

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 226 (Senator Lawlah)
Finance

Washington Suburban Sanitary Commission - Collective Bargaining

This bill establishes a system of collective bargaining for employees of the Washington Suburban Sanitary Commission.

Fiscal Summary

State Effect: None.

Local Effect: Washington Suburban Sanitary Commission expenditures would increase by about \$210,750 in FY 1997. Revenues would not be affected. **This bill imposes a mandate on a unit of local government.**

Fiscal Analysis

Bill Summary: Major provisions of the bill include:

- The bill establishes two bargaining units including: (1) the office, professional and technical unit; and (2) the service, labor and trade unit.
- The commission must appoint a neutral third party as the Labor Relations Administrator (LRA) for a period of one year, after which the exclusive representatives of the employee organization and the commission will appoint an LRA for two years.
- The LRA must conduct elections for the exclusive bargaining representatives of the employee organization with all costs shared equally by the commission and the employee organizations.

- Any disputes concerning the eligibility of employees in the bargaining unit must be submitted to the LRA. The administrator's decision is final and costs are to be shared equally by the parties.
- The parties must bargain in good faith over matters concerning salary and wages, benefits, hours, working conditions, grievance procedures, pension benefits (on or after 6/1/97), health and safety concerns and procedures for evaluation and assignment of employees.
- The parties must make every effort to complete negotiations at least two months prior to the commission's budget submittal deadline. In the event of an impasse, the bill provides for the use of a mediator and fact-finder with costs to be shared equally by the parties.
- The economic requirements of the collective bargaining agreement must be approved by the Montgomery and Prince George's county councils.

In addition, the bill prohibits employee strikes, includes provisions concerning unfair labor practices and defines the rights and responsibilities of the commission and employee organizations.

Local Expenditures: The Washington Suburban Sanitary Commission (WSSC) estimates that expenditures would increase by \$485,750 in fiscal 1997. The Department of Fiscal Services (DFS) advises that the administrative costs of this collective bargaining legislation would be about \$210,750 in fiscal 1997. Any increase in personnel costs resulting from collective bargaining cannot be realistically projected at this time.

Details of the estimates prepared by WSSC and DFS are provided in the following table.

	<u>WSSC Estimate</u>	<u>DFS Estimate</u>
Advertising for Public Hearing	\$15,000	\$15,000
Neutral Third Party LRA	\$50,000	\$65,000
LRA Staff	\$50,000	\$35,000
Elections	\$50,000	\$5,000
Computer Lists	\$2,000	\$2,000
Legal Opinions	\$10,000	\$10,000
Creation of New Pension Plan	\$200,000	\$0
Arbitration Costs	\$60,000	\$30,000

Employer Representative	\$48,750	\$48,750
Total	\$485,750	\$210,750

WSSC has estimated the cost of a Labor Relations Administrator as \$50,000 and LRA support staff as \$50,000. DFS advises that only about 2,000 employees would be affected by this bill. Therefore, DFS assumes that only one support staff person would be needed to assist the LRA. Based on current salary levels in the state, DFS estimates the total cost of a Labor Relations Administrator at \$65,000 and support staff at \$35,000. These figures include salaries, fringe benefits, and on-going operating expenses.

WSSC has included \$50,000 for the employee organization's exclusive bargaining unit elections. DFS advises that election costs for the approximately 2,000 WSSC employees would be about \$10,000 and that this amount would be shared equally with the employee organizations. Therefore the cost to the commission would be about \$5,000.

WSSC has included \$200,000 to pay for the legal oversight and actuarial services necessary to establish two new pension systems. DFS advises that the bill provides for collective bargaining in good faith over matters concerning pension and other retirement benefits after June 1, 1997, but does not dictate that the commission establish a new pension system. Therefore, there is no immediate cost to the commission.

WSSC has included arbitration costs of \$60,000. DFS advises that the average daily cost of arbitration is \$1,500 and the bill provides that this expense must be shared equally with the employee organizations. Assuming that the parties engage an arbitrator for 40 days annually, the total cost to the commission would be \$30,000.

Information Source(s): Washington Suburban Sanitary Commission, Department of Fiscal Services

Fiscal Note History: First Reader - February 1, 1996

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