



127th MAINE LEGISLATURE

LD 1370

LR 891(02)

An Act To Improve the Quality of Teachers

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Fiscal Note

Future biennium cost increase - General Fund

Future biennium cost increase - School Administrative Units

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
Net Cost (Savings)				
General Fund	\$0	\$250,000	\$250,000	\$250,000
Appropriations/Allocations				
General Fund	\$0	\$250,000	\$250,000	\$250,000

Fiscal Detail and Notes

This bill includes ongoing General Fund appropriations of \$250,000 per year beginning in fiscal year 2016-17 to the Student Financial Assistance Program within the Finance Authority of Maine for the costs of doubling the amount of loans awarded to eligible students in the Educators for Maine Program.

This legislation requires local school administrative units to increase the minimum salary for certified teachers to \$40,000 beginning in the 2017-2018 school year. Although the actual cost can not be determined at this time, the estimated cost is expected to be approximately \$12.2 million in fiscal year 2017-18 and \$11.0 million in fiscal year 2018-19. This estimate is derived by adjusting teacher salary data provided by the Department of Education for the 2015-2016 school year for assumed cost-of-living increases of 1.6% per year and an estimated 75 new teachers hired at the current minimum salary of \$30,000 per year. Because the language in the bill is not clear as to how salaries for part-time teachers is to be addressed, this fiscal note does not provide an estimated cost for these teachers. It also does not address the additional costs to local school administrative units to adjust salary schedules for certified teachers whose salaries will be above the \$40,000 minimum in fiscal year 2017-18 when teachers whose salaries are below the \$40,000 threshold will be increased to \$40,000.

Additionally, this requirement will increase the employer contribution for the normal cost component of the Maine Public Employers Retirement System (MainePERS) due to the increase in salaries. Because the contribution rate for the normal cost component for teachers for fiscal year 2017-18 is not yet known, this fiscal note utilizes the rate for the 2016-2017 biennium of 3.36%. When this rate is applied to the projected increase in teacher salaries, the additional amount local school administrative units will have to pay to MainePERS for the normal cost of teacher retirement is estimated to be \$409,880 in fiscal year 2017-18 and \$370,225 in fiscal year 2018-19.

This bill requires the Department of Education to determine the amount of state funds necessary to fund the increase in the minimum salary for teachers and report that amount to the Joint Standing Committee on Education and Cultural Affairs no later than December 15, 2016 and provides that the committee shall report out a bill to the First Regular Session of the 128th Legislature to provide the necessary funding. Unless this funding is approved and enacted by the 128th Legislature during the 1st Regular session, the full cost of this measure will be borne by local school administrative units. For any future fiscal year that the State chooses not to fund the additional cost of this minimum salary requirement, local school administrative units will be required to fund 100% of the cost.