

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: SB157

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

2. Patron: Hashmi

3. Committee: Education and Health

4. Title: Competitive compensation for certain positions in public elementary and secondary schools.

5. Summary: Declares it the goal of the Commonwealth that its public school teachers and all other individuals employed in Standards of Quality-funded positions be compensated at a rate that is competitive, defined as at or above the national average salary for the position, in order to attract and keep highly qualified individuals in such positions. The bill requires state funding to be provided pursuant to the general appropriation act in a sum sufficient to fund a five percent annual pay increase for each such position, effective from the 2023-24 school year through the 2027-28 school year, provided that such five percent annual pay increase (i) is subject to a local matching requirement in accordance with each local school board's composite index of local ability-to-pay and (ii) shall be adjusted annually as necessary to account for rebenchmarking and to yield a rate of compensation percentage increase for all Standards of Quality-funded positions that is pegged to providing a competitive average teacher salary in the Commonwealth. The bill has a delayed effective date of July 1, 2023.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary, see Item 8.

8. Fiscal Implications: The Governor's Introduced Budget for the 2022-2024 biennium, HB30/ SB 30, 2022 General Assembly Session, includes funding for a 5 percent salary increase for all funded Standards of Quality (SOQ) instructional and support positions effective July 1, 2022, and an additional 5 percent salary increase effective July 1, 2023. As such, a budget amendment is not necessary to support this legislation.

The state cost of the 5 percent salary increase in fiscal year 2023 is approximately \$247 million. The cost of maintaining that increase and providing an additional 5 percent increase in fiscal year 2024 is approximately \$509 million. The actual cost of providing a 5 percent salary increase in each of fiscal years 2025 through 2028 and the costs of maintaining those increases, as required by the provisions of the bill, is indeterminate and would be based on rebenchmarkings of the Direct Aid to Public Education budget for future biennia. Additionally, increases in the base year prevailing salary data will increase the funded SOQ salaries used in rebenchmarking in future biennia and result in increased state costs.

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. Local schools divisions would also have to provide the full cost for any positions employed above the SOQ funded requirements. The actual fiscal impact to local school divisions is indeterminate at this time.

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

10. Technical Amendment Necessary: No

11. Other Comments: None