

Commission on Local Government

Estimate of Local Fiscal Impact

2024 General Assembly Session | 1/17/24

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

SB 104: Teachers; required to be compensated at or above national average (Patron: L. Louise Lucas)

Bill Summary: Requires that public school teachers be compensated at a rate that is at or above the national average. 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.

Local Fiscal Impact: Net Additional Expenditure: X Net Reduction of Revenues:

Summary Analysis:

Number of Localities Responding: 8 Cities, 8 Counties, 5 Towns, 0 Other

Localities estimated a negative fiscal impact ranging from \$0 to \$41.2 million over the biennium with a greater impact in FY27.

Localities identified the bill's fiscal impact as the personnel costs associated with the required increases in salaries, with occasional one-time expenditures needed to evaluate salaries and implement raises. The responsive localities gave estimates that vary widely because of i) differences in the local composite index, ii) disparities in current salaries for teachers, and iii) differences in how units of local government fund their school divisions—either directly each year or through a formula that the school division must allocate separately.

Responsive cities generally indicated a greater impact than responsive counties. None of the responsive towns operate their own school districts. Therefore, they did not indicate a fiscal impact.

This bill will lead to an indeterminate and likely nominal increase in revenues commensurate with any increase in sales tax due to increased incomes.

Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Juris	Recurring Expense- Personnel		Recurring Expense - Operating		Recurring Expense - Capital		Recurring Expense - Other	
		FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26
City of Alexandria	City			6341501.85	15240742.8				
City of Danville	City		830000						
City of Harrisonburg	City	0	780000	0	0	0	0	0	0
City of Norfolk	City								
City of Richmond	City	16286720	9752009						
City of Roanoke	City								
City of Winchester	City	3250000	3250000						
Lynchburg	City			1500000	3500000				
Bedford	County	0	360000	0	0	0	0	0	0
Charlotte County	County	390000	910000						
Chesterfield County	County								
Mecklenburg County	County		4000000						
Prince William County	County								
Rappahannock County	County	476102	476102						
Prince George	County		890550						
Town of Blacksburg	Town								
Town of Chincoteague	Town								
Town of Christiansburg	Town								
Town of Rocky Mount	Town								
Town of Victoria	Town								

Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Total Increase in Expenses (Biennium Total)
	FY25	FY26	FY25	FY26	FY25	FY26	
City of Alexandria						0	21,582,245
City of Danville						0	830,000
City of Harrisonburg	10000	10000	0	0	0	0	800,000
City of Norfolk							0
City of Richmond	15183006						41,221,735
City of Roanoke							0
City of Winchester							6,500,000
Lynchburg	0	0	0	0	0	0	5,000,000
Bedford	0	0	0	0	0	0	360,000
Charlotte County						0	1,300,000
Chesterfield County							0
Mecklenburg County							4,000,000
Prince William County							0
Rappahannock County						0	952,204
Prince George							890,550
Town of Blacksburg							0
Town of Chincoteague							0
Town of Christiansburg							0
Town of Rocky Mount							0
Town of Victoria							0

