

Agency Mission

The strength of Minnesota’s economy hinges now more than ever on the knowledge, creativity and innovation of the state’s citizens. The Minnesota Office of Higher Education exists to help Minnesotans achieve financial access to postsecondary education; to protect and inform higher education consumers; to produce independent statewide data and analysis on postsecondary education; and to provide helpful and objective information to students and parents on preparing and paying for college. The agency’s mission is to “advance the promise of higher education to all Minnesotans”.

At a Glance

Minnesota State Grant Program

- Need-based grant for students
- Serves 84,000 students annually
- \$124 million awarded for 2010-11 school year

Student Loan Program

- Provides \$125 million in loans to 25,000 annually

Other Financial Aid Programs – Annual Spending

- State Work Study serves 10,000 with \$12.2 million
- Indian Scholarship serves 600 with \$2 million
- Minnesota GI Bill serves 600 with \$1 million
- Postsecondary Child Care serves 3,000 with \$6.2 million.

Minnesota (529) College Savings Plan

- 53,000 accounts
- \$736 million in assets as of March 31, 2010
- 2,100 account beneficiaries received matching grants

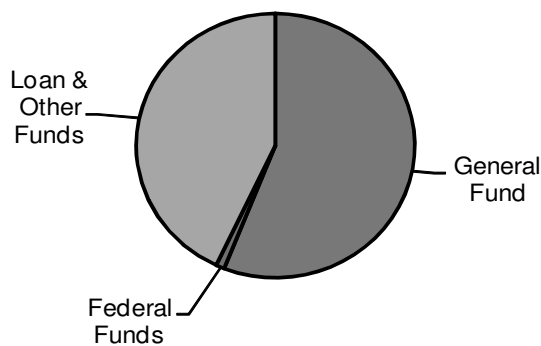
Private Institutions Regulation

- More than 160 private institutions regulated
- 66,500 students attending non-profit institutions
- 110,000 students attending for-profit institutions

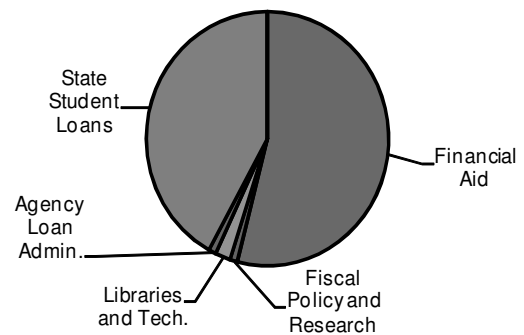
Other

- 25,000 students benefit from tuition reciprocity
- 6,000 students in low-income elementary, middle and high schools participate in Get Ready program

Est. FY 2010-11 Expenditures by Fund



Est. FY 2010-11 Expenditures by Program



Source: Minnesota Biennial Budget System.

Strategies

The agency carries out its mission in close partnerships with public and private colleges, universities and career schools across the state, providing financial aid, and assuring quality opportunities and information for students and families. Most of the statutory authority for the Minnesota Office of Higher Education resides in Chapter 136A. Federal law also provides funding and authority for specific programs.

Created as a state cabinet agency in 2003, the Office of Higher Education was previously an independent service office. Today, the agency is the only statewide agency looking out solely for the interests of postsecondary students and their families, not promoting any particular opportunity or program. The agency promotes the importance of pursuing some education beyond high school for everyone. Core functions are:

Facilitating affordable higher education: Making higher education accessible to more Minnesotans by providing and promoting financial aid. Each year, the agency awards approximately \$308 million in grants, loans and scholarships.

Providing student/consumer protections: Regulates private institutions and conducts financial aid audits on more than 160 private institutions.

Performing data collection and policy analysis: Provides lawmakers, educators and other policy leaders with clear and objective information about higher education enrollment, finance, accountability and trends.

Making college choices accessible: Through the state's college savings plan, tuition reciprocity and support of programs to promote college readiness and success in K-12, the agency provides tools and information to make choices about education beyond high school.

State financial aid programs are aligned and integrated where possible with federal programs to create a seamless application and awards process for students. The agency works to maintain low administrative costs and overhead by partnering with colleges and universities to operate programs and by contracting to manage the Minnesota College Savings Plan.

Operations

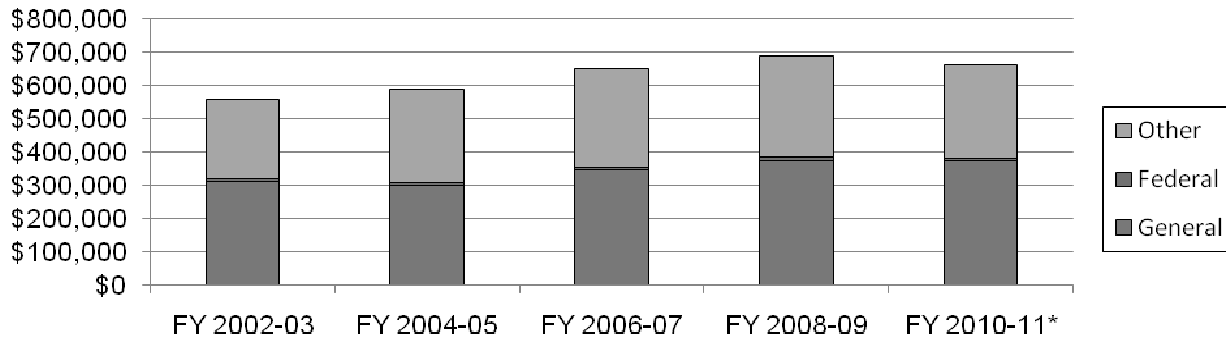
The Office of Higher Education is a cabinet-level agency providing an array of financial aid, student loans and other programs to help make college affordable for many traditional students and adult students. Programs and services include:

- The Minnesota State Grant program
- SELF Loan program
- Minnesota Postsecondary Child Care Grant program
- State Work Study
- Minnesota Indian Scholarship program
- Achieve Scholarship program
- Safety Officer's Survivor Grant program
- Tuition reciprocity program
- Minnesota College Savings Plan (529)
- Regulation of private postsecondary institutions and programs (consumer protection)
- Information for students and parents on preparing and paying for postsecondary education
- College access information and support for groups traditionally underrepresented in higher education

The agency is advised by the Higher Education Advisory Council, which is comprised of the chancellor of the Minnesota State Colleges and Universities System, the president of the University of Minnesota, the commissioner of the Minnesota Department of Education, the president of the Minnesota Career College Association and the chief executive of the Minnesota Private College Council. In addition, the Office of Higher Education is advised by a committee of students representing organizations named in statute. Though not in law, the Office of Higher Education also convenes a regular meeting of financial aid professionals representing colleges from across the state to discuss operational issues.

