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**State Minimum Salary Schedule for Fiscal Year 2022-23**

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**The Background:**

The FY23 Budget includes \$124,680,000 in improvements for instructional salaries. This improvement represents an increase in the Basic Education Program (BEP) instructional salary component. Because the BEP is a funding plan and not a spending plan, each district will utilize its salary component funding increase to meet its unique compensation needs. Districts are not required to provide across-the-board pay increases based solely on seniority or educational attainment, but rather have the ability and flexibility to determine areas of need and adjust compensation structures accordingly.

Pursuant to T.C.A. § 49-3-306(a)(1), the Commissioner of Education is required to annually present and submit to the State Board of Education for approval a state salary schedule for licensed personnel. The salary schedule must include a base salary for licensed personnel with a bachelor's degree and zero years of experience. Licensed personnel with more training and experience must receive higher salaries than the established base salary. Pursuant to subdivision T.C.A. § 49-3-306(b)(4)(B)(i)(b), the State Board of Education shall determine the percentage of any increase in funds appropriated to the instructional salaries and wages component of the BEP for a fiscal year, as compared to the funds appropriated to the instructional salaries and wages component of the BEP for the immediately preceding fiscal year and shall increase the minimum salary on the state salary schedule by that percentage, if any.

The current state minimum salary schedule includes a base salary of \$38,000. The proposed schedule for the 2022-23 school year increases the base salary to \$40,000.

One hundred percent (100%) of the \$124,680,000 improvement for salaries must be spent on educator compensation, which includes salary or insurance benefits. T.C.A. § 49-3-306(b)(4)(B)(i)(a) provides that any district below the statewide weighted average salary must utilize the funds strictly for salaries and not on benefits. The salary schedule and any adopted adjustments represent only the minimum salary that a district must pay to individual teachers. The majority of school districts currently exceed the state minimums identified on the schedule and will continue to do so at the proposed schedule.

In 2013, the State Board of Education revised the structure of the state minimum salary schedule to provide additional compensation flexibility to school districts while maintaining a commitment to salary improvements, especially for teachers at or near the state minimum. The proposed 2022-23 schedule continues to address these two policy goals.

**The Fiscal Analysis Impact:**

T.C.A. § 49-1-212 requires that the Department prepare a fiscal analysis of any policy, rule, or regulation proposed to the State Board of Education.

An estimated total of 77 school districts will be required to increase at least one level of their local salary schedule in order to comply with the new state minimum salary schedule. For 72 of these districts, the increase in state funds through the BEP salary component increase provides the necessary funding to meet the required expense. Of the remaining five (5) districts, the total increase to BEP funding provides sufficient funds to meet the new state minimum salary requirements for two (2) districts. The other three (3) districts must use additional local funds (totaling an estimated \$126,000 overall) to meet the new minimum salary requirements. Approximately 7,588 educators will be impacted by the increase to the minimum salary schedule.

The proposal to increase the minimum salary to \$40,000 represents a 5.3 percent increase over the current minimum salary of \$38,000.

**The Recommendation:**

The Department of Education recommends approval of this item on first and final reading. The SBE staff concurs with this recommendation.