

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 711  
Finance

(Senator Beidle)

Appropriations

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University System of Maryland - Regular Employees - Grievance Procedures and  
Disciplinary Actions

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This bill establishes that a constituent institution of the University System of Maryland (USM) may remove, suspend, or demote a regular full-time or part-time employee represented by an exclusive representative under Title 3 of the State Personnel and Pensions Article who is not on probation *only* (1) for cause; (2) on written charges; and (3) in accordance with University of Maryland Regular Employee Grievance Procedures (Title 13, Subtitle 2 of the Education Article, as renamed by the bill). The bill also clarifies that USM may not remove, suspend, or demote a regular full-time or part-time employee for any reason prohibited by State antidiscrimination law, as specified.

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**Fiscal Summary**

**State Effect:** The bill has no material effect on State finances; however, existing staff time and resources may be diverted from current responsibilities, as explained below.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** In effect, under the bill, exempt employees who are represented by an exclusive representative under Title 3 of the State Personnel and Pensions Article and are currently at-will employees under USM policy will only be allowed to be terminated for cause. Title 3 of the State Personnel and Pensions Article generally grants collective bargaining rights to many categories of higher education personnel at USM but specifically

excludes several categories of higher education employees from collective bargaining, including faculty, student employees, administrators, and contingent employees.

As defined by the bill, “grievance” does not include complaints on the general level of wages, wage patterns, fringe benefits, or other broad areas of financial management and staffing. Further, “grievance” does not include any cause of complaint by any employee who is not represented by an exclusive representative under Title 3 of the State Personnel and Pensions Article.

Under the bill, the current three-step grievance procedure for USM classified employees applies to *all* USM regular full-time and part-time employees who are represented by an exclusive representative under Title 3 of the State Personnel and Pensions Article. The bill also makes conforming changes to current law, including related to sovereign immunity.

**Current Law:** Chapter 341 of 2001 extended collective bargaining rights to many categories of higher education personnel at public four-year institutions of higher education and Baltimore City Community College but excluded all faculty, including a faculty librarian; specified administrators; and specified contingent employees. Also excluded are student employees, including a teaching assistant or a comparable position, fellow, or postdoctoral intern. Finally, employees whose regular place of employment is outside the State of Maryland are excluded from collective bargaining.

The law also established the State Higher Education Labor Relations Board (SHELRB) to oversee collective bargaining between institutions and the higher education bargaining units and to hear disputes between them.

Since enactment in 2001, most of the bargaining units for State higher education employees have elected an exclusive representative. In 2015, there were 39 bargaining units from 15 public higher education institutions certified as “eligible for exclusive representative election” by SHELRB. In order to be certified, an employee organization must submit a petition showing that at least 30% of the eligible employees in a bargaining unit wish to be represented by the petitioning organization. Other employee organizations may participate in the election if they prove that 10% of the eligible employees in the bargaining unit wish to be represented by them. Once SHELRB certifies a petition, an election by secret ballot must be held within 90 days.

The administration of SHELRB was consolidated with the State Labor Relations Board in 2006, and the fiscal 2020 State budget includes \$434,517 and three full-time regular positions for the administration of the boards, including the Public School Labor Relations Board. Of that, \$94,770 is reimbursable funds from institutions of higher education, and the remainder is State general funds.

### *State Personnel Management System*

Generally the State Personnel Management System does not apply to USM. USM has latitude in creating and terminating positions. However, according to Section 4 of Chapter 592 of 2007, the Chancellor of USM must identify all nonmerit and at-will positions in the personnel systems of USM and its constituent institutions and report on them on an annual basis.

Title 11 of the State Personnel and Pensions Article addresses disciplinary actions, layoffs, and employment terminations in the State Personnel Management System.

### *Antidiscrimination in State Government, Generally*

State law generally prohibits an employer with at least 15 employees from discharging, failing or refusing to hire, or otherwise discriminating against any individual with respect to the individual's compensation, terms, conditions, or privileges of employment because of race, color, religion, sex, age, national origin, marital status, sexual orientation, gender identity, genetic information, or disability. A personnel action may be taken with regard to age, sex, or disability to the extent age, sex, or physical or mental qualification is required by law or is a bona fide occupational qualification. For the purposes of this prohibition, the State and local governments are considered employers.

### *University of Maryland Classified Employees and Grievance Procedures*

The Board of Regents of USM must establish general policies and guidelines governing the appointment, compensation, advancement, tenure, and termination of all *classified* personnel. The policies established must include consideration of hiring a contractual employee to fill a vacant position in the same or similar classification in which the contractual employee is employed.

USM has a grievance procedure for classified employees contained in statute. Under current law, "grievance" means any cause of complaint arising between a classified employee or associate staff employee and his employer on a matter concerning discipline, alleged discrimination, promotion, assignment, or interpretation or application of USM rules or departmental procedures over which USM management has control. However, if the complaint pertains to the general level of wages, wage patterns, fringe benefits, or to other broad areas of financial management and staffing, it is not a grievable issue.