Locality	Expenditure Narrative by Responding Localities
City of Alexandria	<p>ACPS average teacher and support salary is already above the national average. To raise the minimum teacher pay to the national average, ACPS' teacher pay scale would need to increase 18%. Without dollar-for-dollar State funding, the local fiscal impact of this change would likely be several million dollars.</p> <p>A 3% increase for Standards of Quality-funded instructional and support position salaries would require a \$6,341,501.85 local match for the City of Alexandria at the current State/Local funding distribution. A 7% salary increase in the subsequent school year would require a \$15,240,742.77 local match for the City of Alexandria at the current State/Local funding distribution level. These values include benefits associated with the increase (FICA, life insurance, VRS, etc.).</p>
City of Danville	<p>1. The local impact of a 3% salary increase in FY 2025-26 is approximately \$830,000. 2. The local impact of a 7% salary increase in FY 2026-27 is approximately \$2,000,000.</p> <p>This includes the state providing it's share of the cost.</p>
City of Harrisonburg	<p>recurring expenditure changes for FY 2026 stem from the requirement to give a 3% raise for this year to educators. One time expenditure changes included costs for staff time needed to evaluate salaries and implement raises.</p>
City of Norfolk	<p>This bill will not have a direct impact on the City of Norfolk as the city has a revenue sharing agreement with Norfolk Public Schools (NPS). NPS receives a generous percentage of certain city revenues annually, to create their budget along with all state and federal revenues allocated to NPS. With the additional funding mentioned in the bill for the salary increases and the local revenues allocated to NPS through the revenue sharing formula, the city would have no increased cost.</p>
City of Richmond	<p>According to the National Education Association the average classroom teacher salary in 2022-2023 school year was \$68,469. Currently 1,356 Richmond Public School teachers earn below this salary. The current Collective Bargaining Agreement with Richmond Public Schools includes a 3% raise plus 1.17% merit step increase in 2025 and 2026. Estimates include all teaching positions from all funding sources.</p> <p>**Our narrative is preliminary due to not being aware of the full scale of the salaries below the national average. A more detailed analysis has the potential to have a significant fiscal impact.</p>
City of Roanoke	<p>No expenditure estimated due to costs managed by Roanoke City Public Schools. City of Roanoke policy stipulates 40% of General Property and Local Taxes. These increases may initiate conversation on formula funding changes that must be approved by City Council.</p>
City of Winchester	<p>The numbers above would be a 10% increase for teachers only</p>

Locality	Expenditure Narrative by Responding Localities
Lynchburg	The increase for the non-SOQ positions would have to be funded by the City. The cost is about \$500,000 per 1% of increase to fund the non-SOQ positions.
Bedford	<p>Impact is based on the 3% increase for 2025-2026 school year. The estimated total increase in personnel costs is \$1.2 mil and the School expects to receive additional revenues of \$840k from the State to help fund the increase. Therefore, the estimated net increase to the School budget is \$360k, which would have to be requested from the County. There is an additional financial impact of \$2,835,000 anticipated in FY27 for the 7% increase in the 2026-2027 school year, with \$850.5k of this amount being the local share.</p> <p>No cost analysis could be done regarding the requirement to bring pay to or above the national average. We would need to know the source for this metric several sources available.</p>
Charlotte County	When the State provides raises for SOQ positions and not the non-SOQ positions, any raise to the second group falls on the locality to fund. The estimated increase for the non-SOQ positions is approximately \$130K per 1% increase.
Chesterfield County	County contribution to schools greater than amount currently prescribed.
Mecklenburg County	Based on the salary schedule set out in the bill, there would be no increase in the upcoming fiscal year and a 7% increase in year two (FY 2026). A 7% increase in salary for the local public school division would be about \$4 million (and would be higher if compensations increases are made in FY 2025). Please note this includes all school division staff. Although the bill only calls for SOQ funded instructional and support positions, we would not differentiate and would grant all employees the same compensation adjustments.
Prince William County	Teacher salaries are dependent on the tenure of teachers, qualifications (Masters v Bachelors) and any area of specialization.
Rappahannock County	In Rappahannock County if a large salary increase is mandated by the general assembly, the county will have to fund 80% of the raise for the positions that are funded by the state and 100% of the raise for positions that are not funded by the state. One analysis online suggests that the difference between the VA average salary and the national average is \$6,365. I do not have the data to calculate an actual local impact, so I will assume the locality will have to cover 85% of increased expense ($0.85 * \$6,365 = \$5,410/\text{position} * 88 \text{ instructional positions} = \$476,102 \text{ per year}$).

Locality	Expenditure Narrative by Responding Localities
Prince George	Recurring personnel costs for FY26. This bill will have even greater impact in FY27. Costs computed by determining County share of providing the increases for SOQ funded positions, and 100% of the cost of the increase for non-SOQ positions based on the amounts the state has provided in "Compensation Supplement" revenue for raises.
Town of Blacksburg	This bill does not apply to the Town of Blacksburg.
Town of Chincoteague	
Town of Christiansburg	The Town of Christiansburg does not maintain a public school system - we rely on Montgomery County Public Schools.
Town of Rocky Mount	
Town of Victoria	