

Fiscal Note & Local Impact Statement

123rd General Assembly of Ohio

BILL: Sub. H.B. 323 DATE: October 19, 1999
STATUS: In House Education SPONSOR: Rep. R. Miller
LOCAL IMPACT STATEMENT REQUIRED: Yes
CONTENTS: Increases the state minimum salary schedule for teachers without increasing the salary schedule used in calculating the state-funded unit reimbursements.

State Fiscal Highlights

STATE FUND	FY 2000	FY 2001	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2000 is July 1, 1999 – June 30, 2000.

- The bill allows a one-time supplemental funding to be made in fiscal year 2000 to those school districts that must increase their base salaries to \$20,000, if their calculated FY 2000 state aid increases from FY 1999 do not cover the costs. The state could incur additional expenditures in FY 2000; the cost is unlikely to exceed \$1 million.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2000	FY 2001	FUTURE YEARS
School Districts			
Revenues	Potential gain	- 0 -	- 0 -
Expenditures	Varying increases	Varying increases	Varying increases

Note: The school district fiscal year is July 1 through June 30.

- Thirteen school districts with base salaries below \$20,000 would incur costs of ranging from \$1million to \$1.5 million to implement the bill. About seven of these 13 districts could be eligible for one-time supplemental subsidies from the state in FY 2000 to partially offset the costs; these subsidies are unlikely to exceed to \$1 million.
- It is estimated that four to five school districts' collective bargaining agreements are tied to the state minimum salary schedule. Some of these districts could also incur additional costs as a result of the bill regardless of their base salaries. It does not appear that these districts would be eligible for the one-time supplemental funding.



Detailed Fiscal Analysis

The bill would increase the base salary paid to beginning teachers who have a bachelor's degree from \$17,000 to \$20,000 and proportionally increase the minimum salary for teachers with different levels of education and experience. By cross-checking the Department of Education's EMIS database and the Ohio Education Association's (OEA) database, the following 13 school districts have been identified to have base salaries below \$20,000 in FY 2000. Due to database errors, a few additional districts may be affected. On the other hand, some of these districts may have made salary increases that are not yet reflected in the database so they might no longer qualify.

County	District Name	Base Salary
1 Adams	Adams County/Ohio Val	\$ 19,900
2 Belmont	Bridgeport Ex Vill SD	\$ 19,055
3 Columbiana	Southern Local SD	\$ 18,801
4 Hardin	Ridgemont Local SD	\$ 19,728
5 Harrison	Conotton Valley Union	\$ 19,102
6 Jefferson	Toronto City SD	\$ 19,299
7 Meigs	Eastern Local SD	\$ 18,540
8 Meigs	Southern Local SD	\$ 18,740
9 Meigs	Meigs Local SD	\$ 19,547
10 Meigs	Meigs MR/DD	\$ 19,102
11 Sandusky	Lakota Local SD	\$ 19,493
12 Trumbull	Bloomfield-Mespo Local	\$ 18,672
13 Washington	Frontier Local SD	\$ 18,460

Based on the FY 1998 average teacher salary information, the Legislative Budget Office estimated that these 13 districts would incur cost of approximately \$1.11 million to increase their base salaries to \$20,000. The OEA estimated that the bill would cost affected districts approximately \$1.14 million based on the salary indices and training and experience grids they collected from 12 out of these 13 districts (Toronto City SD did not response to the OEA's request). Both estimates include the employer's share of retirement contribution at 14 percent of the employee's salary.

The bill would allow the Department of Education, with the Controlling Board's approval, to make one-time supplemental payments in fiscal year 2000 to school districts that must increase their teacher salaries as a result of the bill, if their calculated FY 2000 state aid increases from FY 1999 do not cover the cost. Based on the Department's most recent state foundation aid projection, it is estimated that seven districts could be eligible for approximately \$300,000 in one-time supplemental funding in FY 2000 to implement the bill. It should be noted that both FY 1999 and FY 2000 funding numbers have not yet been finalized.

School districts with their collective bargaining agreements tied to the state minimum salary schedule could also be affected by the bill regardless of their base salaries. The OEA has identified two school districts with such contracts and one of them could incur additional cost as a result of the bill. The

State Employment Relations Board's staff person who reviews the collective bargaining agreements from local boards of education indicates that only four or five districts' contracts are tied to the state minimum teacher salary schedule. These districts are mainly located in Southeastern Ohio. Some of these districts could incur additional costs as a result of the bill.

The state minimum salary schedule is also used to calculate the state unit reimbursements. Currently, gifted education and preschool special education are the two major programs funded by units. Meanwhile, special and vocational education programs in the Department of Youth Services institutions are also funded by units. The bill specifies that the state unit reimbursements would continue to be based on the state minimum salary schedule in effect prior to the bill's effective date. Therefore, the bill would have no fiscal impact on the state unit funding.

□ *LBO staff: Wendy Zhan, Budget/Policy Analyst*

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