

Commission on Local Government

Estimate of Local Fiscal Impact

2025 General Assembly Session | 1/16/25

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

SB917: Collective bargaining by public employees; exclusive bargaining representatives. (Patron: Scott A. Surovell)

Bill Summary: Collective bargaining by public employees; exclusive bargaining representatives. Repeals the existing prohibition on collective bargaining by public employees. The bill creates the Public Employee Relations Board, which shall determine appropriate bargaining units and provide for certification and decertification elections for exclusive bargaining representatives of state employees and local government employees. The bill requires public employers and employee organizations that are exclusive bargaining representatives to meet at reasonable times to negotiate in good faith with respect to wages, hours, and other terms and conditions of employment. The bill repeals a provision that declares that, in any procedure providing for the designation, selection, or authorization of a labor organization to represent employees, the right of an individual employee to vote by secret ballot is a fundamental right that shall be guaranteed from infringement.

Local Fiscal Impact: Net Additional Expenditure: x Net Reduction of Revenues:

Summary Analysis:

Number of Localities Responding: 4 Cities, 8 Counties, 3 Towns, 1 Other

Localities estimated a negative fiscal impact ranging from \$150,000 to \$366.4 million over the biennium.

Localities identified the bill's fiscal impact as likely very large but somewhat indeterminate. They anticipate that collective bargaining by public sector employees would result in massive increases in personnel costs, legal expenses, and operational expenses. Costs would be ultimately dependent on the outcomes of negotiations, but some localities offered potential estimates of increases to personnel costs of between 5% and nearly 40%. Several localities also assume they will need to hire one or more staff members to manage the process of collective bargaining, upgrade systems, and change or increase benefits. They additionally note that collective bargaining by public employees could introduce additional complexity, bureaucracy, and inequity into the existing system and could pose risks for the effective and efficient delivery of local government services.

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Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Juris	Recurring Expense- Personnel		Recurring Expense - Operating		Recurring Expense - Capital		Recurring Expense - Other	
		FY26	FY27	FY26	FY27	FY26	FY27	FY26	FY27
Albemarle County	County	15000000	15000000	2000000	2000000				
Bedford County	County								
Charlotte County	County								
Chesterfield County	County	183200000	183200000						
City of Alexandria	City								
City of Danville	City	1082000	1082000						
City of Norfolk	City	650000	650000	100000	100000				
City of Richmond	City								
City of Winchester	City	50000	100000						
Fauquier County	County	1005000	1005000						
Mecklenburg County	County	250000	255000						
Northern Neck PDC	Other								
Prince George County	County	5000000	5000000						
Rappahannock County	County	2055000	2117000						
Town of Chincoteague	Town	650000	666250						
Town of Christiansburg	Town		500000		250000				
Town of Rocky Mount	Town			125636	125636				

Net Increase in Expenditures: Itemized Estimates by Responding Localities									
Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Total Increase in Expenses (Biennium Total)	Response Totals	
	FY26	FY27	FY26	FY27	FY26	FY27			
Albemarle County							34,000,000	Cities:	5
Bedford County							0	Counties:	8
Charlotte County							0	Towns:	3
Chesterfield County						0	366,400,000	Other:	1
City of Alexandria							0	Total:	17
City of Norfolk							1,500,000		
City of Richmond							0		
City of Winchester	0	0					150,000		
Fauquier County							2,010,000		
Mecklenburg County	125000						630,000		
Northern Neck PDC							0		
Prince George County	50000						10,050,000		
Rappahannock County						0	4,172,000		
Town of Chincoteague	100000						1,416,250		
Town of Christiansburg							750,000		
Town of Rocky Mount							251,272		

Locality	Expenditure Narrative by Responding Localities
Albemarle County	<p>The County strongly opposes the proposed legislation that would repeal the current prohibition on collective bargaining by public employees. The bill would have dire consequences for the County in both financial and operational terms. Potential unionization of County employees would lead to an astronomical increases in personnel costs, attorney fees, and overall operating expenses. These costs, which are currently incalculable, would be dictated by the outcomes of the required bargaining processes, making it nearly impossible to predict or manage the financial strain it would place on the County's budget. Moreover, the bill's requirement for public employers and exclusive bargaining representatives to meet and negotiate in good faith would introduce a level of complexity and bureaucracy that will only further escalate attorney costs and would hinder the County's ability to govern effectively. The uncertainty introduced by this mandate would disrupt fiscal planning and potentially undermine the essential services the County provides to its residents.</p> <p>Additionally, this bill represents a significant intrusion into the County's traditionally recognized authority to manage labor relations within its organization, including its ability to prevent unionization based on the unique circumstances of the community. This overreach not only undermines local autonomy but could result in unintended consequences that weaken the County's ability to maintain flexible, cost-effective operations.</p>
Bedford County	The County has not implemented collective bargaining so no fiscal impact is expected as a result of this bill.
Charlotte County	
Chesterfield County	<p>According to the U.S. Bureau of Labor Statistics, median weekly earnings of union workers were 20% more than that of non-union workers in similar rolls. Applying a 20% increase in full-time salary expenditures, across general government, schools and utilities employees would result in \$153,500,000 additional expenses for full-time salaries and wages as compared to FY2024 actuals. Additionally, accounting for the subsequent increase in benefits (FICA 7.65%, VRS non-leos 11.59%, Group life 1.18%) would result in an additional \$29,700,000 in expenses on benefits. The literature on the impact of unionization is extensive, and the following analysis is simplified in order to capture the financial magnitude of the proposed policy on the county.</p>
City of Alexandria	The cost impact for this bill is unquantifiable; however, the legislation as proposed could create significant interruption to the collective bargaining processes and agreements already in place in our locality.

