



FY 2020 Recommended Budget Budget Question

Board Question #: 23

BUDGET QUESTION: Provide more details on the State's proposed 5% salary increase including the local match requirement.

RESPONDING DEPARTMENT/OFFICE: Schools

RESPONSE: The amendments by the 2019 General Assembly to the Governor's budget calculate the state share of the FY 2020 Compensation Supplement funds based on a total of a 5% salary increase for funded SOQ instructional and support positions across FY 2019 and FY 2020:

- a 3% salary increase effective July 1, 2019, and
- an additional 2% salary increase effective September 1, 2019

Only a maximum of a 3% salary increase provided by local school divisions in fiscal year 2019 will be credited towards eligibility to receive the 3% Compensation Supplement. Additionally, only salary increases provided in fiscal year 2020 up to 2% by September 1, 2019 can be credited towards eligibility to receive the additional 2% Compensation Supplement effective September 1, 2019. Divisions providing less than a 2% salary increase by September 1, 2019 will be eligible to receive partial funding from the 2% Compensation Supplement.

Based on the pay raise provided in FY 2019 by the school division, the state allocation to be received in FY 2020 is \$2.8 million. In FY 2020, the school division must provide at a minimum an additional 2% salary increase for SOQ instructional and support staff to receive an additional \$1.5 million. For a total of \$4.3 million, which is \$300,000 less than what was in the Governor's proposed budget.

Technically, there is no local match requirement for this program per the State budget template. However, the additional \$4.3 million provided by the State does not include all teachers and staff. Also, the \$4.3 million state share is not based on the actual salaries for the SOQ instructional and support positions. The State's salary increase formula is based on estimates/averages.

Per the VDOE Budget Office, in order to receive the full State share, school divisions by June 1 must certify that they provided the full 5% pay raise across the two year biennium, at least 3% in FY 2019 and at least 2% in FY 2020. The costs of a 2% pay raise for all staff is approximately \$3.7 million.

ESTIMATE OF STAFF TIME SPENT ON RESPONSE: