



Montana Teachers' Retirement System

Montana Teacher Residency Program

TRS Reporting of Montana Teacher Residency Program Stipends/Allowance

The Teachers' Retirement System (TRS) is issuing this memo for employers who participate in the [Montana Teacher Residency Program \(MTRP\)](#). TRS has received questions about the employer reporting of monthly stipend/allowance payments to Resident Teachers now that the associated funds are distributed by the school districts.

State law requires that TRS-covered employers make contribution payments to TRS based on the employee's "earned compensation." That law excludes from the definition of earned compensation any direct employer payment that is issued as an allowance or reimbursement. Section 19-20-101(12)(b), MCA. The law governing MTRP indicates that the compensation for the Resident Teacher is conditioned on the completion of the program, signing a teaching contract with a Montana public school, and continued work with Montana public schools. Section 20-4-702(2, 4), MCA.

Due to the conditional nature of the payments, TRS views them as a conditional allowance, not direct payment for the service hours provided under the guidance of the lead teacher. In contrast, regular wages would not be conditional. Accordingly, when these provisions of Montana law are read together, TRS concludes that **the payments to MTRP Resident Teachers are not reportable to TRS.**

The stipend issued to the MTRP "lead teacher" is not conditional nor is it a reimbursement and, therefore, it is reportable as earned compensation to TRS.

If you have questions about this memo, please contact one of these staff members:

Nolan Brilz, Accounting & Fiscal Manager	(406) 444-3679
Christian Ward, Accountant	(406) 444-3323
Ali Holland, Accountant	(406) 444-2540