

Consolidated Fiscal Note

2023-2024 Legislative Session

SF619 - 1E - Teachers of Color Act Modifications

Chief Author: **Mary Kunesh**
 Committee: **Education Finance**
 Date Completed: **2/15/2023 11:11:01 AM**
 Lead Agency: **Education Department**
 Other Agencies:
 Office of Higher Education Prof Educator Licensing Std Bd

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Education Department						
General Fund	-	42,650	42,850	42,850	42,850	42,850
Other Misc. Special Revenue	-	10,000	10,000	5,000	5,000	5,000
Office of Higher Education						
General Fund	-	68	4	4	4	4
Other Misc. Special Revenue	-	-	-	150	150	150
Prof Educator Licensing Std Bd						
General Fund	-	5,888	5,890	6,890	6,890	6,890
State Total						
General Fund	-	48,606	48,744	49,744	49,744	49,744
Other Misc. Special Revenue	-	10,000	10,000	5,150	5,150	5,150
Total	-	58,606	58,744	54,894	54,894	54,894
Biennial Total			117,350			109,788

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Education Department					
General Fund	-	6.1	6.1	6.1	6.1
Other Misc. Special Revenue	-	-	-	-	-
Office of Higher Education					
General Fund	-	.75	.75	.75	.75
Other Misc. Special Revenue	-	3	3	3	3
Prof Educator Licensing Std Bd					
General Fund	-	1.5	1.5	1.5	1.5
Total	-	11.35	11.35	11.35	11.35

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman Rosas **Date:** 2/15/2023 11:11:01 AM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Education Department						
General Fund	-	42,650	42,850	42,850	42,850	42,850
Other Misc. Special Revenue	-	10,000	10,000	5,000	5,000	5,000
Office of Higher Education						
General Fund	-	68	4	4	4	4
Other Misc. Special Revenue	-	-	-	150	150	150
Prof Educator Licensing Std Bd						
General Fund	-	5,888	5,890	6,890	6,890	6,890
	Total	-	58,606	58,744	54,894	54,894
	Biennial Total		117,350		109,788	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Education Department						
General Fund						
Expenditures	-	38,650	38,850	38,850	38,850	38,850
Transfers Out	-	4,000	4,000	4,000	4,000	4,000
Other Misc. Special Revenue						
Expenditures	-	-	-	-	-	-
Transfers Out	-	10,000	10,000	5,000	5,000	5,000
Office of Higher Education						
General Fund	-	4,068	4,004	4,004	4,004	4,004
Other Misc. Special Revenue	-	10,000	10,000	5,150	5,150	5,150
Prof Educator Licensing Std Bd						
General Fund	-	5,888	5,890	6,890	6,890	6,890
	Total	-	72,606	72,744	63,894	63,894
	Biennial Total		145,350		127,788	
2 - Revenues, Transfers In*						
Education Department						
General Fund						
Revenues	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Other Misc. Special Revenue						
Revenues	-	-	-	-	-	-
Transfers In	-	10,000	10,000	5,000	5,000	5,000
Office of Higher Education						
General Fund						
Revenues	-	-	-	-	-	-
Transfers In	-	4,000	4,000	4,000	4,000	4,000
Other Misc. Special Revenue						
Revenues	-	-	-	-	-	-
Transfers In	-	10,000	10,000	5,000	5,000	5,000
Prof Educator Licensing Std Bd						
General Fund						
Revenues	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
	Total	-	14,000	14,000	9,000	9,000
	Biennial Total		28,000		18,000	

Fiscal Note

2023-2024 Legislative Session

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Chief Author: **Mary Kunesh**
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 Date Completed: **2/15/2023 11:11:01 AM**
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State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

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State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	42,650	42,850	42,850	42,850
Other Misc. Special Revenue	-	10,000	10,000	5,000	5,000
Total	-	52,650	52,850	47,850	47,850
Biennial Total			105,500		95,700

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	6.1	6.1	6.1	6.1
Other Misc. Special Revenue	-	-	-	-	-
Total	-	6.1	6.1	6.1	6.1

