CAPITAL RESULTS

Two Budget Pressures, One Conversation

The 1% school construction option, and a practical guide for councils weighing collective bargaining

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It took seven years to go from one county's authority to every county and city

2019

Halifax goes first

General Assembly authorizes Halifax County, by referendum, for school capital only. Voters approve with nearly 70%.

2020

Nine localities

Eight more get the same authority: Charlotte, Gloucester, Henry, Mecklenburg, Northampton, Patrick, Pittsylvania and Danville.

2021–25

Expansion stalls

Statewide bills fail in the General Assembly or are vetoed by Gov. Youngkin.

2026

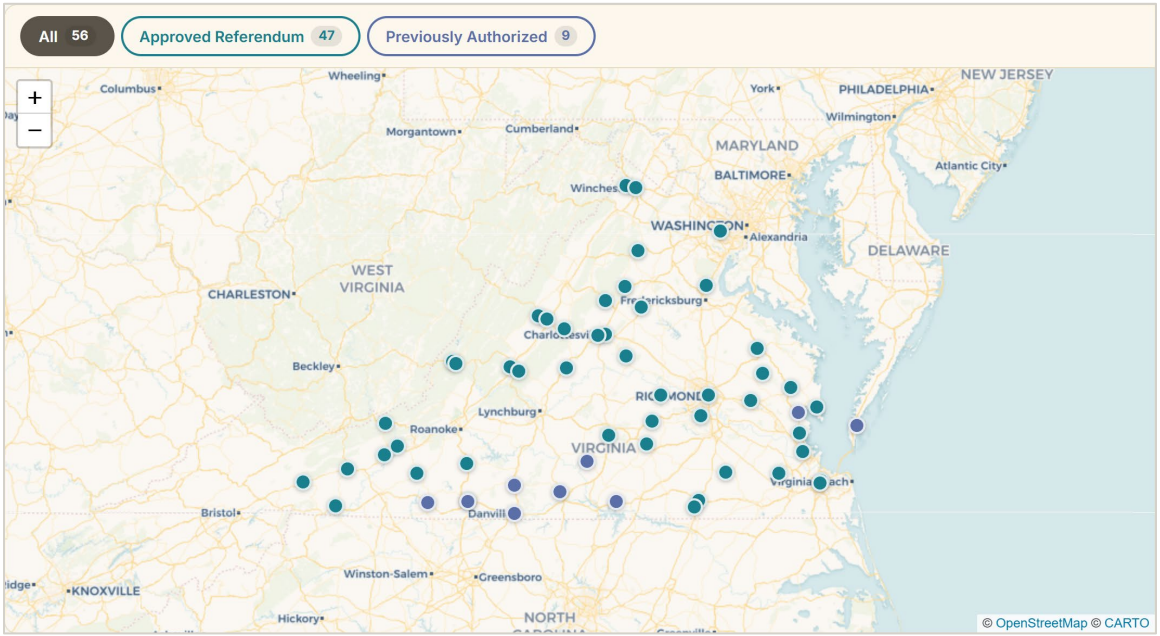
Universal authority

The 2026 Appropriation Act lets every county and city hold a referendum, effective July 1, 2026.

Early results: Halifax has collected $20.9M since FY2021 and Henry $22.2M through FY2025. Mecklenburg never put the question to voters.

Source: Royal Examiner; APS/VMDO white paper; WTOP; Virginia Tax; Virginia Mercury

47 localities vote November 3, and nine already have the authority



Teal: approved referendum (47) Blue: previously authorized (9)

47

localities on the Nov. 3 ballot, 38% of those newly authorized

$1.27B

estimated over three years if all 47 pass

Getting on the ballot is not voter approval. Every referendum stands on its own.

Source: Virginians for Modern Schools map; Cardinal News (47 localities); Cardinal News ($1.27B)

TRANSITION

The 1% pays for buildings. It cannot touch the payroll pressure.

CAPITAL SIDE

Restricted by law to school construction, renovation and related debt. It cannot pay salaries or day-to-day operations.

Richmond's mayor has tied a proposed 1-cent real estate tax cut to the referendum passing.

