

# Montana Teacher Licensing Cost Analysis

ALICE HECHT

March 16, 2022

## INTRODUCTION

Many regulated professions require licensure in order to ensure those employed are qualified, have appropriate education, complete ongoing training, and operate within the law and ethical principles. These professions are typically licensed at the state level and fees are paid to support oversight by a board and administrative costs. Educator licensing is a separate and unique process which is administered and overseen by two state agencies, the Office of Public Instruction (OPI) and the Board of Public Education (BPE). Educators are required to be licensed in order to work in accredited Montana schools. In Montana the fee for a 5-year educator license is currently \$30 and has not been increased since 1991. These fees are directed from two accounts to the BPE which must spend this revenue before general fund. The fees do not cover the full cost of teacher licensure. The focus of this report is to examine what the cost to fund all aspects of licensure would be, and to compare how other states fund teacher licensure, and how other professions fund licensure activities.

## BACKGROUND

Duties related to licensure are split between the OPI and the BPE. The BPE is involved in development and approval of licensure and educator preparation program standards and is the entity that conducts hearing for unusual licensure cases and disciplinary hearings for educators accused of misconduct. The OPI directs the review process of standards for licensure and educator preparation programs, and administers the issuance of licenses. The OPI has had difficulty keeping up with incoming license applications in recent years. With federal Elementary and Secondary School Emergency Relief (ESSER) funds, the agency is implementing a new licensing system as part of the data modernization project. This is anticipated to improve processing time and the level of service OPI is able to provide to applicants.

As previously stated, in Montana the \$30 fee for a 5-year educator license has not been adjusted since 1991. The fee is set in statute and may only be changed by the legislature under current law. The authority to use revenue from the license fee is given to BPE in order to support duties of the BPE and the certification standards and practices advisory council (CSPAC), which operates as a separate council within the BPE. Licensure fees account for approximately half of the BPE budget. OPI license activities are supported with general fund. A summary of fee related statute is available here: <https://leg.mt.gov/content/publications/fiscal/2023-Interim/IBC-E/Teacher-Certification-Fee-Statute.pdf>

## PROCESS AND COST

The process of licensing educators is comprised of three parts: 1) review and development of standards; 2) application and issuance process; and 3) review of unusual cases and disciplinary hearings. These are described in the following section.

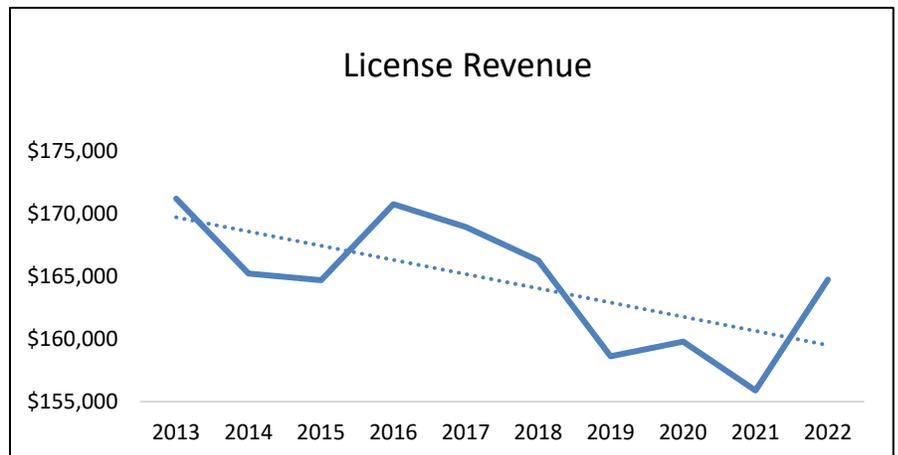
### 1. Review and development of standards: OPI and BPE

As directed by the administrative rule manual in chapters 57 and 58, every 5 years standards are reviewed via the administrative rulemaking process for educator licensure (chapter 57) and educator preparation programs (chapter 58). This process includes the OPI, multiple stakeholders, and the BPE. The OPI forms an internal workgroup to research and review possible changes. A taskforce and feedback groups provide input. Recommendations are presented to the BPE for discussion and approval. The OPI estimates approximately \$45,000 in staffing costs during this process and an additional \$2,500 for publishing costs for a total of approximately \$50,000 every five years.