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman Rosas **Date:** 2/14/2023 10:19:17 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium		
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	42,650	42,850	42,850	42,850	42,850
Other Misc. Special Revenue	-	10,000	10,000	5,000	5,000	5,000
Total	-	52,650	52,850	47,850	47,850	47,850
Biennial Total			105,500			95,700
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures	-	38,650	38,850	38,850	38,850	38,850
Transfers Out	-	4,000	4,000	4,000	4,000	4,000
Other Misc. Special Revenue						
Expenditures	-	-	-	-	-	-
Transfers Out	-	10,000	10,000	5,000	5,000	5,000
Total	-	52,650	52,850	47,850	47,850	47,850
Biennial Total			105,500			95,700
2 - Revenues, Transfers In*						
General Fund						
	-	-	-	-	-	-
Other Misc. Special Revenue						
	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

As it pertains to Minnesota Department of Education (MDE) programs:

Sections 1 through 3 amend the World’s Best Workforce (WBW) statute 120B.11, Subd. 1-3 to:

- include definitions of ethnic studies curriculum, antiracist, culturally sustaining, and institutional racism.

- require school boards to assess their ethnic studies curriculum needs, plans to retain qualified racially and ethnically diverse staff, and identify a list of suggested or required materials, resources sample curricula and pedagogical skills for use in their schools that accurately reflect the diversity of the state.

- require the district advisory committee ensure curriculum is among other things rigorous, accurate, antiracist and culturally sustaining.

Section 4 establishes a new grant program called Closing Educational Opportunity Gaps. Commissioner is to set form and structure of the grants. Grant recipients must annually report to the commissioner on the work carried out with the funds.

Section 5 requires MDE to collaborate with the Professional Educators Licensing and Standards Board (PELSB) and Office of Higher Education (OHE) annually, starting in 2024 and every even year thereafter on a summary report of programs administered by the agencies that receive funding for increasing racial and ethnic diversity of the state’s teacher workforce. The agencies must also a recommendation of whether a state advisory council should be established to address the shortage of racially and ethnically diverse teachers.

Section 6 requires school boards to adopt a written policy that prohibits discrimination or discipline for a teacher or principal on the basis of incorporating curriculum contributions from persons in a federally protected class or classes contained within Minnesota Statutes Chapter 363A, Human Rights.

Section 7 requires MDE to develop and maintain resources on social-emotional learning (SEL) and develop and adopt state-level SEL standards.

Section 8, as amended, establishes a prohibition on American Indian mascots.

Section 16 amends qualifications for the Come Teach in Minnesota hiring bonus program. It allows grant recipients to retain up to 5 percent of funding to administer the program, including out-of-state recruiting and retention activities.

Section 19 amends the Grow Your Own district program to allow a charter school, cooperative or Head Start programs to partner with a PELSB-approved teacher preparation program at the undergraduate or postbaccalaureate level. Partnerships can include associate's degree-granting institutions or education program that have transfer agreements with board-approved colleges and universities.

Section 20 amends the Grow Your Own program statute to allow participation by a cooperative unit. It also allows grants funds to be used for postsecondary enrollment options courses that meet degree requirements for teacher licensure.

Section 21 amends the principal evaluation duties to include enhancing a principal's cultural responsive leadership skills.

Section 22 prohibits an American Indian student from wearing American Indian or Tribal regalia or objects of cultural significant a graduation ceremonies.

Section 23 amends the achievement and integration statute to address additional programming and requirements for the program.

Section 24 appropriates money to MDE for Closing Educational Opportunity Gaps grants, Grown Your Own Pathways to Teacher Licensure grants, Come Teach in Minnesota hiring bonuses, American Indian teacher preparation grants and expanded concurrent enrollment grants.

Assumptions

Sections 1-3, 6, 8, 21-23 contain policy provisions that are determined to be no cost to MDE to implement.

Section 4 which establishes the Closing Educational Opportunity Gaps grant program, allows MDE to retain up to 5 percent, or \$500,000, to administer the grant program. Within the 5 percent, a total of 2.5 FTEs would be needed beginning in FY2024:

1.0 FTE (Education Specialist 2) for communication, technical assistance and oversight activities

0.5 FTE (Grant Specialist Coordinator) will be needed for grants management

Section 5 requires MDE to collaborate with PELSB and OHE on a report that addresses the range of funding programs promoting racial and ethnic diversification of Minnesota's teacher workforce.

