



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0588 - Revise TEACH Act incentives to increase starting teacher salary (Jones, Llew)

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	\$209,361	\$215,631	\$220,305
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>(\$209,361)</u>	<u>(\$215,631)</u>	<u>(\$220,305)</u>

Description of fiscal impact: HB 588 revises the TEACH Act for teacher incentives used to increase the starting pay of teachers to include eligibility for a Class 5 provisional license and to clarify that an emergency authorization does not count toward the first three years of a teaching career. Costs related to this bill will not begin until FY 2025 and are approximately \$210,000 per year.

FISCAL ANALYSIS

Assumptions:

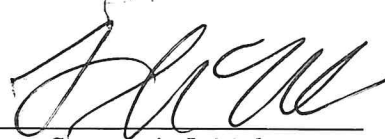

- HB 588 clarifies that the first three years of a teacher's teaching career do not include any years of teaching under an emergency authorization certification. The bill also includes Class 5 licensees as eligible to create a quality educator payment per 20-324, MCA.
- Current law provides that a school district will receive one additional quality educator payment for each first, second, or third-year teacher in a school district that meets the requirements of 20-9-324, MCA, meeting the legislative goal for competitive base pay of teachers in the teacher's district of employment.
- In FY 2022, the Office of Public Instruction (OPI) issued 573 Class 5 provisional licenses. School districts included 57 Class 5 licensed teachers in requests for payment under the TEACH Act which were denied

because Class 5 licenses were not included as an eligible payment. For purposes of this fiscal note, it is assumed that school districts would apply for 57 Class 5 provisional licensees quality educator payment per this law with costs as shown below. It is also assumed that this number of Class 5 eligible licensees would continue in future years.

<u>Components</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
Quality Educator Payment	\$3,673	\$3,783	\$3,865
Class 5 eligible licensees	57	57	57
	<u>\$209,361</u>	<u>\$215,631</u>	<u>\$220,305</u>

- The annual FTE data collection to the OPI, Terms of Employment, Accreditation, and Master Schedule (TEAMS) system that is used for FY 2024 budgets was closed December 2022. Therefore, the effect of the change of this bill will not affect school funding until FY 2025.

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services	\$0	\$209,361	\$215,631	\$220,305
TOTAL Expenditures	<u>\$0</u>	<u>\$209,361</u>	<u>\$215,631</u>	<u>\$220,305</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$209,361	\$215,631	\$220,305
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$209,361</u>	<u>\$215,631</u>	<u>\$220,305</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	(\$209,361)	(\$215,631)	(\$220,305)

_____ 2-20-23 _____ 2-17-23
 Sponsor's Initials Date Budget Director's Initials Date