Department of Planning and Budget
2008 Fiscal Impact Statement

1. Bill Number: HB92

House of Origin	X	Introduced	___	Substitute	___	Engrossed
Second House	___	In Committee	___	Substitute	___	Enrolled

2. Patron: Moran

3. Committee: Education

4. Title: **Standards of Quality; average teacher salary.**

5. Summary: Requires that the state average teacher salary not be less than the annual national average teacher salary in order to ensure high-quality instructional personnel in the public schools.

6. Fiscal Impact Estimates: Preliminary.

6a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2009	$426,800,000	0	GF
2010	$443,600,000	0	GF
2011-2014	Indeterminate		

7. Budget Amendment Necessary: Yes, Item 140.

8. Fiscal Implications: The proposal to bring the statewide average teacher salary to the national average would increase the estimated state share of cost to approximately $426.8 million in FY2009 and $443.6 million in FY2010, for a total of $870.4 million for the biennium.

In order to calculate these amounts, the estimated national average elementary and secondary teacher salaries for FY2007 as determined by the NEA in December 2007 were inflated by 3 percent up to the biennium. The resulting salaries used as the funded elementary and secondary teacher average salary amounts for Standards of Quality (SOQ) accounts and applicable incentive accounts in Direct Aid were $52,205 and $52,613, respectively. These salary amounts are increased by the instructional COCA factor [Cost of Competing Adjustment for the higher cost Northern Virginia Labor market. A percentage add-on is applied to the SOQ funded salary for the nine divisions in Planning District (PD) 8 and several other divisions in Northern Virginia outside PD8. The PD8 divisions get 100percent of a 9.83 percent add-on to the funded instructional salary and a 24.61 percent add-on to funded support salary. The other divisions get 25 percent of these percentage add-ons.] for applicable divisions and for the Compensation Supplement amounts included in the HB30 as introduced. Please note that the additional cost to the K-3 Class Size Reduction Program is not included in this cost estimate and would be higher than currently funded.

The SOQ are rebased each biennium, the rebasing takes into consideration changes to average daily membership, changes to the composite index as-well-as revisions to the lottery proceeds, sales tax distributions and other factors which help determine the recalculation of the state share of the SOQ. At this time the Department of Education is unable to provide an estimate of the impact of these changes over the next two biennia.

9. **Specific Agency or Political Subdivisions Affected:** Board of Education, local school divisions.

10. Technical Amendment Necessary: No.

11. Other Comments: Same as SB267

Date: 1/18/2008 dpb
Document: G:\DAPE-197\2008Session\FIS\Completed\HB92.Doc Mike Barton

c: Secretary of Education