Report from Minnesota Office of Higher Education
Sept 7, 2012

Mary Lou Dresbach, Office of Higher Education, provided the following information as the Office’s report for the Sept. 7 Policy Advisory Council. Mary Lou sends her apologies that she will not be able to attend the meeting.

1. State Agencies are submitting drafts of Biennial Budget Narratives to their respective Executive Budget Officers (EBO) in Minnesota Management & Budget for the upcoming FY2014-2015 Biennium. Agencies will work with their EBOs to get the narratives into final legislative format. I will continue to work closely with Minitex staff as we move through the biennial budget process.

2. Formal requests for budgetary increases to programs and/or agencies will not occur until later this fall. We have not received any formal instructions about that process yet. Much will probably depend upon the November budget forecast.

3. Also, I suspect nothing too substantive will occur until after the November elections when new and incumbent legislators have been elected/re-elected.

4. Below is a copy of an entry on our agency website: www.ohe.state.mn.us relating to a recent report released from our office. There is a link to the full report at the end of the entry for those who might want to read it...

OHE Report Indicates How MN Students Pay for College
8/21/2012

Contact: Sandy Connolly, Director of Communications
Office of Higher Education
(651) 259-3902


The report, Highlights of Financial Aid Awarded 2011, is produced every two years and examines trends in grants, loans and work study earnings by both sector and institution. According to the report, the number of undergraduates attending Minnesota institutions increased 8 percent from 2009 to 2011, which in turn led to an increase in all types of financial aid.

Overall, higher education borrowing increased 10 percent between 2009 and 2011, due to a variety of factors. Increases in the number of borrowers follows a growth in enrollment and the amount of federal loans students are allowed to borrow each year was increased by $2,000 in 2008. Increases in tuition and living expenses also appear to contribute, to a lesser extent.

"There have been a lot of questions raised about what is causing the significant increase in student debt," said Larry Pogemiller, Director of the Office of Higher Education. "While this report shows the primary reasons are more students borrowing more money, it is likely that a slowdown in income growth for families due to the economy also plays a significant role, although the report does not address family income."
Undergraduate borrowing increased faster than tuition and fees, and faster than personal income and inflation. These trends appear even in the face of a 40 percent increase in grants and institutional scholarships over this two-year period.

The amount offered in federal Pell grants nearly doubled during this two year period, in part because of the increased enrollment at Minnesota institutions, as well as, an increase in the maximum federal Pell Grant included in the American Recovery and Reinvestment Act of 2009. The biggest increase in institutional scholarships and grants took place at private colleges, which accounted for 79 percent of all institutional grants awarded in Minnesota in 2011.

According to the report, while federal PLUS loans to parents increased by $42 million (36 percent), the Minnesota SELF Loan decreased by $42 million and there were nearly 9 thousand fewer students taking out SELF Loans during this two-year period. In 2011, over 16,000 Minnesota students borrowed $85 million through the Minnesota SELF Loan program, down from 2009, when $125 million was loaned to 24,700 students.

A growing number of students may also be paying more for their loans, in part because the federal preferred lender agreement requirement that makes it more difficult for colleges to inform students about private loans. This requirement had a significant impact on the Minnesota SELF Loan program, which currently provides a lower interest rate for students than the federal PLUS loan.

http://www.ohe.state.mn.us/mPg.cfm?pageID=1995&1534D83A_1933715A=dc77ecb869ca6971699c2043bcf09cf259aba642