



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2019 Biennium

Bill #	SB0115
---------------	--------

Title:	Revising stipends for national board certified teachers
---------------	---

Primary Sponsor:	Moe, Mary
-------------------------	-----------

Status:	As Amended
----------------	------------

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>
Expenditures:				
General Fund	\$4,920	(\$21,000)	\$9,000	\$24,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u><u>(\$4,920)</u></u>	<u><u>\$21,000</u></u>	<u><u>(\$9,000)</u></u>	<u><u>(\$24,000)</u></u>

Description of fiscal impact: SB 115, as amended, proposes the state would fund a portion of an annual stipend of up to \$1,500 per year for any teacher that is a full-time FTE at a Montana public school and receives national board certification or recertification from the national board for professional teaching standards. Teachers at a school in a high poverty area or a school impacted by a critical educator shortage could receive an annual stipend up to \$2,500 per year. Base budget funding of \$18,000 per year is provided in the Office of Public Instruction budget for these stipends as in current law.

FISCAL ANALYSIS

Assumptions:

- Current law provides that professional stipends for full-time classroom teachers, librarians, or other full-time employees serving in an assignment covered by national board certification assessment, certified to teach in Montana, and a full-time employee of a Montana public school district, education cooperative, Montana school for the deaf and blind, or a state youth correctional facility will receive a one-time \$3,000 stipend when national board certification is obtained.
- The Office of Public Instruction (OPI) budget currently has \$18,000 per year base budget funding for national board certification stipends. The Executive Budget reduced the base to zero in FY 2018 and increased the FY 2019 appropriation by \$30,000. This fiscal note takes these amounts into consideration with regard to the effects of SB 115.

3. SB 115, as amended, proposes stipends would be paid annually and would be funded by state and local support.
4. The bill, as amended, proposes that teachers who are not in a high poverty area and do not teach at a school with a critical quality educator shortage as defined in 20-4-503, MCA, would receive a state funded base stipend of \$500 per year and an additional state funded \$1 for each \$1 contributed by the teacher's school district, up to a maximum of \$1,000 state contribution per teacher per year.
5. The amended bill also proposes that teachers who are in a high poverty area as defined in Public Law 111-296 or who teach at a school with a critical teacher shortage pursuant to 20-4-503, MCA, would receive a state funded base stipend of \$1,000 per year and an additional state funded \$2 for each \$1 contributed by the teacher's school district, up to a maximum state contribution of \$2,000 state contribution per teacher per year.
6. The amended bill applicability applies to teachers who obtain national board certification or national board recertification from the national board for professional teaching standards on or after July 1, 2017. Stipends would be distributed by OPI to the school district that employs the eligible teacher by March 1 in the school year beginning July after the teacher obtains certification or recertification. Current law directs OPI to pay the stipends directly to the eligible teacher.
7. This analysis assumes that all school districts would participate fully and pay \$500 to each eligible teacher who receives national board certification or recertification on or after July 1, 2017.
8. Currently, 87 full time Montana teachers hold national board certification. Approximately ten teachers per year are eligible for recertification beginning in FY 2018. It is assumed each teacher would recertify, making them eligible for stipends as proposed in SB 115.
9. MEA-MFT tracks teachers in the process of working toward national board certification. According to records provided, no teachers received national board certification in FY 2017 so no funding would be needed for stipends in FY 2018. Historically, on average, five teachers per year receive national board certification under the current program.
10. The process of obtaining national board certification can take three to four years. It is anticipated that changing the stipend to an annual stipend, as proposed in SB 115, instead of the current one-time-only stipend will increase the number of teachers applying for national board certification. This fiscal note assumes ten teachers would receive first time national board certification each year beginning in FY 2018 to be eligible for stipends beginning in FY 2019. After FY 2021, it is possible the number of teachers obtaining national board certification each year could grow substantially.
11. For purposes of this fiscal note, it is assumed 25% of the current teachers who are nationally certified work in critical shortage districts or in high poverty districts. Therefore, 25% of the ten recertifying teachers would receive \$2,500 stipends each year.
12. It is anticipated that given the stipends proposed in SB 115, 50% of the teachers receiving national board certification for the first time would work in either critical shortage districts or in high poverty districts receiving \$2,500 stipends each year.
13. SB 115, as amended, proposes these stipends would not be included as "earned compensation" for purposes of determining teacher retirement fund contributions.
14. The bill, as amended, proposes if the appropriation for stipends is insufficient to fully fund the state share for eligible teachers, OPI shall request a supplemental appropriation in the second year of the biennium to fully fund stipends. Current law allows OPI to prorate the appropriation for current law stipends as necessary to pay a stipend to each eligible teacher.
15. OPI will have to modify its educator licensure information system to collect and store the national board certification data. It is estimated that a programmer will take 60 hours to modify the system to do this at a cost of \$4,920.

	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assistance (Stipends)	\$0	(\$21,000)	\$9,000	\$24,000
Operating Expenses	\$4,920	\$0	\$0	\$0
TOTAL Expenditures	\$4,920	(\$21,000)	\$9,000	\$24,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$4,920	(\$21,000)	\$9,000	\$24,000
TOTAL Funding of Exp.	\$4,920	(\$21,000)	\$9,000	\$24,000
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$4,920)	\$21,000	(\$9,000)	(\$24,000)
-------------------	-----------	----------	-----------	------------

Effect on County or Other Local Revenues or Expenditures:

1. School districts could incur additional expenses for the local portion of stipends to teachers who receive national board certification or recertification on or after July 1, 2017. In SB 115, this is optional for the school district. The potential local impact to school districts would be up to \$500 per year per teacher to meet the state funding match maximum as proposed in SB 115. The possible statewide local funding cost related to the anticipated state funding shown in this fiscal note would be \$10,000 in FY 2019.
2. SB 115 directs the OPI to distribute the stipends by March 1 of each year to the school district where the eligible teacher is employed. Under current law, stipends are distributed by OPI directly to the eligible teachers. By having the stipend disbursed by schools rather than OPI, School districts could incur employer payroll costs (FICA, Medicare, SUTA, and workers' compensation) estimated to be 10.24% of the total stipend.

Technical Notes:

1. SB 115 directs the OPI to distribute the stipend payments to the school district that employs the eligible teacher. There is nothing in the bill that directs the school district to distribute the stipends to eligible teachers.

_____ <i>Sponsor's Initials</i>	_____ <i>Date</i>	_____ <i>Budget Director's Initials</i>	_____ <i>Date</i>
------------------------------------	----------------------	--	----------------------