

**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. Additionally, the bill requires that a portion of the calculated supplement shall be provided in the 2026 session for FY27.

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. Applying these compensation supplements as described in the bill, the estimated FY26 Virginia average teacher salary is \$70,366.

**Using NEA reported FY24 actual national average teacher salary**

Based on the FY26 Virginia average teacher salary estimate of \$70,366 and the FY29 projected national average salary of \$81,433, in order to increase the estimated FY26 Virginia average teacher salary to the projected FY29 national average teacher salary, a 15.7 percent compensation supplement is required. The bill directs that at least one third of this compensation supplement shall be provided in FY27, at least one half shall be provided in FY28 and the remainder shall be provided in FY29. This results in a 5.2 percent compensation supplement in FY27, a 7.9 percent compensation supplement in FY28, and a 2.6 percent compensation supplement in FY29.

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HB/SB30 as introduced provides \$127.2 million general fund for a 2.0 percent compensation supplement in FY27 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 5.2 percent compensation supplement in FY27 is \$203.6 million general fund in FY27 and \$206.3 million general fund in FY28. The additional state cost to provide the state share of a 7.9 percent compensation supplement in FY28 is \$392.9 million general fund in FY28. The actual state cost to provide an additional 2.6 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 2.6 percent compensation supplement would be \$173.4 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 FY26 Virginia average teacher salary estimate of \$70,366 and the FY29 projected national average salary of \$81,648, in order to increase the estimated FY26 Virginia average teacher salary to the projected FY29 national average teacher salary, a 16.0 percent compensation supplement is required. The bill directs that at least one third of this compensation supplement shall be provided in FY27, at least one half shall be provided in FY28 and the remainder shall be provided in FY29. This results in a 5.3 percent compensation supplement in FY27, an 8.0 percent compensation supplement in FY28, and a 2.7 percent compensation supplement in FY29.

HB/SB30 as introduced provides \$127.2 million general fund for a 2.0 percent compensation supplement in FY27 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 5.3 percent compensation supplement in FY27 is \$209.9 million general fund in FY27 and \$213.2 million general fund FY28. The additional state cost to provide the state share of an 8.0 percent compensation supplement in FY28 is \$399.3 million general fund in FY28. The actual state cost to provide a 2.7 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 2.7 percent compensation supplement would be \$180.3 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

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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 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 HB279.