1.0 FTE (Education Specialist 2) will be needed for ongoing coordination with OHE and PELSB on teach workforce diversification reporting.

Section 7 requires MDE to establish and adopt state level SEL standards. MDE currently has a federally funded FTE for SEL standards and resources, but the funding expires in September 2023. In order to do the significant work of developing and adopting SEL standards, including extensive stakeholder engagement, MDE will need 1.0 FTE (Education Specialist 2).

Sections 16, 19 and 20 contain provisions amending existing MDE administered grant programs. Funding outline in Section 24 (appropriations) will cover costs to administer these changes, except in the case of the Grow Your Own grants.

Up to \$100,000 is provided for administration, however, 2.0 FTE (Education Specialist 2) and 0.5 FTE (Grants Specialist Coordinator) are required to manage the greatly expanded grant amount (from \$6.5M to \$35M beginning in FY2024). See line 24 for costs in excess of the \$100,000.

MDE will use any un-utilized grant administration funds for additional grants.

Expenditure and/or Revenue Formula

	(\$ in 1,000's)	SF619-1A Grants				DIFFERENCE FROM BASE			
		FY2024	FY2025	FY2026	FY2027	FY2024	FY2025	FY2026	FY2027
1	Closing Educ Opportunity Gaps	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
2	Admin - allowable	500	500	500	500				
3	Admin - Actual 2.5 FTE	368	368	368	368				
4	Grow Your Own (GYO)	35,000	35,000	35,000	35,000	28,500	28,500	28,500	28,500
5	Admin - allowable	100	100	100	100	100	100	100	100
6	Admin - Actual 2.5 FTE	360	360	360	360	360	360	360	360
7	Come Teach in MN		200	200	200	(200)	-	-	-
8	Admin - allowable		30	30	30				
9	Am. Indian teacher prep	750	750	750	750	150	150	150	150
10	Admin - allowable	38	38	38	38				
11	Expanded Concurr Enroll	500	500	500	500	-	-	-	-
12	Admin - allowable	25	25	25	25				
13	Underrepresented Student Teachers (for tran to OHE)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
14	Aspiring Teachers of Color (for tranf out to OHE)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
15	Teacher Shortage Loan Repayment (Transfer to SRF)	10,000	10,000	5,000	5,000	10,000	10,000	5,000	5,000
16	Coalition to increase TOC and Am Indian teachers	200	200	200	200	200	200	200	200
17									
18	Total, All Funds Appropriations	60,450	60,650	55,650	55,650	52,650	52,850	47,850	47,850
19	Less Transfers to OHE (lines 13-15)	(14,000)	(14,000)	(9,000)	(9,000)	(14,000)	(14,000)	(9,000)	(9,000)
20	Net, MDE Grant Appropriations	46,450	46,650	46,650	46,650	38,650	38,850	38,850	38,850
21									
22	Admin for Joint Report (0.1 FTE)	14	14	14	14	14	14	14	14
23	SEL Standards (1.0 FTE)	150	150	150	150	150	150	150	150
24	Addtl Admin for GYO (line 6 - line 5)	260	260	260	260	260	260	260	260
25	Subtotal, Other MDE Admin (lines 22-24)	424	424	424	424	424	424	424	424
26									
27	Grand Total, Fiscal Note (lines 20 + 25)	46,874	47,074	47,074	47,074	39,074	39,274	39,274	39,274

Long-Term Fiscal Considerations

Grant funding and MDE administrative support to administer the programs will be ongoing.

Local Fiscal Impact

Districts may incur costs for implementing some provisions, for example in sections 1-3, 6, 21 and 23.

