800	8,493	0	3,873				
Direct Appropriation	243,547	240,216	251,346	251,346	250,247	250,247	271,529	271,529
Transfers In	2,271	10,935	1,858	663	663	663	663	663
Transfers Out	4,075	11,182	4,708	2,888	2,888	2,888	2,688	2,688
Cancellations	35	88		5,000				
Balance Forward Out	4,865		3,874					
Expenditures	239,643	248,375	244,622	247,994	248,022	248,022	269,504	269,504
Biennial Change in Expenditures				4,598		3,428		46,392
Biennial % Change in Expenditures				1		1		9
Governor's Change from Base								42,964
Governor's % Change from Base								9
Full-Time Equivalents	1.85	1.50	0.58	0.60	0.60	0.60	1.60	1.60

2000 - Restrict Misc Special Revenue

Balance Forward In	176	205	175	130	90	87	90	87
Receipts	85	32	31	31	70	70	70	70
Balance Forward Out	205	175	130	90	87	84	87	84
Expenditures	56	62	76	71	73	73	73	73
Biennial Change in Expenditures				28		(1)		(1)
Biennial % Change in Expenditures				24		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.49	0.52	0.40	0.40	0.40	0.40	0.40	0.40

2001 - Other Misc Special Revenue

Balance Forward In	3,770	4,654	4,706	4,691	3,697	3,000	3,697	3,000
Transfers In	2,841	2,716	2,756	2,756	2,756	2,756	2,756	2,756
Transfers Out	66	66	106	106	106	106	106	106
Balance Forward Out	4,654	4,223	4,691	3,697	3,000	2,298	3,000	2,298
Expenditures	1,891	3,082	2,664	3,644	3,347	3,352	3,347	3,352
Biennial Change in Expenditures				1,336		391		391
Biennial % Change in Expenditures				27		6		6
Governor's Change from Base								0

Student Financial Aid Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
Governor's % Change from Base								0
Full-Time Equivalents	0.01	0.50	0.69	0.80	0.80	0.80	0.80	0.80

3000 - Federal

Receipts	55	45	42	42	42	42	42	42
Expenditures	55	45	42	42	42	42	42	42
Biennial Change in Expenditures				(16)		0		0
Biennial % Change in Expenditures				(16)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.03	0.03	0.03	0.03	0.03	0.03	0.03

Program: State Supplemental Loans<http://www.selfloan.state.mn.us/>**AT A GLANCE**

- Over 390,000 borrowers currently have loans through the SELF program, which offers low-interest loans for Minnesota residents or students enrolled at a Minnesota school.
- Over 750 borrowers currently have loans through the SELF Refi program, a low-interest student loan refinance program available to Minnesota residents.

PURPOSE AND CONTEXT

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

The SELF Refi program is available to help Minnesota residents refinance their student loans by offering low interest rates and favorable repayment terms. A wide variety of people are able to use the loan as long as they meet program eligibility requirements. Refinancing can help borrowers reduce monthly payments, length of their loans and/or overall debt.

SERVICES PROVIDED**SELF Program**

The SELF program provides loans to students and families to help pay for college. The SELF Loan is available to Minnesota residents attending a participating college nationwide, or a Minnesota resident or nonresident attending a college in Minnesota. The program provides money to students to cover the cost of attending college beyond what is available through scholarship and grant money. Students can choose either a fixed or variable rate. SELF interest rates as of August 1, 2020 are: 2.60% variable and 4.85% fixed. SELF interest rates are typically lower than those of private loans.

Current activities of the SELF program:

In response to the COVID-19 pandemic the SELF program took various actions to provide payment relief to borrowers and co-signers. Some of the actions include:

- Zero percent interest from March 13, 2020 through September 30, 2020
- Special COVID-19 six-month forbearances based on the borrower or co-signer's request
- No late fees through September 30, 2020
- Disbursement forgiveness if the student withdrew from school March 13 or later due to COVID-19.

SELF Refi

The SELF Refi program provides loans to help Minnesota residents refinance their postsecondary education debt to make their debt more manageable through lower interest rates and/or longer repayment terms. The SELF Refi Loan is available to Minnesota residents who have earned a credential, are currently employed, meet credit and debt-to-income requirements, and have at least \$10,000 in qualified education loans to refinance. There is also an option for a co-signed loan if the borrower does not qualify individually but meets minimum credit and debt-to-income requirements with a co-signer. The maximum SELF Refi loan is \$70,000. There are six different loan

options based on loan term and type of interest rate. Rates range from 2.80% to 5.30% as of August 1, 2020. The debt-to-income ratio of the borrower and co-signer (if needed) determine which of the six options the borrower can select from.

Current activities of the SELF Refi program:

The Agency continues to look for ways to improve the value of the Refi program to Minnesota residents. The Agency has modified eligibility criteria multiple times since inception to enable more residents to qualify without a significant increase in the risk of default. The Agency has moved cautiously with changes since it can take years to see trends in defaulted loans.

