

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

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ORIGINAL

Bill Number: HB1263-H1

Patron: Tran

Bill Title: Collective bargaining by public employees; individual home care providers; Virginia Home Care Authority established; Public Employee Relations Board established; exclusive bargaining representatives.

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 (VHCA) within the Department of Medical Assistance Services (DMAS) 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.

Budget Amendment Necessary: Yes

Items Impacted: 50, 74, 249, 291, 294, 295, 470

Explanation: The identified budget amendments are for the expected costs for the agencies directly involved in the administration of the provisions of the legislation. Additional budget amendments would be required to provide additional appropriation and positions to individual agencies that require additional support to implement the provisions of the bill.

Fiscal Summary: The fiscal impacts identified in the tables below and discussed in the Fiscal Analysis section primarily involve additional staff costs for the agencies directly involved with the statewide administration aspects of this legislation. Additional impacts are included for technical system updates to the state's Human Capital Management information technology system. Other state agencies will also incur new expenses and require additional human resource and related staff for their responsibilities implementing this legislation. There may also be additional, future salary or benefit impacts as a result of negotiations between employers and collective bargaining units but such amounts are unknown at this time.

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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>
DMAS (602) Administrative	\$0	\$29,062,432	\$26,513,312	\$26,513,312	\$26,513,312	\$26,513,312
DMAS (602) Medical	\$0	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Public Employer Relations Board (New)	\$0	Between \$4,500,000 and \$6,100,000				
OAG (141)	\$0	\$453,151	\$453,151	\$453,151	\$453,151	\$453,151
DHRM (129)	\$0	\$1,575,460	\$1,025,460	\$2,050,920	\$2,050,920	\$2,050,920
Central Appropriations (995)	\$0	\$0	\$3,315,000	\$0	\$0	\$0
Other State Agencies	\$0	\$17,671,447	\$17,671,447	\$17,671,447	\$17,671,447	\$17,671,447
TOTAL	\$0	Between \$53,262,492 and \$54,862,492	Between \$53,478,370 and \$55,078,370	Between \$51,188,830 and \$52,788,830	Between \$51,188,830 and \$52,788,830	Between \$51,188,830 and \$52,788,830
Plus undetermined DMAS medical costs and other system development costs						

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DOA (151)	\$0	\$8,500,000	\$0	\$0	\$0	\$0
Other State Agencies	\$0	\$21,082,864	\$21,082,864	\$21,082,864	\$21,082,864	\$21,082,864
TOTAL	\$0	\$29,582,864	\$21,082,864	\$21,082,864	\$21,082,864	\$21,082,864

Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DMAS (602)	0.00	136.00	136.00	136.00	136.00	136.00
OAG (141)	0.00	3.00	3.00	3.00	3.00	3.00
DHRM (129)	0.00	5.00	5.00	10.00	10.00	10.00
PERB (New)	0.00	13.00	13.00	13.00	13.00	13.00
Other State Agencies	0.00	300.00	300.00	300.00	300.00	300.00
TOTAL	0.00	457.00	457.00	457.00	457.00	457.00

Fiscal Analysis: This fiscal impact estimate is preliminary and portions are based on estimates provided by agencies for previous, similar legislation. The impacts will be updated as information becomes available.

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Virginia Home Care Authority (VHCA)

While VHCA would function as an office within DMAS, no federal reimbursement associated costs are expected at this time. Further, it is assumed that all DMAS effort spent on VHCA activities would need to be cost allocated to the general fund. The bill's provisions require VHCA perform a significant number of functions in support of home care programs. As reflected in the bill summary above, these responsibilities include, but are not limited to, oversight, training, evaluation, and advocacy. In addition, VHCA would be expected to participate in collective bargaining.

Based on the scope of expected VHCA activities, DMAS estimates that, at a minimum, 132 new full-time positions would be needed once the bill is fully implemented. Out of these 132 positions, 110 would function as healthcare compliance specialists to oversee the quality of direct support services and ensure services are provided in conformance with all applicable requirements. As part of their duties, specialists will conduct home visits and quarterly monitoring. With approximately 27,000 members using consumer-directed (CD) services, and 110,000 visits per 250 working days, using regional staff would equal 440 visits per day. If one position makes four visits per day, 110 positions would be needed in the field. These positions are estimated to cost \$18,790,970 in the first year, then \$18,387,270 each year thereafter.

