

Montana Board of Public Education Executive Summary

Date: November 15-17 2023

Presentation	HB 403 Fee Schedule Projection
Presenter	Jay Phillips
Position Title	Chief Financial Officer Office of Public Instruction
Overview	This presentation provides the Board of Public Education updates on the fee projection for the implementation of provisions of HB 403.
Requested Decision(s)	Action Item
Related Issue(s)	Teacher licensure; legislative implementation
Recommendation(s)	Approve fee schedule projection to implement provisions of HB 403.



Montana
Office of Public Instruction
Elsie Arntzen, State Superintendent
opi.mt.gov



Teacher Licenses Fee Projection

November 2023

License Type	5 Year License Avg	Estimated Revs	Fee Structure	
Class 1 - Professional Teaching	1,332	\$ 39,960	Application Fee (New Licenses)	\$6
Class 2 - Standard Teaching	2,426	\$ 72,786	Technology Fee	\$25
Class 3 - Administrator	369	\$ 83,070	Teacher (5 Year @ \$6)	\$30
Class 5 - Alternative License	213	\$ 6,396	Administrator (5 Year @\$45)	\$225
Class 6 - Specialist	161	\$ 4,830	Emergency Auth (Annual)	\$30
Class 7 - Native American Language & Culture	26	\$ 792	Internships (Annual)	\$30
Class 8 - Dual Credit - Only Postsecondary Faculty	18	\$ 528		
Class 4A - CTE License	42	\$ 1,254		
Class 4B - CTE License	26	\$ 768		
Class 4C - CTE License	20	\$ 600		
Class 5A - Alternative License - All Met Expect Praxis	53	\$ 1,584		
Class CI 6 PS - School Psychologist	0	\$ 6		
Class CI 6 SC - School Counselor	0	\$ 12		
Class 5B A	2	\$ 60		
Class 5B S	6	\$ 186		
Class 5C	17	\$ 510		
Class 5C A	2	\$ 54		
Class 5C S	0	\$ 6		
Emergency Authorization	126	\$ 3,792		
Internships - New	169	\$ 5,070		
Emergency Authorization (App Fee)	149	\$ 894		
Internships - New (App Fee)	140	\$ 840		
New Teacher Licenses (App Fee)	1,207	\$ 7,242		
New Administrators (App Fee)	255	\$ 1,530		
Total Teacher Licenses/Est. Licenses Revenues	5,009	\$ 222,264		
Total License Applications/Est. Application Revenues	1,751	\$ 10,506		
Total Technology Fees/Est. Technology Fees	5,009	\$ 125,225		
Total Estimated Revenues		\$ 357,995		

Funding

Funding Estimated	2021 (Actual)	2022 (Actual)	2023 (Actual)	2024 (Est)	2025 (Est)
General Fund	\$ 366,690	\$ 380,132	\$ 299,140	\$ 150,978	\$ 173,470
State Special	\$ -	\$ -	\$ -	\$ 175,237	\$ 355,237
Total Funding	\$ 366,690	\$ 380,132	\$ 299,140	\$ 326,215	\$ 528,707

Expenditures

Operating	2021 (Actual)	2022 (Actual)	2023 (Actual)	2024 (Est)	2025 (Est)		
Personal Services	\$ 288,234	\$ 286,023	\$ 238,529	\$ 249,069	\$ 260,480	\$ 77,561	\$ 80,645
Operating	\$ 25,982	\$ 39,711	\$ 17,804	\$ 30,464	\$ 30,464		
TMT Maintenance	\$ -	\$ -	\$ -	\$ -	\$ 185,000		
IDCs	\$ 52,474	\$ 54,398	\$ 42,808	\$ 46,682	\$ 52,763	\$ 12,953	\$ 13,467
Total Expended	\$ 366,690	\$ 380,132	\$ 299,140	\$ 326,215	\$ 528,707		

Note: Since last projection the agency has been notified two current full time staff will be moved to half time. This FTE reduction will reduce personal services in fiscal years 2024 & 2025 by \$77,561 and \$80,645, respectively. This reduction will also reduce IDCs by \$12,953 and \$13,467, respectively. Although there is a reduction in overall costs, the fee projection will remain the same as overall costs still exceed the state special revenue fund appropriation.



