

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: SB104

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: Lucas

3. Committee: Finance and Appropriations

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

5. Summary: Requires that public school teachers be compensated at a rate that is at or above the national average teacher salary. Under current law, compensation at such rate is aspirational. The bill requires state funding to be provided pursuant to the general appropriation act in a sum sufficient to fund a three percent increase for Standards of Quality-funded instructional and support positions, effective for the 2025-2026 school year and to fund an additional seven percent increase, effective for the 2026-2027 school year, for each school division, Academic Year Governor's School, and Regional Alternative Education Program. The bill contains provisions relating to eligibility to receive a prorated share of such state funding for any school division that fails to provide the required increases. The bill has a delayed effective date of July 1, 2025.

6. Budget Amendment Necessary: Yes, Item 125.

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 the purposes of this fiscal impact statement, the Department of Education (DOE) used the national average teacher salary reported in the National Education Association's (NEA) Ranking of the States 2022 and Estimates of School Statistics 2023, published in April 2023. The NEA reports a United States average public school teacher salary of \$66,745 for 2021-2022 (FY22).

The Standards of Quality (SOQ) funded salary for teachers in the Governor's introduced budget for the 2024-2026 biennium (HB/SB 30) is \$61,514 for elementary teachers and \$65,655 for secondary teachers for school divisions that do not receive a cost of competing adjustment (COCA). The funded SOQ teacher salary for school divisions that receive partial COCA is \$63,027 for elementary teachers and \$67,270 for secondary teachers. The funded SOQ teacher salary for school divisions that receive full COCA is \$67,561 for elementary teachers and \$72,109 for secondary teachers. These are the funded salaries used in Direct Aid calculations for HB/SB 30, but local school divisions have discretion to determine actual teacher compensation.

DOE estimates that the state cost to increase the funded salaries for both elementary and secondary teachers to \$66,745 in fiscal year (FY)26, as required by the bill, is approximately \$250.8 million general fund. In this scenario, the base funded SOQ salaries are increased to \$66,745, and the funded SOQ salaries for partial and full COCA increase proportionally. Any impact in future years to provide state funding based on the national average teacher salary is indeterminate and would depend on the Direct Aid to Public Education budget as rebenchmarked for future biennia, actual compensation supplements provided by local school divisions, and the national average salary.

This bill also requires a three percent compensation supplement to be provided in FY26 and a seven percent compensation supplement to be provided in FY27. The Governor's introduced budget provides \$121.8 million in funding for the state share of a two percent compensation supplement in FY26. The additional cost to provide the state share of the total of a three percent compensation supplement to all SOQ funded instructional and support positions in FY26, after the funded salaries have been increased to \$66,745, is estimated to be \$63.6 million general fund. Any actual state cost to provide a seven percent compensation supplement in FY27 is indeterminate and would be based on the Direct Aid to Public Education budget as rebenchmarked for the 26-28 biennium. However, if estimated using a FY26 base, the cost to provide the state share of an additional seven percent compensation supplement to all SOQ funded instructional and support positions in FY26 would be \$445.3 million general fund.

Local school divisions will be required to provide local matching funds for the increased funded SOQ salary and for these compensation supplements based on each school division's local composite index. Additionally, local school divisions will be required to support the entire cost of the increased salary and these compensation supplements for positions that the division employs beyond those required by the SOQs and that are paid from local funds. Further, local school divisions will be responsible for actually compensating teachers at or above the national average teacher salary. Any actual impact to local school divisions is indeterminate at this time.

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

10. Technical Amendment Necessary: No

11. Other Comments: This bill is identical to HB187H1.