



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0252.02 (001): Create the student and teacher advancement for results and success act (STARS)**

Primary Sponsor: Llew Jones 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

| | FY 2026 Difference | FY 2027 Difference | FY 2028 Difference | FY 2029 Difference |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$55,190,210 | \$58,748,742 | \$62,480,576 | \$64,346,322 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Net Impact | <u>(\$55,190,210)</u> | <u>(\$58,748,742)</u> | <u>(\$62,480,576)</u> | <u>(\$64,346,322)</u> |
| General Fund Balance | | | | |

Description of fiscal impact

HB 252, as amended, defines additional FTE that will qualify for additional funding per the quality educator and quality staff component of the K-12 public school funding formula; revises incentives to increase starting teacher salaries in the TEACH Act; creates a new incentive for resource sharing among school districts; allows funding increases for the advanced opportunities program; establishes a new funding component related to post-graduation preparation termed the "Future Ready Payment"; amends the school district maximum budget limitation with elevated housing cost allowances; and requires the creation of a school funding data dashboard. The estimated increased cost to the state general fund is approximately \$55.0 million in FY 2026 and \$58.7 million in FY 2027. The estimated increase to local school property taxes is \$800,000 per year.

FISCAL ANALYSIS

Assumptions

- HB 252, as amended, redefines and renames the quality educator payment component of the BASE aid school funding formula to be called the "quality educator and qualified staff payment" (QEQS payment) and allows additional school staff to be counted for this full-time equivalent (FTE) payment for school funding.
- The bill, as amended, expands the district clerk requirements and duties and makes district clerks eligible to qualify as FTE counted for the QEQS payment component (20-9-327, MCA) of the BASE aid public school funding formula. Currently, there is no official count of district clerk FTE therefore, the official count will be collected with the official staff count for FTE in the fall of calendar year 2025 to be paid in FY 2027.
- The QEQS payment rates per FTE is projected to be as show in the following table.

| | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| QEQS Payment Rate | \$3,673 | \$3,783 | \$3,896 | \$4,013 | \$4,133 |

4. The bill redefines qualified staff as the number of FTE staff employed by an educational entity. An educational entity is defined as a public school district, special education cooperative, MSDB, correctional facilities, or the Montana Youth Challenge (MYC) program to provide services to students as defined in the bill. For purposes of this fiscal note it is assumed the FTE count will continue in future years to be the same as used for FY 2026.
5. Section 18, as amended, of the bill allows school districts to add 1.00 FTE to the QEQS count for FY 2026 budgeting and funding purposes. There are 392 operating public school districts in Montana in FY 2025 therefore, it is assumed that all of the 392 public school districts will add 1.00 FTE to the QEQS payment for clerks in public schools; 21 FTE will be added for the 21 special education cooperatives; and 1 FTE will be added for the School for the Deaf and Blind (MSDB).
6. Section 18(2) states the legislative intent is that eligible clerks will be included in QEQS payment made in FY 2027. The following table represents the state cost of adding school district clerks to the QEQS payment and the allowable 1.00 FTE to be added for FY 2026 to all school district budgets.

| District Clerk Incentive | FTE | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|--------------------------|------------|------------------|--------------------|--------------------|--------------------|
| Public Schools | 392 | \$1,482,936 | \$1,527,232 | \$1,573,096 | \$1,620,136 |
| Special Ed Coops | 21 | \$79,443 | \$81,816 | \$84,273 | \$86,793 |
| MSDB | 1 | \$3,783 | \$3,896 | \$4,013 | \$4,133 |
| TOTAL Clerk QEQS | 414 | 1,566,162 | \$1,612,944 | \$1,661,382 | \$1,711,062 |

7. Teachers holding an American Indian Language and Cultural Specialist license and employed to provide instruction in this field are qualified in HB 252 to be included for FTE count for the QEQS payment. Current law provides QEQS payment funding for these teachers only if they are teaching in an Indian Language Immersion program.
8. The most recent, FY 2025, Office of Public Instruction (OPI) data indicates there are 134 active American Indian Language and Cultural Specialist (class 7) licenses in Montana. For purposes of this fiscal note it will be assumed that 75% of these teachers will be newly counted for the QEQS payment as it is assumed the balance are already counted for the Indian Language Immersion programs. The following table shows the additional funding that will be required for these additional teachers.