References/Sources

Agency Contact: Tyler Livingston, 651-582-8427

Agency Fiscal Note Coordinator Signature: Melissa Stirn

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Fiscal Note

2023-2024 Legislative Session

SF619 - 1E - Teachers of Color Act Modifications

Chief Author: **Mary Kunesh**
 Committee: **Education Finance**
 Date Completed: **2/15/2023 11:11:01 AM**
 Agency: **Office of Higher Education**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

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State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	68	4	4	4
Other Misc. Special Revenue	-	-	-	150	150
Total	-	68	4	154	154
Biennial Total			72		308

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	.75	.75	.75	.75
Other Misc. Special Revenue	-	3	3	3	3
Total	-	3.75	3.75	3.75	3.75

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Xunxuan Weerts **Date:** 2/14/2023 12:36:30 PM
Phone: 651-284-6438 **Email:** xunxuan.weerts@lbo.mn.gov

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Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	68	4	4	4	4
Other Misc. Special Revenue	-	-	-	150	150	
Total	-	68	4	154	154	154
Biennial Total			72	308		
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	4,068	4,004	4,004	4,004	4,004
Other Misc. Special Revenue	-	10,000	10,000	5,150	5,150	
Total	-	14,068	14,004	9,154	9,154	9,154
Biennial Total			28,072	18,308		
2 - Revenues, Transfers In*						
General Fund						
Revenues	-	-	-	-	-	-
Transfers In	-	4,000	4,000	4,000	4,000	
Other Misc. Special Revenue						
Revenues	-	-	-	-	-	-
Transfers In	-	10,000	10,000	5,000	5,000	
Total	-	14,000	14,000	9,000	9,000	9,000
Biennial Total			28,000	18,000		

Bill Description

SF0619-1E modifies provisions in the world’s best workforce statute, establishes a state goal of increasing the percentage of teachers of color and American Indian teachers, establishes a grant program to fund specific activities to close opportunity gaps, amends licensure and tenure provisions, and amends integration plan requirements, and other amendments.

Article 1, Section 24, Subdivision 7, appropriates \$1 million in fiscal year 2024 and \$1 million in fiscal year 2025 to the Department of Education. Then, directs these funds to be transferred to the Office of Higher Education (OHE) for the Underrepresented Student Teacher Grants (USTG). It indicates any balance in the first year does not cancel but is available in the second year. It sets the base funding for fiscal year 2026 and later for USTG at \$1 million.

Article 1, Section 24, Subdivision 8, appropriates \$3 million in fiscal year 2024 and \$3 million in fiscal year 2025 to the Department of Education. Then, directs these funds to be transferred to OHE for the Aspiring Teachers of Color Scholarship Pilot (ATC) Program (Laws 2021, First Special Session chapter 2, article 2, section 45). It sets the base funding for fiscal year 2026 and later for ATC at \$3 million.

Article 1, Section 24, Subdivision 9, appropriates \$10 million in fiscal year 2024 and \$10 million in fiscal year 2025 to the Department of Education. Then, directs these funds to be transferred to OHE for the special revenue fund for the Teacher Shortage Loan Repayment Program (TSLRP). The bill also indicates that of the \$10 million in each year, \$2 million in fiscal year 2024 and \$2 million in fiscal year 2025 must be used for disbursements to teachers who belong to a racial or ethnic group underrepresented in the Minnesota teacher workforce. It also indicates any balance in the first year does not cancel but is available in the second year. Additionally, it sets the base for fiscal year 2026 and later for ATC at \$5 million and indicates at least 50 percent of the appropriation must be used for disbursements to teachers who belong to a racial or ethnic group underrepresented in the Minnesota teacher workforce.

Assumptions

OHE assumes the following activities are required to administer the Underrepresented Student Teacher Grants (USTG):

- Activities required to administer the program on an annual basis: Review, update, and publish an accessible application and relevant accessible forms; Market the program to potential applicants; Provide technical assistance to individuals interested in applying; Review applications for completeness; Verify required applicant information using federal and state procedures; Process funds disbursements for each participant; and Collect data on the program.
- Other operating costs each year for financial services, communications, MN.IT, and supplies that are necessary for the staff to conduct their work.
- Develop and maintain relationships with representatives from relevant community organizations, professional organizations, institutional staff, professional governing boards, and others; and Leverage developed relationships to market the program to potential applicants.
- Activities required to report or summarize the program activity and mandated student outcomes: Clean, upload, and validate student participant data; Develop and update queries to produce summary data; Draft written and electronic materials; and Complete accessibility requirements prior to publication and dissemination.
- OHE would need to pay its technology vendor to update and maintain its existing IT system to manage the program.

