

FISCAL NOTE

Bill #: SB0100

Title: Loan repayment assistance for teacher teaching in Montana

Primary

Sponsor: Sam Kitzenberg

Status: As Introduced

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
General Fund	646,471	1,261,471
State Special Revenue	646,471	1,261,471
Revenue:		
General Fund	0	0
State Special Revenue	646,471	1,261,471
Net Impact on General Fund Balance:	(\$646,471)	(\$1,261,471)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. Loan repayment assistance will be provided annually, for a maximum of four years, to a teacher who is newly employed as a full-time employee in a Montana public school or special education cooperative.
2. The annual repayment assistance to an individual teacher may not exceed \$5,000.
3. The total amount of loan repayment may not exceed \$20,000 for an individual teacher.
4. A study of Education Program Completers at MSU and UM for 1996-97 and 1997-98 indicates that approximately 123 students graduate each year from teacher education programs in Montana and are employed as teachers in Montana's K-12 schools. (Office of Public Instruction, 2000)

5. If all of these teachers carry a debt of at least \$10,000 from a federal loan program, the newly employed teachers will be eligible for \$615,000 in loan repayment assistance in FY2002 and \$1,230,000 in FY2003.
6. OPI will need 0.5 FTE (Grade 15) to operate the loan repayment program. The annual cost of salary and benefits will be \$23,971. The position will require an annual operating budget of \$7,500.

FISCAL IMPACT:

	FY2002 <u>Difference</u>	FY2003 <u>Difference</u>
FTE	.50	.50

Expenditures:

Personal Services	23,971	23,971
Operating Expenses	7,500	7,500
Grants	615,000	1,230,000
Transfers	<u>646,471</u>	<u>1,261,471</u>
TOTAL	\$1,292,942	\$2,522,942

Funding:

General Fund (01) (Transfer Out to SSR)	646,471	1,261,471
State Special Revenue (02)	<u>646,471</u>	<u>1,261,471</u>
Total	\$1,292,942	\$2,522,942

Revenue:

General Fund (01)	0	0
State Special (02) (Transfer In from G.F.)	\$646,471	\$1,261,471

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$646,471)	(\$1,261,471)
State Special Revenue (02)	0	0

LONG-RANGE IMPACTS:

When fully implemented, the loan forgiveness program will cost \$2,460,000 general fund annually. This is based upon 492 teachers receiving \$5,000 in repayment assistance.

TECHNICAL NOTES:

1. Section 1(7) notates that funding for the loan repayment assistance is an obligation of the state. The bill requires an appropriation (general fund transfer) to the teacher loan repayment state special revenue account.
 - a. The bill needs to create a state special revenue account for loan repayment assistance; or
 - b. It may be more practical to fund the assistance program directly out of the general fund, and not utilize a state special revenue account.