| American Indian Language and Cultural Specialist | | | | |
|--|---------|-----------|-----------|-----------|
| FTE | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
| 101 | | \$393,496 | \$405,313 | \$417,433 |

9. Teachers who have been issued emergency authorization of employment under 20-4-111, MCA, and are employed by an education entity listed in 20-9-327(1), MCA, for no more than three school years are made eligible in HB 252 as FTE to count for the QEQS payment. OPI data in the most recent five years shows an estimated increase of approximately 12% annually with a total of 240 emergency authorized licenses issued in FY 2025. This class of licensed teachers have not previously been eligible for the QEQS count. Additional state funding for the emergency authorized teachers is shown in the following table.

| Emergency Authorization Incentive | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|-----------------------------------|---------|-------------|-------------|-------------|
| FTE | | 270 | 286 | 303 |
| Total Cost | | \$1,051,920 | \$1,147,718 | \$1,252,299 |

10. Section 7 of HB 252 removes the limitations for distribution of the advanced opportunities program to an appropriation of the legislature and directs that the budget is to include an amount for advanced opportunity aid to be sufficient to provide advanced opportunity aid to all districts based on prior demand. New language further states that shortfalls must be addressed by a request for a supplemental in a future legislative session.

11. In addition to the \$4 million appropriated in HB 2, an appropriation of \$100,000 for each fiscal year in the 2027 Biennium for the advanced opportunities aid to bring it to the level of funding requested, and not funded, due to appropriation limitations in FY 2025 is included in section 20.
12. HB 252, section 10, changes requirements for a "competitive base pay of teachers" to be 11 times the QEQS payment rate for the year of the base salary and a specified percentage of the average of all teachers' pay in the prior year for the educational entity. The competitive base pay in current law is 10 times the QEQS payment rate and no reference to average teacher pay. The teacher base pay to qualify for the competitive base pay of teachers payment is shown in the table below.

| Teacher Base Pay | | | |
|------------------|----------|----------|----------|
| FY 2026 | FY 2027 | FY 2028 | FY 2029 |
| \$41,613 | \$42,856 | \$44,143 | \$45,463 |

13. Section 11 of the bill defines a "Full-Time Equivalent Teacher" as "a teacher who is contracted for employment for the entire academic year, fulfilling professional responsibilities throughout all periods of the day when the educational entity offers instruction. This includes time spent preparing for classes, delivering instruction, mentoring others, and performing other duties set forth in the teacher's job description, individual contract, or in the collective bargaining agreement governing the teacher's employment." This definition clarifies what a full-time equivalent teacher is for determining average teacher pay.
14. The following table shows the percentages of the prior year's average teacher pay that must be met to complete the qualification to receive teacher incentive payments.

| TEACH Act Average Teacher Pay | Base pay not less than % of average teacher pay |
|-------------------------------|---|
| FY 2026 | 62% |
| FY 2027 | 64% |
| FY 2028 | 66% |
| FY 2029 | 68% |
| FY 2030 and beyond | 70% |

15. Other changes to requirements for the TEACH Act incentive adjustments include:
- the incentive payment is no longer only for teachers in their first three years of their teaching career but now paid for all qualifying full-time equivalent (FTE) staff;
 - a district is permitted to receive the incentive unless it fails to meet the competitive base pay requirement for two consecutive years.
16. The bill is effective on passage and approval applicable to school years beginning on or after July 1, 2025.
17. Section 11 of the bill defines a "Full-Time Equivalent Teacher" as "a teacher who is contracted for employment for the entire academic year, fulfilling professional responsibilities throughout all periods of the day when the educational entity offers instruction. This includes time spent preparing for classes, delivering instruction, mentoring others, and performing other duties set forth in the teacher's job description, individual contract, or in the collective bargaining agreement governing the teacher's employment."
18. The total public school districts' FTE for FY 2025 (the most recent data) is 12,994 and an addition 171 FTE in the special education coops. These numbers include administrators, councilors, school nurses, psychologists, and other licensed school professionals defined in 20-9-327, MCA.
19. The entities eligible for TEACH Act incentive payments include: public school districts, special education cooperatives, the MSDB, education programs at correctional facilities, and the MYC.
20. If a district qualifies for the TEACH Act incentive payments based on base teacher pay and average teacher