OHE assumes the following activities are required to administer the Aspiring Teachers of Color Scholarship Pilot Program (ATC) beyond the pilot with expected long-term funding:

- Develop and publish an accessible application, relevant forms, and communication templates meeting Minnesota's IT standards (online and paper); Develop internal administrative tools to be used in the annual administration of the program; Develop relationships with representatives from relevant community organizations, professional organizations, institutional staff, professional governing boards, and others; and Leverage developed relationships to market the program to potential applicants.
- OHE would need to pay its technology vendor to modify its existing IT system to manage the program as an ongoing program as opposed to a temporary pilot. This would require time for business requirement documentation, application engineering, testing, documenting, training and deployment of the new features.
- Activities required to administer the proposed program on an annual basis: Review, update, and publish application and relevant forms; Market the program to potential applicants; Provide technical assistance to individuals interested in applying; Review applications for completeness; Verify required applicant information using federal and state procedures; Process funds disbursements for each participant; and Collect data on the program.
- Other operating costs each year for financial services, communications, MN.IT, and supplies that are necessary for the staff to conduct their work.
- Activities required to report or summarize the program activity and mandated student outcomes: Clean, upload, and validate student participant data; Develop and update queries to produce summary data; Draft written and electronic materials; and Complete accessibility requirements prior to publication and dissemination.

OHE assumes the following activities are required to administer the Teacher Shortage Loan Repayment Program (TSLRP):

- Activities required to administer the proposed program on an annual basis: Review, update, and publish an accessible application and relevant accessible forms; Market the program to potential applicants; Provide technical assistance to individuals interested in applying; Review applications for completeness; Verify required applicant information using state procedures; and funds disbursements for each participant; and Collect data on the program.
- Other operating costs each year for financial services, communications, MN.IT, and supplies that are necessary for the staff to conduct their work.
- Develop and maintain relationships with representatives from relevant community organizations, professional organizations, institutional staff, professional governing boards, and others; and Leverage developed relationships to market the program to potential applicants.

- Activities required to report or summarize the program activity: Clean, upload, and validate participant data; Develop and update queries to produce summary data; Draft written and electronic materials; and Complete accessibility requirements prior to publication and dissemination.

- OHE would need to pay its technology vendor to update and maintain its existing IT system to manage the program.

OHE is allowed to use up to 3% of appropriated funds for Underrepresented Student Teacher Grants for administrative costs to run the program.

OHE is allowed to use up to 3% of appropriated funds for Aspiring Teacher of Color program for administrative costs to run the program.

OHE is allowed to use up to 3% of appropriated funds for Teacher Shortage Loan Repayment Program for administrative costs to run the program.

Expenditure and/or Revenue Formula

Underrepresented Student Teacher Grants (USTG):

Grants to Students: In FY2022, the average USTG award amount was \$6762.33. Based on this, OHE estimates the appropriation to this program could result in approximately 144 students receiving an award each year ($\$970,000/\$6762.33 = 144$).

Staff: Based on the activities required to administer the program discussed above, OHE estimates a 0.25 FTE State Program Administrator Principal salary would be required ($\$97,216$ salary and fringe $\times .25 = \$24,304$).

IT costs: OHE anticipates IT maintenance costs of \$5,000 per year.

Communications: OHE estimates the cost for brochures, handouts, and other marketing materials to be revised, updated, and redistributed on an annual basis is \$5,000.

Administrative costs for each fiscal year total \$34,304 and exceed the 3% allowed of \$30,000 by \$4,304 each year. OHE would require additional funds to cover these costs.

Aspiring Teachers of Color Scholarship Pilot Program (ATC):

Grants to Students: This program first began issuing awards in the current fiscal year (FY2023). As a result, only preliminary estimated information is available at this time. The FY2023 estimated average annual ATC award amount is \$7,748. Based on this, OHE estimates the appropriation to this program could result in approximately 376 students receiving an award in FY24 at the average award amount ($\$2,910,000/\$7748 = 376$). In FY25-27 OHE estimates the appropriation to this program would result in approximately 379 students receiving an award in FY24 at the average award amount ($\$2,941,392/\$7748 = 379$).