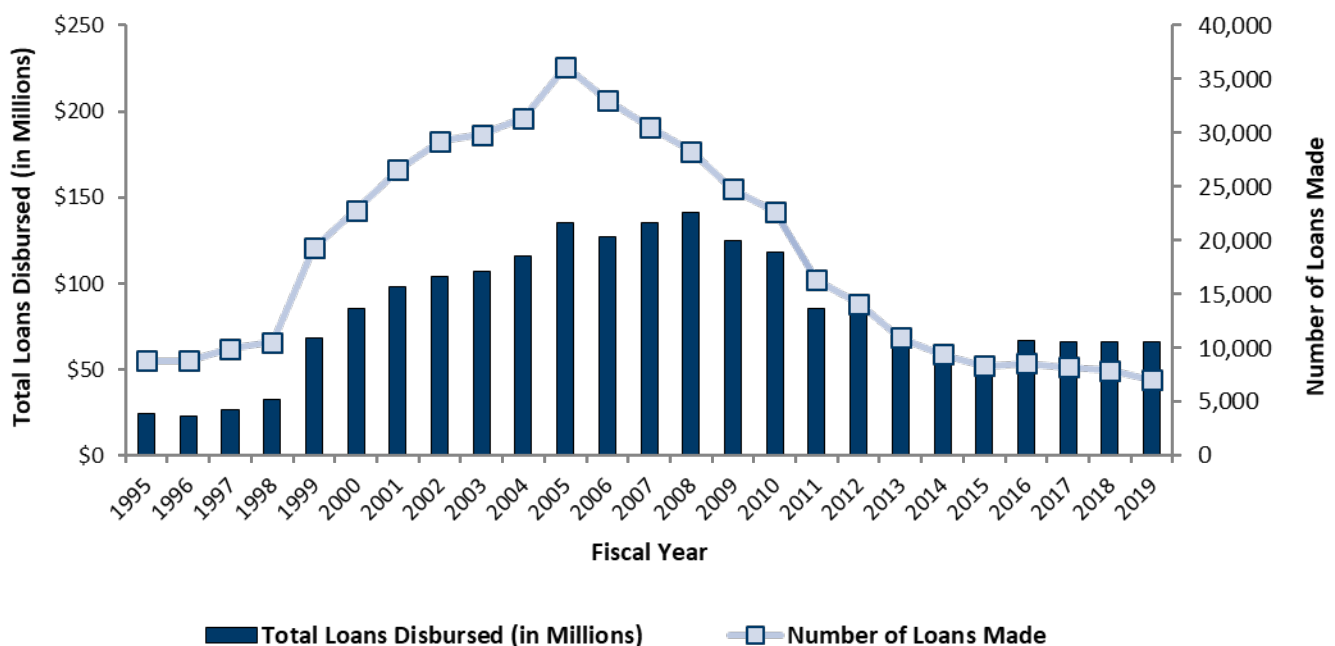
In response to the COVID-19 pandemic the SELF Refi program took various actions to provide payment relief to borrowers and cosigners. Some of the actions include:

- Zero percent interest from March 13, 2020 through September 30, 2020
- Special COVID-19 forbearances of six-months based on the borrower or co-signer's request.
- No late fees through September 30, 2020

RESULTS

SELF Program

SELF Loans Awarded (Fiscal Years 1995 - 2019)



Source: Office of Higher Education

Quantity:

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

- The federal government passed a law in 2008, which greatly restricts the ability of colleges to give students information about non-federal loans. Before this law was in place, colleges could give students information about the SELF Loan and the low interest rates available.

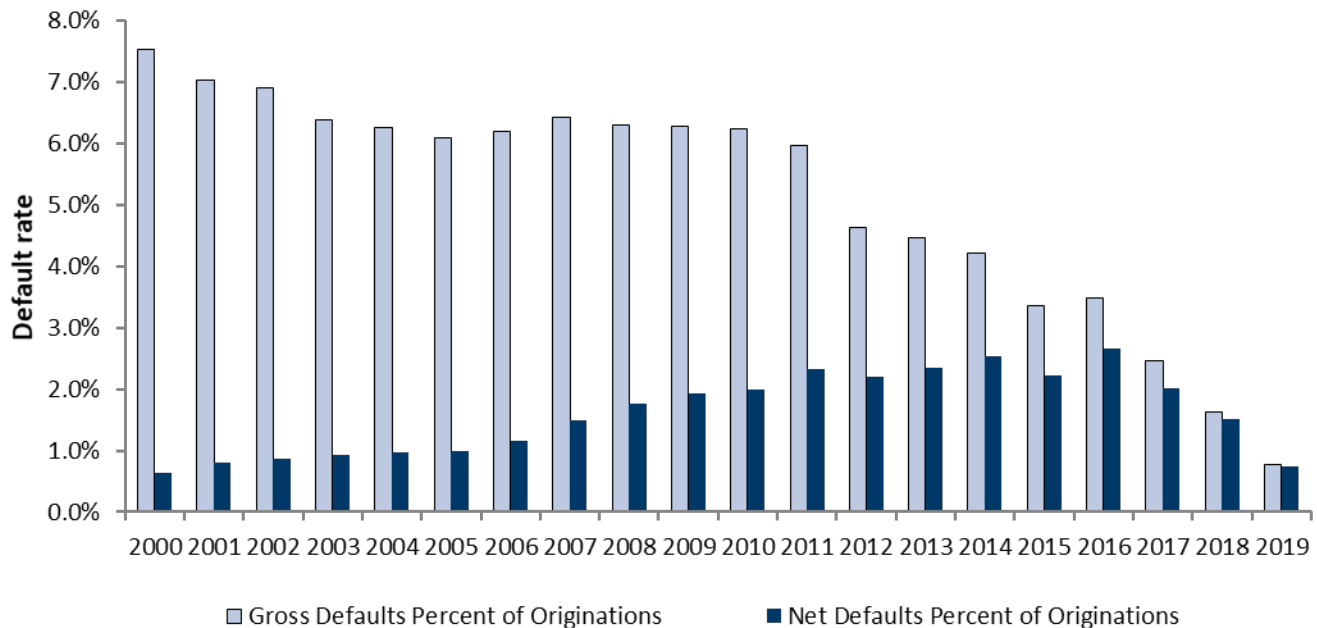
- The amount students could borrow through the SELF program was not keeping up with the cost of going to college. As a result, students would borrow from private banks or other financial sources in order to get all the money they needed from one place, even though it may cost them more in interest and fees.

