



Overview of Budgeted Compensation Summary for School Divisions

*House Appropriations Committee
Susan L. Hogge*

January 21, 2019



Background of 2018 Budget Salary Actions

- Introduced budget, HB30, reflected a salary increase of 2.0% for SOQ-funded instructional and support positions in FY 2020, with an effective date of December 1, 2019 (7-months)
 - State's share of cost budgeted at \$51.3 million
 - Local share of cost is estimated at \$42.0 million
 - Plus, divisions pay all additional costs for their aspirational positions, which is estimated at \$35.0 million
- Adopted budget, Chapter 2 (HB5002), included a 3.0% salary increase with an effective date of July 1, 2019 (full-year)
 - State's share of cost budgeted at \$131.3 million
 - Local share of cost is estimated at \$107.0 million
 - Plus, divisions pay all additional costs for their aspirational positions, which is estimated at \$89.0 million
 - Optional participation and can provide the 3.0% over the biennium

FY 2019 Teacher Salary Increases: School Division Budgeted Raises

- After the state budget was adopted in May last year, school divisions routinely finalized their budgets to include the state's funding actions – including the 3.0% salary incentive
 - 16 divisions gave no increase
 - 48 divisions gave between 1%-2%
- Then in October, the divisions submitted their budgeted salary changes to DOE
 - The information is reported to the General Assembly each January on the Average Teacher Salary Survey Report
- Based on this year's report, the table reflects the estimated* budgeted salary adjustments that school divisions submitted

Salary Percent Increase* Budgeted for FY19	# of Divisions	% of Divisions
No Salary Increase	16	12%
1.00% - 1.49%	11	8%
1.50% - 1.99%	8	6%
2.00%	29	22%
2.01% - 2.49%	6	5%
2.50% - 2.99%	13	10%
3.00%	14	11%
3.01% - 3.49%	6	5%
3.50% - 3.99%	4	3%
4.00% - 4.49%	3	2%
4.50% - 4.99%	0	0%
5.00% - 12.00%	6	4%
unknown % increase	16	12%
TOTAL	132	100%

* Several estimated percent increases are projected using the salary differences between steps on the division's teacher salary scale

Review of Proposed Salary Incentive Reflected in 2019 Budget (HB1700)

- In December, the introduced budget included an additional 2.0% salary incentive to school divisions for SOQ-funded instructional & support positions, maintains July 1, 2019 effective date – for a revised total of 5%
 - State's share of cost of the additional 2% salary incentive is \$87.6 million – for a revised total cost of \$218.9 million for the 5%
 - Local share of cost of the additional 2% salary incentive is estimated at \$73.0 million
 - Plus, divisions pay all additional costs for their aspirational positions, which is estimated at \$59.0 million
 - Language does require certification to DOE, by June 1, 2019, that a minimum average of 5.0% salary increases have been or will have been provided during the 2018-20 biennium, either in the first or second year or through a combination over the two years, to instructional and support personnel

FY 2019 Teacher Salary Increases: School Division Budgeted Raises

- Many school divisions will have to adjust their budgets to include more local money in the second year in order to be able to reach the proposed 5%
- The number of divisions that will have to provide additional funding in the second year increased from 83 to 110
- The number of divisions that had budgeted the required local adjustments in the first year decreased from 33 to 6

Salary Percent Increase* Budgeted for FY19	# of Divisions	% of Divisions
No Salary Increase	16	12%
1.00% - 1.49%	11	8%
1.50% - 1.99%	8	6%
2.00%	29	22%
2.01% - 2.49%	6	5%
2.50% - 2.99%	13	10%
3.00%	14	11%
3.01% - 3.49%	6	5%
3.50% - 3.99%	4	3%
4.00% - 4.49%	3	2%
4.50% - 4.99%	0	0%
5.00% - 12.00%	6	4%
unknown % increase	16	12%
TOTAL	132	100%

* Several estimated percent increases are projected using the salary differences between steps on the division's teacher salary scale

Estimated Local Funding Needed to Reach 5%

Based on projected estimates calculated from using the latest Average Teacher Salary Survey report submissions, those 110 divisions need to include roughly \$163.0 million more in FY20 local funding:

- \$85.0 million for SOQ-funded positions
- \$78.0 million for aspirational positions

Percent of Salary Increase Budgeted for FY19	# of Divisions	% of Divisions	Estimated Local Cost Needed in FY20 for SOQ FTEs (to reach 5%)	
No Salary Increase	16	12%	5.0%	\$4.6
1.00% - 1.49%	11	8%	3.51% - 4.00%	\$4.0
1.50% - 1.99%	8	6%	3.01% - 3.50%	\$2.8
2.00%	29	22%	3.0%	\$14.6
2.01% - 2.49%	6	5%	2.51% - 2.99%	\$12.5
2.50% - 2.99%	13	10%	2.01% - 2.50%	\$35.5
3.00%	14	11%	2.0%	\$6.6
3.01% - 3.49%	6	5%	1.51% - 1.99%	\$3.9
3.50% - 3.99%	4	3%	1.01% - 1.50%	\$0.4
4.00% - 4.49%	3	2%	0.50% - 1.00%	\$0.3
4.50% - 4.99%	0	0%	0.01% - 0.50%	\$0
5.00% - 12.00%	6	4%	-	\$0
unknown % increase	16	12%	-	???
TOTAL	132	100%		\$85.2

Additional Budget Spending Pressures in HB1700 for School Divisions

- In addition to the estimated \$163.0 million needed for the total local share of costs to provide at least the 5.0% salary incentive increase reflected in the introduced budget, the school divisions may have to provide their match-cost for:
 - The first year phase-in of lowering the school counselor ratios in support to HB2053:
 - Based on the statewide average cost sharing split of 55% / 45%
 - State funding \$36.0 million
 - Local match funding \$29.5 million
 - Based on the current budget, the state's share of cost to fully phase-in the proposed lower school counselor ratios is estimated at \$132.0 million over the three years and about \$107.0 million for the school divisions

		<u>Counselor Ratios</u>	Elem	Middle	High	State Cost	Local Cost
FY18-20	Current FY19		500	400	350	<i>(\$ in millions)</i>	
Biennium	Proposed FY20		375	325	300	\$36.0	\$29.0
FY20-22	Proposed FY21		300	275	275	\$32.0	\$26.0
Biennium	Proposed FY22		250	250	250	\$64.0	\$52.0
Total Estimated Costs						\$132.0	\$107.0

- Other spending pressures from within the local division