

# Commission on Local Government

## Estimate of Local Fiscal Impact

2024 General Assembly Session | 1/18/24

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.

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### **HB 1001: Collective bargaining by public employees; labor organization representation (Patron: Del. Kathy K.L. Tran)**

**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 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: 5 Cities, 3 Counties, 3 Towns, 0 Other**

Localities estimated a negative fiscal impact ranging from \$0 to \$10 million over the biennium.

Localities identified the bill's fiscal impact as largely underminable at this point, especially over the next two years as the board is filled and bargaining units established. Localities that did provide an estimate cited increased one-time expenses related to software updates and legal representation, with recurring personnel and operating costs to hire additional HR staff for a collective bargaining system and legal costs for consulting and arbitration.

**Net Increase in Expenditures: Itemized Estimates by Responding Localities**

Locality	Juris	Recurring Expense- Personnel		Recurring Expense - Operating		Recurring Expense - Capital		Recurring Expense - Other	
		FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26
Bedford	County								
City of Alexandria	City								
City of Harrisonburg	City	70000	70000	100000	100000	0	0	500000	500000
City of Richmond	City								
City of Roanoke	City								
Lynchburg	City								
Prince George County	County	5000000	5000000						
Rappahannock County	County	100000	102000						
Town of Christiansburg	Town	0	100000						
Town of Rocky Mount	Town								
Town of Victoria	Town								

**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)
	FY25	FY26	FY25	FY26	FY25	FY26	
Bedford							0
City of Alexandria						0	0
City of Harrisonburg	700000	700000	0	0	0	0	2,740,000
City of Richmond							0
City of Roanoke							0
Lynchburg							0
Prince George County	50000						10,050,000
Rappahannock County						0	202,000
Town of Christiansburg	80000	20000					200,000
Town of Rocky Mount							0
Town of Victoria							0

Locality	Expenditure Narrative by Responding Localities
Bedford	This would have significant financial impacts long-term by driving up labor costs; however, there is not enough information provided or available to calculate such impacts. Also, I would anticipate a delayed impact since it would take time to get a Board in place and bargaining units established.
City of Alexandria	At this juncture the City is unable to make a conclusive statement about the full fiscal impact of these bills which appears to expand collective bargaining eligibility to multiple employee groups in state agencies. However, based on the expansion of the categories of employee groups eligible to engage in collective bargaining proposed in this Bill, City expenditures will likely significantly increase.
City of Harrisonburg	A number of different costs, both one-time and recurring, are expected if this bill were to become law: One-time expenditure for legal representation on formation and negotiation of initial contract agreements; one-time expenditure for an extensive overhaul of how the City currently uses eFinancePlus or migration to other HR and Finance software would almost certainly be necessary to implement negotiated contracts; recurring expenditure to hire, at a minimum, a full time Labor Relations Specialist for HR; recurring expenditure for legal representation during periodic renegotiations of union contracts; and recurring expenditure to fund any bargained-for changes to employment conditions or terms.
City of Richmond	
City of Roanoke	
Lynchburg	Collective bargaining could drastically increase personnel costs depending on the outcome of bargaining meetings. An additional staff is not required at this point.
Prince George County	There is no real way to estimate this impact (implications very far-reaching); Increased salary and benefit costs for existing employees and the need to add additional staff for a collective bargaining system.
Rappahannock County	It is not possible to know what the increased employee compensation cost burden on taxpayers will be. First and foremost, all localities will have to hire new staff who are experts at collective bargaining to ensure necessary processes are followed. This new position would be a senior HR employee in Rappahannock county with a fully burdened compensation cost of approximately \$100,000 per year
Town of Christiansburg	I would anticipate a recurring increase of \$100,000 in the second year, assuming unionization taking place in the first year, though the personnel costs would continue to rise annually. I would estimate \$80,000 in additional non-recurring costs the first year, and \$20,000 the second, mainly for legal fees and consulting or arbitration costs.
Town of Rocky Mount	
Town of Victoria	