Budget Trends

Total Expenditures by Fund



**FY2010-11 is estimated, not actual.*

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 7/20/2010

Many external factors affect the Office of Higher Education’s programs and work. Most notably, the demand on the agency’s largest state-funded program, the Minnesota state grant program, can change from year to year based on tuition costs set by colleges, enrollment and student choices about where to attend. It was projected that the economic downturn would cause an enrollment surge in FY 2010; however, the magnitude of actual enrollment growth exceeded the projection, which was based on statistical modeling.

Other factors affecting the higher education sector include changing student demographics, behavioral and enrollment decisions by students, the economy and job market. A public emphasis on college readiness and completion and an interest in creating the capability to track student data from pre-kindergarten through postsecondary enrollment has been a new area of involvement for the Office of Higher Education.

Because the state’s financial aid programs are designed to work in an integrated fashion with federal programs, changes in programs, funding and policy at the federal level have an impact on state programs.

Contact

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 Primary Web site: <http://www.ohe.state.mn.us>
 Web site for students and parents: <http://www.getreadyforcollege.org>

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	222,853	149,380	184,712	184,712	369,424
Forecast Base	222,853	149,380	184,387	184,487	368,874
Change		0	(325)	(225)	(550)
% Biennial Change from 2010-11					-0.9%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	215,493	159,129	185,781	185,951	371,732
Statutory Appropriations					
Miscellaneous Special Revenue	1,063	670	643	643	1,286
Federal	5,708	6,550	6,675	6,675	13,350
Office Of Higher Education	133,505	133,833	143,838	143,844	287,682
Total	355,769	300,182	336,937	337,113	674,050
<u>Expenditures by Category</u>					
Total Compensation	4,803	5,189	5,218	5,297	10,515
Other Operating Expenses	16,885	21,052	20,822	20,749	41,571
Payments To Individuals	206,879	150,019	176,976	177,146	354,122
Local Assistance	8,879	8,897	8,896	8,896	17,792
Other Financial Transactions	118,323	115,025	125,025	125,025	250,050
Total	355,769	300,182	336,937	337,113	674,050
<u>Expenditures by Program</u>					
Student Financial Aid-Outreach	211,114	155,626	182,333	182,503	364,836
State Student Loans	126,626	125,005	135,005	135,005	270,010
Fiscal Policy & Research	2,157	1,886	1,886	1,886	3,772
Libraries And Technology	6,030	5,827	6,031	6,031	12,062
Agency/Loan Administration	9,842	11,838	11,682	11,688	23,370
Total	355,769	300,182	336,937	337,113	674,050
Full-Time Equivalentents (FTE)	66.8	66.8	66.8	66.8	

Program at a Glance

- State student financial aid programs served more than 83,000 in FY 2009.
- Distributed \$172.6 million in grants, scholarships and work study in FY 2009.
- There were more than 50,000 Minnesota college savings plan accounts with a total market value of more than \$736 million in the first quarter of 2010.
- More than 2,100 account beneficiaries received matching grants in 2010.
- Approximately 25,000 Minnesota residents participate in tuition reciprocity annually.

Program Description

To compete in today's global economy, most Minnesotans will enroll in some form of postsecondary education. As education has become more essential, Minnesota offers a range of financial aid programs to help students overcome barriers to postsecondary education. The activities supported by the Office of Higher Education's student financial aid services are part of the state's strategy to keep education affordable and accessible for all Minnesota residents. The goal of state financial aid programs is to support the ability of students to choose the postsecondary institution that best meets their educational needs, regardless of their financial circumstances.

The **Minnesota State Grant** program is a need-based grant program for Minnesota undergraduate students attending Minnesota public and private institutions. The program is coordinated with the federal Pell grant program. Students apply for the state grant by completing the federal Free Application for Federal Student Aid (FAFSA). The state grant program served 84,518 students and awarded \$143.5 million in FY 2009. The average state grant is about \$1,698. Eligible students are Minnesota residents attending a Minnesota public or private college or university who demonstrate financial need.

The **Summer Transition Grant** program, first implemented during the summer of 2010, provides need-based grants to Minnesota high school graduates attending approved summer transition programs offered by Minnesota colleges designed to increase academic readiness for postsecondary education. The program's annual funding of \$1 million comes from the Minnesota state grant appropriation.

The **Minnesota Work Study** program provides students with part-time jobs so students can earn money to help meet their assigned payment responsibilities. Students demonstrate their need for work study by completing the FAFSA. State work study served 10,515 students in 2008-2009 who earned \$17.6 million, of which \$12.2 million were state funds.

The **Minnesota Indian Scholarship** program provides scholarships to Minnesota resident students who are of at least one-fourth American Indian ancestry to attend eligible postsecondary institutions in Minnesota. Undergraduate students who demonstrate need and qualify for either the Minnesota state grant or the federal Pell grant can receive an annual scholarship of up to \$4,000, with an average award of \$3,200. Graduate students who demonstrate need can receive an annual scholarship of up to \$6,000. In FY 2010 the program received 2,349 applications, provided 625 eligible students with approximately \$2 million in scholarships and 575 eligible students remained on the waiting list after all available funding had been awarded.

The **Minnesota Achieve Scholarship** awards recent Minnesota high school graduates with a scholarship for completing one of four rigorous programs of study while in high school. The program began in 2008-2009 and is available to Minnesota residents who meet specific financial need requirements and are attending Minnesota colleges and universities.

The **Minnesota Postsecondary Child Care** program provides students with dependent children with need-based child care grants to help offset the cost of childcare while they are in college. Students received up to \$2,600 per dependent child in FY 2009. The program served 2,873 students in FY 2009 with an allocation of \$6.2 million.