Locality	Expenditure Narrative by Responding Localities
City of Danville	<p>Each employee group that is allowed to collectively bargain has the potential to have a different contract. This will create inequity among those with contracts that are not the same and with all other employees who are not governed by a contract. Employees that can collectively bargain will likely negotiate for higher pay, better benefits, retiree health insurance, reduced hours, flexing work hours, etc. These will cost more and may impact service quality. City management may not have the ability to direct work outside of negotiated work rules and are not able to meet with employees to address concerns without a union representative present which limits the effectiveness and efficiency of government services. There will be increased costs for system changes. Every unique pay and benefit setup requires system changes and vendor file feed changes. Currently, changes to system setups and files cost between \$5,000-\$10,000 each. \$8,000-\$12,000. The following is the staffing requirement for our organization to manage collective bargaining: Total: \$1,082,000/year minimum</p> <ul style="list-style-type: none"> • Assistant City Manager for the purpose of managing and negotiating contracts. (\$220,000) • Assistant City Attorney for the purpose of legal review for contracts and grievances. (\$125,000) • Additional Finance Department employee to manage multiple systems for employee pay, benefits, etc. (\$75,000) • At least two additional Human Resources Department employees to manage compensation, benefits, grievance procedures and disputes that arise from the contracts. (\$160,000) • Outside professional services line item for legal and other related services beyond what staff attorneys can provide (\$200,000) • Supervisory training on how to effectively manage employees in a union environment (\$40,000) • Reserve fund to hire outside contractors to deliver essential municipal services whenever an employee group is not reporting to work in sufficient numbers to provide effective coverage or complete an essential work task such as refuse collection or responding to water/gas line breaks, etc. (250,000) • By default, the creation of multiple pay scales and benefit plans which can impact unobligated reserves, bond or other credit ratings for short- and long-term borrowing.
City of Norfolk	<p>Our interpretation of this legislation is it would remove a locality's ability to opt out of collective bargaining. As a result, we anticipate a significant fiscal impact from this legislation. We are unable to provide a detailed estimate without knowing the number of bargaining units and their demands. Based on our prior analysis, we can estimate the administrative costs to implement collective bargaining in the city would be around \$750,000.</p>
City of Richmond	<p>The fiscal impact is indeterminate.</p>
City of Winchester	<p>This one is very hard to quantify, but from an operational perspective, I added one FTE to manage potential collective bargaining units. My numbers reflect 1/2 year for FY 2026 and full year 2027 for one FTE. As I understand this legislation, we may have a huge hit if we have to negotiate wages, work hours and other terms of employment.</p>
Fauquier County	<p>This bill has no financial impact for Fauquier County as written.</p>

Locality	Expenditure Narrative by Responding Localities
Mecklenburg County	<p>It is likely that this bill would result in additional staff costs related to legal and negotiation staff or contracted billable hours, and additional HR staff as well. The estimate herein contains the cost of 1 FTE attorney position and 1 HR position (the HR position would be essential to provide the research for the areas called out in the proposed Section 40.1 - 57.16. E.5, E.6., and E.7.) An additional \$125,000 is estimated in one-time costs for a revision of the overall HR policy and procedures, if a specialized HR consulting firm with experience in states that have public sector bargaining is employed to re-draft such manuals.</p> <p>There may be additional costs related to the outcome of the negotiations contemplated by the bill. This is an incalculable sum, because no one analyst today can presume to make assumptions about the potential wants or desires of large groups of other people, or how this may compare the baseline increases that would have occurred absent any negotiations.</p> <p>Nor can any assumptions at this time quantify decisions that may also be made to provide enhancements to those individuals left out of the negotiations pursuant to the proposed Section 40.1 - 57.6, but such actions would have to be done for these groups even though the law would not compel it, out of equity and fairness concerns.</p>
Northern Neck PDC	<p>Although the legislation includes planning districts, the bill assigns no cost figure to the extension of collective bargaining to public employees.</p>
Prince George County	<p>There would be a significant increase in both salaries and benefits if collective bargaining is approved for government employees. However, there is limited ability to determine the true fiscal impact for this proposed legislation. An estimated \$5 million in recurring personnel costs has been entered for both FY26 and FY27.</p> <p>An additional \$50,000 for office setup is provided for two new County positions that would be required to manage Collective Bargaining, and another Union representative space.</p>
Rappahannock County	<p>News reports identify that the City of Richmond salaries increased from 5% to 38% after collective bargaining. The values presented assume a 10% increase in year one and then 3% on top of that in year two. Collective bargaining might make sense when salary decisions are made in the closed confines of a corporate board room in the cloak of darkness. The opposite is true for local government salaries. All budget decisions must legally occur in the public where elected representatives are responsible to citizens (shareholders) and employees. In this open environment the elected official can openly consider all sides of the issue. The FY26 value shown above equates to nearly 11 cents on our local real estate tax rate. That is too much for our citizens to bear, when employees have an arms length choice to work for the county (or elsewhere) and have the right to advocate for themselves publicly before the elected leaders.</p>
Town of Chincoteague	<p>The implementation of collective bargaining would increase labor and the associated payroll costs resulting in increased tax rates and fees.</p>

Locality	Expenditure Narrative by Responding Localities
Town of Christiansburg	I anticipate wage increase with the allowance of collective bargaining and an approximate increase of \$500,000 in salaries including a potential new position as well as \$200,000 in associated overhead costs and an additional \$50,000 in legal fees annually.
Town of Rocky Mount	Increased salary costs to cover possible dues.