



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0361.02 (002): Provide funding to school districts for English language learners**

Primary Sponsor: Connie Keogh

Status: As Amended in House Committee

☐ Included in the Executive Budget

☒ Needs to be included in HB 2

☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts

☒ Technical Concerns

☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$1,182,115	\$1,178,839	\$1,180,396	\$1,181,977
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>(\$1,182,115)</u>	<u>(\$1,178,839)</u>	<u>(\$1,180,396)</u>	<u>(\$1,181,977)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 361 revises education laws related to English learners by establishing state funding to support school districts serving English learners and establishing professional stipends for highly qualified teachers serving English learners. There is an appropriation of \$1 million for both FY 2026 and FY 2027 for match to school districts and \$75,000 for both FY 2026 and FY 2027 appropriated for teacher stipends. These are to be ongoing appropriations. Additionally, the Office of Public Instruction requests 1.00 FTE costing \$107,000 per year.

### FISCAL ANALYSIS

#### Assumptions

1. HB 361, as amended, provides that a public school district or a consortium of public-school districts receiving subgrants under 20 U.S.C. 6825 from the OPI for the purposes of conducting programs serving students with limited English proficiency, as defined in section 20-1-101, MCA, and referred to in section 20-9-309, MCA, is entitled to state matching funds.
2. The Office of Public Instruction (OPI) is to distribute these funds by the last day in January as a maximum of \$2 for each dollar that the OPI allocated as a subgrant to a public school district under 20 U.S.C. 6825 in the prior year.
3. The OPI is to prorate payments to districts based on the available appropriation.
4. Money received by a school district must be deposited in the miscellaneous programs fund (15) of the district and administered as provided in 20-9-507, MCA, and may be expended only for programs serving students with limited English proficiency in accordance with the requirements of 20 U.S.C. 6825 as directed in the bill.
5. Section 2 of amended HB 361, describes professional stipends for highly qualified teachers serving English learners as follows:
  - a. An annual stipend up to 50% of the quality educator payment 20-9-306, MCA, for the applicable year to

each teacher who holds a culturally and linguistically diverse certificate or a teaching certificate with an English as a second language endorsement, if the teacher meets the specified criteria.

- b. An annual stipend up to 85% of the quality educator payment in 20-9-306, MCA, for the applicable year who teaches in a school identified as high-poverty area or an impacted school.
6. Quality educator payment rates and stipend rates are shown in the following table.

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Quality Educator (QE) Rate	\$3,673	\$3,783	\$3,896	\$4,013	\$4,133
50% QE Rate	\$1,837	\$1,892	\$1,948	\$2,007	\$2,067
85% QE Rate	\$3,122	\$3,216	\$3,312	\$3,411	\$3,513

7. A teacher becomes eligible for the stipend in the school year beginning July 1 after the teacher obtains a culturally and linguistically diverse certificate or a teaching certificate with an English as a second language endorsement.
8. By March 1, the Superintendent of Public Instruction shall distribute stipend payments as prescribed in the bill.
9. If the money appropriated for the stipends is not enough to provide the full amount for each eligible teacher, the Superintendent of Public Instruction can request a supplemental appropriation in the second year of the biennium that is sufficient to complete the funding of the stipends.
10. The state shall pay 50% of the maximum stipend amount and another 1% of the amount for each 1% of the amount contributed by the teacher's school district, up to a maximum state contribution of 75% of the amount.
11. For a stipend in a high poverty or impacted area the state shall pay 55% of the maximum stipend amount under and another 2% of the amount for each 1% of the amount contributed by the teacher's school district, up to a maximum state contribution of 85% of the amount.
12. The meaning of culturally and linguistically diverse certificate means a certificate issued by an accredited postsecondary institution that:
  - a. requires a minimum of 12 postsecondary credit hours and
  - b. is designed to enhance a teacher's ability to develop the full educational potential of a student with limited English proficiency.
13. HB 361 appropriates \$1 million for both FY 2026 and FY 2027 for matching OPI distributions of federal funds per 20 U.S.C. 6825 and \$75,000 for both FY 2026 and FY 2027 for teacher stipends.
14. The OPI reports historically distribution of the federal funds has been \$310,000 in FY 2022 and in FY 2023, \$315,000 in FY 2024, and \$328,000 in FY 2025.
15. OPI estimates need for 1.00 FTE instructional coordinator at \$88,751 per year for salary and benefits beginning in FY 2026 is required for the calculation and distribution of appropriation for teacher stipends and subgrants for eligible districts, program monitoring, and providing technical assistance to schools regarding state program requirements as well as compliance and program quality issues. This includes \$2,800 of one-time only costs in FY 2026 for new employee office package and computer equipment and indirect costs at 17%. Personal services stay constant for FY 2026 and FY 2027 and grow by 1.5% each year in FY 2028 and FY 2029.

## Fiscal Analysis Table

	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>	<b>FY 2028 Difference</b>	<b>FY 2029 Difference</b>
<b><u>Fiscal Impact</u></b>				
FTE	1.00	1.00	1.00	1.00
<b>TOTAL Fiscal Impact</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
<b><u>Expenditures</u></b>				
Personal Services	\$88,751	\$88,751	\$90,082	\$91,433
Operating Expenses	\$18,364	\$15,088	\$15,314	\$15,544
Grants	\$1,075,000	\$1,075,000	\$1,075,000	\$1,075,000
<b>TOTAL Expenditures</b>	<b>\$1,182,115</b>	<b>\$1,178,839</b>	<b>\$1,180,396</b>	<b>\$1,181,977</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$1,182,115	\$1,178,839	\$1,180,396	\$1,181,977
<b>TOTAL Funding of Expenditures</b>	<b>\$1,182,115</b>	<b>\$1,178,839</b>	<b>\$1,180,396</b>	<b>\$1,181,977</b>
<b><u>Revenues</u></b>				
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$1,182,115)	(\$1,178,839)	(\$1,180,396)	(\$1,181,977)

## Technical Concerns

1. Traditionally in an appropriation bill, the language specifies that an appropriation is for "each" fiscal year or for "the biennium beginning ..." HB 361 says the appropriation is for "both FY 2026 and FY 2027, this could be interpreted to mean either of the previous examples. It is unclear what the intention of the appropriation section is. For the purposes of this fiscal note, it is assumed there is appropriated \$1.0 million each year for matching federal funds per 20 U.S.C. 6825 and \$75,000 each year for teacher stipends. The intent of the appropriation should be clarified.

CK  
Sponsor's Initials

3/1/25  
Date

RD  
Budget Director's Initials

3/1/2025  
Date