Additionally, it is assumed that DMAS would be required to support all VHCA back-office functions, including but not limited to: equipment, professional development and training, supplies, payroll support, human resources, finance, and budget. It is estimated that 22 full-time positions would be necessary to perform these functions, totaling \$4,755,386 in the first year and \$4,674,646 each year thereafter. Additionally, DMAS maintains that additional office space would be needed for the 22 positions reporting to the central office. As such, DMAS estimates that the added administrative support and rent would cost \$89,518 per year.

Furthermore, DMAS would require funding for three different projects related to information technology infrastructure to support this legislation:

- (1) \$1,500,000 in the first year to develop a new central registry for individual providers, with an annual cost of \$750,000 after implementation. This system will also match participants which need direct support services with individual providers and collect relevant information and data related to the individual provider workforce.
- (2) \$1,000,000 the first year to establish connections between the central registry system and Medicaid Enterprise System (MES) modules. This would include initial testing as well as ensuring that the systems properly integrate and feed the data to the electronic data warehouse.
- (3) \$500,000 the first year and \$200,000 annually thereafter to contract with a vendor to build a website for the Virginia Home Care Authority. The website would serve as a communications hub and display relevant information and data related to the individual provider workforce.

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The bill also requires VHCA to arrange for the provision of a paid training program. As such, it is assumed that attendants will receive two hours of paid training each year. Assuming an average of \$16.50 per hour for two hours each year, the cost of paying 46,500 attendants would be \$1,534,500 annually.

There are additional costs associated with this portion of the bill that are indeterminate due to uncertainty around the implementation. Those include:

- Travel expenses and work location(s) for the compliance specialists.
- The impact on the Fiscal Agent Employer contract and whether its duties would be duplicative of the Authority's and the administrative staff supporting it.

The bill requires VHCA to act as joint employer for individual providers under circumstances enumerated in the bill summary above. It is currently unclear whether such requirements would make the Commonwealth the employer of record for these providers. The full impact and cost of employer of record obligations is indeterminate at this time.

VHCA and Collective Bargaining

Under the provisions of this bill, individual medical assistance providers would be considered public employees, and DMAS would be considered their employer. DMAS would be expected to bargain with these providers regarding wages, benefits, and all terms and conditions of employment that are within the Department's control. Further, any exclusive bargaining representative of individual providers must be selected by and represent all individual providers in the Commonwealth, including individual providers who are related to a participant or participant's representative.

The number of Medicaid providers that meet the definition of "individual provider" under the provisions of this bill is unclear. However, there are over 120 hospitals, 260 nursing facilities, and a multitude of health care facilities operating in the Commonwealth, most of which accept Medicaid. Moreover, Virginia has an estimated 500,000 licensed health care practitioners, of which an estimated 70 percent accept Medicaid. Without a specific estimate of individual providers, the number of exclusive bargaining representatives with which DMAS would have to bargain cannot be determined.

At a minimum, DMAS would need four full-time positions to serve as the agency's labor relations team. This team would include a chief negotiator, research analyst, policy analyst, and legal advisor. In addition, it is assumed that the bargaining process would necessitate DMAS to contract for additional rate setting services and legal support. The agency also expects to have added costs related to communications, compliance, and training. These four full-time positions and additional administrative costs needed to meet the collective bargaining provisions are estimated at \$892,058 in the first year and \$877,378 each year thereafter. The fiscal and administrative impacts represent a minimum effort to meet the expected workload; should the number of exclusive bargaining representatives be greater than expected, additional administrative funding would be necessary.

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Other impacts on medical assistance services are indeterminate. The bill's provisions indicate that DMAS can only alter terms that are within the agency's control. Per § 4-5.03 of the 2025 Appropriation Act, no state agency has the authority to alter any services, rates, or other factors that may increase the unit cost of benefit payments within its authorized services, unless the General Assembly has made an appropriation for the cost of such change. As such, the provisions of the bill are not expected to have an immediate impact on medical assistance service costs. At this time, there is no reasonable method of determining how the collective bargaining efforts of individual providers would ultimately impact the cost of services.

Department of Aging and Rehabilitative Services (DARS)

The provisions of this bill related to the specific powers and duties of the VHCA may have an indeterminate impact on operational costs of the Personal Assistance Services (PAS) program at DARS.