OPERATING SIDE

$17.3M

projected FY2028 deficit at today's tax rate, growing to nearly $22M with the 1-cent cut.

That forecast does not yet reflect the five contract negotiations now underway.

Source: Virginians for Modern Schools; Axios Richmond

From first petition to signed contract: six stages, each with its own cost

1 Employees organize

A majority in a unit certifies to the council or board that they want to bargain.

2 Council votes

Within 120 days: adopt an ordinance, adopt a "no," or choose an alternative such as meet-and-confer.

3 Write the ordinance

Council sets the units, who is excluded, what can be bargained, and how impasses are resolved.

4 Certify the union

A neutral labor relations administrator runs elections and settles disputes over who belongs in which unit.

5 Negotiate

Management and union teams bargain. If they stall: mediation, fact-finding, then arbitration if the ordinance allows it.

6 Fund and administer

Council appropriates the money. Then the contract runs: grievances, arbitration, and the next round.

Plan for time: Newport News spent two years on a task force, adopted its ordinance in July 2026, and made it effective July 1, 2028.

Source: Va. Code § 40.1-57.2; Newport News legal briefing, Apr. 2026; Virginian-Pilot

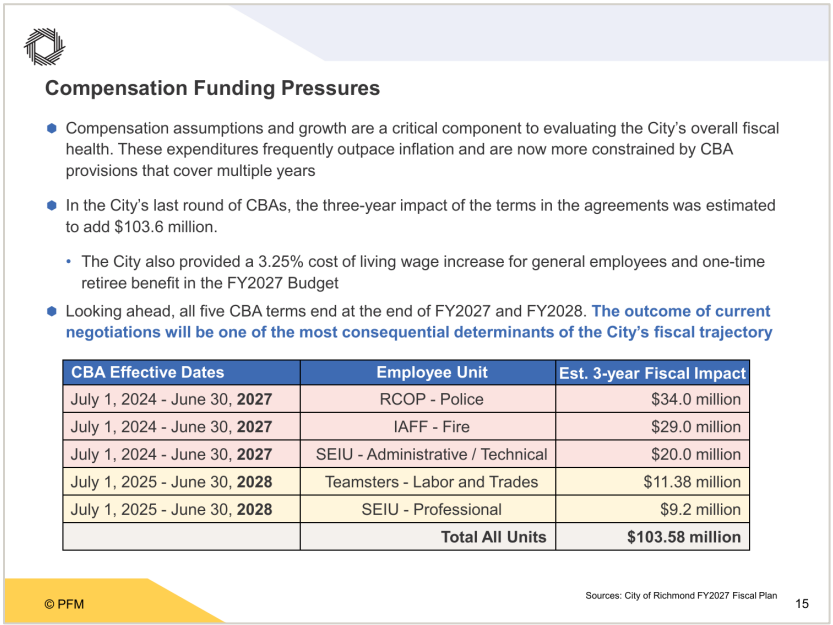
HB 1263 / SB 378 would have replaced the local option with a statewide framework

Question	Current law	Under the vetoed bill
Does bargaining happen?	Only if council opts in	Required once employees certify a union
Who sets the rules?	Your ordinance	A new state Public Employee Relations Board
Who defines the units?	Council	The state board
What is bargained?	Council decides the scope	Wages, hours, health plans and other terms, set in state code
If talks stall?	Whatever the ordinance allows	Mediation, then arbitration. Council still votes on funding (fire and EMS awards final)
Union access	As council allows	Required access, orientation time, employer email, dues deduction

Council kept the final say on money: it approves or rejects an agreement or award as a whole, and a rejection reopens talks. There was no opt-out for lack of funds. Existing contracts would have survived.

