

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB233

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: Mugler

3. Committee: Committee on Education

4. Title: Teacher compensation; at or above national average.

5. Summary: Requires public school teachers to be compensated at a rate that is at or above the national average. Under current law, compensation at such rate is aspirational. The foregoing provisions of the bill have a delayed effective date of July 1, 2025. The bill requires funding to be provided on an incremental basis pursuant to the general appropriation act to implement such teacher compensation rate by the effective date.

6. Budget Amendment Necessary: Yes, Item 145.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: This bill does not specify a source for the national average teacher salary, so for purposes of this fiscal impact estimate, the Department of Education (DOE) used the national average teacher salary reported in the National Education Agency's (NEA) Rankings of the States 2018 and Estimates of School Statistics 2019, published in April 2019. The NEA reports a United States average public school teacher salary of \$60,477 for 2017-2018.

The Standards of Quality (SOQ) funded salary for teachers in the Governor's introduced budget (HB/SB 30) is \$51,371 for elementary teachers and \$53,777 for secondary teachers. To increase these salaries to \$60,477, DOE calculates an additional state-share cost of \$467.2 million in FY 2022. This estimate accounts for funding of \$105.7 million included in the introduced budget for a 3.0 percent salary increase effective July 1, 2021, for funded SOQ teaching positions. Any actual state cost in future fiscal years is indeterminate and would be based on the Direct Aid to Public Education costs as rebenchmarked for future biennia and on updates to the national average teacher salary.

Local school divisions would have to provide the local share required to match any additional state funds based on each division's local composite index. Additionally, for any teachers staffed by local school divisions above the SOQ staffing requirements that are not supported from federal funds, local school divisions would be required to compensate those teachers in accordance with the provisions of this bill entirely from local funds. Finally, the cost for local teachers supported from federal funds would be paid from the relevant federal grant.

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

10. Technical Amendment Necessary: No

11. Other Comments: This bill has a delayed enactment clause of July 1, 2025, but also requires state funding to be provided on an incremental basis pursuant to the general appropriation act to implement the provisions of the first enactment by July 1, 2025. It is not clear if additional state funds would be required during the 2020-2022 biennium.