The **Minnesota GI Bill** provides financial assistance to eligible Minnesota veterans and service members who have served after September 11, 2001 and to the children and spouses of deceased or severely disabled eligible Minnesota veterans and services members to attend participating postsecondary institutions in Minnesota. The agency administers the program on behalf of the Minnesota Department of Veterans Affairs. In FY 2010 the program received 1,384 applications and 640 students received benefits totaling approximately \$1 million.

The Safety Officers Survivor's program provides grants to survivors of Minnesota public safety officers killed in the line of duty. In 2009, the program served 12 students and spent \$56,594.

The Minnesota SELF Loan program is described in the State Student Loans Program Narrative.

The Minnesota College Savings Plan is a 529 Qualified Tuition Program and encourages individuals and families to save for postsecondary education. Minnesota's plan is defined under Section 529 of the United States Internal Revenue Code and authorized under M.S. 136G. Earnings in the Minnesota college savings plan are tax deferred while invested and tax-free when distributed for qualified higher education expenses. Qualified expenses are defined in federal law and include tuition and fees plus room and board if the student attends at least half-time and books, supplies, and equipment required for enrollment.

Account owners can contribute up to \$235,000 and funds can be used at campuses throughout the United States. The Office of Higher Education and the Minnesota State Board of Investment have contracted with TIAA-CREF Tuition Financing Inc. to administer the plan.

Minnesota's plan provides a state-funded matching grant to account beneficiaries from low and moderate income Minnesota families. The matching grant is available annually to Minnesota resident account beneficiaries whose families have a federal adjusted gross income of \$80,000 or less. If the beneficiary's family income is \$50,000 or less, 15% of the contribution can be matched, up to a total of \$400 annually. If the beneficiary's family income is between \$50,000 and \$80,000, 10% of the contribution can be matched up to a total of \$400 annually.

Tuition Reciprocity agreements are negotiated and administered by the Minnesota Office of Higher Education. The agreements remove tuition and admissions barriers for Minnesota residents interested in attending public postsecondary institutions in Wisconsin, South Dakota, North Dakota and Manitoba. There were 25,000 Minnesota students attending colleges and universities in neighboring states at reduced prices during fall term 2009. The agreements, each of which is structured differently, include a calculation that can result in interstate payments based upon enrollment and the cost of instruction. The interstate payment mechanism ensures that neither state bears a disproportionate share of the burden of educating the other state's residents. For the 2008-2009 academic year, Wisconsin paid Minnesota \$9.2 million and Minnesota paid North Dakota \$3.1 million. For the 2009-2010 academic year, Wisconsin is projected to pay Minnesota \$9 million and Minnesota is projected to pay North Dakota \$3.9 million. Final 2009-10 data will be available in January 2011.

Population Served

The Minnesota State Grant program, the Summer Transition Grant program, the Work Study program, the Indian Scholarship program, the Achieve Scholarship program, the Postsecondary Child Care Grant program, and the Safety Officers Survivors program serve Minnesota residents attending Minnesota postsecondary institutions. Interstate tuition reciprocity serves Minnesota residents attending public institutions in Wisconsin, North Dakota, South Dakota, Iowa Lake Community College, and Manitoba. It also serves students from those states that attend Minnesota public institutions. The Minnesota college savings program is available to residents and non-residents alike. Outreach programs target Minnesota residents, especially low income populations and those with little or no experience with higher education.

Key Program Goals & Measures

Goal: Provide Minnesota students with access to postsecondary education at affordable prices.

Goal: Support the ability of students to choose the postsecondary institution that best meets their educational needs, regardless of financial circumstances.

Measures: Overall enrollment and the percentage of student who enroll in postsecondary education after high school provide information about the number of students affected by higher education policies and programs (see following table).

Undergraduate Headcount Enrollment at Minnesota Postsecondary Institutions 2000 to 2009

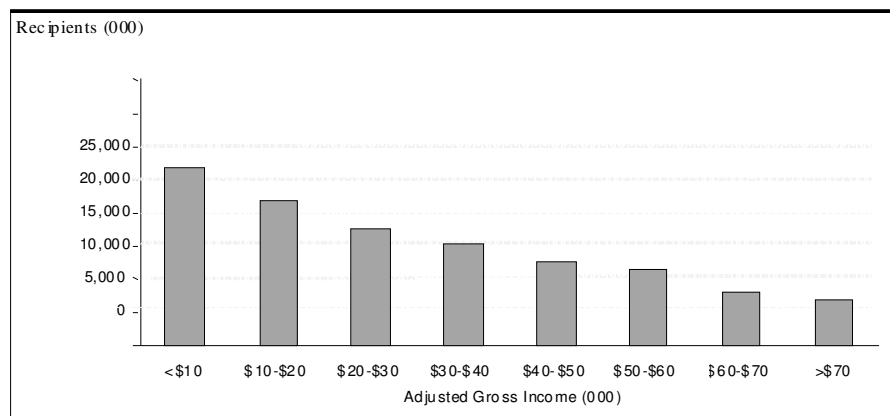
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
240,603	245,162	252,428	265,692	264,891	266,891	273,759	283,287	296,236	317,259

Measures: The number of students served, total amount of financial aid awards and average awards in each program serve as measures for these programs.

The **Minnesota State Grant** program is a need-based grant program for Minnesota undergraduate students attending Minnesota public and private institutions.

Fiscal Year	Students Served	Total Awards	Average Award
2005	73,410	\$124,440,000	\$1,695
2006	71,108	\$124,290,000	\$1,748
2007	80,182	\$156,100,000	\$1,947
2008	83,246	\$148,670,000	\$1,786
2009	84,518	\$143,520,000	\$1,698

Minnesota State Grant Recipients by Income Level, 2009



The **Minnesota Work Study** program provides students with part-time jobs so students can earn money to help pay for college.

Fiscal Year	Students Served	Total Earnings	Average earnings	Amount from State General Fund
2005	10,924	\$18,057,372	\$1,653	\$12,587,559
2006	10,649	\$18,145,896	\$1,704	\$12,720,606
2007	11,921	\$20,039,201	\$1,681	\$14,768,352
2008	10,999	\$18,489,319	\$1,681	\$12,789,372
2009	10,515	\$17,560,050	\$1,670	\$12,207,557

The **Minnesota Indian Scholarship** program provides need-based scholarships to Minnesota resident students who are of at least one-fourth American Indian ancestry to attend eligible postsecondary institutions in Minnesota.