Staff: Based on the activities required to administer the program discussed above, OHE estimates a 0.50 FTE State Program Administrator Principal salary would be required ($\$97,216$ salary and fringe $\times .50 = \$48,608$).

IT costs: IT development work in addition to current activities would include total one-time cost in FY 2024 of \$100,000(800 hours * \$125/hour) for modifying OHE's financial aid system to add a new permanent program by our current vendor. OHE anticipates IT maintenance costs of \$5,000 per year.

Communications: OHE estimates the cost for brochures, handouts, and other marketing materials to be revised, updated, and redistributed on an annual basis is \$5,000.

Administrative costs for fiscal year 2024 total \$153,608 and exceed the 3% allowed of \$90,000 by \$63,608. OHE would require additional funds to cover these costs.

Teacher Shortage Loan Repayment Program (TSLRP):

Grants to Teachers/Borrowers: In FY2022, the average TSLRP award amount was \$999. Based on this, with an annual

appropriation of \$10 million, OHE estimates the appropriation to this program could result in approximately 9,710 awards to eligible teachers each year at the average award amount (\$9,700,000/\$999 = 9710). With an annual appropriation of \$5 million, OHE estimates the appropriation to this program could result in approximately 4,855 awards to eligible teachers each year at the average award amount (\$4,850,000/\$999 = 4855).

Staff: Based on the activities required to administer the program discussed above, OHE estimates a 3.0 FTE State Program Administrator Principal salary would be required (\$97,216 salary and fringe x 3.0 = \$291,648).

IT costs: OHE anticipates IT maintenance costs of \$5,000 per year.

Communications: OHE estimates the cost for brochures, handouts, and other marketing materials to be revised, updated, and redistributed on an annual basis is \$5,000.

Administrative costs for fiscal years 2026 and 2027 total \$300,000 per year and exceed the 3% allowed of \$150,000 per year by \$150,000 per year. OHE would require additional funds to cover these costs.

Summary Cost Table

Table 1: Total Costs

	FY24	FY25	FY26	FY27
Teacher Shortage Loan Repayment Program				
Grants	\$9,700,000	\$9,700,000	\$4,850,000	\$4,850,000
Staff (Salary and Fringe)	\$291,648	\$291,648	\$291,648	\$291,648
Communications	\$3,352	\$3,352	\$3,352	\$3,352
IT	\$5,000	\$5,000	\$5,000	\$5,000
Total Costs	\$10,000,000	\$10,000,000	\$5,150,000	\$5,150,000
Admin Costs	\$300,000	\$300,000	\$300,000	\$300,000
Allowed Admin (3%)	\$300,000	\$300,000	\$150,000	\$150,000
Additional Funds Required	\$0	\$0	\$150,000	\$150,000
Underrepresented Student Teachers Grants				
Grants	\$970,000	\$970,000	\$970,000	\$970,000
Staff (Salary and Fringe)	\$24,304	\$24,304	\$24,304	\$24,304
Communications	\$5,000	\$5,000	\$5,000	\$5,000
IT	\$5,000	\$5,000	\$5,000	\$5,000
Total Costs	\$1,004,304	\$1,004,304	\$1,004,304	\$1,004,304
Admin Costs	\$34,304	\$34,304	\$34,304	\$34,304
Allowed Admin (3%)	\$30,000	\$30,000	\$30,000	\$30,000
Additional Funds Required	\$4,304	\$4,304	\$4,304	\$4,304
Aspiring Teachers of Color Program				
Grants	\$2,910,000	\$2,941,392	\$2,941,392	\$2,941,392
Staff (Salary and Fringe)	\$48,608	\$48,608	\$48,608	\$48,608
Communications	\$5,000	\$5,000	\$5,000	\$5,000
IT	\$100,000	\$5,000	\$5,000	\$5,000
Total Costs	\$3,063,608	\$3,000,000	\$3,000,000	\$3,000,000
Admin Costs	\$153,608	\$58,608	\$58,608	\$58,608
Allowed Admin (3%)	\$90,000	\$90,000	\$90,000	\$90,000
Additional Funds Required	\$63,608	\$0	\$0	\$0
Total Costs	\$14,067,912	\$14,004,304	\$9,154,304	\$9,154,304

