



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0403 - Generally revise laws concerning fees for teacher and specialist certificates (Bedey, David )

**Status:** As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> 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>
<b>Expenditures:</b>				
General Fund	(\$175,237)	(\$355,237)	(\$363,060)	(\$371,001)
State Special Revenue	\$175,237	\$355,237	\$363,060	\$371,001
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$289,822	\$404,446	\$404,446	\$404,446
<b>Net Impact-General Fund Balance:</b>	<u>\$175,237</u>	<u>\$355,237</u>	<u>\$363,060</u>	<u>\$371,001</u>

**Description of fiscal impact:** HB 403 revises laws related to use and setting of fees for teacher and specialist certification fees and requires the fees to cover the cost of operations and maintenance of the teacher and specialist licensure program.

### FISCAL ANALYSIS

**Assumptions:**

1. HB 403 modifies language in 20-4-109, MCA as follows:
  - a. Removes “not to exceed \$6” for teacher or specialist certification fees language.
  - b. Removes language which directs teacher or specialist certification fee revenues to two state special revenue accounts to the Board of Public Education (Board) for funding the Board and the Certification Standards and Practices Advisory Council operations.

- c. Redirects the funds in the state special revenue fund account to the Office of Public Instruction to fully fund the costs of administering the teacher and specialist licensure program, including personal services, operations, and maintenance of the licensure system.
- d. The Superintendent is to recommend to the Board of Public Education annual and filing fee amounts sufficient to generate the revenue required to fully fund the costs to administer the teacher and specialist licensure program.
- e. Recommendation of fees are to consider the revenues and expenses incurred in the prior five licensing renewal years while ensuring cash balances in the state special revenue account does not exceed two times the account’s annual appropriation. Documentation must be sufficient to support the fees charged.
- f. Adds language that the Board of Public Education shall set the annual and filing fee amounts based on the Superintendent’s recommendation.

**Board of Public Education**

- 2. HB 403 redirects the teacher licensure fees from the Board of Public Education to the Office of Public Instruction. Currently, these fees are appropriated to two state special revenue funds for the Board to use for operations of the Board and the Certification Standards and Practices Advisory Council (CSPAC) in a total amount of \$185,911 each year.
- 3. If this bill is passed and approved, the Board of Public Education will \$185,911 additional general fund revenue to replace the lost state special revenue funding.

**Office of Public Instruction**

- 4. HB 403 adds a new section which directs the Superintendent of Public Instruction to make recommendations for annual and filings fees to the Board of Public Education no later than September 30, 2023. The Board of Public Education shall adopt annual and filing fees no later than December 1, 2023. The annual and filing fees adopted by the Board of Public Education are effective January 1, 2024, and prior to January 1, 2024, the annual and filing fees for teacher and specialist certificates remain at \$6 per year.
- 5. HB 403 is effective as of July 1, 2023.
- 6. Teacher and administrator licenses are issued for a five-year period each renewal cycle. Emergency authorizations and internship certifications are annual. There is an initial application fee of \$6 charged for a first time application.
- 7. Statutorily, teachers and administrators currently pay \$6 per year or \$30 per license for a five-year license and it is estimated that the charge will be \$22 per year or \$110 per five-year license. The OPI also estimates that the \$6 fee per year for an annual emergency authorization or internship certificate would increase to \$20 per year. It is assumed that the initial application fee would remain at \$6.
- 8. For purposes of this fiscal note, it is assumed 8.5% of all annual teacher licenses are issued between June 1 and December 31 each year and 91.5% are issued January 1 through June 30. The following tables show the anticipated revenue for FY 2024 of \$456,170:

License Category	Number of Licenses June-Dec 23	License Fees June-Dec 23	Estimated License Fee Revenue to 12/31/23
Teacher (5 yrs)	900	\$30	\$27,000
Administrator (5 yrs)	515	\$30	\$15,450
Emergency Authorizations / Internships (1 yr)	89	\$6	\$534
Initial Application Fee	338	\$6	\$2,028
<b>Total Revenue Collected June-Dec 23</b>			<u><u>\$45,012</u></u>

License Category	Number of Licenses Jan-June 24	License Fee Jan-June 24	Estimated License Fee Revenue to 06/30/24
Teacher (5 yrs)	2,318	\$110	\$254,980
Administrator (5 yrs)	1,327	\$110	\$145,970
Emergency Authorizations / Internships (1 yr)	227	\$20	\$5,994
Initial Application Fee	869	\$6	\$5,214
Total Revenue Collected Jan-June 24			<u>\$411,158</u>

9. In future years, given the estimated fees at \$22 per year, the annual revenue will be \$570,794 as shown in the table below:

License Category	Average Annual Number of Licenses	Estimated Annual License Fee	Estimated Annual License Fee Revenue
Teacher (5 yrs)	3,218	\$110	\$353,980
Administrator (5 yrs)	1,842	\$110	\$202,620
Emergency Authorizations / Internships (1 yr)	316	\$22	\$6,952
Initial Application Fee	1,207	\$6	\$7,242
Total Annual Licensure Revenue			<u>\$570,794</u>

10. Costs are based on a five-year average from FY 2018 to FY 2022 as directed in HB 403. Personal services costs for 3.50 FTE are estimated to be \$261,362 in FY 2024 and FY 2025. Personal services and operating costs increase by 1.5% each year for FY 2026 ad FY 2027.
11. Starting in FY 2025, operating costs increase by \$180,000 per year to include the vendor maintenance costs of the TeachMT Licensure system. Federal ESSER funds pay for the costs until FY 2025.
12. HB 403 maintains current teacher and specialist certification fees at \$6 through December 31, 2023. OPI estimates revenues through December 31, 2023, at \$45,012 and program costs at \$152,957. OPI will be able to manage expenses to match revenue collections throughout FY 2024.

	<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>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services (OPI)	\$261,362	\$261,362	\$265,282	\$269,261
Operating Expenses (OPI)	\$80,223	\$260,223	\$264,126	\$268,088
<b>TOTAL Expenditures</b>	<b>\$341,585</b>	<b>\$521,585</b>	<b>\$529,408</b>	<b>\$537,349</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01) [OPI]	(\$341,585)	(\$521,585)	(\$529,408)	(\$537,349)
State Special Rev (02) [OPI]	\$341,585	\$521,585	\$529,408	\$537,349
General Fund (01) [Board]	\$166,348	\$166,348	\$166,348	\$166,348
State Special Rev (02) [Board]	(\$166,348)	(\$166,348)	(\$166,348)	(\$166,348)
<b>TOTAL Funding of Exp.</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Revenues:</u></b>				
General Fund (01) [OPI]	\$0	\$0	\$0	\$0
State Special Rev (02) [OPI]	\$456,170	\$570,794	\$570,794	\$570,794
General Fund (01) [Board]	\$0	\$0	\$0	\$0
State Special Rev (02) [Board]	(\$166,348)	(\$166,348)	(\$166,348)	(\$166,348)
<b>TOTAL Revenues</b>	<b>\$289,822</b>	<b>\$404,446</b>	<b>\$404,446</b>	<b>\$404,446</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$175,237	\$355,237	\$363,060	\$371,001
State Special Revenue (02)	\$114,585	\$49,209	\$41,386	\$33,445

**Technical Notes:**

1. There is not appropriation in this bill.

*DFD*

Sponsor's Initials

2/27/2023

Date

*RD*

Budget Director's Initials

2-27-23

Date