Fiscal Year	Students Served	Total Awards	Average Award
2005	481	\$1,530,123	\$3,181
2006	637	\$2,194,247	\$3,445
2007	538	\$1,804,381	\$3,354
2008	595	\$1,872,932	\$3,148
2009	625	\$2,000,000	\$3,200

The **Minnesota Achieve Scholarship** awards recent Minnesota high school graduates with a scholarship for completing one of four rigorous programs of study while in high school.

Fiscal Year	Students Served	Total Awards	Average Award
2009	1,934	\$2,121,600	\$1,097

The **Minnesota Postsecondary Child Care Program** provides students with dependent children with need-based child care grants to help offset the cost of childcare while they are in college.

Fiscal Year	Students Served	Total Awards	Average Award
2005	2,662	\$4,672,972	\$1,755
2006	2,592	\$4,758,726	\$1,836
2007	2,832	\$5,086,400	\$1,796
2008	2,921	\$5,972,521	\$2,045
2009	2,873	\$5,937,721	\$2,067

The **Minnesota GI Bill** program provides postsecondary financial assistance to eligible Minnesota veterans and service members who have served after September 11, 2001 and to the children and spouses of deceased or severely disabled eligible Minnesota veterans and services members to attend postsecondary institutions in Minnesota. The agency administers the program on behalf of the Minnesota Department of Veterans Affairs.

Fiscal Year	Students Served	Total Awards	Average Award
2008	787	\$1,018,569	\$1,294
2009	719	\$957,125	\$1,331

The **Safety Officers Survivor's** program provides grants to survivors of Minnesota public safety officers killed in the line of duty.

Fiscal Year	Students Served	Total Awards	Average Award
2005	14	\$72,282	\$5,163
2006	20	\$88,775	\$4,439
2007	16	\$79,002	\$4,938
2008	12	\$47,873	\$3,989
2009	12	\$56,594	\$4,716

The **Minnesota College Savings Plan** is a 529 Qualified Tuition Program and encourages individuals and families to save for postsecondary education.

Calendar Year	Number of Account Beneficiaries	Total Market Value of Accounts	Number of Matching Grants
2008	51,054	\$557 million	2,200
2009	52,911	\$698 million	2,100

Tuition reciprocity agreements are negotiated and administered by the Minnesota Office of Higher Education. Interstate Tuition Reciprocity reduces tuition and admissions barriers for students who want to attend a public college in a partner reciprocity state.

Fiscal Year	Number of Minnesota Residents Attending in Reciprocity States	Number of Reciprocity State Residents Attending in Minnesota
2005	22,874	19,277
2006	23,638	19,423
2007	24,074	19,432
2008	24,311	18,736
2009	24,886	17,875

Goal: Support the ability of students to choose the postsecondary institution that best meets their educational needs, regardless of financial circumstances.

Measure: Overall enrollment and the percentage of student who enroll in postsecondary education after high school provide information about the number of students affected by higher education policies and programs. Undergraduate headcount enrollment at all Minnesota postsecondary institutions increased from 240,603 in 2000 to 317,259 in 2009. In addition, the percent of high school graduates enrolling in college within one year of graduation has increased from 62.8% in 2001 to 70.2% in 2008.

Goal: Provide efficient administration of financial aid programs, and provide effective and timely responses to inquiries from students, parents and postsecondary institutions.

Measure: The Financial Aid Division of the Office of Higher Education, which handles State Grants, Summer Transition Grants, Work Study, Child Care Grants, Safety Officer Survivors Grants, American Indian Scholarships, Achieve Scholarships and the Minnesota GI Bill awards, receives an average of 1,100 phone calls and e-mail inquiries per week from students, parents and postsecondary institutions.

Measure: Institution requests for student aid funds are received, evaluated, processed, approved, and funds transferred within 48 hours.

Measure: State administrative costs for the State Grant program represent less than one half of one percent of the cost of the program.

Program Funding

The Minnesota State Grant program, the Summer Transition Grant program, State Work Study, the Intervention for College Attendance program, and other financial aid programs are all funded through the state’s general fund (note: higher-than-projected enrollment drove higher-than-expected demand in FY 2010, causing rationing of Minnesota state grants in FY 2011 to stay within the general fund appropriation). Interstate tuition reciprocity receives a general fund appropriation. The Minnesota college savings plan is funded through fees on accounts and an allocation from the general fund for matching grants.

Program at a Glance

- More than 6,000 students attending low-income schools served directly by the Get Ready program.
- 24 college access programs received grants from the Intervention for college attendance program.
- The agency's informational web sites received 1.8 million hits in 2009.

Program Description

The agency is charged in statute with reaching students in K-12 through adulthood with information about preparing and paying for college. This is achieved many ways, through many programs and services.

The largest and most specific outreach effort undertaken by the Minnesota Office of Higher Education is the Get Ready program. The **Get Ready/GEAR UP** programs provide low-income and under-represented groups the opportunity to learn about and prepare for educational opportunities beyond high school. The Get Ready program is an early

awareness program operated by the agency and funded in part through a federal GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Program) grant that provides low income students at an early age (fourth grade through middle school) and their parents with college and career planning information and academic skill preparation to encourage and prepare them to successfully complete high school and pursue higher education. The two primary goals of the Get Ready/GEAR UP programs are for students to graduate from high school and successfully transition into college. The Get Ready program serves over 6,000 students annually in ten Title I schools in Minneapolis and St. Paul. Through its outreach efforts, the program provides its resources and support to an additional 2,300 students across the state.

The agency provides **student and parent information** to students and citizens of Minnesota by developing and distributing publications, maintaining several web sites, making presentations and participating in special events. Efforts are designed to encourage postsecondary participation by providing information about college and how to pay for it, especially to low-income families and families of color.

Population Served

The Get Ready program directly serves students in ten low-income urban schools in grades four through 12 with direct services. Staff in schools work with students on academics, career exploration, college exploration and provide information and guidance on the college process and financial aid. In addition, the program serves 2,300 low-income students in schools and organizations throughout Minnesota.