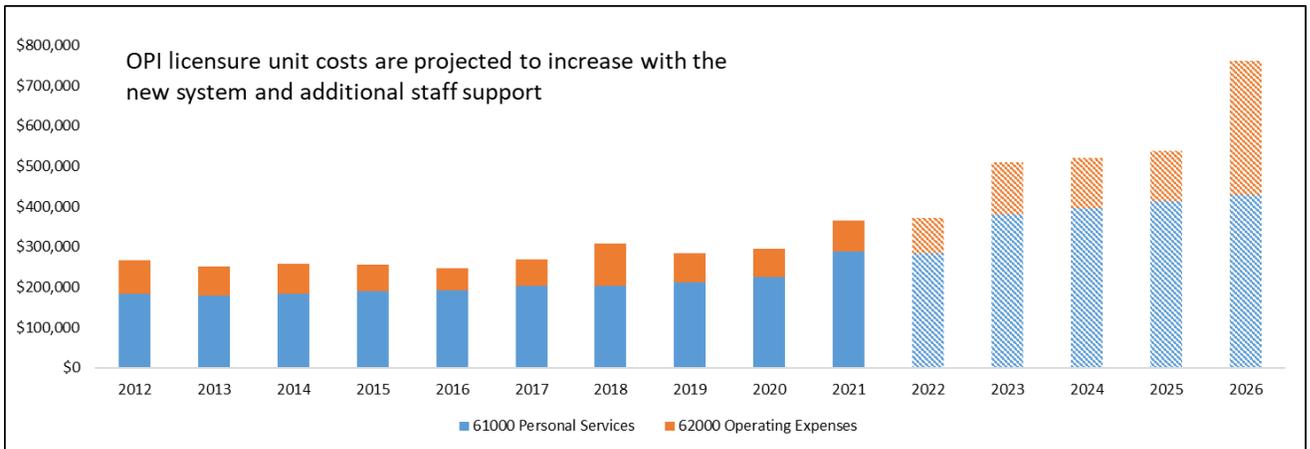
It is difficult to isolate costs for review of the recommendations provided to BPE from other issues addressed at BPE and Certification Standards and Practices Advisory Council (CSPAC) meetings. Unlike OPI, BPE does not dedicate staff to any one area of focus and often during meetings, addresses other issues in tandem such as accreditation and Montana School for the Deaf and Blind (MSDB) oversight. BPE costs will be included at the end of this section.

### 2. Application and issuance process: OPI licensure unit

The application process and issuance of licenses is performed by the educator licensure unit within OPI. The unit will be adding 1.00 FTE from elsewhere in OPI to as there has been a backlog of applications in recent years. During the implementation of the new licensing system, part of the data modernization project funded with federal



ESSER money, these funds will be used to support an additional temporary position. There are an estimated 4,500 renewal and 1,800 new applications per year as well as updates, duplicates and endorsements. Applications take between 20 minutes to 2.5 hours to process. The OPI collects licensure fees for all renewals and new applications, then the revenue is distributed to the BPE. The past several years through fiscal 2022 year-to-date collections are displayed in the license revenue chart.

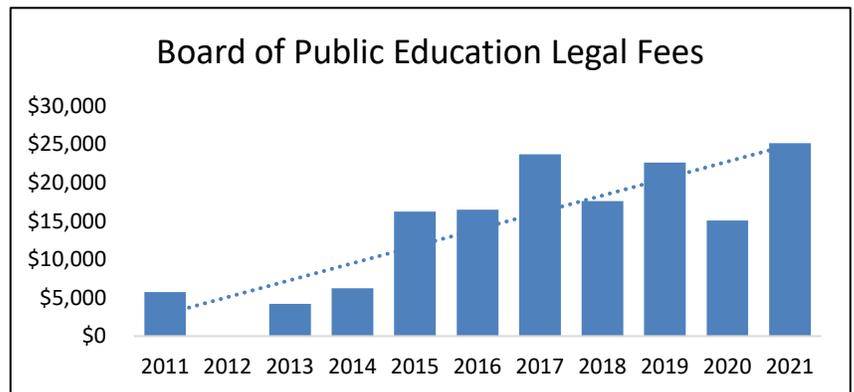


Licensure unit costs for the past ten years as well as projected costs with the new system are in the chart above. The projected years do not include a total of \$1.8 in federal ESSER funding related to COVID-19 federal stimulus. The data modernization project is largely funded with one-time-only ESSER funds. At the end of FY 2025 ESSER funding expires, and an additional \$220,000 will be needed each year for ongoing system maintenance, configuration and upgrades. This can be seen in the chart.

If 5-year license fees were changed to cover the full projected cost of the licensure unit FY 2023-2026, the fees would need to be \$85-\$105 based on projected costs and expected number of licenses issued and renewed. If the fees had covered costs for the licensure unit in the past 5 years, they would have been between \$36-\$55.

