

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB535

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: Clark

3. Committee: Education

4. Title: Teachers; required to be compensated 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. 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 4.5 percent annual increase for public school teacher salaries, effective from the 2023-24 school year through the 2027-28 school year. 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: Governor Northam'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.

For reference, the state cost to provide a 4.5 percent salary increase for all state funded teacher positions would be approximately \$160.1 million in fiscal year 2023. The actual cost of providing a 4.5 percent salary increase to teachers in fiscal year 2024 will be dependent on any salary increase provided in fiscal year 2023. For fiscal years 2025 through 2028, the actual cost of a 4.5 salary increase, 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 for instructional positions. 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