The agency more broadly serves all schools, counselors and prospective students and their families across the state through its information resources, web sites and other means.

Key Program Goals & Measures

Goal: Reach low-income students with information about preparing and paying for college through the Get Ready program.

Measure: Through the Get Ready program's outreach efforts, the program provides its resources and support to 2,300 students across the state. The students received college access lessons, college field trips, academic support and counseling.

Measure: In an end-of year evaluation, 95 percent of students in the Get Ready program agreed the program helped them learn ways to pay for college; 95 percent reported the program helped them learn how much it would cost to attend different types of postsecondary institutions; 98 percent agreed the program helped them learn more about potential careers and the educational requirements for those careers; and 85 percent of the parents indicated they gained knowledge about various ways to finance a postsecondary education.

Goal: Reach students and families with current and accurate information about preparing and paying for college.

Measure: The Office of Higher Education's web site for students and families received 1.8 million hits in 2010.

Measure: The agency fulfilled requests to schools, community organizations and families for more than 350,000 publications in 2010.

Measure: See enrollment and participation rates in financial aid section.

Goal: Empower effective local college access programs to expand their reach and capacity (through the Intervention for College Attendance program and other measures).

Measure: Intervention for College Attendance program funding for the 2010-2011 biennium made it possible for 21 local programs to reach students from groups traditionally underrepresented in higher education with tutoring, career exploration, college orientation, counseling and information about college admissions and financial aid (outcome measures due to the legislature in a report January 2010.)

Program Funding

The Get Ready program leverages state funds with federal GEAR UP grant funds. The student and parent information activities are funded through the general fund.

Contact

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OFFICE OF HIGHER EDUCATION

Program: STUDENT FINANCIAL AID-OUTREACH

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	213,631	140,365	175,697	175,697	351,394
Technical Adjustments					
Current Law Base Change			(528)	(428)	(956)
Forecast Base	213,631	140,365	175,169	175,269	350,438
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	206,455	149,954	176,563	176,733	353,296
Statutory Appropriations					
Miscellaneous Special Revenue	133	137	110	110	220
Federal	4,526	5,535	5,660	5,660	11,320
Total	211,114	155,626	182,333	182,503	364,836
<u>Expenditures by Category</u>					
Total Compensation	1,562	1,848	1,854	1,884	3,738
Other Operating Expenses	1,477	1,970	1,871	1,841	3,712
Payments To Individuals	206,879	150,019	176,976	177,146	354,122
Local Assistance	1,186	1,769	1,612	1,612	3,224
Other Financial Transactions	10	20	20	20	40
Total	211,114	155,626	182,333	182,503	364,836
<u>Expenditures by Activity</u>					
State Grants	188,138	132,191	158,306	158,376	316,682
Mn College Savings Program	379	1,157	778	778	1,556
Interstate Tuition Reciprocity	3,975	3,276	3,150	3,250	6,400
State Work Study	14,512	13,608	14,944	14,944	29,888
Outreach Programs	4,089	5,361	5,122	5,122	10,244
Student Financial Aid Services	21	33	33	33	66
Total	211,114	155,626	182,333	182,503	364,836
Full-Time Equivalents (FTE)	26.9	26.9	26.9	26.9	

Program at a Glance

- SELF loan program serves approximately 23,000 students and lends \$120 million dollars of aid each year (2009).
- Since 1985, the Office of Higher Education has made more than 400,000 SELF loans totaling over \$1.7 billion to students.
- The Office of Higher Education collected over \$6.7 million from SELF defaulters in FY 2010.
- 107,000 SELF borrowers continue to be served until their outstanding loans, totaling \$742 million are paid off.

Program Description

The Office of Higher Education administers the Student Educational Loan Fund (SELF) program and the Graduated Repayment Income Protection (GRIP) program. These loan programs assist undergraduate and graduate students in financing their educational expenses.

The SELF loan program provides an additional source of long-term, low interest funding to Minnesota residents attending postsecondary education institutions both in and outside Minnesota and non-residents attending Minnesota institutions. M.S. 136A.1701 authorizes the creation of such supplemental loan programs.

The SELF loan program provides funding to students at a competitive interest rate and without charging origination and guarantee fees. The program requires a credit-worthy co-signer and payment of interest while the borrower is in school. The Office of Higher Education uses various collection tools to collect on defaulted SELF loans.

The activities provided under this program ensure fiscal integrity and efficient and effective use of resources through the use of continued process improvement methodologies including measurements and analysis. Agency staff uses technology to provide enhanced services to the public.

Services Provided

The SELF loan program serves undergraduate and graduate students. Minnesota residents attending institutions in Minnesota or at one of more than 260 out-of-state institutions that have contracts with the program are eligible to borrow. Also, non-resident students attending Minnesota institutions are eligible to borrow from this program. The SELF loan program serves an estimated 23,000 students with \$118 million in disbursements annually.

The **Graduated Repayment Income Protection** program no longer lends funds to students. GRIP participants are graduates of professional and graduate programs in specific health occupations. The GRIP loan was discontinued in 1995 for new participants. The only activity is managing repayments from 14 borrowers.

Key Program Goals & Measures

Goal: Provide an additional source of loan funding to postsecondary students.

Measure: The number of loans, total amount disbursed and average loan amount serve as measures for this program.

Fiscal Year	Number of Loans	Total Disbursed	Average Loan
2005	36,161	135,540,578	\$3,748
2006	33,051	127,173,732	\$3,848
2007	30,577	135,308,934	\$4,425
2008	28,302	141,556,162	\$5,002
2009	24,756	125,227,808	\$5,058

Goal: Provide a competitive interest rate.

Measure: SELF Loan interest rates vary with market interest rates. The interest rate in the 2nd quarter of each calendar year serves as a measure for this goal.

2nd Quarter (April)	Interest Rate
2005	6.1%
2006	7.9%
2007	7.4%
2008	6.0%
2009	4.7%
2010	3.9%

Goal: Collect from borrowers/cosigners who defaulted on their loans as they are able to pay.

Measure: The cumulative SELF Loan default rate over the life of the loans is less than 2%.

Program Funding

There are no general fund appropriations for the SELF Loan program. Operating expenses are financed from bonds, loan repayments and investment income.