Long-Term Fiscal Considerations

For the Teacher Shortage Loan Repayment Program (TSLRP), based on historical application and award data, it may take many fiscal years to fully expend appropriated funds to the special revenue account for the program. This could result in a significant amount of funds going unspent over time.

Since fiscal year 2017, the first year awards were issued for this program, the highest number of eligible applications submitted to OHE was 2,948. In Fiscal Year 2022, OHE received 440 eligible applications. If all the eligible applicants were awarded \$1,000 (current maximum annual award) in each of these fiscal years, OHE would have awarded \$2.948 million in Fiscal Year 2017 and \$440,000 in Fiscal Year 2022.

This bill appropriates \$10 million each year in Fiscal Years 24-25 and \$5 million in Fiscal Year 2026 and later. As a result, it's possible anywhere from \$7.052 million to \$9.560 million of unspent funds could remain in the TSLRP special revenue account after Fiscal Year 2024 and that amount could double after Fiscal Year 2025. Until demand for the program increases to a point where the annual appropriations plus the amount of unspent funds from previous fiscal years is closer to the actual number of eligible applicants each year, the amount of unspent funds in the TSLRP special revenue account will continue to grow.

Local Fiscal Impact

None

References/Sources

Internal projections and estimates developed by the OHE Financial Aid division.

Agency Contact: Megan FitzGibbon

Agency Fiscal Note Coordinator Signature: Poawit Yang

Phone: 651-259-3951

Date: 2/14/2023 12:05:27 PM

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Fiscal Note

2023-2024 Legislative Session

SF619 - 1E - Teachers of Color Act Modifications

Chief Author: **Mary Kunesh**
 Committee: **Education Finance**
 Date Completed: **2/15/2023 11:11:01 AM**
 Agency: **Prof Educator Licensing Std Bd**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	5,888	5,890	6,890	6,890	6,890
Total	-	5,888	5,890	6,890	6,890	6,890
Biennial Total			11,778			13,780

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	1.5	1.5	1.5	1.5
Total	-	1.5	1.5	1.5	1.5

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman Rosas **Date:** 2/14/2023 10:18:52 AM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	5,888	5,890	6,890	6,890	
Total	-	5,888	5,890	6,890	6,890	
	Biennial Total		11,778		13,780	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	5,888	5,890	6,890	6,890	
Total	-	5,888	5,890	6,890	6,890	
	Biennial Total		11,778		13,780	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
	Biennial Total		-		-	

Bill Description

Related to the work of PELSB, SF619 addresses the following areas:

Section 5: identifies PELSB to collaborate with agencies and stakeholders, including the Indian Affairs Council and other ethnic councils, to write a report every two years evaluating the increase of teacher of color and indigenous teachers.

Section 9 Strengthens eligibility language for Tier 3 applicants who have completed teacher preparation at a culturally-specific institution or in another country.

Section 10 Modifies Tier 4 licensure eligibility by allowing out-of-state teaching experience to count towards licensure.

Section 11: removes licensure exam requirements for certain candidates applying for a Tier 3 and Tier 4 license. Additionally, it required supports for candidates in test-taking, including untimed tests, translated exams to other

Sections 12 & 15: Requires school districts to report hires, resignations, layoffs, and terminations, including the reason for layoffs, by race/ethnicity.

Sections 17 and 18: adds clarifying language for two grants that PELSB administers, the Collaborative Urban and Greater Minnesota Educators of Color Grant (CUGMEC) and the Teacher Mentorship Grant. The award amount for CUGMEC increases, as does PELSB’s administrative fee. Finally, the Teacher Marketing and Recruitment Campaign is funded for an additional biennium.

Section 25: Outlines appropriations to the Board.