Public Employee Relations Board

This bill establishes the Public Employee Relations Board (the Board) as an "agency", as defined in the Administrative Process Act, within the executive branch. The Board shall consist of five members and the Board is empowered to employ at its discretion such employees as may be necessary. The costs to establish and run the Board could range between \$4.5 million and \$6.1 million, depending on certain assumptions, plus an undetermined amount of costs for information system development.

The five Board members are entitled to compensation as may be provided for in a general appropriation act. The fiscal impact of this provision is ambiguous, as compensation will depend on what the General Assembly opts to include in an appropriation act. If the Board is compensated like a policy or advisory board in accordance with § 2.2-2813, Code of Virginia, members would be compensated at \$50 per day, unless a different rate of compensation is specified by statute for such members, plus expenses for each day or portion thereof in which the member is engaged in the business of that body. Assuming a total of \$150 per member, per meeting, to include compensation and expenses, each meeting of the Board would cost \$750. The total meeting cost would depend on how frequently the Board meets. If the Board meets monthly, the annual general fund fiscal impact would be \$9,000. If instead the Board is compensated in a manner similar to the Virginia Parole Board, the Board members could each receive salaries of approximately \$150,000, plus associated fringe benefits including health insurance. Assuming all five board members are paid equally, compensation and benefit costs could be \$216,132 per Board member or \$1.1 million in total. Actual compensation for the Board would depend on what is included in the appropriation act.

The Board will require support staff for both programmatic and administrative purposes. Programmatic staff could include positions such as a regulatory coordinator, a hearing officer, and a policy analyst. Administrative staff could include staff to perform accounting, procurement, human resource/payroll, and information technology functions, as well as an administrative assistant. Some of these functions could be filled by shared

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service offerings through the Department of Human Resource Management or the Department of Accounts, however there are still costs associated with those services. The Board will also have expenses for nonpersonnel costs including rent and information technology. To determine the appropriate amount of funding and positions for the new Board, the Compensation Board or the Virginia Parole Board could serve as benchmarks. The Compensation Board's central office FY2026 budget is approximately \$5.9 million with an average of 13 full-time employees. The Virginia Parole Board's FY2026 budget is approximately \$2.8 million with an average of 11 full-time employees and 22 wage employees. Please note that some administrative costs for the Parole Board are paid by the Department of Corrections, so a budget closer to the Compensation Board's central office budget may be more realistic. Agency costs for the Board can be estimated at around \$4.5 million to \$5.0 million, in addition to the Board member compensation costs described previously.

The Board may also require new information systems to maintain records and documentation for administrative hearings, bargaining units at each public employer, exclusive bargaining representatives, and other functions required by law. The costs to develop and maintain such systems is currently unknown.

Office of the Attorney General (OAG)

Additionally, the bill requires the Office of the Attorney General (OAG) to provide legal services to the Board and establishes a procedure for the Board to investigate alleged violations of conduct prohibited by the bill. The bill provides that any party aggrieved by any decision or order of the Board may appeal to the circuit court. The OAG anticipates that additional attorney and paralegal staff would be required to implement the provisions of this bill, but the number and cost of such staff are unknown at this time. DHRM indicates that based on a similar state with collective bargaining agreements, approximately three attorneys may be an appropriate starting point. Based on current OAG salary assumptions for attorneys, three attorneys would cost \$453,151 general fund annually.

Department of Human Resource Management (DHRM)

DHRM anticipates the need for five additional positions initially to create a labor relations management team, at an estimated annual ongoing cost of \$1,025,460 general fund, in addition to initial one-time costs to support DHRM's efforts to include consultant support and developing new training and communications, each of which is preliminarily estimated to cost approximately \$275,000, for a total annual general fund cost in fiscal year (FY) 2027 of \$1,575,460. DHRM anticipates that this labor relations management team may need to grow to ten total positions as collective bargaining expands. These costs are further discussed below.

DHRM anticipates this team will need to be senior professionals with labor law expertise. This team will be tasked to work with agencies as each transitions to a new labor relations model within the Commonwealth. The team will be needed for activities related to compliance, investigations, and negotiations and bargaining,

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as well as, working with agencies to ensure compliance with bargaining agreements. The director of the team will also serve as liaison to the Board and to designated staff within the Office of the Attorney General.

