



190 West Ostend St., #201
Baltimore, MD 21230
Phone: 410.547.1515
Fax: 410.837.5436

Patrick Moran - President

**HB 368 - State Personnel – Executive Branch Service Contracts –
Policy, Certification, and Notification
POSITION: FAVORABLE**

The Current Law

AFSCME Council 3 supports HB 368. Currently, when a state agency wants to outsource state employee work that occurs in a state facility, they must notify the exclusive bargaining representative at least 60 days in advance of the solicitation of a service contract. The purpose of this notice is to inform the exclusive representative of the work that is to be privatized and provide the employees an opportunity to meet and discuss potential alternatives to the outsourcing.

Why the Current Law Should be Expanded to All State Work

In 2016, the Department of Health (MDH) proposed to privatize the dietary department at Springfield Hospital Center in Carroll County. The estimated cost-savings from this privatization was \$959,245 and it would have abolished 70 positions. When employees were given an opportunity to meet and discuss alternatives, they were able to come up with savings that equaled over \$900,000 and saved everyone's jobs simply by making a few small operational adjustments. Ultimately, the decision was made that the privatization was not worth the potential disruption to patients' dietary needs, nor was it worth losing 70 good jobs in the Sykesville community so the Department pulled its plans to privatize.

There is no predicting that this will always be the case as every service contract is different, but AFSCME Council 3 does believe that employees should at least be given the opportunity to suggest alternatives to outsourcing since they have the frontline knowledge of how to make the work more efficient. HB 368 ensures that this opportunity is available regardless of work location by expanding the requirement to notify the exclusive bargaining representative to anywhere state work is performed, not just for work that happens inside a state facility. Recently, MDH proposed to outsource the skilled nursing and brain-injury care at Western Maryland Hospital Center where they had no obligation to meet with the exclusive representative about the solicitation because the state work was to occur in a private facility and not in a state facility.

Strengthening the Current Law

State agencies rarely actually provide the required notice to the exclusive representative, so HB

Every AFSCME Maryland State and University contract guarantees a right to union representation.
An employee has the right to a union representative if requested by the employee.
800.492.1996

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368 also requires the BPW to receive certification that agencies have met this requirement prior to approving the contract. A copy of this certification must also be sent to the exclusive representative.

Improving State Services

Maryland spends \$34.2 billion or 40.7%¹ of its budget on contracts. Experience shows that privatization often leads to increased costs for the public and reduced accountability to taxpayers. When we protect state services from being unnecessarily outsourced, we can save money and improve state services for all Marylanders.

¹ <https://www.usaspending.gov/state/maryland/latest>