Loan volume increased in fiscal year 2016 as a result of increasing the loan limit from \$10,000 to \$20,000 for students enrolled in 4-year or graduate programs. Since the increase, the volume has remained relatively stable with a slight decrease in 2019-20.

Quality:

Gross defaults represent the loan balance at the time of default. The amount owed after payments have been made on the defaulted loans is the net default. Both the gross and net default rates for SELF loans are fairly low in comparison to other private loan programs. The Agency effectively collects money owed on defaulted loans resulting in net default rates of less than 3%. The low net default rate means less than 3% of the loans originated are not repaid. Low default rates help keep interest rates low for students, since people not repaying their loans is a program expense.

SELF Loan Program Default Rates as of 2019



Source: Minnesota Office of Higher Education

SELF Refi Program

Quantity:

The legislature limited the SELF Refi program to a maximum amount of \$100 million in loans outstanding. Since the program's inception, the SELF has refinanced over \$50 million in loans.

Quality:

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

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

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

State Supplemental Loans

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23

Expenditures by Fund

8300 - Office Of Higher Education	75,760	72,744	68,628	71,500	73,900	73,500	73,900	73,500
Total	75,760	72,744	68,628	71,500	73,900	73,500	73,900	73,500
Biennial Change				(8,377)		7,272		7,272
Biennial % Change				(6)		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

State Supplemental Loans	75,760	72,744	68,628	71,500	73,900	73,500	73,900	73,500
Total	75,760	72,744	68,628	71,500	73,900	73,500	73,900	73,500

Expenditures by Category

Operating Expenses	4,835	4,116	3,687	2,000	4,400	4,000	4,400	4,000
Other Financial Transaction	70,925	68,629	64,941	69,500	69,500	69,500	69,500	69,500
Total	75,760	72,744	68,628	71,500	73,900	73,500	73,900	73,500

State Supplemental Loans

Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
8300 - Office Of Higher Education								
Balance Forward In	137,449	177,221	127,277	188,244	197,914	169,934	197,914	169,934
Receipts	115,533	22,800	132,595	81,170	45,920	75,920	45,920	75,920
Transfers Out			3,000					
Balance Forward Out	177,221	127,277	188,244	197,914	169,934	172,354	169,934	172,354
Expenditures	75,760	72,744	68,628	71,500	73,900	73,500	73,900	73,500
Biennial Change in Expenditures				(8,377)		7,272		7,272
Biennial % Change in Expenditures				(6)		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

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

- Provides research and analysis on postsecondary education, college readiness, and postsecondary-workforce alignment for the Governor, the Minnesota Legislature, and the people of the State of Minnesota.
- Awarded \$343,701 from external funders in FY2020 for cross-agency collaborative projects in the areas of postsecondary-workforce alignments, longitudinal data, and quality assurance.
- \$3,340,000 available to support innovative research through Spinal Cord & Traumatic Brain Injury Grants in FY2019.

PURPOSE AND CONTEXT

The Research, Policy and Analysis Division provides credible, politically neutral, research-based data, information and analysis on higher education. Research deliverables evaluate programs, inform strategic plans, develop and inform state policy, and assist individuals, colleges, communities, and the state.