Source: LIS: HB 1263 enrolled text; LIS: HB 1263 summary; National Law Review; Newport News legal briefing, Apr. 2026

Last round of contracts: $103.6M over three years



Compensation Funding Pressures

- Compensation assumptions and growth are a critical component to evaluating the City's overall fiscal health. These expenditures frequently outpace inflation and are now more constrained by CBA provisions that cover multiple years
- In the City's last round of CBAs, the three-year impact of the terms in the agreements was estimated to add $103.6 million.
  - The City also provided a 3.25% cost of living wage increase for general employees and one-time retiree benefit in the FY2027 Budget
- Looking ahead, all five CBA terms end at the end of FY2027 and FY2028. **The outcome of current negotiations will be one of the most consequential determinants of the City's fiscal trajectory**

CBA Effective Dates	Employee Unit	Est. 3-year Fiscal Impact
July 1, 2024 - June 30, **2027**	RCOP - Police	$34.0 million
July 1, 2024 - June 30, **2027**	IAFF - Fire	$29.0 million
July 1, 2024 - June 30, **2027**	SEIU - Administrative / Technical	$20.0 million
July 1, 2025 - June 30, **2028**	Teamsters - Labor and Trades	$11.38 million
July 1, 2025 - June 30, **2028**	SEIU - Professional	$9.2 million
	Total All Units	**$103.58 million**

PFM slide 15, A Framework for Fiscal Health, Oct. 5, 2026

$103.58M

estimated three-year cost across all five units, including raises

- Police $34.0M and Fire $29.0M make up 61% of the total
- This is the full cost of the contracts, not the extra cost over raises the city would have given anyway
- Non-union employees also received a 3.25% cost-of-living raise in FY2027
- PFM: the next round will be "one of the most consequential determinants of the City's fiscal trajectory"

Source: City of Richmond, Oct. 5 presentation (PFM)

Charlottesville, population 51,000: $30.5M across six contracts



"All Contracts," City Manager Sam Sanders, Collective Bargaining Impacts, Mar. 16, 2026

City: Fire $4.4M, Police $2.8M, Transit $3.7M (FY25–27); Labor & Trades $6.2M (FY26–29)
Schools: Teachers $8.8M, support professionals $4.6M (FY27–29)

Source: City of Charlottesville, Mar. 16, 2026 work session; Cville Right Now

$4.23M

FY2027 cost of the four city contracts alone

$4.14M

FY2027 cost of the two school contracts, rising to $4.76M by FY2029

Four of six authorized city units are organized; two more can still certify. These are full contract costs, not the extra over raises the city would have given anyway.

What supporters point to

Pay standards	Public workers earn less than comparable private workers. The gap is 14.9% where bargaining is required, vs. 22.9% where it is banned (Morrissey & Sherer, EPI, 2024).
Retention and voice	Alexandria Fire credits its bargained shorter workweek with fewer departures and less forced overtime. Richmond's police union on promotion input: "It's no power grab."
A regional wage floor	Charlottesville Councilor Payne expects the city, as a large employer, to "regionally set a higher wage floor."
Cities that opted in	Mayor Avula after the veto: "We actually really believe collective bargaining is good and Richmond is better off because of that."
Guardrails stay	Strikes remain illegal, Virginia stays right-to-work, and council keeps the power to appropriate.

Source: Economic Policy Institute; Alexandria Brief; The Richmonder; Cville Right Now; Va. Code Ch. 4

What skeptics point to

Higher pay and benefits	Mandatory bargaining raises public pay about 5 to 8 points (Brunner & Ju 2019). Police and fire health benefits run 15 to 25% higher (Anzia & Moe 2015).
Big first-round jumps	Charlottesville's FY2025 salary costs rose $12.5M, or 27.1%, in a year with its first contracts and a $6.3M pay study (Newport News analysis).
Impasse outcomes	At impasse, Alexandria's council sided with the police union: $10.2M in raises over three years vs. the city's $8M offer.
Operating rules	Alexandria's fire contract cuts the average workweek from 49 to 46 hours by Dec. 2028 and adds 14 positions to cover the shifts.
Long commitments	Contracts run three to four years, so today's council choices carry past the next election.

Source: Brunner & Ju; Anzia & Moe; Newport News briefing, Apr. 21, 2026 (Charlottesville); ALXnow; City of Alexandria; RVA.gov

Questions for discussion

- What problem would bargaining solve for your workforce, and is there another way to solve it?
- If a majority of one of your units certified tomorrow, could your council take an informed vote within 120 days?
- If you opt in, which decisions in the ordinance matter most for your budget: units, scope, or impasse rules?
- If the 1% passes, how much property tax room does it free up, and how much of that goes to the next round of raises?

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