### 3. Review of unusual cases and disciplinary hearings: BPE

Unusual licensure cases are those that do not meet all traditional requirements but seek a different path toward licensure based on past education and experience. These are reviewed by the BPE. Class 8 dual credit licenses are reviewed by CSPAC quarterly. The BPE is responsible for conducting disciplinary hearings for suspension, censure or revocation.



Legal fees related to this function are a material expense for the BPE. Legal fees for the past ten years exceeded or met trend in most years and can be seen in the chart above.

In any given year between 40-60% of the resources of the BPE is spent on licensing related issues. This equates to roughly \$125,000 to \$185,000 annually.

Were the license fees to cover all aspects of licensure it would cost approximately \$120-\$140 depending on the assumptions for number of licenses processed, legal cases, personal services etc. This estimate is

based on OPI’s projections for costs and number of licenses in FY 2026, after ESSER funds are no longer available for software maintenance, and should reflect costs going forward.

## OTHER STATES LICENSE FEES AND LICENSURE FUNDING

Educator license fees and licensure funding varies from state to state. Many states use general fund to subsidize or fully fund licensure activities. All states that are members of the Professional Educators Standards Board Association (PESBA) were contacted, as well as, all states to the south and west of Montana. Out of 24 states, 16 responded to the following questions:

- What are the fees for standard teaching license?
- Are the fees adequate for teacher licensing program revenues?
- Are states supplementing or “subsidizing” programs with state general fund?

The table below shows license costs of states that responded to questions about licensure funding. The table divides them into two broad groups: those that subsidize licensure costs with general fund and those that fully support at least one aspect of licensing with fees. Of the “unsubsidized” states, many support all licensing activities with fees. However, some of these states support only administrative license activities or board activities. Some “subsidized” states such as Georgia and Delaware refund fees upon hiring.

States that subsidize the licensure process with general fund only have application processing fees, or fees that do not cover the full cost of licensing. These states have fees that range from \$20-\$100. Unsubsidized states fund all aspects of teacher licensure including the process of developing licensure requirements, disciplinary hearings, developing the Praxis and oversight of the university system. These states typically have fees from \$150-\$300 for a standard 5-year license. Colorado recently changed its renewal term from 5 to 7 years and allowed for general fund to supplement the license system rather than increasing license fees. Some states have reimbursement following licensure and at least three states, Hawaii, Utah, and Delaware charge no fees at all or refund application fees upon hire.

The tables below only reflect the cost for “standard” teaching licenses. Often states have tiered systems with different rates for initial licenses and several other license types.

<b>General Fund Subsidized States</b>		<b>Unsubsidized states</b>	
Colorado (7-year)	\$90	Alaska	\$200
Delaware	0	Arizona (12-year)	60
Georgia	20	California	100
Hawaii	0	Iowa	85
Idaho	75	North Dakota	130
Kentucky	85	Vermont	300
Minnesota	90	Wyoming	175
South Dakota	60	<b>Average cost</b>	<b>\$150</b>
Utah	0		
Montana	30		
<b>Average cost</b>	<b>\$45</b>		

\*Not all states fund board activities with licensure fees

\*All states have a 5-year license unless otherwise noted

## OTHER PROFESSIONAL LICENSE EXAMPLES

Many regulated professions require licensure in order to ensure those employed are qualified and have appropriate education and ongoing training, and do not violate ethical standards. Several professional license programs and boards within Montana are administered through the business standards division of the Department of Labor and Industry. License fees vary widely (see [costs here](#)) based on the cost of running the board or program and the number of licensees. More licensees often mean lower cost per license. Fees can be driven upwards by costs of disciplinary cases and travel to industry conferences. These programs are able to set fees according to costs while the teacher licensing fee is set in statute and would need adjustment by the legislature.

## CONCLUSIONS

In order to fund all aspects of teacher licensure starting in FY 2023, fees for the 5-year license would need to be \$120-\$140. If only the licensure unit were to be funded license cost would be from \$85-\$105, this excludes all costs of the new licensing system that were funded with \$1.8 million of federal ESSER federal dollars. The current \$30 fee is set in statute and directed to the BPE; only legislative action can change this. There is a great deal of variance in how other states administer and fund educator licensing, however all states contacted in researching this topic fund educator licensure in a separate manner from other licensed professions.

## NEXT STEPS

The legislature may wish to discuss the outcomes of this study and provide direction to the staff for next steps. Options the committee members may wish to consider are the following:

- The IBC-E is satisfied with the results of this report and does not wish to pursue further action at this time
- The IBC-E will work with staff to explore adjusting amount and allocation of licensing fees or removing the fees from statute
- The IBC-E will work with staff to explore adjusting amount and allocation of licensing fees or removing the fees from statute with the intent to prepare proposed legislation to bring to the Legislative Finance Committee for consideration