Subdivision 2 - \$6m annually starting in FY2024

- o \$100k available for administration at PELSB

Subdivision 3 FTE to write reports creates a new base

Subdivision 4 \$3.5 million annually for teacher mentorship grants

- o 3% available to administer

Subdivision 5 contracts for marketing and outreach

- o \$500,000 FY24 and \$500,000 FY25 grants
- o 3% available to administer

Assumptions

Report identified in Section 5 would require staff time to gather data, work with stakeholders, write, and publish the report. PELSB anticipates 0.5 FTE will be required to collect, analyze, and prepare data for this report.

Changes to Tier 3 testing requirements in Section 9 will not increase the numbers of individuals licensed by the Board (and thus not impact revenue) as these individuals currently can receive a Tier 2 license without taking/passing the exams. Similarly, changes to Tier 4 qualifications in Section 10 will not increase the number of individuals licensed by the Board and therefore do not have a fiscal impact.

Changes to testing opportunities for teachers would require the testing vendor to change the fee structure for all teachers in Minnesota, likely increasing the fees for teachers. These fees go to our testing vendor, Pearson, and do not impact state revenue. Current fees are \$107 per exam.

The data collection outlined in sections 12 & 15 will require changes to the Staff Automated Reporting (STAR) System. PELSB estimates a one-time cost of \$60,000 to contract with MN.IT to make these changes, as well as a maintenance cost of 10% per fiscal year thereafter.

Sections 17 & 18 require ongoing grant administration work, including executing contracts, program monitoring, site visits, and reimbursement processing. Additionally, Section 17 requires PELSB to create a summary report and Section 18 requires PELSB to facilitate grantee reports to the legislature. All of this work will require 1 FTE for a Grants Specialist. The funds provided for the CUGMEC grant include \$100,000 for administration. Similarly, the Teacher Mentorship and Teacher Marketing & Recruitment grants also provide a percentage of these funds (3%) to be used for administration of the grants. These amounts are sufficient for PELSB to contract with other agencies (MDE or OHE) for support, employ a grants manager, or a combination of the two. No additional funds would be necessary.

Expenditure and/or Revenue Formula

The Table below outlines revenue from grants, as well the estimated cost to update the STAR system for proposed changed to required district reporting.

	FY24	FY25	FY26	FY27
CUMEGC Appropriation	6,000,000	6,000,000	6,000,000	6,000,000
<i>Grants</i>	5,900,000	5,900,000	5,900,000	5,900,000
<i>Admin- allowable</i>	100,000	100,000	100,000	100,000
<i>Admin Actual (.5 FTE)</i>	48,415			
<i>Current Law</i>	1,000,000	1,000,000	1,000,000	1,000,000
Change from Base	5,000,000	5,000,000	5,000,000	5,000,000
Mentorship Grant Appropriation	3,500,000	3,500,000	4,500,000	4,500,000
<i>Grants</i>	3,395,000	3,395,000	4,365,000	4,365,000
<i>Admin- allowable</i>	105,000	105,000	135,000	135,000
<i>Admin Actual (.5 FTE)</i>	48,415			
<i>Current Law</i>	2,996,000	2,996,000	2,996,000	2,996,000
Change from Base	504,000	504,000	1,504,000	1,504,000
District Reporting IT	60,000	60,000	60,000	60,000
Marketing Campaign Contracts Appropriation	500,000	500,000	500,000	500,000
<i>Admin- Contracts</i>	15,000	15,000	15,000	15,000

<i>Current Law</i>	250,000	250,000	250,000	250,000
Change from Base	250,000	250,000	250,000	250,000
Reporting	74,354	75,985	75,985	75,985
Total	5,888,354	5,889,985	6,889,985	6,889,985

Long-Term Fiscal Considerations

\$150,338 for a 0.5 FTE Education Spec 2 position fiscal years 2024 and 2025.

\$195,292.06 for a 1 FTE Grants Specialist position fiscal years 2024 and 2025.

Local Fiscal Impact

Districts, charter schools, and some state-funded higher education institutions will be eligible for the grants outlined in sections 17 and 18. The local impact would be time spent preparing the grant application and ongoing administration after that.

References/Sources

The position calculator.

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