As this is a new labor relations model, DHRM anticipates a large number of inquiries related to employee job classification, bargaining unit assignment, and exemptions. The team will provide oversight for the development, implementation, and continuous updating of all training that will be required for current and new managers, employees and HR staff across the Commonwealth. In addition, the team will have oversight for system support in which position, employee, and bargaining related data will be managed, communicated and reported upon as needed, including managing web-based content. Assuming approximately \$140,000 salary per position, the salary and benefit costs of this team are \$1,018,460 plus an additional \$7,000 for non-personnel costs equates to a total cost of approximately \$1,025,460 general fund annually. DHRM expects this team will grow at least by the next biennium to accommodate work load and negotiations.

Consulting Services also are expected to be needed initially due to the anticipated complexity of the transition to a new labor model which has never been done before in the Commonwealth of Virginia. DHRM anticipates the need for a consultant to assist with creating the labor relations team and identifying impacts to current and planned infrastructure, policies and processes, training needs, etc. Estimated consulting costs are preliminarily estimated to be approximately \$275,000 general fund in FY 2027.

Communications and training of managers will be needed, as managers will need to understand the collective bargaining processes and agreements. Additionally, communications with employees will be needed, to ensure they understand their rights and related processes. It is further anticipated that human resources professionals also would require training to ensure a baseline of knowledge and understanding of collective bargaining rights and processes. DHRM estimates that additional one-time costs in FY 2027 of \$275,000 general fund are estimated for external support to create new custom training modules for supervisors, employees, and human resources professionals.

Other State Agencies

The bill requires that there be a minimum of 17 distinct bargaining units for state employees and one for individual providers, including four for different types of health and human services employees and eight for different types of public safety employees. The legislation grants authority to the exclusive representatives of these units to request bargaining for issues such as wages, fringe benefits, and matters that have applicability across more than one bargaining unit. The exclusive representatives also have the authority to request supplementary bargaining for issues uniquely affecting public employees in all or part of a bargaining unit.

Additionally, each of the 16 public institutions of higher education, the Virginia Community College System, the University of Virginia Medical Center, and the Virginia Commonwealth University Health Care System shall have bargaining units as determined by the Board but employees of these units are not allowed to be included with the units established for other state employees. Each state-controlled enterprise, independent political subdivision, authority, or agency employing public employees not covered by the Virginia Personnel Act shall

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also have separate bargaining units determined by the Board. Authorities include but are not limited to the Virginia Resources Authority, Virginia Tourism Authority, and Fort Monroe Authority. Agencies with employees not covered by the Virginia Personnel Act include the independent agencies: Virginia Retirement System, Commonwealth Savers Plan, Virginia Lottery, State Corporation Commission, the Virginia Workers' Compensation Commission, Alcoholic Beverage Control Authority, Cannabis Control Authority, and Opioid Abatement Authority.

Judicial branch employees and employees working for the General Assembly are exempt from the provisions of this bill.

The Virginia Commonwealth University Health System Authority (VCUHSA) and the University of Virginia Medical Center (UVAMC) anticipate a significant fiscal impact. Additional details were not available at the time of publication. Operations of VCUHSA and UVAMC are fully supported by revenues generated by the entities.

Based on the provisions outlined above, there is the potential for a minimum of 36 distinct collective bargaining agreements within the Executive Branch, but there could be more depending on the requests of the exclusive representatives or how many bargaining units the Board determines should be created for the higher education institutions. State agencies and institutions of higher education will require additional human resource personnel to participate in negotiations as well as to implement provisions in the collective bargaining agreements, especially on bargaining unit specific measures. Depending on the size of the agency, it is estimated that an additional one to four personnel may be required, assumed at an average salary and benefit cost of \$129,052 per employee. Based on input from DHRM, this fiscal impact statement assumes that agencies with fewer than 300 employees will need one additional staff member, agencies with between 300 and 3,000 employees will need 3 additional staff members, and agencies with greater than 3,000 employees will need 4 additional staff members. Agencies that are members of DHRM's Shared Services Center are assumed to have additional costs equal to 0.10 of an employee, to pay for additional staff in the Shared Services Center.

Agencies with employees spread out across the state, such as the Department of Corrections, Department of State Police, Department of Transportation, Department of Behavioral Health and Developmental Services, and Virginia Community College System likely require at least one staff member per regional area or facility. For example, each community college may require one such staff member for a total of 25. The number of additional staff for these geographically dispersed agencies range between five employees and 25 employees. Actual costs may vary based on other factors such as the complexity of the collective bargaining agreements.

