

Commission on Local Government

Estimate of Local Fiscal Impact

2021 General Assembly Session

Bill: HB1780

Special Session:

Patron: Carter

Date: 1/12/2021

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 the above-referenced legislation:

Bill Summary:

Public employees; prohibition on striking; exception. Exempts employees of a local school board from the prohibition on striking, and from termination of employment for striking, by public employees.

Executive Summary:

Localities have evaluated a negative fiscal impact ranging from \$0.00 - \$3,140,000. Localities that responded with a cost, noted that the estimated cost is based on the total number of teachers on staff, the average teacher salary, and length of strike, assuming that the lost days due to the teacher strike would not be made-up at a later date. Localities also noted that the bill would incur additional cost from hiring substitute teachers or other temporary staff to keep the school system operational. One locality noted there could be additional loss of revenue if the number of school days were reduced based on "State Basic Aid" funding provisions in §22.1-98 B. Another locality that responded with no cost, noted that the cost is indeterminate but the fiscal impact would be linked to school closure and resulting impact to the community at large in lost wages and possibly lost jobs, if they suddenly stay home due to the strike. \$3,569,000.00 was the highest estimate received by the Commission on Local Government; however, the locality with the highest estimate is a town and would not have local school board employees. Three other towns responded with costs that should likely also be discounted from this analysis.

Local Analysis:

Locality: Augusta County

Estimated Fiscal Impact: \$0.00

We do not foresee this bill having any financial impact on the school board.

Locality: Chesterfield County

Estimated Fiscal Impact: \$0.00

No fiscal impact anticipated.

Locality: City of Alexandria..

Estimated Fiscal Impact: \$511,477.00

The City of Alexandria has provided a rough estimate above that represents the average salary cost (not including benefits) per each day of a strike by members of a local school board. A conservative estimate for one full week would be 2.6 million. This estimate is based on the total number of teachers on staff and the average teacher salary on a 195-day schedule, and assumes these days would not be made-up at a later date.

~~~~~  
**Locality:** City of Manassas

**Estimated Fiscal Impact:** \$3,140,000.00

The estimated fiscal impact of this legislation is extremely difficult to determine, but could easily be in the millions of dollars. This would depend on the length of the strike and which employees chose to strike. Additional costs would include hiring of substitute teachers or other temporary staff to keep the school system operational. If the City Schools were not able to operate a full school term of 180 days, Virginia Code § 22.1-98 B. states that State Basic Aid funding shall be reduced "in the same proportion as the length of the school term has been reduced in any school or the schools in the school division from 180 teaching days or 990 teaching hours." In this scenario, the City would lose \$314,000 per day in state basic aid for each day below 180 if a strike occurred of such duration that caused the school year to be shortened. The estimated fiscal impact shown here assumes a loss of revenue due to the school year being shortened by ten days.

~~~~~  
Locality: City of Martinsville

Estimated Fiscal Impact: \$0.00

We do not believe there will be a fiscal impact to the City of Martinsville, especially in light of our possible reversion to a town, which will relieve us of the public school system.

~~~~~  
**Locality:** City of Norfolk

**Estimated Fiscal Impact:** \$0.00

The main cost this bill would have on the City of Norfolk would be in employee productivity. The City of Norfolk fully funds the salary of employees each fiscal year, if an employee is terminated due to a strike it will most likely have an impact on moral and employee productivity rather than a monetary cost.

~~~~~

Locality: City of Roanoke

Estimated Fiscal Impact: \$1,200,000.00

Fiscal impact is estimated at \$120,000 per day for a projected 10 day strike totaling \$1.2 million. If teachers are permitted to strike without consequence, we estimate that it would cost Roanoke City Public Schools, conservatively, \$100,000 per day in continued employee benefit costs that realistically could not be terminated during the strike period. In addition, to continue operations, we would have to utilize substitute teachers at a maximum cost of approximately \$140,000 per day. This assumes we could find enough substitutes, which of course we could not. Schools would have to close. We've arrived \$120,000 per day taking a combination of these potential circumstances.

