

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number HB1084

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Scott, J.M.

3. Committee Education

4. Title Standards of Quality; average teacher salary.

5. Summary/Purpose:

Requires that the state average teacher salary not be less than the annual national average teacher salary in order to ensure highly qualified instructional staff in the public schools.

6. Fiscal Impact Estimates are: See Item 8.

7. Budget amendment necessary: Yes, Item 135.

8. Fiscal implications: Section 22.1-289.1 of the *Code of Virginia* states that it is the goal of the Commonwealth that its public school teachers be compensated at a rate that is competitive in order to attract and retain competent teachers. HB 1084 would amend that section to require that teachers be compensated at a rate that is competitive with the annual national average teacher salary.

Standard 1 of the Standards of Quality provides that the General Assembly and the Board of Education find that the quality of education is dependent upon, among other things, the appropriate working environment, benefits, and salaries necessary to ensure the availability of high-quality instructional personnel. HB 1084 would add to Standard 1 of the SOQ that with such funds as are available, the average teacher salary shall not be less than the annual national average teacher salary.

The Department of Education estimates that the fiscal impact of this legislation would be an additional **\$437.7 million in FY 2007** and **\$447.4 million in 2008** in general fund dollars to reach the current national teacher average (These amounts are in addition to the funding included in HB/SB 30 for a three percent salary increase on December 1, 2006). It should be noted that this funding may not be sufficient to maintain salaries at the national average. The National Education Association (NEA) releases new data each year so the next update could be higher than the current level and require additional funding to hold salaries at the national average. In addition, this legislation will have an undetermined impact on the biennial rebenchmarking process for the 2008-2010 biennial budget. While the impact cannot be quantified at this time, it is expected to increase the cost of rebenchmarking significantly.

9. Specific agency or political subdivisions affected: Department of Education, local school divisions, public school teachers.

10. Technical amendment necessary: No.

11. Other comments: The cost estimate for this legislation used the National Education Association's latest national teacher salary average of \$47,808 (August 2005) for the funded elementary and secondary teacher average salary amount for SOQ accounts and applicable incentive accounts in Direct Aid. This salary amount is increased by the instructional COCA factor for applicable divisions. Funding for the three percent compensation supplement effective December 1, 2006 is maintained based on the higher funded salary amount. The additional cost to the K-3 Class Size Reduction Program is not included in this cost and would be higher than currently funded.

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