The SELF Loan program is funded through repayments of existing SELF Loans and through \$299.2 million of tax-exempt bonds and \$290.9 million of taxable bonds outstanding. These revenues finance additional SELF Loans, pay interest on the bonds, and cover program operating costs including loan servicing. The Office of Higher Education is limited to a maximum of \$850 million in outstanding bonds. Tax-exempt bonds can be issued for student loans under Section 144(b) (1) (B) of the Internal Revenue Code of 1986, as amended.

Contact

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 Minnesota Office of Higher Education
 651-259-3901
 1450 Energy Park Drive, Suite 350
 Saint Paul, Minnesota 55108
 Primary Web site: www.ohe.state.mn.us
 Web site for students and parents: www.getreadyforcollege.org

OFFICE OF HIGHER EDUCATION
 Program: STATE STUDENT LOANS

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Office Of Higher Education	126,626	125,005	135,005	135,005	270,010
Total	126,626	125,005	135,005	135,005	270,010
<u>Expenditures by Category</u>					
Other Operating Expenses	8,313	10,000	10,000	10,000	20,000
Other Financial Transactions	118,313	115,005	125,005	125,005	250,010
Total	126,626	125,005	135,005	135,005	270,010
<u>Expenditures by Activity</u>					
State Supplemental Loans	126,622	125,000	135,000	135,000	270,000
Other Loan Programs	4	5	5	5	10
Total	126,626	125,005	135,005	135,005	270,010

Program at a Glance

Enrollment records of 450,000 students attending nearly 200 institutions were reported in fall 2009.

- Financial aid reports, projections and analyses are produced for policymakers and educators and are posted to the agency web site.
- 88 private career training providers were licensed to operate in Minnesota in 2010.
- 81 private degree granting institutions were registered to operate in Minnesota in 2010.

Program Description

The Office of Higher Education's fiscal policy and research services support student and state interests in high quality, well-managed and financially accessible higher education opportunities.

This program comprises:

- data collection and reporting on higher education;
- analysis of state student financial aid programs and other student financing issues; and,
- consumer protection services that require private and out-of-state institutions to meet state standards.

Research Services. Research services enable the state to identify trends and conditions in postsecondary education. Individual institutions maintain information on their own activities while data collection and analyses at the agency cover both public and private institutions for a more complete statewide picture.

The agency publishes an accountability report annually on higher education in the state. In the past the report presented measures for a number of indicators organized under five state goals. The five state goals are:

1. Improve success of all students, particularly students from groups under-represented in higher education.
2. Create a responsive system that produces graduates at all levels who meet the demands of the economy.
3. Increase student learning and improve skill levels of students so they can compete effectively in the global market place.
4. Contribute to the development of a state economy that is competitive in the global market through research, workforce training, and other appropriate means.
5. Provide access, affordability, and choice for all students.

During the summer of 2010 the agency reevaluated these goals and in early 2011 will release a report with a new format centered around a set of student pathways and will include a report that focuses on a key issue in higher education in the state.

Student Data. Databases are maintained for enrollment, degrees and other awards conferred by Minnesota institutions. The agency publishes both standard enrollment reports and special financial aid analyses. Staff also uses federal and other sources of information to provide answers to questions about Minnesota higher education. Most information of general interest is posted on the agency web site which is becoming the primary way many users first look for data. Topics include financial aid, student enrollment and demographics.

Financial Data. Research on student financing includes a biennial survey of undergraduate financial aid at Minnesota institutions, and reporting and projections on state financial aid programs for budgetary and policy purposes.

Consumer Protection. Statutes require the agency to set minimum standards for private and out-of-state institutions that offer programs in Minnesota.

The Minnesota Private Institution Registration Act (M.S. 136A.61-136A.71) provides quality control and consumer protection for private and out-of-state postsecondary institutions offering associate degree and higher educational programs within the state. Licensing of private schools (M.S. Chapter 141) provides quality control and consumer protection for private, career training providers offering programs below the associate degree level.

Standards address the quality of faculty, facilities and other program resources, financial stability, advertising and promotion, and protection for students if an institution does not maintain the program as promised or ceases operations. State oversight protects prospective students from schools that collect tuition money fraudulently, "diploma mills" that sell degrees without offering legitimate programs, and schools that lack sufficient expertise or financial resources to develop and maintain adequate postsecondary programs.

Population Served

Fiscal policy and research serves students, institutions and policy makers seeking information on financial aid, enrollments and trends for use in policy-making and program improvement.

Consumer protection serves consumers of higher education and private institutions within the higher education sector.

Key Program Goals & Measures

Goal: Provide quality analyses of enrollment, postsecondary participation and degrees earned by students attending private and public institutions.

Measures: Enrollment records of 450,000 students attending nearly 200 postsecondary institutions were reported in fall 2009. Regular reports were issued to policymakers on the percentage of high school graduates who enroll in college, part-time and full-time enrollment, the age of postsecondary students and other demographics.

Goal: Provide quality analyses of financial aid programs and college financing.

Measures: Accurate State Grant projections reported on the statutory timeframe. The Higher Education Accountability Report was produced first in 2006 and updated annually. It is one of the few state accountability reports that includes information on private nonprofit colleges and private for-profit career schools. Information was provided on the number of students served by each financial aid program, the types of institutions attended and total amounts awarded. Reports required in statute were produced and delivered on time.

Goal: Provide consumer protection by ensuring that minimum standards for private and out-of-state institutions are met and investigating student complaints.

Measures: More than 160 private postsecondary institutions are registered or licensed to operate in Minnesota. As the licenses and registrations expired, and when new programs or degrees were offered, Office of Higher Education staff reviewed the programs and procedures of the institutions for compliance with statutory requirements. Student complaints were investigated promptly and institutions were contacted to determine the actions taken in response to the complaints.

Program Funding

Research services are funded through general fund agency appropriations. Consumer protection services are funded by licensing fees paid by non-public higher education institutions.