pay for all full-time equivalent teachers, the additional state QEQS payment to school districts is paid for all district FTE that qualify for QEQS payments not just teachers.

21. The following table shows the estimated state general fund costs the TEACH Act incentive payments as revised in HB 252 for public school districts and special education cooperatives if all school districts and special education cooperatives qualify. This would be 12,994 FTE in public school districts and 171 FTE in special education cooperatives qualified for FY 2026.

| TEACH Act Incentive | FTE | FY2026 | FY2027 | FY2028 | FY2029 |
|-------------------------|---------------|---------------------|---------------------|---------------------|---------------------|
| QEQS payment Rate | | \$3,783 | \$3,896 | \$4,013 | \$4,133 |
| Public School Districts | 12,994 | \$49,156,302 | \$50,624,624 | \$52,144,922 | \$53,704,202 |
| SPED Cooperatives | 171 | \$646,893 | \$666,216 | \$686,223 | \$706,743 |
| TOTAL | 13,165 | \$49,803,195 | \$51,290,840 | \$52,831,145 | \$54,410,945 |

22. HB 252, section 18, as amended, allows establishment of TEACH Act enhanced incentive payments to educational entities in FY 2026 based on an educational entity's commitment, in a format prescribed by the superintendent of public instruction, to meet the revised legislative goals without verification of qualification that the district base salaries and average teacher salaries meet the criteria of HB 252. The amount of the incentive payment funding permitted by the commitment is to be added to the school districts' BASE and maximum budget limits growing these limits.
23. Section 9, 20-9-306(18)(b), of HB 252, clarifies that, "If an educational entity qualifies for enhanced quality educator and qualified staff payments under 20-9-324 in a fiscal year, the entity retains that qualification in subsequent years unless the district fails to qualify for 2 consecutive years. After 2 consecutive years of failure to qualify, an education entity must reestablish eligibility before the enhanced quality educator and qualified staff payment under 20-9-324 resume for the educational entity." This does not qualify districts qualified in FY 2026 by written commitment for a second year of funding without verification as defined in section 10 of HB 252.
24. Section 10 changes 20-9-324, MCA, which is the section of law describing incentives for educational entities meeting the legislative goals for competitive base pay of teachers definitions. This section of law clearly states that educational entities must provide the data necessary as determined by the Superintendent of Public Instruction to verify qualifications for these incentive payments by December 1 each year.
25. The effective date of HB 252 is on passage and approval therefore, by December 1, 2025, educational entities will have to provide data necessary to determine funding for the TEACH Act incentive payments to verify funding and inclusion of the funding in school district budgets in FY 2027 BASE and maximum budget limit calculations.
26. The following table shows the estimated state general fund costs for the revised TEACH Act incentive payments for MSDB, Corrections, and MYC.

| | FTE | FY2026 | FY2027 | FY2028 | FY2029 |
|--------------|-----------|--------|------------------|------------------|------------------|
| MSDB | 48 | | \$187,008 | \$192,624 | \$198,384 |
| Corrections | 11 | | \$42,856 | \$44,143 | \$45,463 |
| MYC | 5 | | \$19,480 | \$20,065 | \$20,665 |
| TOTAL | 64 | | \$249,344 | \$256,832 | \$264,512 |

