



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0833 - Establish teacher residency program (Barker, Brad)

Status: As Introduced

- 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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$2,000,000	\$2,000,000	\$2,000,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>

Description of fiscal impact: HB 833 generally revises laws related to teacher recruitment and retention by establishing the teacher residency program to be administered by the Office of Public Instruction (OPI). There is an appropriation of \$2 million for program administration available beginning in FY 2025 with legislative intent to be in base funding in future years.

FISCAL ANALYSIS

Assumptions:**Office of Public Instruction**

- HB 833 establishes a teacher residency program to be administered by the Office of Public Instruction (OPI) in collaboration with school districts and professional educator preparation programs.
- New section 2(2) of the bill describes the teacher residency program and its requirements and includes financial and other compensation for residents and teacher-leaders including the following:
 - a housing supplemental stipend for the resident in partnership with the local district.
 - a last-dollar tuition grant to eliminate tuition costs for the resident for the year of the residency.
 - a stipend for the teacher-leader, and

- compensation for the resident
3. A portion of the resident compensation may require completion of the residency program and/or the resident must sign a teaching contract in a Montana public school for the following year.
 4. If the resident does not complete the program or does not teach in a Montana public school for three or more years within five years of completing the program, the bill directs the superintendent to notify the Commissioner of Higher Education and the commissioner is to convert the amount of any tuition provided to the resident under the teacher residency program into a loan for the student.
 5. The bill provides a \$2.0 million appropriation from the state general fund to the OPI for the fiscal year beginning July 1, 2024, for administering the teacher residency program. The legislative intent is for the \$2.0 million to be included in the base funding in future years for this program.
 6. The OPI would need 0.50 FTE for program specialist for support and operation of teacher residency program with a projected cost of \$43,440. Operating costs for this program would be \$6,300 in FY 2025 which includes a one-time-only desk package of \$1,600; a one-time-only computer package of \$1,200; and \$3,500 for other operating expenses. Indirect costs are calculated at 16.7% for \$6,742 in FY 2025. Inflation increases of 1.5% per year are used to determine FY 2026 and FY 2027 costs.
 7. The Lead Educator Preparation Program will have an Intergovernmental Service Agreement (ISA) executed with the OPI.
 8. The OPI will contract with the Lead Educator Preparation Program to implement the residency demonstration project with Montana educator preparation programs. Program costs may include 2.50 FTE for increased operational support as the residency demonstration project expands and the lead educator preparation program implements the project with other educator preparation programs providing resident FTE is projected at a cost of \$129,600, which includes indirect costs of \$9,600.
 9. The following table shows each component and the approximate dollar amount to be expended for each per resident. It is estimated the funding in this bill will fund about 70 resident students.

<u>Components</u>	FY2025	FY2026	FY2027
Resident Compensation	\$14,000	\$14,000	\$14,000
Resident Tuition per year	\$4,000	\$4,000	\$4,000
Housing Supplemental Grant	\$3,000	\$3,000	\$3,000
Teacher-leader Stipend	\$6,000	\$6,000	\$6,000
Total Cost per Resident	\$27,000	\$27,000	\$27,000
Eligible Undergraduates	70	70	70
Total Cost for Residence & Teacher-leader	\$1,890,000	\$1,890,000	\$1,890,000

10. It is projected the maximum number of teacher education residents participating in the teacher residency program would eventually be 120 students.

Office of the Commissioner of Higher Education


11. The Office of the Commissioner of Higher Education requests personal services costs, ongoing without a request for any FTE. This request is for \$35,000 per year for 0.33 FTE.
12. The Commissioner’s office has software for tracking resident students which will require some modification/development to accommodate this program’s requirements. The cost will be \$15,000 in FY 2025 only.

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services (OPI)	\$0	\$34,070	\$34,581	\$35,100
Operating Expenses (OPI)	\$0	\$6,300	\$3,553	\$3,606
Indirect Costs (OPI)	\$0	\$6,742	\$6,368	\$6,464
Personal Services (OCHE)	\$0	\$35,000	\$35,525	\$36,058
Operating Expenses (OCHE)	\$0	\$15,000	\$0	\$0
Resident Costs	\$0	\$1,470,000	\$1,470,000	\$1,470,000
Mentorship Stipend	\$0	\$420,000	\$420,000	\$420,000
Contingency	\$0	\$12,888	\$29,973	\$28,773
TOTAL Expenditures	\$0	\$2,000,000	\$2,000,000	\$2,000,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$2,000,000	\$2,000,000	\$2,000,000
TOTAL Funding of Exp.	\$0	\$2,000,000	\$2,000,000	\$2,000,000
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)

Technical Notes:

1. In the bill language, the appropriation of \$2 million dollars is for “administering the teacher residency program.” The language could be interpreted as funding only the administrative costs of the program and could be made clearer.
2. The Residency Demonstration Program evaluation and data collection is completed by the Office of Public Instruction.
3. Due to this being an outcomes-based residency project, compensation is variable based on achieved outcomes and completion of the project components.
4. Section 2(4) directs the Commissioner of Higher Education to convert tuition granted to a residency program participant who does not meet the criteria of teaching three or more years within five years of completing the teacher residency program; however, the bill does not indicate what happens to the loan funds.

NOT SIGNED BY SPONSOR

_____ _____  3-21-23
 Sponsor's Initials Date Budget Director's Initials Date