

**132nd MAINE LEGISLATURE****LD 34****LR 233(01)****An Act to Increase the Minimum Salary for Teachers****Preliminary Fiscal Impact Statement for Original Bill****Sponsor: Sen. Pierce of Cumberland****Committee: Education and Cultural Affairs****Fiscal Note Required: Yes**

Preliminary Fiscal Impact Statement

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
Net Cost (Savings)				
General Fund	\$0	\$5,983,833	\$8,890,626	\$6,537,979
Appropriations/Allocations				
General Fund	\$0	\$5,983,833	\$8,890,626	\$6,537,979

Fiscal Detail and Notes

The General Purpose Aid for Local Schools program within the Department of Education will require ongoing General Fund appropriations totaling \$5,983,833 beginning in fiscal year 2026-27 for the costs associated with raising the minimum salaries for certified teachers and career and technical education teachers.

Incrementally increasing the minimum salary for certified teachers and career and technical education teachers, currently at \$40,000 per year in fiscal year 2024-25, until it reaches \$52,500 per year in fiscal year 2029-30 will increase the total cost of public education from kindergarten to grade 12 and the State's share of that cost beginning in fiscal year 2026-27. The Department of Education estimates the cost of this provision to be \$5,733,838 in fiscal year 2026-27, \$8,519,189 in fiscal year 2027-28, \$11,014,116 in fiscal year 2028-29 and \$13,294,449 in fiscal year 2029-30. This legislation provides that the State fund 100% of the cost of increasing the minimum salary for teachers through fiscal year 2027-28, but does not require 100% state funding for the final 2 years of the incremental increase, fiscal year 2028-29 and fiscal year 2029-30. The General Purpose Aid for Local Schools program will require General Fund appropriations in the amounts indicated above to fully fund the salary increase through fiscal year 2027-28 and for the State's share in fiscal year 2028-29. This preliminary fiscal note assumes that costs beyond fiscal year 2028-29 will be shared by both the State and local school administrative units.

Additionally, the increase in salaries will also increase the employer contribution for the normal cost component of the Maine Public Employers Retirement System (MainePERS). The rate for the normal cost component for fiscal year 2026-27 is 4.36%. 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 \$249,995. Future biennium costs are estimated to be \$371,437 in fiscal year 2027-28 and \$480,215 in fiscal year 2028-29. The General Purpose Aid for Local Schools program will require General Fund appropriations to fund this cost beginning in fiscal year 2026-27.

Although not addressed in the bill, incrementally increasing minimum salary thresholds may put pressure on SAU's to raise salaries for other employees who are already above the minimum. Any additional salary increases SAU's may choose to provide would be fully funded by the SAU's unless the salary matrix within the essential programs and services funding model is adjusted.