27. Section 16 of HB 252 provides additional QEQS incentive payments for school districts that share quality educators or qualified staff (20-9-327, MCA) resources where the district employs an individual for no less than 0.33 FTE. For QEQS purposes, the individual is to be counted as 1.00 FTE in each school district where employed. The incentive is the ability to count the individual as 1.00 FTE instead of 0.33 FTE and received the addition funding for 0.67 FTE. For purposes of this fiscal note it is assumed that there will be 50 FTE per year that get to be counted as 1.00 FTE per school in three schools instead of being counted as 0.33 FTE in each school. The following table shows the calculation and additional funding estimated for the resource sharing incentive. Each individual is currently counted as 0.33 FTE in each of three schools and

HB 252 would allow each school to count the FTE as 1.00 FTE therefore each individual would increase the FTE count in each school district by 0.67 per school times 3 schools for a total increase per individual of 2.01 FTE.

| Resource Sharing Incentive | FTE | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|--------|---------|-----------|-----------|-----------|
| Current 50 individuals at 0.33 FTE in 3 schools | 49.50 | | \$192,852 | \$198,644 | \$204,584 |
| HB 252 50 individuals at 1.00 FTE in 3 schools | 150.00 | | \$584,400 | \$601,950 | \$619,950 |
| Addition funding required | 100.50 | | \$391,548 | \$403,307 | \$415,367 |

28. Section 9 allows a school district to increase the district maximum budget limit if the district meets the legislative goal for base teacher pay and has territory within a county where the market value of residential properties meet certain criteria. It will be required that these districts will have the maximum general fund budget calculated by multiplying the amount calculated as maximum budget limit by the percentage by which the county median market value exceeds the median county market value for residential properties in the state divided by 60. These increases to the maximum budget limit are to be expended only for the purpose of housing stipends for employees; construction or purchase of district-owned housing for employees; rental assistance for employee housing; down payment assistance for employee purchase of a primary residence; and other employee housing related costs as defined in section 9 of the bill.
29. There are only 26 counties that have a median market value above the 105% of the statewide median value per this legislation. Those districts where the the over-BASE budget is allowed to grow for employee housing purposes would see an increase to local school property taxes if levies are approved. This change to maximum over-BASE school districts will not increase state payments to school districts.
30. HB 252 adds to 20-9-306, MCA, a definition of "State Share" which is to include the following:
 - a. BASE aid for the school district general fund;
 - b. county retirement guaranteed tax base aid;
 - c. major maintenance aid for the school district building reserve fund;
 - d. transportation reimbursements for the school district transportation fund;
 - e. debt service assistance for the school district debt service fund;
 - f. technology funding for the school district technology acquisition and depreciation fund;
 - g. career and technical education funding for the school district miscellaneous programs fund;
 - h. advanced opportunity aid for the school district flexibility fund;
 - i. gifted and talented funding for the school district miscellaneous programs fund; and
 - j. any other state funding provided by the legislature to support the basic elementary and secondary school system.
31. There is no fiscal impact related to the clarifying definition of "State Share".
32. HB 252, as amended, in section 14 creates a new "Future Ready Payment" to first be paid in FY 2028, to school districts who meet the requirements specified in the bill.
33. The incentive payments are defined as various tiers of per-ANB funding for elementary schools and for high schools two years after a student has graduated where the student earned 15 or more postsecondary or CTE-equivalent credits while in high school.
34. These payments are composed of incentive amounts of the per-ANB rates and are to be included in the meaning of BASE aid. The payments are to be included in the BASE budget limit calculation and the maximum general fund budget limit calculation.
35. The purpose of the payments is to: a) expand personalized career and technical education (CTE) opportunities for middle school and high school students; b) reduce out-of-pocket costs for students and families to support student postsecondary success; c) empower students to actively engage in forming a postsecondary path to success; and d) provide expanded flexibility to district to support the alignment of each pupil's postsecondary success path with each pupil's individual interests, passions, strengths, needs, and culture.
36. The amount of each future ready payment is based on three goal levels: 1) goal level 1 – high school graduates who while in high school earned 15 or more postsecondary or CTE-equivalent credits; 2) goal

level 2, high school graduates who while in high school earned 30 or more post-secondary or CTE-equivalent credits; and 3) goal 3 – high school graduates who while in high school earned and associate-level degree.