If, following informal discussion with the supervisor, a dispute remains unresolved, the grievance procedure is available for classified employees. There are three steps in the grievance procedure. Under the first step, the employee or employee's designee must discuss the matter with the appropriate department head or chairman. If the aggrieved

employee is not satisfied with the decision rendered at this step, the employee or the employee's designated representative may appeal in writing to step two within five days. Under step two, the dispute is taken to the president of the constituent institution or the president's designated representative, who must issue a written decision within a set time.

In the case of any still unresolved grievance between an employee and the constituent institution, under step three, the aggrieved employee, after exhausting all available procedures provided by the constituent institution, may submit the grievance to either arbitration or to the USM chancellor who may delegate this responsibility to the Office of Administrative Hearings (OAH). If the grievance is arbitrated, the parties must select an arbitrator by mutual agreement. If they are unable to reach a mutual agreement, an arbitrator must be supplied by the American Arbitration Association by their procedures. Any fees resulting from arbitration are assessed by the arbitrator equally between the two parties. The arbitration award is advisory to the chancellor or administrative law judge, as appropriate, and an additional appeal or hearing may not be considered. The chancellor or administrative law judge, as appropriate, must make the final decision that is binding on all parties.

### *Sovereign Immunity*

The defense of sovereign immunity may not be available to USM unless otherwise specifically provided by the laws of Maryland, in any administrative, arbitration, or judicial proceeding held pursuant to the USM classified employee grievance procedures, or the personnel policies, rules, and regulations for classified employees of USM involving any type of employee grievance or hearing, including, but not limited to, charges for removal, disciplinary suspensions, involuntary demotions, or reclassification.

**Background:** [Section VII](#) of the USM bylaws addresses personnel and human resources. USM no longer uses the term "classified employee"; it was generally replaced by the term "nonexempt." Exempt and nonexempt employees are legally mandated distinctions contained in the federal Fair Labor Standards Act (FLSA 29 U.S.C.). Employees whose jobs are governed by FLSA are either "exempt" or "nonexempt." Nonexempt employees are entitled to overtime pay. Exempt employees are not. Most employees covered by FLSA are nonexempt. Separate policies, [in Section II of the USM bylaws](#), cover faculty. In most cases, there are also separate USM policies for exempt and nonexempt employees.

According to [USM policy Section VII – 9.31 1 – policy on establishment and assignment of staff job groups and employment status groups](#), USM nonfaculty staff employees may be appointed to a "regular status" or a "contingent status" position. A "regular status" position is any position that is established as a line item and appears in the personnel detail of an institution's budget. Employees on regular status are eligible for all benefits offered by USM, based on percentage of time worked. A "contingent status" position is any

position established through a written agreement between USM and a person, who will provide personal services to an institution for pay and for a specific period of time, *i.e.*, contractual. Employees on contingent status are not eligible for retirement plans offered through USM. There are two categories of contingent employees, one is eligible for USM benefits and the other is not, unless otherwise mandated by federal or State statute or rules and regulations.

[USM policy VII – 8.00 – policy on grievances for nonexempt and exempt staff employees](#) establishes the employee’s right to file a grievance or special grievance and applies to regular status exempt and nonexempt staff employees. The policy states that it fully incorporates the requirements of Maryland Annotated Code, Education Article, Section 13-201 *et seq.*

[USM policy VII-1.22 – policy on separation for regular exempt staff employees](#) states the employment for regular USM employees in exempt positions is on an at-will basis. This means that, subject to applicable laws and policies, the employment relationship may be terminated at any time by either the employee or the institution, with or without cause.

USM advises that as of fall 2018 there were approximately 5,700 nonexempt employees and 11,600 exempt employees.

**State Expenditures:** USM advises that under the bill exempt employees who are represented by an exclusive representative as specified will no longer be at-will employees. Therefore, USM will lose flexibility to terminate exempt employees when, for example, a department decides to restructure. Further, USM advises that additional staff will be required to handle additional grievance requests when an exempt employee is terminated. USM advises that grievances are routinely filed when nonexempt employees, who may only be terminated for cause under current USM policy, are terminated.

The Department of Legislative Services (DLS) concurs that it will be more difficult to terminate specified employees under the bill; however, USM still has considerable flexibility in regard to personnel. Under the bill, employees may still be moved to different departments under a restructuring, which may mitigate some costs, especially since USM has approximately 11,600 exempt positions. DLS further advises that, while there may be more grievance requests, it is likely that they can be handled using existing budgeted resources for the USM office and the USM institutions, although staff time and resources may need to be diverted from current responsibilities.

OAH states that, while it is difficult to estimate the effect of the bill on the number of step-three grievances delegated to it, any increase or decrease will be small. Therefore, any fiscal impact will be minimal.

## Additional Information

**Prior Introductions:** None.

**Cross File:** HB 822 (Delegate Hettleman, *et al.*) - Appropriations.

**Information Source(s):** State Higher Education Labor Relations Board; University System of Maryland; Department of Budget and Management; Office of Administrative Hearings; Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2019  
md/rhh Third Reader - May 13, 2019  
Revised - Amendment(s) - May 13, 2019

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