



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

SB0070 - Revise the Quality Educator Loan Assistance Program (O'Brien, Shannon )

**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 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b>Expenditures:</b>				
General Fund	\$103,000	\$166,000	\$233,000	\$308,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$103,000)</u>	<u>(\$166,000)</u>	<u>(\$233,000)</u>	<u>(\$308,000)</u>

**Description of fiscal impact:** SB 70 removes the requirements for teachers qualifying for the Quality Educator Loan Assistance Program to be teaching in a critical quality educator shortage area. The additional cost to the state general fund for this program would be \$269,000 more than the \$1.0 million currently appropriated in the 2025 Biennium.

### FISCAL ANALYSIS

**Assumptions:**

- SB 70 removes the critical quality educator shortage area requirements for teachers qualifying for the Quality Educator Loan Assistance Program currently in 20-4-502, MCA.
- Section 2 of the bill removes the requirement that the Office of Public Instruction (OPI) and the Board of Public Education (BPE) identify, within impacted schools, critical quality educator shortage areas.
- The bill removes critical quality educator shortage area reporting requirements for impacted schools or school districts and removes the annual reporting requirement of critical quality educator shortage areas by the BPE.
- SB 70 removes the requirement for quality educators to be working in a critical quality educator shortage area to be eligible for the Quality Educator Loan Assistance Program.

5. The bill clarifies the time of eligibility of a quality educator to be eligible for the Quality Educator Loan Assistance Program to be a “lifetime total of” up to three years of state funded loan repayment assistance.
6. OPI would be permitted by this legislation to submit a request for supplemental appropriation in the second year of the biennium that is sufficient to fully fund eligible loan payments, if appropriations fall short.
7. Impacted school is defined in 20-4-502, MCA, to mean a special education cooperative; the Montana School for the Deaf and Blind; the Montana youth challenge program; a correction facility, as defined in 41-5-103, MCA; a public school located on an Indian reservation; and a public school that, driving at a reasonable speed for the road surface, is located more than 20 minutes from a Montana city with a population greater than 15,000 based on the most recent federal decennial census. This is current law and is not changed in SB 70.
8. The OPI reports that the Office of the Commissioner of Higher Education reported an average distribution of funding between FY 2012 and FY 2017 of \$512,251 per year to an average of 178 applicants. No awards were distributed in FY 2018 and FY 2019 as the legislature did not provide any appropriation. In FY 2020 through FY 2022, the OPI distribute \$273,069, \$264,404, and \$453,596, respectively to an average of 141 recipients.
9. Current law, which remains unchanged in SB 70, allows quality educators to receive state loan repayment assistance of \$3,000 after the first complete year of teaching in an impacted school; \$4,000 after the second complete year of teaching in the same impacted school or another impacted school within the same school district; and up to \$5,000 after the third complete year of teaching in the same impacted school or another impacted school in the same school district. The following table shows the current distribution of state funds by year:

<u>Teaching Year</u>	<u>% of Total Distributed</u>
Year 1 - \$3,000	29.06%
Year 2 - \$4,000	33.76%
Year 3 - \$5,000	37.18%

10. SB 70 is effective on passage and approval, therefore, would be effective for teachers teaching in FY 2023. OPI estimates program participation would have an annual increase of 10% starting with teachers teaching in FY 2023 eligible for payment in FY 2024. The following tables show the anticipated number of quality educators who would receive loan repayment assistance and the amount of funding by qualifying year:

	FY 2024	FY 2025	FY 2026	FY 2027
<b>Number of Year 1 Teachers</b>	58	64	70	77
<b>Number of Year 2 Teachers</b>	51	56	62	68
<b>Number of Year 3 Teachers</b>	45	50	55	61

  

<u>Teaching Year</u>	FY 2024	FY 2025	FY 2026	FY 2027
Year 1 - \$3,000	\$174,000	\$192,000	\$210,000	\$231,000
Year 2 - \$4,000	\$204,000	\$224,000	\$248,000	\$272,000
Year 3 - \$5,000	\$225,000	\$250,000	\$275,000	\$305,000
<b>Total Projected Distribution</b>	<b>\$603,000</b>	<b>\$666,000</b>	<b>\$733,000</b>	<b>\$808,000</b>

11. The base used for these calculations is 53 year-one teachers, 46 year-two teachers, and 41 year-three teachers equal to \$548,000 estimated payment based on FY 2023 distributions.
12. SB 70 is effective on passage and approval. Additional appropriation authority would be required in FY 2023 of \$47,356 as well as appropriations in future years.

13. OPI has base funding for the Recruitment and Retention reporting level of their budget for this program at \$500,000 per year. The total additional appropriation would be \$103,000 in FY 2024 and \$166,000 in FY 2025.

	<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>				
Grants	\$103,000	\$166,000	\$233,000	\$308,000
<b>TOTAL Expenditures</b>	<u>\$103,000</u>	<u>\$166,000</u>	<u>\$233,000</u>	<u>\$308,000</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$103,000	\$166,000	\$233,000	\$308,000
<b>TOTAL Funding of Exp.</b>	<u>\$103,000</u>	<u>\$166,000</u>	<u>\$233,000</u>	<u>\$308,000</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$103,000)	(\$166,000)	(\$233,000)	(\$308,000)

  
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 Sponsor's Initials

1/5/23  
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 Date

  
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 Budget Director's Initials

1-2-23  
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