37. A high school graduate may reach goal levels 1 and 2 using any combination of postsecondary and CTE-equivalent credits.
38. “CTE-equivalent credit” is to be a credit value ascribed by the Department of Labor and Industry (DLI) as described in section 15 of HB 252.
39. “Postsecondary credit” means the successful completion of a course of study by a student enrolled in high school or a K-12 school that results in the student’s eligibility for transcript credit with the Montana university system.
40. The Department of Labor and Industry (DLI) is to annually, no later than December 1, adopt in rule a list of industry-recognized credentials, combinations of credentials, and work-based learning experiences with the credit value for each. There is to be input from industry stakeholders, school districts, the OPI, and the Office of the Commissioner of Higher Education (OCHE).
41. The Commissioner of Higher Education is to provide OPI annually, no later than December 1 each year, updated information defining what qualifies in the Montana university system to earn credits for eligible postsecondary credits. The list from Higher Education applies to achievements of high school graduates from the prior school year.
42. The present law inflation applied to the Per-ANB entitlements per 20-9-326, MCA, is 3.00% in FY 2026 and 3.00% in FY 2027. For the present law budget, Per-ANB components are set as follows:

| Per-ANB Rates | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|-----------------------------|---------|---------|---------|---------|
| Elementary Per-ANB maximum | \$6,496 | \$6,691 | \$6,892 | \$7,099 |
| High School Per-ANB maximum | \$8,317 | \$8,567 | \$8,824 | \$9,089 |

43. Data provided by the OCHE indicates the following counts of students enrolled in dual credit coursework that would lead to post graduate credits earned pertinent to future ready payments. Data presented is limited to public school students, enrolled in spring 2024.

| Credit Count | Student Count |
|--------------------|---------------|
| 15-29 Credits | 690 |
| 30 or more Credits | 96 |
| Associate’s degree | 0 |

44. With no current definition developed there is no data available for students attaining CTE-equivalent credit, therefore for the purposes of this fiscal note it is assumed that 50% more than the count of students earning post-secondary credits will attain CTE-equivalent credit.
45. The estimated number of students in levels 1 and 2 eligible for future ready payments and estimated state costs are provided in the following table.

| Level 1 Estimates | FY2027 | FY2028 | FY2029 |
|----------------------------|---------------------|---------------------|---------------------|
| Est. Student Count Level 1 | (690 + 345) = 1,035 | (690 + 345) = 1,035 | (690 + 345) = 1,035 |
| 10% Per-ANB Rate Elem | \$669.10 | \$689.20 | \$709.90 |
| 10% Per-ANB Rate HS | \$856.70 | \$882.40 | \$908.90 |
| | | | |
| Elem | \$692,519 | \$713,322 | \$734,747 |
| HS | \$886,685 | \$913,284 | \$940,712 |
| TOTAL Level 1 Cost | \$1,579,203 | \$1,626,606 | \$1,675,458 |

| Level 2 Estimates | FY2027 | FY2028 | FY2029 |
|----------------------------|------------------|------------------|------------------|
| Est. Student Count Level 2 | (96 + 48) = 144 | (96 + 48) = 144 | (96 + 48) = 144 |
| 20% Per-ANB Rate Elem | \$1,338.20 | \$1,378.40 | \$1,419.80 |
| 20% Per-ANB Rate HS | \$1,713.40 | \$1,764.80 | \$1,817.80 |
| | | | |
| Elem | \$192,701 | \$198,490 | \$204,451 |
| HS | \$246,730 | \$254,131 | \$261,763 |
| TOTAL Level 2 Cost | \$439,430 | \$452,621 | \$466,214 |

