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Health and Education Facilities Authority

Agency Profile 1

Health and Education Facilities Authority — Agency Profile

https://www.mnhefa.org

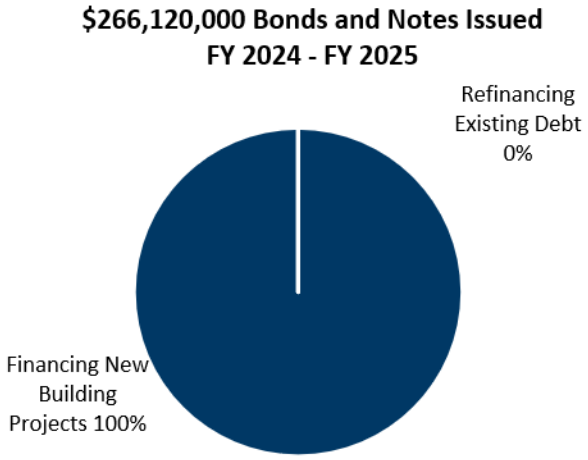
AT A GLANCE

- The Minnesota Higher Education Facilities Authority ("MHEFA") was created in 1971 through statutes to assist nonprofit institutions of higher education in financing capital projects through the issuance of tax-exempt and taxable debt in the form of bonds and private bank notes.
- Through legislation passed during the 2025-26 legislative session, on August 1, 2025, MHEFA's statutes were amended, renaming the Authority as the Minnesota Health and Education Facilities Authority, and granting the Authority the ability to issue bonds and notes for eligible nonprofit healthcare borrowers as well as higher education borrowers.
- The update to statutes also increased MHEFA's authorized maximum outstanding principal to $5 billion as of August 1, 2025 ($2.25 billion for higher education and $2.75 billion for healthcare).

PURPOSE

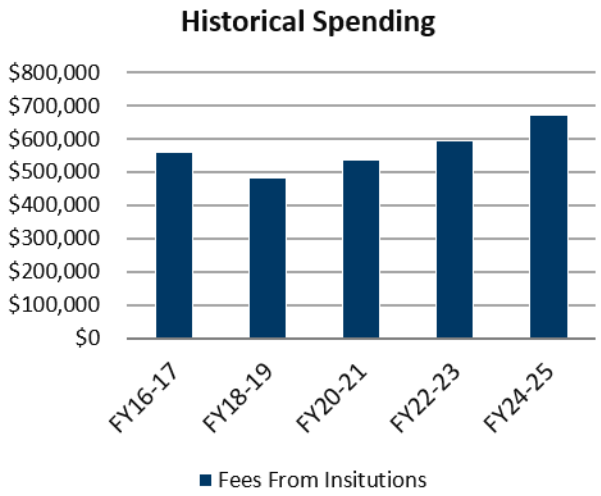
MHEFA financing activity contributes to affordable lending for not-for-profit higher education and healthcare organizations. This results in more affordable higher education and healthcare for Minnesota residents due to tax savings passed through to eligible organizations. The Minnesota Health and Education Facilities Authority (MHEFA) was created by the state legislature to assist nonprofit institutions of higher education throughout Minnesota with financing or refinancing capital construction projects by issuing revenue bonds and notes. On August 1, 2025, this assistance was expanded to also include nonprofit healthcare organizations. MHEFA does not receive any general fund tax dollars or any legislative appropriations. MHEFA has no taxing power. Operating funds come from fees charged to the institutions that benefit from the financings and investment earnings. MHEFA operates under the leadership of a twelve-member board of directors, nine of whom are appointed by the Governor. Three ex-officio members complete the twelve-member board with one member from the MN Office of Higher Education, one member from the MN Private College Council, and one member from the Minnesota Hospital Association. The staff consists of two full-time employees.

BUDGET



All financings were new projects completed in FY2024. MHEFA did not complete any financings in FY2025. MHEFA did not assist with any refinancings during this period

Source: FY2024 and FY2025 MHEFA Annual Reports



This chart represents employee payroll expenses, which are the only expenses paid through MMB from MHEFA funds. All of MHEFA's expenses are paid by MHEFA funds, not the State.

