

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

PUBLISHED: 1/28/2026 9:44 AM

ORIGINAL

Bill Number: HB279 **Patron:** Clark
Bill Title: Average teacher salary in the Commonwealth; national average.

Bill Summary: Requires the Governor's introduced budget bills for the 2027 and 2028 Regular Sessions of the General Assembly to propose funding for, and state funding to be provided pursuant to the general appropriation act enacted during any regular or special session of the General Assembly during 2027 or 2028 to fund, the Commonwealth's share of compensation supplement incentives for Standards of Quality-funded instructional and support positions sufficient to increase the average teacher salary in the Commonwealth to at least the national average teacher salary by the end of fiscal year 2029 and establishes a detailed timeline and process for satisfying such requirement.

Budget Amendment Necessary: No **Items Impacted:** 125

Explanation: This bill directs that the Governor's introduced budget bills for the 2027 and 2028 session shall propose certain funding, therefore, no budget amendment is necessary in the current session. Additional funding would be required in the 2027 session for the current biennium, and additional funding would be required in future biennia. Any impact to local school divisions is indeterminate.

Fiscal Summary: At this time, any state fiscal impact for future years is indeterminate given the uncertainty of national teacher salary growth, the future number of state-supported K-12 staff, and the outcome of rebenchmarking for the 2028-2030 biennium. The table below, though, provides an estimated range of state cost utilizing the funding presently proposed for fiscal years 2027 and 2028 in HB/SB30. The estimated amounts in this table are the incremental state cost above the proposed funding already included in HB/SB30 for a 2.0 percent compensation supplement in FY27 and an additional 2.0 percent compensation supplement in FY28. Because each local school division would need to cover its unique proportional local share for the state-supported K-12 staff salary increases, as well as for salary increases for those positions not supported with state funding, any cost increases per local school division are indeterminate.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
197 (Direct Aid)	\$0	\$0	\$305.0M- \$315.1M	\$739.7M- \$759.3M	\$739.7M- \$759.3M	\$739.7M- \$759.3M
TOTAL	\$0	\$0	\$305.0M- \$315.1M	\$739.7M- \$759.3M	\$739.7M- \$759.3M	\$739.7M- \$759.3M

Fiscal Analysis: This bill requires the Governor's introduced budget bills for the 2027 and 2028 Regular Sessions of the General Assembly to include funding for the state share of compensation supplements for

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instructional and support positions sufficient to increase the average teacher salary in the Commonwealth to at least the national average teacher salary by the end of FY29. As such, a budget amendment is not required in the current General Assembly Session.

The bill directs a methodology to project the national average teacher salary in FY29 using the most recent national average teacher salary, actual or estimated, published from the source used in JLARC's Virginia Compared with the Other States report, which is the National Education Association (NEA), adjusted by the actual and forecasted percentage change in the U.S. Average Consumer Price Index for all items, all urban consumers (CPI-U). The NEA's Ranking of the States 2024 and Estimates of School Statistics 2025, published in April 2025, reports an actual U.S. average public school teacher salary of \$72,030 for 2023-2024 (FY24) and an estimated average salary of \$74,177 for 2024-2025 (FY25). For the purposes of this estimate, the following CPI-U values were used based on data from the U.S. Bureau of Labor Statistics and Moody's Analytics, provided by the Virginia Department of Taxation:

Year	2025	2026	2027	2028	2029
CPI-U	2.71%	3.03%	2.66%	2.19%	1.83%

*Rates are rounded in this table; unrounded rates were used in the calculations below.

If the actual FY24 salary is used, with these rates and applying the methodology described in the bill, the Department of Education (DOE) estimates a FY29 national average teacher salary of \$81,433. If the FY25 estimated salary is used, the estimated FY29 national average teacher salary is \$81,648.