Sent only via e-mail to KMStockton@mt.gov

November 7, 2023

Board of Public Education
Licensure Committee
PO Box 200601
Helena, MT 59620

Re: Response to November 2, 2023, letter about educator license fees

Dear Licensure Committee:

My educator license fee proposal very reasonably supports teacher recruitment and retention by minimizing fee increases for classroom teacher licenses.

Per [HB 403](#), the Superintendent of Public Instruction is charged with recommending a fee structure to fund the licensing system. The Board of Public Education (BPE) must analyze the proposal and set the fee structure by accepting, rejecting, or modifying my proposal. BPE can choose to establish a larger fee increase on classroom teacher licenses to reduce the fee increase on administrator licenses, but that is not my recommendation.

Answers to your specific questions are below in italics.

Q: General Fund - Why does your proposal rely on general fund when the statute clearly states that the fees must fully fund the operations, maintenance, and personnel costs of the licensure system? We understand that a general fund contribution in FY2024 may be necessary, but certainly not in the future.

A: *To ensure program funding, the agency must use a portion of its General Fund appropriation in FY 2024 to cover the overages, discussed in the answer to the second question.*

Q: Employees - It is unclear how or why personal services expenditures took a dip in FY2023 and how or why the same expenditures then increased by almost \$100k in FY2024. Is this due to an increase in FTE? Prior testimony indicated that the implementation of this new system would result in a decrease in FTE. What changed? Is it true that some of these employees are also responsible for other departments? If so, are their full salaries being included in these calculations? For example, if the Educator Licensure Director is also overseeing other divisions as well, not only licensure.

A: HB 403 program appropriations were set based on the fiscal data compiled and presented in the fiscal note during session. The fiscal note included a staff reduction of 1 full-time equivalent (FTE) as the agency anticipated the new TMT system would be more efficient. The reduction of staff is projected to take place in calendar year 2025, when the Office of Public Instruction (OPI) will evaluate resources and finalize the decision to reduce staff resources. As these reductions have not yet taken place, the agency must budget the 1 FTE position in the budget projection to cover current staffing levels. In addition, the proposed budget reflects personal services cost increases in [HB 13](#) (the pay plan bill). Not including those costs in the current appropriation resulted in the program having insufficient state special revenue funds. In regard to staffing assignments, an operational change removed .50 of the Licensure Director's effort and expense to Accreditation. The salary for the Director was appropriately adjusted to account for the additional duties, which netted a small savings to the Licensure program's overall costs. OPI's most recent license fee projection document is attached.

Q: TMT Maintenance – It is our understanding that the TMT Licensure system is also being used for the OPI Accreditation process. If so, why the full expenditure for the maintenance of the system? For example, if the TMT Licensure System is being used for the new accreditation process, it should be divided among the other divisions as well, not just licensure.

A: When OPI updates the TMT system to include Accreditation program activities, the costs associated with Accreditation program activities will be paid through a separate maintenance agreement, not the current maintenance agreement, which is only for the Licensure system.

Q: Indirect Costs (IDCs) – Why such high-cost percentage for IDCs (16.7%)? We know that the Superintendent has drastically limited the footprint of the offices, therefore one would assume that the IDCs would also be reduced, especially given the number of employees no longer working in the offices.

A: The 16.7% IDC rate was approved by the Department of Education as well as the Legislature. IDCs are based on actual program costs. As costs increase, so do the IDCs charged to the program. The Committee is correct that the agency has reduced the in-office workforce footprint, which has resulted in some budgets seeing a reduction in facilities operational costs. The reduction in facilities costs is offset by the increases in personal services (per HB 13) and the inclusion of TMT maintenance costs, with overall IDC costs increasing. IDC costs will potentially be reduced as personal services costs are reduced based on the FTE reduction discussed in the answer to the second question.

My proposal minimizes the fee increase on classroom teacher licenses and is a reasonable approach to support teacher recruitment and retention, especially in light of the low average pay of classroom teachers in Montana.

Sincerely,



Elsie Arntzen, Montana Superintendent of Public Instruction