Source: FY2024 and FY2025 MHEFA Annual Reports

The majority of the Minnesota Health and Education Facilities Authority's annual revenue is predictable, as the annual fee to borrowers is based on the debt outstanding on each MHEFA-issued bond. New financings, however, are driven by borrower need. Reflected here in the pie chart, we show the amount of debt issued over the two fiscal year period of FY2024-2025. MHEFA issued $0 in FY2025 and only issued new debt in FY2024.

Our historical spending chart reflects payroll and benefit related expenses administered through MMB. The payroll accounts for MHEFA are funded with payments made from MHEFA to our own state payroll account. No state funds flow through the account as MHEFA does not receive any general fund tax dollars or any legislative appropriations. Since 2017, the Authority has operated with the same two employees, so payroll expenses have been steady and rise following Managerial Plan increases.

STRATEGIES

MHEFA is authorized to issue tax-exempt and taxable bonds and private bank notes for eligible nonprofit private post-secondary institutions or healthcare organizations in Minnesota. In 1988, the legislature gave MHEFA additional authority to issue bonds and notes for limited scope of projects at public higher education institutions. In 2024, the legislature increased the limit on bonds MHEFA may issue from $1.3 billion to $2 billion. In 2025, the legislature increased the limit on bonds MHEFA may issue from $2 billion to $5 billion, with $2.25 billion designated for higher education and $2.75 billion designated for healthcare. The outstanding principal as of June 30, 2025, is approximately $1.23 billion. MHEFA issues tax-exempt and taxable revenue obligations and enters into agreements with higher education and healthcare organizations to be solely responsible for the use of the loan proceeds and to repay the bondholders or noteholders. Neither the State of Minnesota nor MHEFA have any express, implied, or moral liability to repay bondholders or noteholders.

MHEFA also provides education for its constituents on the process of issuing tax exempt bonds and notes, coordinates and serves as liaison with credit rating agencies, provides support on secondary market disclosure, and post issuance compliance matters.

RESULTS

Part A: Performance Data

Since its creation in 1971, MHEFA has completed 259 bond and note issues totaling over $3.79 billion. There has never been a default in payment on any bonds or notes issued. Operational efficiencies are used to keep expenses low, thereby keeping fees low. MHEFA provides a consistent and efficient process for obtaining financing and has educated the institutions through newsletters, e-mails, one-on-one information sessions, and an annual educational conference on market, legal, and accounting considerations of tax-exempt and taxable debt financing. The nonprofit colleges and universities of Minnesota have facilities that offer an education competitive with other educational institutions in the nation. Many students that are educated in Minnesota stay in the state after graduation and provide a well-educated workforce. The healthcare organizations of Minnesota save time and resources by having one public hearing instead of multiple when multiple locations are involved in a financing. MHEFA offers post-sale assistance, ensuring its borrowers are assisted throughout the life of a financing.

Measure	Measure type	Measure data source	Historical trend	Most recent data
MHEFA Bonds and Notes issued for eligible nonprofit, private post-secondary institutions (Healthcare Authority was not granted until FY2026)	Quantity	MHEFA Annual Report/MHEFA Financials	FY2024: $266,120,000 FY2025: $0	FY2026: $216,665,000
Percentage of administrative cost of amount issued	Quality	MHEFA Financials/Calculation	FY2024: 0.01% FY2025: 0.01%	FY2026: 0.02%
Approximate annual tax-exempt interest savings for private post-secondary institutions	Results	MHEFA Financials/Calculation	FY2024: $5,322,400 FY2025: N/A	FY2026: $4,333,300

Part B: Evidence of Effectiveness

This program funds core staffing and operations which cannot be evaluated using randomized control or quasi-experimental design methods.

The Minnesota Health and Education Facilities Authority (“MHEFA”) does not receive any state funding to achieve its mission. All funding is obtained through fees charged to its borrowers. MHEFA has had no defaults through its 55-year history and has successfully issued over 250 financings for its borrowers.

M.S. 15D.01-15.18 (https://www.revisor.mn.gov/statutes/cite/15D) provides the legal authority for the Minnesota Health and Education Facilities Authority