

Agency	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
Central Appropriations*	\$0	\$489,371	\$2,128,490	\$4,496,101	\$6,314,470	\$8,871,011
DMAS	\$0	\$0	\$12,509,813	\$31,479,818	\$31,777,495	\$32,072,585
TOTAL	\$0	\$489,371	\$14,638,303	\$35,975,919	\$38,091,965	\$40,943,596

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***Nongeneral fund amounts do not need to be appropriated in Central Appropriations and are provided here for reference only.**

Fiscal Analysis: This fiscal impact estimate is preliminary, with anticipated general fund and nongeneral fund expenditure impacts. The fiscal impact statement will be updated as additional information is received from state agencies.

Central Appropriations

HB30, as introduced, reflected the minimum wage increase certified by the Department of Labor and Industry (DOLI) to \$12.77 per hour effective January 1, 2026, and assumed a 3.84 percent increase in the Virginia minimum wage effective January 1, 2027, to \$13.26 per hour. For planning purposes, the Department of Planning and Budget (DPB) has assumed an increase of 3.84 percent in each subsequent year in existing projections. General fund amounts of \$392,803 the first year and \$1,357,202 the second year are currently included in Central Appropriations to support such minimum wage levels. The table below represents the additional resources needed to meet this bill's wage requirement for state employees based on estimates supported by data from the Commonwealth's Cardinal Human Capital Management (HCM) system and supplemented by data from certain public institutions of higher education that do not report wage data in HCM.

Typically, the general fund impact of these changes is budgeted in Central Appropriations to be distributed to agencies. Nongeneral fund estimates are provided for reference. However, this appropriation should not be provided to Central Appropriations via a budget amendment, as Central Appropriations typically only receives appropriation for general fund-supported activities.

These figures represent the increase in general fund expenditures needed to meet this bill's wage requirement compared to the general fund resources currently budgeted in HB30, as introduced, to support wage increase projections.

Date/Wage	Equivalent Salary	Fiscal Year	GF Central Impact	NGF Central Impact
January 1, 2026: \$12.77	\$26,562	2026	\$0	\$0
January 1, 2027: \$13.75	\$28,600	2027	\$546,761	\$489,371
January 1, 2028: \$15.00	\$31,200	2028	\$2,573,516	\$2,128,490
January 1, 2029: \$15.58	\$32,406	2029	\$5,054,223	\$4,496,101
January 1, 2030: \$16.18	\$33,654	2030	\$7,150,975	\$6,314,470

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January 1, 2031: \$16.80	\$34,944	2031	\$9,141,111	\$8,871,011
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Department of Labor and Industry

DOLI is responsible for enforcing Virginia's minimum wage laws. It is anticipated that any increase in inquiries and/or claims the agency may receive as a result of this bill can be absorbed within existing resources. Beginning in calendar year 2029, the bill also requires the Commissioner to establish annual minimum wage updates aligned with the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), which is not anticipated to create a fiscal impact for the agency.

State Compensation Board

The State Compensation Board (SCB) has identified that it will incur additional general fund costs as a result of this bill. After the proposed 2.0 percent salary increases in FY2027 and FY2028 included in HB30, as introduced, SCB does not anticipate any additional costs for any Compensation Board funded positions through FY2027. The minimum wage increase to \$15.00 per hour is expected to impact 482 positions in FY2028; these costs are prorated to reflect the implementation date of this increase of January 1, 2028. The fully annualized cost to SCB is expected to be \$505,061 beginning in FY2029 and continue into future fiscal years.

The costs associated with establishing the budget for each constitutional office are indicated in the table below:

Office	FY 2028	FY 2029 (ongoing)
Sheriffs	\$59,265	\$142,236
Finance Directors	\$13,926	\$33,423
Commissioners of Revenue	\$65,795	\$157,909
Commonwealth's Attorneys	\$2,331	\$5,593
Circuit Court Clerks	\$0	\$0
Treasurers	\$69,125	\$165,900
Grand Total	\$210,442	\$505,061

Department of Medical Assistance Services:

It is anticipated that the provisions of this bill will impact the Department of Medical Assistance Services' (DMAS) expenditures through the cost of personal care services. Based on the nature of the services, DMAS must ensure wages paid to consumer directed attendants meet the minimum wage. However, Virginia has historically provided consistent rate increases to personal care regardless of whether a member is provided

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service through an agency or consumer direction. In addition, while this legislation does not specifically contain such a provision, it is a policy of the Commonwealth to provide a differential for those members receiving services in northern Virginia. The initial estimate below provides the minimal cost if only providing a rate increase for consumer directed attendant care and no adjustment for a northern Virginia differential.

Personal care attendants outside of northern Virginia currently receive \$13.88 an hour; personal care attendants in northern Virginia earn \$17.97 an hour. The bill raises the minimum wage to \$13.75 in January 2027, which is less than the \$13.88 per hour currently paid. The hourly wages for personal care attendants providing personal care and respite care are projected to remain above the minimum wage until January 1, 2028, when the minimum wage would increase to the greater of \$15.00 an hour or the federal minimum wage. Under this approach, DMAS estimates statewide costs to be \$23.7 million (\$11.2 million general fund) in FY2028. Similarly, for fiscal years 2029 and 2030, the total statewide impacts are estimated to be \$59.8 million and \$60.3 million, respectively. Of these amounts, the general fund share is projected to be \$28.3 million in FY2029, and \$28.5 million in FY2030.

DMAS further notes that upward pressure on other rates will occur in addition to attendant care. While provider rates have been increased recently for other home and community based long term care and behavioral health services, some of these may have wage employees with rates below \$13.75 or \$15.00 per hour and in time will need to be increased to keep pace with minimum wage increases and inflation. Other providers, including nursing facilities, hospitals, and non-emergency transportation providers, may face increased costs for low-wage workers, especially as the minimum wage reaches and exceeds \$15.00 per hour. Both institutional and transportation providers may seek rate increases outside of the regulatory rate adjustment periods to compensate for these higher costs.

Other Potential Impacts

This bill may have fiscal impacts on state agencies that fund state-supported local employees. Any such costs are indeterminate at this time. This bill may have indeterminate fiscal implications on agencies that employ contractors for services such as security or custodial care to the extent that the contract prices are based on paying wages that are currently less than the minimum wage thresholds established in this bill. These indeterminate impacts also may include labor costs associated with capital outlay projects. Another area that receives state funds and may be impacted by this bill is public education, specifically wage labor and full-time positions that presently may or will be paid a wage lower than the prescribed minimum wage in the bill for the next and future biennia. Although any cost impact would initially fall directly on local governments, any increase in the costs of public education will translate into additional state support being required in the Direct Aid to Public Education budget in future biennia when costs are rebenchmarked. Those costs are indeterminate at this time.

Other: HB1 is the companion to this bill.