46. There are no costs estimated for level 3 as there were no reported eligible graduates to count.
47. Section 18 describes the transition plan for implementation of HB 252 relative to FY 2026. The bill requires the Superintendent of Public Instruction to robustly gather the data necessary to distribute TEACH Act teacher base pay incentive payments in FY 2026.
48. The bill provides for FY 2026 only that an educational entity must receive the enhanced incentive based on the entity's written commitment to meet the revised legislative goals for FY 2026 established in this act.
49. The educational entity must commit to providing a teacher base salary in FY 2026 that is at least 11 times the FY 2026 QEQS payment rate and the base teacher salary in FY 2026 must be at least 62% of all district teachers' average salary in FY 2025.
50. The Superintendent is to allow the educational entity the opportunity to provide this written commitment until the effective date of this act (on passage and approval) or May 15, 2025, whichever is later.
51. OPI is to adjust the BASE and maximum general fund budget limits and quality educator payment for FY 2026 accordingly.
52. The transition section of the bill further states that the district clerks and emergency authorized teachers' incentive payments are to begin in FY 2027.
53. The legislative intent of the increases for employee housing in the maximum general fund budget limits will apply for FY 2026 and the Department of Revenue (DOR) and the OPI will collaborate to meet this intent.
54. DOR is to provide the appropriate data to OPI within 10 days of passage and approval of this bill.
55. As amended, HB 252 clarifies OPI is to inform a school district of any increase to the district's maximum general fund budget limit for FY 2026 June 1, 2025.
56. The future ready payment is to be fully operational and initial distribution of funding provided for FY 2027 based on achievements of high school graduates of school year 2025.
57. The intent of the legislature is that the incentive for resource sharing will be fully operational and first distributions will be made in FY 2027.
58. HB 252, section 20, appropriates \$100,000 for each year of the 2027 Biennium for advanced opportunity aid. This money is in addition to the \$4 million appropriated in HB 2 for advanced opportunity aid.
59. This legislation applies to school years beginning on or after July 1, 2025, per section 22 of HB 252.
60. The changes to school funding increases per the incentives created in HB 252 will increase state general fund expenditures for district general fund GTB by \$3.3 million in FY 2026 and by \$3.6 million in FY 2027.
61. OPI estimates a total of 1.00 FTE will be required for the implementation of HB 252 to provide training and coordination with internal and external staff, collection of new data, revision of the school funding formula, IT system support to collect QEQS, ANB, and compensation expenditure data, manage data collections and training/coordination with the OPI School Finance Division, support to collect teacher classifications, staff collections and calendars, manage data collections and training/coordinating with the accreditation unit, rewrite lines of programming code to accommodate all the changes to school funding, integrate systems, provide training and continued monitoring and updates when changes to the school funding formula are imposed.
62. The 1.00 FTE position will begin in FY 2026. The personal services estimates will remain the same for FY 2026 and FY 2027 and will grow by 1.5% each year thereafter. The estimated costs are provided in the following table:

| OPI Staff Request | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|-------------------|---------|---------|---------|---------|
|-------------------|---------|---------|---------|---------|

| | | | | |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| Salary & Benefits | \$76,953 | \$76,953 | \$78,107 | \$79,279 |
| Operating Expense | \$6,300 | \$3,500 | \$3,500 | \$3,500 |
| Indirect Cost | \$15,735 | \$15,206 | \$15,424 | \$15,645 |
| TOTAL | \$98,988 | \$95,659 | \$97,031 | \$98,424 |

Legislative Branch

1. Section 17 of HB 252 requires the creation of a *School Funding Data Dashboard* by legislative fiscal analysts to develop and make publicly available and interactive data tool related to school funding. The purpose is to help Montanans better understand school funding and assist policymakers in monitoring the status of school funding.
2. It is assumed that the Legislative Fiscal Division will have one year from the effective date to collaborate with required parties and complete the dashboard.
3. Data availability and consistency across sources may limit the ability of the dashboard to fully complete the requirements.
4. Time required of all staff to comply with the requirements is anticipated to be approximately 500 hours.
5. It is assumed that this statutory requirement will prioritize the Fiscal Division work toward this project.
6. It is unknown how many bills are seeking to add to the duties of the Legislative Branch. The fiscal note of each bill is prepared based on the effect of each individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill would require additional analysis and may require additional resources for staffing and information technology support.
7. The fiscal impact of HB 252 is difficult to determine.