SERVICES PROVIDED

- Provides credible and timely analysis of state higher education enrollment, completions, and funding, including: college preparation and access, financing of higher education (student & state), student outcomes (credentials, debt, employment), and system/institutional performance.
- Leverages data and analysis to guide planning, administering and budgeting for Minnesota's state financial aid programs (e.g. Minnesota State Grant, Tuition Reciprocity).
- Leads the Statewide Longitudinal Education Data System (SLEDs) and facilitates sustainability for the Early Childhood Longitudinal Data System (ECLDS). SLEDs and ECLDS leverage data from birth/early childhood, K-12 education, postsecondary education, workforce training and employment. SLEDs assists families, communities and the state in identifying the most viable pathways for individuals to achieve successful outcomes in education and work. SLEDs and ECLDS informs 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 100 postsecondary education institutions operating in Minnesota. Administers surveys to institutions regarding study abroad health and safety, sexual assault, cumulative debt, financial aid awarded, and dual credit acceptance.
- Develops and runs several grant programs created by the Minnesota Legislature (including the Spinal Cord & Traumatic Brain Injury Research Grant program, and the Concurrent Enrollment Grant Program).

RESULTS

Type of Measure	Name of Measure	2015	2016	2017	2018	2019
Quantity	Unduplicated count of students enrolled for which OHE maintains data.	424,923 (fall term only)	418,009 (fall term only)	531,113 (all terms)	518,590 (all terms)	509,602 (all terms)
Quantity	Unduplicated count of students graduating for which OHE maintains data.	95,801	100,044	99,666	98,167	99,866

Type of Measure	Name of Measure	2016	2017	2018	2019	2020
Results	Number of collaborative projects and grant dollars awarded to OHE	3 - \$73,000	5 - \$748,000	5 - \$0	5 - \$0	5 - \$343,701
Results	Number of New Grantees (Organizations) - Grant dollars awarded by OHE	12 organizations; \$1,054,022	19 organizations; \$1,743,999	27 organizations; \$3,795,835	27 organizations; \$3,761,301	20 organizations; \$3,254,973

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

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

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

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

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

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	2,600	2,996	2,006	2,780	2,262	2,262	2,262	2,262
2000 - Restrict Misc Special Revenue	105	405	364	106				
2001 - Other Misc Special Revenue	457	3,594	5,348	3,511	2,998	2,998	2,998	2,998
2403 - Gift		27		3				
Total	3,161	7,022	7,718	6,400	5,260	5,260	5,260	5,260
Biennial Change				3,935		(3,598)		(3,598)
Biennial % Change				39		(25)		(25)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Research, Policy, and Analysis	1,517	1,492	2,012	2,578	1,922	1,922	1,922	1,922
Miscellaneous Grant Programs	1,644	5,530	5,707	3,822	3,338	3,338	3,338	3,338
Total	3,161	7,022	7,718	6,400	5,260	5,260	5,260	5,260

Expenditures by Category

Compensation	247	262	463	269	202	202	202	202
Operating Expenses	929	1,229	1,647	2,204	1,677	1,677	1,677	1,677
Grants, Aids and Subsidies	1,986	5,531	5,608	3,927	3,381	3,381	3,381	3,381
Total	3,161	7,022	7,718	6,400	5,260	5,260	5,260	5,260

Total Agency Expenditures	3,161	7,022	7,718	6,400	5,260	5,260	5,260	5,260
Internal Billing Expenditures	16	6	20	16				
Expenditures Less Internal Billing	3,145	7,017	7,698	6,384	5,260	5,260	5,260	5,260

Full-Time Equivalents

2.65	3.20	3.73	2.60	1.80	1.80	1.80	1.80
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In	378	1,728	330	533				
Direct Appropriation	4,572	4,362	5,262	5,262	5,262	5,262	5,262	5,262
Transfers In	750							
Transfers Out	1,447	3,040	3,000	3,015	3,000	3,000	3,000	3,000
Cancellations		30	53					
Balance Forward Out	1,653	24	532					
Expenditures	2,600	2,996	2,006	2,780	2,262	2,262	2,262	2,262
Biennial Change in Expenditures				(809)		(262)		(262)
Biennial % Change in Expenditures				(14)		(5)		(5)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.15	2.07	2.72	1.40	1.00	1.00	1.00	1.00

2000 - Restrict Misc Special Revenue

Balance Forward In	74	471	65	106				
Receipts	493		405					
Balance Forward Out	462	65	106					
Expenditures	105	405	364	106				
Biennial Change in Expenditures				(40)		(470)		(470)
Biennial % Change in Expenditures				(8)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.03		0.25					

2001 - Other Misc Special Revenue

Balance Forward In	60	1,654	2,445	303	157	159	157	159
Receipts	457	312	206	365				
Transfers In	1,447	3,000	3,090	3,090	3,090	3,090	3,090	3,090
Transfers Out			90	90	90	90	90	90
Balance Forward Out	1,508	1,371	303	157	159	161	159	161
Expenditures	457	3,594	5,348	3,511	2,998	2,998	2,998	2,998
Biennial Change in Expenditures				4,808		(2,863)		(2,863)
Biennial % Change in Expenditures				119		(32)		(32)

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23		Governor's Recommendation FY22 FY23	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.47	1.13	0.76	1.20	0.80	0.80	0.80	0.80

2403 - Gift

Balance Forward In	30	30	3	3		
Balance Forward Out	30	3	3			
Expenditures		27		3		
Biennial Change in Expenditures				(24)	(3)	(3)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						