Based on the assumptions discussed in this section, agencies are expected to need approximately 300 additional staff members across all state agencies. Staffing costs are estimated at \$38.8 million, with approximately \$17.7 million being paid by the general fund. These amounts include estimates for the public institutions of higher education, however, the institutions note that these amounts could be higher due in part to it being unknown how many bargaining units would be determined by the Board. Institutions emphasize that any cost increases resulting from this legislation, personnel or otherwise, may in turn impact the tuition and fee rates charged to students. The table below documents the assumptions made in this section.

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Estimated costs for state agency staff required to address collective bargaining requirements

Agency	New Staff	Salary and Benefits	GF Cost	NGF Cost
Department of Corrections	20	\$2,581,040	\$2,534,257	\$46,783
Virginia Community College System	25	\$3,226,300	\$1,903,806	\$1,322,494
Department of Transportation	13	\$1,677,676	\$0	\$1,677,676
Mental Health Treatment Centers	9	\$1,161,468	\$1,120,050	\$41,418
Department of Health	15	\$1,935,780	\$807,220	\$1,128,560
Department of State Police	9	\$1,161,468	\$977,010	\$184,458
Department of Motor Vehicles	7	\$903,364	\$0	\$903,364
Department of Social Services	9	\$1,161,468	\$421,024	\$740,444
Virginia Alcoholic Beverage Control Authority	13	\$1,677,676	\$0	\$1,677,676
Department of Veterans Services	8	\$1,032,416	\$474,325	\$558,091
Intellectual Disabilities Training Centers	4	\$516,208	\$321,032	\$195,176
Department of Conservation and Recreation	4	\$516,208	\$465,277	\$50,931
Department of Education, Central Office Operations	5	\$645,260	\$237,708	\$407,552
Virginia Employment Commission	5	\$645,260	\$2,879	\$642,381
<i>All other "large" agencies (>3,000 employees)</i>	24	\$3,097,248	\$836,454	\$2,260,794
<i>All other "medium" agencies (>300, <3,000 employees)</i>	96	\$12,388,992	\$5,436,739	\$6,952,253
<i>All other "small" agencies (<300 employees)</i>	32	\$4,129,664	\$1,950,006	\$2,179,658
<i>Shared Service Center client agencies</i>	2	\$296,820	\$183,660	\$113,155
Total	300	\$38,754,316	\$17,671,447	\$21,082,864

Infrastructure

Impacts to the Commonwealth's technology infrastructure are expected to occur for the Cardinal Human Capital Management (HCM) system that manages employee time, labor, payroll, and benefits offered by the Commonwealth. Technology staff are currently dedicated to day-to-day operational systems maintenance.

Preliminary estimates for statewide technology support for labor management and collective bargaining is preliminarily estimated to cost \$8.5 million in FY2027. This estimate includes \$1.5 million to develop business requirements in addition to \$5.0 million to implement a new module and \$2.0 million for technical adjustments to current Cardinal HCM functionality in order to meet the business requirements. Final estimated costs would depend on the business and system requirements identified during the planning phase. The Department of Accounts (DOA) notes that the addition of bargaining units for Cardinal involves implementing a new module, Manage Labor Administration, and efforts for new configuration and enhancements to support any bargaining unit mandated rules. This module includes the creation of unions and bargaining units, assigning bargaining units to employees, salary plan administration setup for the bargaining units and the introduction of disciplinary action and grievance processing.

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In addition to this new module there is the administration of union dues which can include complex calculations for the amounts. Employee dues need to be administered for new employees and terminating employees. The accounting setup for dues is also required as well as the setup for payment to the union. Changes will also need to be made to existing HCM processing rules and configurations, such as new time and labor workgroups, leave plans, or potential benefit differences.

Cardinal HCM operates as an internal service fund and is supported by revenue from charges assessed to user-based state agencies. Any additional costs to Cardinal HCM would be expected to be recovered through the charges assessed to those state agencies. The state impact is estimated to come approximately 39 percent from the general fund and 61 percent from nongeneral fund sources, based on the portion of agencies' salary expenditures paid from the general fund in FY 2025, which was used to determine the fund split for agency Cardinal HCM funded charges in HB30. Based on the costs and assumptions discussed, general fund support of approximately \$3.3 million would need to be provided to agencies for the Cardinal HCM module development costs in FY 2028.

