



[HF 2630](#) – Teacher Compensation (LSB6327HZ)
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Fiscal Note Version – New

Description

[House File 2630](#) relates to school funding, including the teacher salary supplement cost per pupil and teacher and education support professional compensation.

For FY 2025, the Bill increases the minimum teacher starting salary to \$47,500. For FY 2026 and subsequent fiscal years, the Bill increases the minimum teacher starting salary to \$50,000.

The Bill defines “education support personnel” (ESP) as regular and part-time employees of a school district who are not salaried.

The Bill requires the Department of Management to calculate a teacher salary supplement (TSS) district cost per pupil (DCPP), beginning in FY 2025, in an amount equal to the sum of the following:

- The amount necessary to allow the school district to provide the \$47,500 minimum starting teacher salary.
- The amount necessary, not to exceed \$14.0 million in the aggregate among all school districts, to allow each school district to provide a minimum ESP wage of \$15 per hour along with the costs associated with the employer’s share of contributions to the Iowa Public Employees’ Retirement System (IPERS) and the employer’s share of the tax imposed by the federal Insurance Contributions Act.
- The amount of \$22.0 million, to supplement teacher salaries and ESP wages in a manner that promotes quality teaching and rewards experience, to be divided based on each school district’s percentage of the statewide total FY 2024 budget enrollment.

The Bill requires the Department of Management to similarly calculate a TSS DCPP beginning with FY 2026 with an amount equal to the sum of the following:

- The amount necessary to allow the school district to provide the \$50,000 minimum starting teacher salary.
- The amount calculated for FY 2025, not to exceed \$14.0 million in the aggregate among all school districts, to allow each school district to provide a minimum ESP wage of \$15 per hour along with the costs associated with the employer’s share of contributions to IPERS and the employer’s share of the tax imposed by the federal Insurance Contributions Act, plus an increase related to the categorical percent of growth under Iowa Code section [257.8\(2\)](#).
- The amount of \$22.0 million, to supplement teacher salaries and ESP wages in a manner that promotes quality teaching and rewards experience, to be divided based on each school district’s percentage of the statewide total FY 2024 budget enrollment, plus an increase related to the categorical percent of growth under Iowa Code section 257.8(2).

The Bill also requires that for budget years beginning with FY 2027, the amounts for teacher minimum salaries, ESP wage increases, and quality teaching and experience reward supplements must all grow by the categorical State percent of growth.

Background

Currently, Iowa Code chapter [284](#) (Teacher Compensation) provides that the minimum annual salary for an initial teacher who has successfully completed an approved practitioner preparation program or holds an initial or intern teacher license issued by the Board of Educational Examiners (BOEE) must be at least \$33,500. The TSS is funded by the General Fund.

Assumptions

- The cost to provide a minimum ESP wage of \$15 per hour will equal or exceed the FY 2025 General Fund appropriation cap of \$14.0 million.
- Hourly wage data is not available to estimate the impact of changing the minimum ESP hourly wage.
- Any changes school districts may make to the pay scale because of the enactment of HF 2630 cannot be known.
- The State percent of growth will be 0.00% each year.

Fiscal Impact

House File 2630 is estimated to increase the total FY 2025 General Fund appropriations by \$63.4 million compared to estimated FY 2024. The increased costs include the following:

- An increase of \$27.4 million (not including any adjustment to the pay scale a district may make) due to the increase to \$47,500 in the minimum initial teacher salary.
- An increase of \$14.0 million due to the cost to increase the minimum ESP wage to \$15 per hour equaling or exceeding the General Fund appropriation cap of \$14.0 million.
- An increase of \$22.0 million due to the School District Funding Supplement General Fund appropriation of \$22.0 million.

House File 2630 is estimated to increase the total FY 2026 General Fund appropriations by \$19.8 million compared to estimated FY 2025 and \$83.2 million compared to estimated FY 2024. The increased costs include the following:

- An increase of \$19.8 million (not including any adjustment to the pay scale a district may make) due to increasing the minimum initial teacher salary to \$50,000.
- No increase due to increasing the minimum ESP wage to \$15 per hour because the State percent of growth is assumed to be 0.00%. However, if the State percent of growth exceeds 0.00%, the increase in the General Fund appropriation will be equal to the amount represented by the percent increase to the assumed \$14.0 million FY 2025 appropriation.
- No increase due to the School District Funding Supplement General Fund appropriation of \$22.0 million since the State percent of growth is assumed to be 0.00%. However, if the State percent of growth exceeds 0.00%, the increase in the General Fund appropriation will be equal to the amount represented by the percent increase to the \$22.0 million FY 2025 appropriation.

House File 2630 would also increase the General Fund appropriations for teacher minimum salaries, ESP wage increases, and quality teaching and experience reward by the categorical State percent of growth in FY 2027 and each year thereafter.

Sources

Department of Management, School Aid File
LSA analysis and calculations

/s/ Jennifer Acton

March 4, 2024

Doc ID 1447373

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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