Program: Postsecondary Access and Outreach

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

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

AT A GLANCE

- **Get Ready Program:** federal grant renewed in 2017. An estimated 47,000 students from low-income background and communities of color will receive services during the seven-year grant.
- **Intervention for College Attendance Program (ICAP):** provides student support services to 3,833 students in grades six through 12, as well as first-year postsecondary students.
- **Minnesota Education Equity Partnership (MnEEP):** helps fund MnEEP operations and activities to increase the success of students of color and American Indian students in Minnesota schools, colleges, and universities.
- **Minitex/MNLink:** provides statewide support functions to assist academic, public, state government, school and special libraries through services such as interlibrary loan and the Electronic Library for Minnesota (ELM), which provides over 20 million resource downloads annually.
- **College Possible:** provides Minnesota students support services to 7,362 high school and postsecondary students to facilitate educational completion.
- **Summer Academic Enrichment Program (SAEP):** provides grants for approximately 800 students annually in grades 3 through 11 to attend an academically-enriching summer programs.
- **Student/Parent Outreach:** A range of services/publications are made available to college-bound students and their families on topics such as choosing a college, paying for college, and FAFSA completion. In addition, Staff gave 86 presentations, 17 of which were in Spanish, and reached a total of 3,800 students and their families. The Minnesota Goes to College initiative partnered with 165 schools across Minnesota to help them host college application and FAFSA completion events.
- **Campus Sexual Violence Prevention and Response Program:** provides resources, training, and guidance on best practices to postsecondary institutions to prevent and respond to sexual violence.

CONTEXT

The primary mission of the Agency is to help Minnesota students gain access to postsecondary education, with special focus on closing attainment gaps for underserved communities, including first-generation and low-income students, students of color and indigenous students, and members of the BIPOC community. Comprehensive information is provided to students in secondary education through adulthood on postsecondary options, covering topics such as preparing, applying and paying for college. Critical OHE outreach and access programs include Get Ready, the Intervention for College Awareness Program, Campus Sexual Violence Prevention and Response Program, Summer Academic Enrichment Program, College Possible, Minnesota Education Equity Partnership (MnEEP), and other programs such as MNLink/Minetex, Student Parent Outreach, and a Student Employer Connection Information System.

Get Ready, which receives federally funding through GEAR UP a grant, and \$180,000 annually in state funding, aims to increase the number of students from low-income backgrounds and communities of color who are graduating from high school, participating in postsecondary education, and successfully transitioning into a career pathway. The program builds high-need middle and high schools' capacity to deliver postsecondary readiness programming to students and their families, effectively utilize data to drive continuous improvement, and make the systemic changes necessary to sustain a culture of college-going. An estimated 47,000 students from low-income background and communities of color will receive services during the seven-year grant cycle.

The Intervention for College Attendance Program provides competitive grants to postsecondary institutions, professional organizations, community-based organizations, or other service providers to strengthen students' preparation and aptitude for postsecondary success. The program serves students from underserved communities in grades 6-12 and in their first year of college.

The Summer Academic Enrichment Program provides funding of up to \$1,000 per participant for students in grades 3 through 11 to attend an academically-enriching summer program. The program seeks to counter the opportunity gap and give children access to high-quality experiences that keep exercising their minds and boosting academic performance through participation in challenging enrichment classes in core curricular areas.

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

The Student/Parent Outreach initiatives provide a range of services to college-bound students and their families. The following represent the core modalities:

- *Financial Aid & Choosing a College Publications:* Currently, we produce and print publications on Financial Aid Basics, FAFSA & Dream Act, Grants & Scholarships, Loans & Consumer Protection, and Choosing a College. These publications give an overview of Minnesota institutions, the programs they offer, the application process for financial aid, and all of the different ways to finance one's postsecondary education. The Choosing a College publication allows students to explore two-year and four-year public and private institutions, as well as accredited cosmetology and specialized trade schools. The profiles found in the beginning of the guide provide information on tuition, fees, class sizes, and required exams. Our program grid, found in the back of the guide, helps match students' interests and field of study with the Minnesota institution that is best suited for them.
- *Financial Aid & College Knowledge Presentations:* These presentations are delivered by our team of contracted outreach presenters in English or Spanish to help students and families understand the financial aid process, the Free Application for Federal Student Aid (FAFSA), the Minnesota Dream Act, and how to choose and apply to college.
- *Outreach Videos:* These videos are recorded presentations given by the contracted outreach presenters. They are available in long-form (approximately 25 minutes) and short-form, allowing students and their families to choose the exact topic they would like to learn more about.
- *Minnesota 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. Minnesota Goes to College is sponsored by a steering committee of K12, higher education, and nonprofit partners, including: Minnesota Department of Education (MDE), Minnesota Office of Higher Education (OHE), Minnesota Private College Council, Minnesota State, University of Minnesota - Twin Cities, Minnesota State University - Mankato, Saint Paul Public Schools, Minneapolis Public Schools, Buffalo High School, Johnson High School, Minnesota Association for College Admission Counseling (MACAC), Minnesota Association of Financial Aid Administrators (MAFAA), and AVID college readiness program. OHE partnered with 165 high schools in the 2019-2020 school year and served approximately 30,000 high school seniors.
- *Minnesota State Fair:* Each year, OHE has a booth in Education Building of the Minnesota State Fair, where we distribute information about our publications, outreach, attainment goal, and other resources

to students and their families about postsecondary education. We also have a daily drawing to win a \$200 Minnesota 529 College Savings Plan.