Contact

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Web site for students and parents: www.getreadyforcollege.org

OFFICE OF HIGHER EDUCATION
 Program: FISCAL POLICY & RESEARCH

Program Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	543	562	562	562	1,124
Forecast Base	543	562	562	562	1,124
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	543	562	562	562	1,124
Statutory Appropriations					
Miscellaneous Special Revenue	432	309	309	309	618
Federal	1,182	1,015	1,015	1,015	2,030
Total	2,157	1,886	1,886	1,886	3,772
<u>Expenditures by Category</u>					
Total Compensation	346	286	288	288	576
Other Operating Expenses	208	167	165	165	330
Local Assistance	1,603	1,433	1,433	1,433	2,866
Total	2,157	1,886	1,886	1,886	3,772
<u>Expenditures by Activity</u>					
Fiscal Policy & Research	266	309	309	309	618
Miscellaneous Grant Programs	1,891	1,577	1,577	1,577	3,154
Total	2,157	1,886	1,886	1,886	3,772
Full-Time Equivalents (FTE)	4.1	4.1	4.1	4.1	

Program at a Glance**Minitex** in FY 2009:

- Through cooperative purchasing and licensing, Minitex saved Minnesota academic and state government libraries over \$30 million.
- Over 109,000 library loans and copies provided by University of Minnesota-Twin Cities campus libraries to Minnesota libraries throughout the state.
- More than 14 million uses of licensed electronic resources occurred through the Electronic Library for Minnesota.

MnLINK in FY 2009:

- Over 601,609 interlibrary loan requests were placed by patrons and library staff via the MnLINK Gateway.
- Over 33 million volumes, owned by 485 libraries are available to search and request plus the Electronic Library for Minnesota can be searched.

Program Description

The Minnesota Office of Higher Education's library and technology programs provide statewide support functions to assist libraries in postsecondary institutions and state government in providing Minnesotans with efficient access to library materials, and other learning and information resources.

Population Served

Library and technology programs serve Minnesota K-12 schools, public and private postsecondary institutions and their students, libraries, and the general public. Separate contracts provide Minitex services to residents of North and South Dakota and there is reciprocity of services with the State of Wisconsin.

Services Provided

Minitex is an information and resource sharing program of the Minnesota Office of Higher Education and the University of Minnesota Twin Cities Libraries. The mission of Minitex is to enhance the effectiveness and efficiency of libraries by expanding their access to information resources and improving library service for their users. Minitex provides a portal, Minnesota Knows (www.Mnknows.org) that provides Minnesotans with direct access to a suite of

electronic information resources including the MnLINK Gateway, Electronic Library for Minnesota, Minnesota Reflections, *AskMN* (a 24-hour/7 days-a-week reference service for Minnesotans), and *Research Project Calculator*, which assists middle and high school students with homework assignments. Minitex also provides loans and copies of a variety of resources (books, magazines, journals, etc.) from the University of Minnesota Twin Cities Campus and other resource sharing services, refers requests to other libraries for fulfillment, contracts for a statewide overnight courier delivery system, provides group discounts for scholarly and other resources for Minnesota libraries, manages the Minnesota Library Access Center, supports a common database of resources held by libraries worldwide and a database of journal, magazine and newspaper titles held by Minitex libraries, and is the administrator for the Minnesota Digital Library.

MnLINK Gateway. MnLINK is a statewide virtual library that provides Web-based access to Minnesota library catalogs and state-licensed electronic resources. MnLINK expands access to library resources for all Minnesota residents by drawing upon the combined collections of Minnesota libraries. Through the MnLINK Gateway (www.mnlinkgateway.org), Minnesota residents can search catalogs of the campuses of the University of Minnesota and MnSCU libraries, and other academic, state government, public, and school libraries and request materials for delivery and return through the MINITEX courier delivery system.

Key Program Goals & Measures

The services and applicable measures for Minitex and MnLINK are linked closely to the educational goals and aspirations of Minnesotans to excel and succeed in postsecondary education.

Goal: Increase citizen and educator access to library resources in an efficient manner.

Goal: Increase awareness of the services Minitex offers to postsecondary students and faculty.

Measure: Requests to (and fulfillment by) the Minitex Office for loans and copies of articles to supplement local library resources have increased 31 percent over the last five years. Postsecondary students as well as faculty and teachers enjoy a strong resource sharing and delivery service to supplement local resources for professional research and course development.

Requests to the Minitex Office	
FY06	337,427
FY07	388,109
FY08	403,685
FY09	426,232
FY10	440,203

Goal: Increase the data and information offerings of the Minitex system.

Measure: On July 1, 2009, with state appropriations, Minitex doubled the number of databases available in the state supported *Electronic Library for Minnesota*. Students and others have increased their usage of ELM resources to work on assignments, both in undergraduate and graduate courses. Students can start using ELM in the K-12 schools and use advanced resources as they enter the postsecondary world. ELM is also available to the Minnesota workforce, providing supplemental education and skills development with online access to magazine, journal, and newspaper articles, electronic books, and information from other reference sources to help with small businesses as well as solving problems in communities. ELM provides information on a vast array of topics, including consumer information, current events, health, science, social science, politics, business, arts and humanities, etc.

Usage of ELM resources	
FY06	10,544,565
FY07	11,047,980
FY08	12,951,609
FY09	13,691,718
FY10	14 million+ (incomplete)

Goal: Expand the reach of training on the use of Minitex for local library staff, students and educators to ensure continued use and access.

Measure: Library staff provides instruction to students and faculty on how these statewide resources can be used to improve course development, classroom work, and research. Over the last five years, and especially during 2010 when ELM resources increased, training attendance has grown, which is provided via Webinars as well as on-site.

Number of people receiving instruction and training	
FY06	887
FY07	1,934
FY08	2,252
FY09	2,327
FY10	3,537

Goal: Use technology in the delivery of library resources through Minitex.

Measure: Minitex staff provide electronic delivery of articles to the desktops of students and faculty or to their libraries. This provides convenient access for students to receive articles in their dorms, homes and/or work, and is a more convenient way for them to pursue their research and coursework.

Electronic deliveries of articles to desktops	
FY06	70,376
FY07	68,322
FY08	69,205
FY09	76,874
FY10	74,753

Goal: Increase access to web-based volumes and subscriptions for students and residents across the state.

Measure: Borrowing requests have increased 55 percent in the last five years without any large scale promotion. Students are able to use MnLINK from any location with internet access, and can borrow materials to assist with school work without being on campus. Borrowed materials are transported over the existing Minitex Delivery System.

