

1 than fifty percent (50%) of its annual budget on instructional
2 expenditures.

3 B. If a school district spends less than fifty percent (50%) of
4 its annual budget on instructional expenditures, it shall increase
5 its instructional expenditures by no less than two percent (2%) each
6 year until the amount spent on instructional expenditures reaches
7 fifty percent (50%) of its annual budget.

8 C. If a school district spends less than fifty percent (50%) of
9 its annual budget on instructional expenditures and does not
10 increase its spending as provided in subsection B of this section,
11 the school district shall receive a written warning notice from the
12 State Department of Education. The notice shall also be posted on
13 the website of the school district.

14 D. If a school district spends less than fifty percent (50%) of
15 its annual budget on instructional expenditures and does not
16 increase its spending as provided in subsection B of this section
17 for four (4) consecutive years after receiving the notice provided
18 in subsection C of this section, the school district shall increase
19 compensation for all teachers in the school district by two percent
20 (2%) for each year in that period in which the school district did
21 not increase instructional expenditures by a minimum of two percent
22 (2%). The pay increase required pursuant to this subsection shall
23 be permanent.

24 E. As used in this section:

1 1. "Annual budget" means a plan of financial operations using
2 revenues contributed from local, state, and federal sources but
3 shall not include revenue received from bond sales, the sale of
4 property or equipment, school fundraisers, or nonprofit organization
5 contributions or grants; and

6 2. "Instructional expenditures" means instruction expenditures
7 as defined by the National Center for Education Statistics, a
8 federal entity within the United States Department of Education.

9 SECTION 2. This act shall become effective July 1, 2025.

10 SECTION 3. It being immediately necessary for the preservation
11 of the public peace, health or safety, an emergency is hereby
12 declared to exist, by reason whereof this act shall take effect and
13 be in full force from and after its passage and approval.

14

15 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
16 03/06/2025 - DO PASS, As Amended and Coauthored.

17

18

19

20

21

22

23

24