In addition to Cardinal HCM, there are also multiple state agencies that use their own systems for time, labor, payroll and benefits, some that have been purchased with general fund appropriations and others that have been purchased with state nongeneral fund or federal fund revenues. These agencies include several of the institutions of higher education. A cost estimate for the impact to these agencies is currently indeterminate.

Salary Information

The proposed legislation requires public employers and applicable employee organizations to meet at reasonable times to negotiate in good faith with respect to wages, hours, and other terms and conditions of employment. Since it is unknown what agreements may result from such negotiations, the following information is provided for context of what a one percent salary increase would be for various employee groups in the executive branch and the independent agencies. Judicial branch employees and employees working for the legislature of the Commonwealth are exempt from the provisions of this proposed legislation.

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**Estimated Value of a One Percent (1%) Increase in Salary,
Salaried Employees Only**

Executive Branch (salaried, non-higher education)	General Fund	Nongeneral Fund
State Troopers	\$2,227,410	\$413,498
Other Law Enforcement	\$4,492,320	\$318,841
All Other Executive Branch State Employees	\$17,790,504	\$19,999,057
<i>Subtotal</i>	<i>\$24,510,234</i>	<i>\$20,731,396</i>
Institutions of Higher Education (salaried)	General Fund	Nongeneral Fund
Higher Education Faculty	\$14,352,119	\$23,890,559
University Staff (non-faculty)	\$2,726,013	\$6,288,008
All Other Higher Education State Employees	\$4,180,833	\$5,266,545
<i>Subtotal</i>	<i>\$21,258,965</i>	<i>\$35,445,112</i>
Independent Agencies (salaried)	General Fund	Nongeneral Fund
All Other Independent Agency State Employees	\$23,005	\$3,545,571
GRAND TOTAL	\$45,792,204	\$59,722,079

Additionally, decisions by local school division employees to collectively bargain for salary increases would have an impact on state funding for K-12 education. The value of the state's share of a statewide one percent salary increase for funded SOQ instructional and support positions is estimated at \$63.6 million. Under existing law, some school division employees may already be permitted to collectively bargain if their locality has adopted an ordinance or resolution allowing them to do so.

Decisions by other state-supported local employees, such as Constitutional Officers, General Registrars and Electoral Boards, Community Service Boards, and local Department of Social Services offices, to collectively bargain for salary increases may have an impact on state funding. Decisions to increase state funding for these positions would be at the discretion of the General Assembly and the Governor in the Appropriation Act. The value of the state's share of a statewide one percent salary increase for the various state-supported local employees is estimated at \$16.6 million.

Other

The legislation indicates that the scope of collective bargaining between a state agency and an exclusive representative shall include wages, hours, and other terms and conditions of employment, and specifically

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include matters within the administrative discretion of the Director of DHRM or appointing authorities. The bill forbids benefits provided under Title 51.1 – Pensions, Benefits, and Retirement and Title 65.2 – Workers’ Compensation from being considered during negotiations. Other potential costs that could be impacted by collective bargaining would include changes in employee health benefits and costs associated with dispute resolution. These cost estimates are indeterminate at this time.

Other: This bill is similar, but not identical, to SB378-S1.

DHRM indicated that several states with current collective bargaining structure in place provided information to help determine initial and long-term expectations, including Ohio, Minnesota, Nebraska, and Connecticut. DHRM indicates that Minnesota’s structure is more closely aligned with the proposed legislation, with a state workforce of 40,000 (compared to 58,000 Commonwealth classified employees, excluding faculty), with 13 bargaining units (proposed legislation dictates 17). Minnesota’s central HR agency has 10 Labor Relations Specialists, three attorneys, and there are 150 agency Labor Relations Specialists.

Suggested Technical Amendment

- This bill establishes the Public Employee Relations Board (the Board) as an “agency”, as defined in the Administrative Process Act (§ 2.2-4001), within the executive branch. Such definition relies on an entity first being established as an authority, instrumentality, officer, board or other unit of state government. Consideration may be given to using different establishing language for the Board and subsequently granting the Board authority as an “agency” under the Administrative Process Act.