

## Department of Planning and Budget 2024 Session Fiscal Impact Statement

**1. Bill Number:** HB1152

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

**2. Patron:** Cordoza

**3. Committee:** Education

**4. Title:** Teacher compensation; at or above national average; various annual salary adjustments.

**5. Summary:** Requires that public school teachers be compensated at a rate that is at or above the national average for each step or level on a years of experience-based pay scale. Under current law, compensation at such rate is aspirational, and such aspirational rate is silent on compensation variations based on experience. The foregoing provisions of the bill have a delayed effective date of July 1, 2025. The bill also provides that (i) effective for the 2024-2025 school year, each teacher in each school division, Academic Year Governor's School, and Regional Alternative Education Program shall be awarded a cost-of-living compensation adjustment in an amount or percentage to be determined in the general appropriation act and (ii) effective beginning with the 2025-2026 school year, state funding shall be provided pursuant to the general appropriation act in a sum sufficient to fund a 12 percent annual increase for teacher salaries in each school division, Academic Year Governor's School, and Regional Alternative Education Program.

**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). This report does not provide a national average based on years of experience.

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, including any step or level for a years of experience-based pay scale.

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.

The bill requires that a cost-of-living compensation adjustment be provided to each teacher. Without additional guidance on the amount of the cost-of-living adjustment, it is not possible to estimate the cost of this requirement.

The bill requires that beginning in FY26 state funding shall be provided to fund a 12% annual increase for teacher salaries. The Governor's introduced budget provides \$121.8 million in funding for the state share of a two percent compensation supplement in FY26 for all SOQ funded instructional and support positions. The additional cost to provide the state share of the total of a twelve percent compensation supplement to all SOQ funded teaching positions only in FY26, after the funded teacher salaries have been increased to \$66,745, is estimated to be \$436.4 million general fund. Any actual state cost to provide a twelve percent compensation supplement for SOQ funded teaching positions in future fiscal years is indeterminate and would be based on the Direct Aid to Public Education budget as rebenchmarked for future biennia.

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. Typically when a compensation supplement is provided, local school divisions are also required to support the entire cost for positions that the division employs beyond those required by the SOQs and that are paid from local funds. It is not clear if this bill intends to provide state support for a compensation supplement for all teachers, not just positions funded in the SOQs. If so, there could be significant additional costs that DOE is not able to estimate at this time. 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 similar to HB187 and SB104