The real cost would be to the families of our community in lost wages (and possibly lost jobs) if they suddenly have to stay home during the school closure period. The real cost would be to our students in lost learning time. The school year would have to be extended to make up for the lost instructional days. Many students in our school division need supplemental instructional opportunities during the summer for remediation and prevention of summer learning loss. With the school year necessarily having to extend into the summer, the additional time that allows for this supplemental help that many students need to be successful would be reduced. Additionally, what is to prevent teachers from striking repeatedly and for indefinite periods of time? What would end a strike? Is the General Assembly prepared to step in and provide additional funding to school divisions when teachers strike, to enable school divisions to meet the teachers' demands? If the only recourse to prevent or end a strike is to accommodate teacher demands for higher pay, the cost to Roanoke City Public Schools would be in the millions of dollars. If approved, without added funding from the General Assembly, teacher strikes could potentially bankrupt our school division.

Locality: City of Winchester

Estimated Fiscal Impact: \$0.00

Employer Friendly, no negatives to the budget.

Locality: Rappahannock County

Estimated Fiscal Impact: \$1.00

It does not appear possible to calculate the fiscal impact. Because School Board's do not have taxing authority, but are responsible for hiring school staff it sets up a scenario where the hiring authority does not have the authority to increase an appropriation to satisfy negotiations over higher salary requests. Appropriations are reserved for the Board of Supervisors, who may not be aligned with the School Board and may choose not to appropriate. To this end, the fiscal impact would be linked to the closure of schools due to striking employees and the resulting impact to the community at large (parents needing to take off work, less prepared students, etc.) OR the increase in salary needed to meet collective bargaining demands, which is not possible to determine.

I put \$1 in the box to be able to submit.

Locality: Rockingham County

Estimated Fiscal Impact: \$0.00

No known financial impact at ths time.

Locality: Town of Blacksburg

Estimated Fiscal Impact: \$0.00

The Town does not have employees of a local school board. That would be a responsibility of Montgomery County.

~~~~~

**Locality:** Town of Buchanan

**Estimated Fiscal Impact:** \$1,000.00

The only fiscal impact would be to update personnel policy which we estimate to be \$1000.00 based off previous cost.

~~~~~

Locality: Town of Leesburg

Estimated Fiscal Impact: \$3,569,600.00

Some estimates indicate union workers earn on average \$200 more per week than non-union employees. Additionally, union workers tend to receive medical benefits more often than non-union counterparts. Source:
<https://www.labourrightslaw.com/2018/08/17/difference-union-non-union-workplace/>
Working from this assumption, which is probably low due to Leesburg being in a high cost of living area, the estimated cost of having a unionized work force is about \$3,369,600. A better estimate could be provided with a full fiscal analysis, but in the time allotted for a response, this is the best estimate that the Town can provide. Supporting calculations are:

Extra Cost per week \$200
Number of weeks per year 52
Annual Cost Per Employee \$10,400
Times Town Full-time FTE 324
Total Annual Salary Cost \$3,369,600
Plus Attorney and HR support fees \$200,000
Total Cost of Legal Change \$3,569,600

Times Town Full-time FTE 381
Less Management Employees 57
Unionized Employees 324

Pennies on the Real Estate Tax Rate 4.46

These are the best estimates that we can provide within the timeline and precise estimates would require a full-fledged regional study. However, some operational points are also relevant. Most local governments in VA typically pay somewhat less than the private sector in wages for equivalent positions, but already offer better employee benefits in the form of defined benefit pension plans, lower cost health insurance and generous leave policies, so that their total compensation packages are fairly competitive with the similarly sized private sector employers in their own communities. Local government employees also enjoy better job security and already have established grievance and appeals processes. These benefits and job security aspects are usually what employee unions are fighting for in the private sector, but are already provided in local government. Most local government employees enjoy close, team-oriented relationships with supervisors and upper management, and the cost of disrupting those established, positive relationships, while hard to calculate, may have the greatest negative impact on customer service to the taxpayers and are not quantifiable in this analysis.

~~~~~

**Locality:** Town of Luray

**Estimated Fiscal Impact:** \$500,000.00

Operations of the Town have been determined to be essential historically and definitely during COVID-19.

Any disruption to the Town's provision of public safety, utilities, road repair, park repair, or garbage collection would negatively impact the lives of all residents and visitors.

~~~~~