

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2690 - A

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*Only Impacts on Original or Engrossed Versions are Considered Official*

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### Measure Description:

Requires school districts to pay classified school employees not less than 10 percent more than minimum wage that applies to all employees who work in this state. Requires school districts to pay certified educator salaries of not less than \$50,000 per year. Requires school districts to index wage and salary amounts to inflation.

### Government Unit(s) Affected:

School Districts, Oregon Department of Education, Judicial Department

### Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

### Analysis:

House Bill 2690 A-engrossed establishes statewide minimum wages and salaries for all public school district employees in the state. The measure requires school districts to pay classified school employees not less than 10 percent more than the minimum wage that applies to all employees who work in the state and requires school districts to pay certified educator salaries of not less than \$50,000 per year. Schools must index wage and salary amounts to inflation by April 30th of each year. All wage and salary rates and amounts are exclusive of health benefits and other benefits provided by school districts. The measure applies to any contracts that school districts enter or renew with a classified school employee or certified educator on or after the measure's effective date. The measure takes effect on January 1, 2024.

### School Districts

The measure is anticipated to have a fiscal impact on school districts. Currently, there is no minimum wage and salary requirement for school district employees. According to data from the Oregon Department of Education, Oregon's 197 school districts employed a total of 31,605 certified educators and 34,612 classified school employees in fiscal year 2021-22. Total salaries of licensed and classified employees across Oregon's 197 school districts totaled an estimated \$4.8 billion in fiscal year 2021-22, which included \$3.4 billion for certified educators' salaries and \$1.4 billion for classified school employees' wages. Assuming school districts increase classified school employees' wages by 10%, the measure is projected to increase school districts' personal services costs for those employees by an estimated \$141.1 million in fiscal year 2024-25. Additionally, school districts would be required to increase salaries for a currently indeterminate number of licensed staff who are paid at an amount below the \$50,000 minimum salary specified in the measure. It should be noted that the fiscal impact would vary from district to district, based on the number of certified educators and the number of classified employees employed in each district, as well as the terms of collective bargaining agreements adopted by each school district.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to the State School Fund and state funding for school districts.

### Other Government Units

The measure is anticipated to have a minimal fiscal impact on the Oregon Department of Education and the Judicial Department.