SERVICES PROVIDED

Get Ready serves 6th-12th grade students, their families, and the educators through the following core interventions:

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

Intervention for College Attendance Program (ICAP) - grants provide students from underserved communities in 6th-12th grade and their first year of college with the following services:

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

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

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

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

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

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

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

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

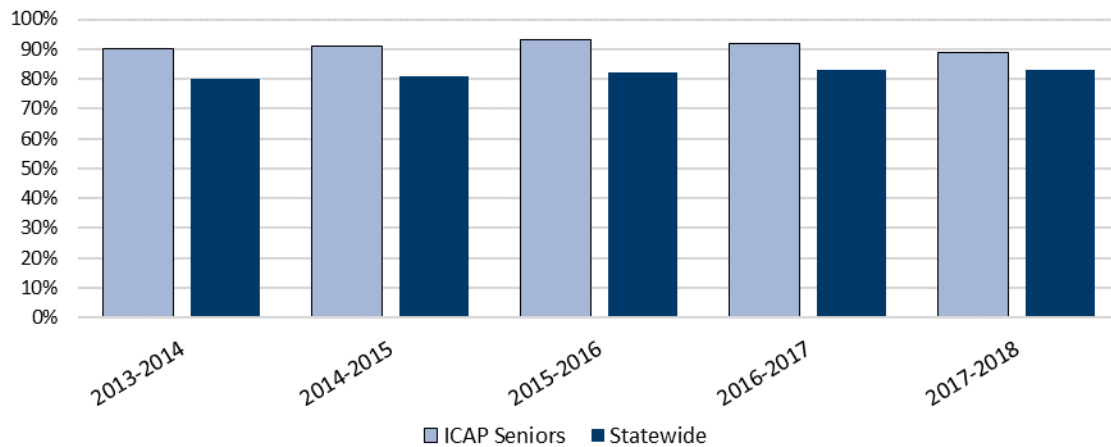
RESULTS

Get Ready Direct Service Indicators

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of students receiving Get Ready Services	2,517	5,247	2018 & 2019
Quantity	Number of students going on college visits	58	661	2018 & 2019
Results	Middle School Reading Proficiency (% Proficient)	36.44%	36.51%	2017 & 2018
Results	Middle School Math Proficiency (% Proficient)	36.26%	37.77%	2017 & 2018
Results	Postsecondary education knowledge (% correct score)	57.88%	58.51%	2017 & 2018

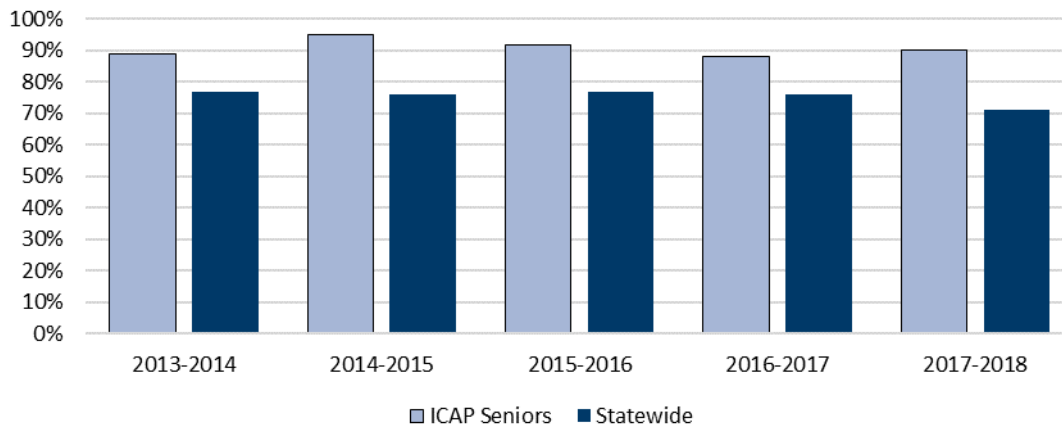
Intervention for College Attendance Program

**Graduation Rate of High School Senior ICAP Participants vs.
Statewide Graduation Rate, 2013-2018**



Outcomes: High school graduation rates are higher in ICAP-funded programs than the state's average (89% in 2018)

**Percentage of High School Graduates in ICAP programs enrolling in
college vs. Statewide enrollment, 2013-2018**



Outcomes: College enrollment is higher in ICAP-funded programs than the state average (90% in 2018)