The bill directs a methodology to project the current-year average teacher salary in the Commonwealth by using the most recent average teacher salary in the Commonwealth published from the source used in JLARC's Virginia Compared with the Other States report, which is the National Education Association (NEA), and adjusting it to recognize prior compensation supplements provided. The NEA's Ranking of the States 2024 and Estimates of School Statistics 2025, published in April 2025, reports a Virginia average teacher salary of \$66,327 for 2023-2024 (FY24). Since FY24, Virginia's enacted budgets have provided the state share of funding for a 3.0 percent compensation supplement effective July 1, 2024 (FY25) and a 3.0 percent compensation supplement effective July 1, 2025 (FY26) for SOQ funded instructional and support positions. Additionally, the Governor's Introduced Budget, HB/SB30, proposes an additional 2.0 percent compensation supplement effective July 1, 2026 (FY27). Applying these compensation supplements as described in the bill, the estimated FY27 Virginia average teacher salary is \$71,774.

Using NEA reported FY24 actual national average teacher salary

Based on the FY27 Virginia average teacher salary estimate of \$71,774 and the FY29 projected national average salary of \$81,433, in order to increase the estimated FY27 Virginia average teacher salary to the projected FY29 national average teacher salary, a 13.46 percent compensation supplement is required. The bill directs that at least one half of this compensation supplement shall be provided in FY28 and the remainder shall be provided in FY29. This results in a 6.73 percent compensation supplement in FY27, and a 6.73 percent compensation supplement in FY29.

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HB/SB30 as introduced provides \$127.2 million general fund in FY27 for a 2.0 percent compensation supplement and \$255.6 million general fund in FY28 to continue the FY27 compensation supplement and provide an additional 2.0 percent compensation supplement in FY28. The following estimates reflect the additional costs above HB/SB30 to increase and provide additional compensation supplements as described in the bill. The additional cost to provide the state share of a total 6.73 percent compensation supplement in FY28 is \$305.0 million general fund. The actual state cost to provide an additional 6.73 percent compensation supplement in FY29 is indeterminate at this time and would be based on the Direct Aid to Public Education budget as rebenchmarked for the 2028-2030 biennium. However, if estimated using a FY28 base, the additional cost to provide the state share of an additional 6.73 percent compensation supplement would be \$434.7 million general fund in FY29. These amounts are the estimated incremental state cost each year for these compensation supplements. In each year, the state also would have to maintain funding for the compensation supplements provided in the previous years.

Using NEA reported FY25 estimated national average teacher salary

Based on the FY27 Virginia average teacher salary estimate of \$71,774 and the FY29 projected national average salary of \$81,648, in order to increase the estimated FY27 Virginia average teacher salary to the projected FY29 national average teacher salary, a 13.76 percent compensation supplement is required. The bill directs that at least one half of this compensation supplement shall be provided in FY28 and the remainder shall be provided in FY29. This results in a 6.88 percent compensation supplement in FY28, and a 6.88 percent compensation supplement in FY29.

HB/SB30 as introduced provides \$127.2 million general fund in FY27 for a 2.0 percent compensation supplement and \$255.6 million general fund in FY28 to continue the FY27 compensation supplement and provide an additional 2.0 percent compensation supplement in FY28. The following estimates reflect the additional costs above HB/SB30 to increase and provide additional compensation supplements as described in the bill. The additional cost to provide the state share of a total 6.88 percent compensation supplement in FY28 is \$315.1 million general fund. The actual state cost to provide an additional 6.88 percent compensation supplement in FY29 is indeterminate at this time and would be based on the Direct Aid to Public Education budget as rebenchmarked for the 2028-2030 biennium. However, if estimated using a FY28 base, the additional cost to provide the state share of an additional 6.88 percent compensation supplement would be \$444.2 million general fund in FY29. These amounts are the estimated incremental state cost each year for these compensation supplements. In each year, the state also would have to maintain funding for the compensation supplements provided in the previous years.

For both scenarios, local school divisions will be required to provide local matching funds for these compensation supplements based on each school division's local composite index. In each year, localities also would have to maintain funding for the compensation supplements provided in the previous years. Additionally, local school divisions will be required to support the entire cost of these compensation supplements for positions that the division employs beyond those required by the SOQs and that are supported entirely by local funds. Further, the actual cost for each division to support the percentage

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increases required by this bill will vary based on actual teacher salaries in the division. The actual fiscal impact to local school divisions is indeterminate at this time.

Other: This bill is similar to SB284.