Borrowing Requests on the MnLINK Gateway	
FY06	375,198
FY07	446,550
FY08	517,587
FY09	601,609
FY10	582,994

Program Funding

These programs are funded entirely by the general fund.

Contact
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OFFICE OF HIGHER EDUCATION
 Program: LIBRARIES AND TECHNOLOGY

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,031	5,826	5,826	5,826	11,652
Technical Adjustments					
Current Law Base Change			205	205	410
Forecast Base	6,031	5,826	6,031	6,031	12,062
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	6,030	5,827	6,031	6,031	12,062
Total	6,030	5,827	6,031	6,031	12,062
<u>Expenditures by Category</u>					
Other Operating Expenses	201	160	180	180	360
Local Assistance	5,829	5,667	5,851	5,851	11,702
Total	6,030	5,827	6,031	6,031	12,062
<u>Expenditures by Activity</u>					
Minitex Library System	5,631	5,427	5,631	5,631	11,262
Mn Link Implementation	399	400	400	400	800
Total	6,030	5,827	6,031	6,031	12,062

Program at a Glance

Provides over all management, leadership & administrative support to serve the postsecondary community.

- Support the operation of eight state financial aid programs.
- Provide leadership, supervision, office space and equipment for 70 FTE staff.
- Manage three public websites and produce numerous publications for students, families and educators.

Program Description

The Minnesota Office of Higher Education administrative services provide overall management, leadership and administrative support for the Office of Higher Education. Areas include the director's office, financial management and fiscal services, communications and outreach, legislative relations, information management, human resources and auditing.

Population Served

Postsecondary institutions (both in-state and out-of-state), postsecondary students, agency staff and programs, contracted vendors, media, legislators, Minnesota Management and Budget, and the Governor's Office.

Services Provided

This area provides administrative support of information and technology, financial management, internal office services, communications and human resources to assist all agency managers and staff in the effective implementation and efficient administration of their programs and activities. General responsibilities include:

- Provide overall higher education leadership for the state of Minnesota;
- Provide overall leadership, direction, and supervision to approximately 70 full time equivalent staff;
- Guide, support and facilitate the work of the Office of Higher Education; and,
- Advocate and communicate the agency's services, programs, information and resources to constituents.

Key Program Goals & Measures

Distinct work units provide key services pertaining to agency administration:

The Office of the Director serves as a member of the governor's cabinet and advises the governor on higher education policy. The director's office oversees all the programs offered by the agency and presents statewide data collected by the agency. The director also represents the agency in a variety of policy forums with lawmakers, national organizations and state leaders relating to education.

Financial Services provides services including: accounting, auditing, budgeting, fiscal oversight for agency contracts, financial analysis and reporting, agency administrative policies and procedures, purchasing, travel management, disbursement, receipt of funds and repayment processes for programs and provision of agency receptionist services. This division also manages the loan capital portfolio to ensure sustainability of the SELF Loan Program.

Human Resources provides all aspects of human resource management such as hiring, retention, termination, compensation, training, affirmative action, Americans with Disabilities Act compliance, insurance and workers compensation processing; creation/oversight of contracting process to ensure compliance with all state contract regulations and requirements; and application of continuous quality improvement to all agency services.

Information and Technology provides services including: analysis, design, programming, and maintenance of computer applications for student financial aid programs and administrative support; database administration; agency web site and intranet; minicomputer system management; agency network infrastructure; technical support and maintenance for personal computers and servers.

Communications, Outreach and Legislative Relations identifies, develops, maintains and distributes information, data and resources to groups most likely to need information about the agency's programs.

Key Measures

- Financial and human resources activities of the agency comply with the Minnesota Management and Budget policies and procedures and generally accepted accounting principles.

- Payroll is completed accurately and within the scheduled time allotments.
- Audits are conducted for postsecondary institutions with students receiving financial aid.
- Computer systems meet agency, state and Minnesota residents' needs.
- Publications and Web site meet Minnesota resident needs.
- Annual issuance of Certified Audited Financial Statements and Federal Awards Audit report by an independent CPA firm.

Program Funding

The Office of Higher Education administration services are funded by dedicated revenue, general fund appropriations, indirect cost revenue and the SELF Loan Capital Fund.

Contact

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OFFICE OF HIGHER EDUCATION

Program: AGENCY/LOAN ADMINISTRATION

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,648	2,627	2,627	2,627	5,254
Technical Adjustments					
Operating Budget Reduction			(2)	(2)	(4)
Forecast Base	2,648	2,627	2,625	2,625	5,250
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,465	2,786	2,625	2,625	5,250
Statutory Appropriations					
Miscellaneous Special Revenue	498	224	224	224	448
Office Of Higher Education	6,879	8,828	8,833	8,839	17,672
Total	9,842	11,838	11,682	11,688	23,370
<u>Expenditures by Category</u>					
Total Compensation	2,895	3,055	3,076	3,125	6,201
Other Operating Expenses	6,686	8,755	8,606	8,563	17,169
Local Assistance	261	28	0	0	0
Total	9,842	11,838	11,682	11,688	23,370
<u>Expenditures by Activity</u>					
Agency Management	9,344	11,614	11,458	11,464	22,922
Agency Admin Services	498	224	224	224	448
Total	9,842	11,838	11,682	11,688	23,370
Full-Time Equivalent (FTE)	35.8	35.8	35.8	35.8	

OFFICE OF HIGHER EDUCATION

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Current Law		Biennium 2012-13
			FY2012	FY2013	
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	10,052	8,080	5,280	2,880	8,160
Total Non-Dedicated Receipts	10,052	8,080	5,280	2,880	8,160
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	242	298	298	298	596
Grants:					
Miscellaneous Special Revenue	46	3	3	3	6
Federal	5,703	6,525	6,655	6,655	13,310
Other Revenues:					
Miscellaneous Special Revenue	338	313	313	313	626
Federal	5	10	10	10	20
Office Of Higher Education	119,465	123,994	128,999	129,005	258,004
Other Sources:					
Miscellaneous Special Revenue	10	20	0	0	0
Federal	5	10	10	10	20
Office Of Higher Education	15,040	19,850	14,850	14,850	29,700
Total Dedicated Receipts	140,854	151,023	151,138	151,144	302,282
Agency Total Revenue	150,906	159,103	156,418	154,024	310,442