Minitex

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Requests created by MN residents using the MNLINK	484,037	537,751	2018 & 2019
Quantity	Delivery items shipped	540,494	976,583	2018 & 2019
Quantity	Reference questions answered online through AskMN	37,257	34,854	2018 & 2019
Quantity	ELM searches by MN resident for articles, references sources, and full text documents	60,277,210	61,838,917	2018 & 2019
Quantity	Number of unique digital object representing Minnesota's history & culture in MN Reflections	273,585	746,887	2018 & 2019

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

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

Postsecondary Access and Outreach

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	8,147	8,128	7,693	9,502	7,937	7,937	10,077	9,227
2000 - Restrict Misc Special Revenue	2	5		150				
3000 - Federal	2,568	2,738	3,953	6,292	6,149	6,148	6,149	6,148
Total	10,717	10,870	11,646	15,944	14,086	14,085	16,226	15,375
Biennial Change				6,003		581		4,011
Biennial % Change				28		2		15
Governor's Change from Base								3,430
Governor's % Change from Base								12

Expenditures by Activity

Access Programs	10,137	10,208	11,437	15,247	13,769	13,768	15,909	15,058
Outreach Programs	572	655	196	689	267	267	267	267
Training	8	7	13	8	50	50	50	50
Total	10,717	10,870	11,646	15,944	14,086	14,085	16,226	15,375

Expenditures by Category

Compensation	1,535	1,799	2,006	2,459	2,527	2,533	2,527	2,533
Operating Expenses	533	1,230	2,176	2,785	2,439	2,433	3,379	2,523
Grants, Aids and Subsidies	8,649	7,842	7,465	10,700	9,120	9,119	10,320	10,319
Total	10,717	10,870	11,646	15,944	14,086	14,085	16,226	15,375

Total Agency Expenditures	10,717	10,870	11,646	15,944	14,086	14,085	16,226	15,375
Internal Billing Expenditures	157	173	252	370	370	370	370	370
Expenditures Less Internal Billing	10,560	10,697	11,394	15,574	13,716	13,715	15,856	15,005

Full-Time Equivalents

18.25	19.65	21.89	26.25	26.25	26.25	26.25	26.25
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Postsecondary Access and Outreach

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		447		754				
Direct Appropriation	7,853	7,853	7,948	9,073	7,937	7,937	10,077	9,227
Transfers In	654	81	508	23	8	8	23	23
Transfers Out		182	8	348	8	8	23	23
Cancellations		71						
Balance Forward Out	360		755					
Expenditures	8,147	8,128	7,693	9,502	7,937	7,937	10,077	9,227
Biennial Change in Expenditures				920		(1,321)		2,109
Biennial % Change in Expenditures				6		(8)		12
Governor's Change from Base								3,430
Governor's % Change from Base								22
Full-Time Equivalents	1.24	1.61	1.91	2.05	2.05	2.05	2.05	2.05

2000 - Restrict Misc Special Revenue

Balance Forward In	49	47	43	193	43	43	43	43
Receipts			150					
Balance Forward Out	47	43	193	43	43	43	43	43
Expenditures	2	5		150				
Biennial Change in Expenditures				144		(150)		(150)
Biennial % Change in Expenditures				2,274				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.03	0.10						

3000 - Federal

Balance Forward In	0	0	0					
Receipts	2,568	2,738	3,953	6,292	6,149	6,148	6,149	6,148
Expenditures	2,568	2,738	3,953	6,292	6,149	6,148	6,149	6,148
Biennial Change in Expenditures				4,939		2,052		2,052
Biennial % Change in Expenditures				93		20		20
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	16.98	17.94	19.98	24.20	24.20	24.20	24.20	24.20

Program: OHE Administration

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

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

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

AT A GLANCE

- Provide strategic fiscal leadership, oversight, and support for agency leadership and programs, while managing processes and transactions related to OHE's \$345 million annual budget.
- Support an equitable workforce and inclusive culture through reviewing and updating policies and procedures, promoting training and professional development opportunities, and internal communication and events.
- Audit postsecondary schools that participate in Minnesota aid programs (including SELF) with the goal of ensuring students receive the correct amount of eligible aid.
- License and Register over 178 postsecondary providers to operate in Minnesota – providing consumer protections for students and their families.

PURPOSE AND CONTEXT

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

SERVICES PROVIDED

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

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	No material findings in Certified Audited Financial Statements – Meeting accounting standards	100%	100%	2018 & 2019
Quantity	Number of new student loan revenue bonds issued	0	1	2019 & 2020
Quality	SELF Program bond ratings in 2018 compared to 2020.			2018 & 2020
	2018 Issuance (2018 Senior Series)	AA (sf) (stable)	AA (sf) (stable)	
	2020 Issuance (2020 Senior Series)	N/A	AA(sf)	
Quantity	Total number postsecondary institutions Licensed and Registered Annually	186	178	2018 & 2020

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

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

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

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

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23

Expenditures by Fund

1000 - General	2,608	5,001	3,675	5,145	4,277	4,277	4,414	4,454
2000 - Restrict Misc Special Revenue	1,014	796	802	740	770	782	770	782
8300 - Office Of Higher Education	5,864	6,165	5,544	5,581	5,677	5,688	5,677	5,688
Total	9,486	11,962	10,021	11,466	10,724	10,747	10,861	10,924
Biennial Change				39		(16)		298
Biennial % Change				0		(0)		1
Governor's Change from Base								314
Governor's % Change from Base								1