Fiscal Analysis Table

| | FY 2026 Difference | FY 2027 Difference | FY 2028 Difference | FY 2029 Difference |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| Personal Services | \$76,953 | \$76,953 | \$78,107 | \$79,279 |
| Operating Expenses | \$0 | \$0 | \$0 | \$0 |
| OPI Operating Expenses | \$6,300 | \$3,500 | \$3,500 | \$3,500 |
| OPI Indirect Costs | \$15,735 | \$15,206 | \$15,424 | \$15,645 |
| Local Assistance | \$0 | \$0 | \$0 | \$0 |
| TEACH Act Incentive-MSDB | \$181,584 | \$187,008 | \$192,624 | \$198,384 |
| TEACH Act Incentive-Corrections | \$41,613 | \$42,856 | \$44,143 | \$45,463 |
| TEACH Act Incentive-MYC | \$18,915 | \$19,480 | \$20,065 | \$20,665 |
| County Retirement GTB | \$3,379,753 | \$3,562,991 | \$3,598,621 | \$3,634,607 |
| QE American Indian L&C(Class7) | \$0 | \$393,496 | \$405,313 | \$417,433 |
| QE Emergency Authorization | \$0 | \$1,051,920 | \$1,147,718 | \$1,252,299 |
| QE District Clerk-Schools, Coops | \$1,562,379 | \$1,609,048 | \$1,657,369 | \$1,706,929 |
| TEACH Act Incent-Schools, Coops | \$49,803,195 | \$51,290,840 | \$52,831,145 | \$54,410,945 |
| Advanced Opportunity Pmt | \$100,000 | \$100,000 | \$0 | \$0 |
| Resource Sharing Incentive | \$0 | \$391,548 | \$403,307 | \$415,367 |
| Future Ready Component | \$0 | \$0 | \$2,079,227 | \$2,141,673 |
| QE District Clerk-MSDB | \$3,783 | \$3,896 | \$4,013 | \$4,133 |
| TOTAL Expenditures | \$55,190,210 | \$58,748,742 | \$62,480,576 | \$64,346,322 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$55,190,210 | \$58,748,742 | \$62,480,576 | \$64,346,322 |
| TOTAL Funding of Expenditures | \$55,190,210 | \$58,748,742 | \$62,480,576 | \$64,346,322 |

Revenues**Net Impact to Fund Balance (Revenue minus Funding of Expenditures)**

| | | | | |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund (01) | <u>(\$55,190,210)</u> | <u>(\$58,748,742)</u> | <u>(\$62,480,576)</u> | <u>(\$64,346,322)</u> |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|

Effect on County or Other Local Revenues or Expenditures

1. Those districts where the over-BASE budget is allowed to grow for employee housing purposes in HB 252 would see an increase to local school property taxes. It is estimated to be \$800,000 beginning in FY 2026.
2. TEACH Act incentives are 100% state funded and will not create additional local school property tax burden.

Technical Concerns

1. The written commitment of school districts prescribed as acceptance that school districts qualify for the TEACH Act incentive payment based on base teacher pay and average teacher salary does not require any verification of compliance with data.
2. The Superintendent is required to collect the written commitment from the schools until the effective date of this act (on passage and approval) or May 15, 2025, whichever is later. This requires OPI to collect data for legislation that has not been enacted.
3. As amended, the future ready program is to be fully operational and initial distribution of funding provided for FY 2028. Payments are to be made to high schools "for every graduate of the district" who qualifies per HB 252. The elementary school to receive payment is to be paid to the elementary school where the student who qualifies for a high school payment, "was included in the district's spring enrollment count in the graduate's 8th grade year." The OPI does not have data available to determine where a student graduated from 8th grade.


Sponsor's Initials

2-10-25
Date


Budget Director's Initials

2/10/2025
Date