

Commission on Local Government

Estimate of Local Fiscal Impact

2026 General Assembly Session | 01/30/26

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.

SB378: Collective bargaining by public employees; individual home care providers; Virginia Home Care Authority established; Public Employee Relations Board established; exclusive bargaining representatives (Patron: Surovell)

Bill Summary: 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 establishes the Virginia Home Care Authority within the Department of Medical Assistance Services to ensure the effectiveness and quality of the services of home care programs in the Commonwealth and tasks the Authority with serving as the public employer of individual providers, as defined in the bill, for purposes of collective bargaining pursuant to the bill's provisions. 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: 3 Cities, 9 Counties, 2 Town, Other

Localities estimated a negative fiscal impact of \$50,000 to \$403,968,900 over the biennium.

Localities identified the bill's fiscal impact as consisting primarily of recurring expenses. Most localities assumed a 10-20% increase in personnel wages and benefits due to collective bargaining. However, the result of any wage increases from collective bargaining is speculative. Some localities estimated an increase in personnel requirements for their human resources and legal departments due to the bill, leading to higher recurring expenditures. Some localities estimate an increased one-time expenditure related to hiring consultants and conducting wage studies.

Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Juris	Recurring Expense- Personnel		Recurring Expense - Operating		Recurring Expense - Capital		Recurring Expense - Other	
		FY27	FY28	FY27	FY28	FY27	FY28	FY27	FY28
Albemarle County	County	0	8000000	500000	1000000	0	0	0	3500000
Bedford County	County	5333307	5333307	0	0	0	0	0	0
Chesterfield County	County	197058000	206910900						
City of Alexandria	City								
City of Norfolk	City	554000	554000						
City of Poquoson	City								
Roanoke County	County								
Fauquier County	County								
Hanover County	County	7500000	7500000						
Mecklenburg County	County								
Prince George County	County	5000000	5000000						
Rappahannock County	County	1030000	1030000	250000	250000				
Town of Chincoteague	Town		518996						
Town of Rocky Mount	Town	25000	25000						

Net Increase in Expenditures: Itemized Estimates by Responding Localities

[illegible]

Locality	Expenditure Narrative by Responding Localities
Albemarle County	The proposed legislation would likely result in **significant new, recurring expenditure pressures for Albemarle County**, primarily driven by higher employee compensation negotiated through collective bargaining and enforced through binding arbitration. Once implemented, annual personnel costs could increase by roughly \$8-\$14 million, including wages, benefits, compression adjustments, and the added risk of above-budget arbitration outcomes. In addition, the County would incur ongoing administrative and legal costs totaling potentially millions of dollars per year to manage union elections, negotiations, grievances, and arbitration.
Bedford County	Additional County Attorney, Labor Relations Specialist, and Payroll Specialist to handle collective bargaining requirements/negotiations. Also, on average, wages increase by about 10% where collective bargaining exists so assuming a 10% increase in wage costs due to collective bargaining efforts.
Chesterfield County	According to the U.S. Bureau of Labor Statistics, median weekly earnings of union workers were 20% more than those of nonunion workers in similar roles. Applying a 20% increase in full-time salary expenditures, across general government, schools, and utilities employees would result in \$163,642,200 additional expenses for full-time salaries and wages as compared to FY2025 actuals. Additionally, accounting for the subsequent increase in benefits would result in an additional \$33,415,800 in expenses. 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.
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.
City of Norfolk	The city cannot estimate the full ongoing cost(s) of collective bargaining due to unknowns as to what would be requested as part of a collective bargaining agreement; however, initial estimates include the need to add at least five additional staff positions in multiple city departments to administer and negotiate Collective Bargaining Agreements.
City of Poquoson	Assuming that the board isn't able to establish the necessary groups needing to participate. This could have an impact to when the bargaining unit is established. We will be looking at additional legal cost, additional compensation studies etc based on bargaining unit.
County of Roanoke	N/A as Roanoke County does not use collective bargaining agreements.
Fauquier County	This bill does not have direct impact on Fauquier County government, but will have secondary impact as our local home care programs will likely increase their request for contribution from localities as they provide mandated services and meet collective bargaining negotiations. The cost impact on our Circuit Court system is unknown at this time but would be utilized for appeals and other petitions.☐
Hanover County	We expect a significant impact to expenditures as a result of this bill. It is difficult to estimate due to unknown points of negotiation. We are estimating between \$6M - \$10M based on our current personnel costs for County and Schools.
Mecklenburg County	This is an estimate.

Locality	Expenditure Narrative by Responding Localities
Prince George County	<p>There will 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 FY2027 and FY2028. This could vary widely depending on collective bargaining negotiated terms.</p> <p>An additional \$50,000.00 for office setup is provided for two new County positions that would be required to manage Collective Bargaining, and other Union representative space.</p>
Rappahannock County	<p>Based on a verified workforce census of 248 FTEs (163 School; 85 County), implementation of SB 378 is projected to increase Rappahannock County's annual expenditures by \$765,000 to \$1.28 million. For a small rural locality where 1 cent on the real estate tax rate generates only ~\$200,000, this mandate creates a severe structural deficit, potentially requiring a real estate tax rate increase of 4 to 6.5 cents solely to fund compliance and negotiated outcomes.</p> <p>1. Administrative and Legal Costs (The "Process"): \$150,000 - \$250,000 Rappahannock County lacks in-house labor counsel other than the Commonwealth's Attorney who serves part time as the County Attorney or a dedicated HR Director. Compliance costs are largely fixed and do not scale down for smaller populations.</p> <p>2. Compensation and Benefits Increases (The "Outcome"): \$615,000 - \$1.03 million based on an assumption that collective bargaining typically yields a wage premium of 3% to 5% over non-unionized baselines.</p>
Town of Chincoteague	<p>Estimate assumes the formation of a public sector union which then negotiates a 10% increase in wages and benefits, necessitating the need to raise taxes to provide the same level of service to residents.</p>
Town of Rocky Mount	<p>It is hard to estimate the additional cost of this bill to our locality. I do anticipate additional expenses for our human resources department and also the possible need to hire a consultant to assist with the analysis of any changes to our current policies and procedures.</p>