Expenditures by Activity

OHE Administration Activities	8,736	11,439	9,481	10,922	10,187	10,204	10,324	10,381
PIR/PCS Licensure	750	523	539	544	537	543	537	543
Total	9,486	11,962	10,021	11,466	10,724	10,747	10,861	10,924

Expenditures by Category

Compensation	3,616	3,824	3,957	4,687	5,097	5,199	5,136	5,278
Operating Expenses	5,865	7,588	6,029	6,772	5,620	5,541	5,718	5,639
Grants, Aids and Subsidies	5		28					
Capital Outlay-Real Property		542						
Other Financial Transaction	0	9	6	7	7	7	7	7
Total	9,486	11,962	10,021	11,466	10,724	10,747	10,861	10,924

Total Agency Expenditures	9,486	11,962	10,021	11,466	10,724	10,747	10,861	10,924
Internal Billing Expenditures	52	36	38	37	37	37	37	37
Expenditures Less Internal Billing	9,434	11,926	9,983	11,429	10,687	10,710	10,824	10,887

Full-Time Equivalents

38.23	38.77	39.25	43.35	46.15	46.15	46.15	46.15
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OHE Administration

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		1,480		868				
Direct Appropriation	4,064	4,070	4,577	4,327	4,327	4,327	4,464	4,504
Transfers In				340				
Transfers Out	47	476	35	50	50	50	50	50
Cancellations		73		340				
Balance Forward Out	1,409		868					
Expenditures	2,608	5,001	3,675	5,145	4,277	4,277	4,414	4,454
Biennial Change in Expenditures				1,211		(266)		48
Biennial % Change in Expenditures				16		(3)		1
Governor's Change from Base								314
Governor's % Change from Base								4
Full-Time Equivalents	17.01	19.21	19.50	23.10	25.00	25.00	25.00	25.00

2000 - Restrict Misc Special Revenue

Balance Forward In	2,488	2,091	1,924	2,054	2,226	2,376	2,226	2,376
Receipts	617	594	933	912	920	921	920	921
Internal Billing Receipts	193	216	316	407	407	407	407	407
Balance Forward Out	2,091	1,889	2,055	2,226	2,376	2,515	2,376	2,515
Expenditures	1,014	796	802	740	770	782	770	782
Biennial Change in Expenditures				(268)		10		10
Biennial % Change in Expenditures				(15)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.21	5.75	4.90	4.75	4.95	4.95	4.95	4.95

8300 - Office Of Higher Education

Balance Forward In	2,424	2,428	2,915	905	1,432	1,563	1,432	1,563
Receipts	6,205	6,074	557	6,130	5,830	6,130	5,830	6,130
Transfers In			3,000					
Transfers Out	379	36	23	22	22	22	22	22
Balance Forward Out	2,388	2,301	905	1,432	1,563	1,983	1,563	1,983
Expenditures	5,864	6,165	5,544	5,581	5,677	5,688	5,677	5,688
Biennial Change in Expenditures				(904)		240		240

OHE Administration

Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
Biennial % Change in Expenditures				(8)		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.01	13.81	14.85	15.50	16.20	16.20	16.20	16.20

Higher Education, Office of

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY 2020 Actuals	FY 2021 Budget	FY 2022 Base	FY 2023 Base	Required State Match or MOE?	FTEs
US Department of Education CFDA#84.334S	GEAR UP: An intervention program that works with low- income students and those under-represented in postsecondary education to prepare them for education after high school. The program serves students in 5th through 12th grade. The program has a dollar for dollar matching requirement, in cash or in-kind – the match includes both state resources and resources from partner schools.	No	\$ 3,953	\$ 4,325	\$ 4,482	\$ 4,482	Yes	24.20
Governors Emergency Education Relief Fund CFDA 84.425C	Governors Emergency Education Relief: provides support through grants to Institutes of Higher Education serving students within the State that have been significantly impacted by COVID-19	Yes	\$ -	\$ 1,967	\$ 1,667	\$ 1,666	No	0.00
	Program Total - Postsecondary Access & Outreach		\$ 3,953	\$ 6,292	\$ 6,149	\$ 6,148		24.20
US Department of Education CFDA#84.176	Paul Douglas Repayment Program: Teacher Collection of Loan Repayment funds from 1 student each year that did not complete the teaching obligation under this program (which stopped taking new participants in FY 1996).	No	\$ -	\$ -	\$ -	\$ -	No	0.00
US Department of Justice CFDA#16.81	John R. Justice Student Loan Repayment Grant Program provides awards to 32 public prosecutors and defenders each year.	No	\$ 42	\$ 42	\$ 42	\$ 42	No	0.03
	Program Total - Student Financial Aid Services		\$ 42	\$ 42	\$ 42	\$ 42		0.03
	Federal Fund – Agency Total		\$ 3,995	\$ 6,334	\$ 6,191	\$ 6,190		24.23