SB 36

Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE

Senate Bill 36 (Senator Colburn)
Finance

State Employees - Collective Bargaining - Authority of Governor

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This bill prohibits the Governor, by executive order or otherwise, from authorizing or directing State employees to engage in binding or nonbinding collective bargaining. The bill also prohibits the Governor from authorizing or directing the grouping of executive branch employees into bargaining units and certifying an employee organization as the exclusive bargaining representative of members of a bargaining unit. This bill takes effect June 1, 1997.

Fiscal Summary

State Effect: Indeterminate potential avoidance of administrative expenses and personnel costs, as discussed below.

Local Effect: None. All employees covered by the Governor's executive order are State employees.

Small Business Effect: None. The bill would not directly affect small businesses.

Fiscal Analysis

Background: The Governor's executive order providing for collective bargaining by certain State employees does not make the results of such negotiations binding on the part of the General Assembly. Moreover, this bill would not prohibit collective bargaining for State employees; rather, it would prohibit such collective bargaining by means of executive order.

State Expenditures: Costs associated with collective bargaining primarily stem from two areas: first, the administration of collective bargaining by executive branch agencies, and second, changes in personnel costs for covered employees as a result of collective bargaining. The executive branch has already classified 37,733 employees into nine bargaining units. Elections to select exclusive representatives for six of the bargaining units have already been held. In five of these units, an exclusive representative has been certified. No negotiations with these representatives have been concluded.

Administrative Costs

The executive order implementing collective bargaining requires administrative actions by several agencies. Some of these steps have already been taken; others have yet to be taken. Passage of the proposed legislation would halt the current implementation process. So far, the Department of Budget and Management (Office of Human Resources) (DBM-OHR) has classified employees into bargaining units. The Department of Labor, Licensing and Regulation (DLLR) is charged with certifying the bargaining units, supervising elections, and enforcing any collective bargaining agreements. As noted above, several elections have already been held, but no collective bargaining agreements have been negotiated. The Comptroller's Office is responsible for creating any dues deductions for certified bargaining representatives. The Office of Administrative Hearings (OAH) would resolve employee grievances related to the collective bargaining agreement, unless the bargaining unit negotiated a different dispute resolution mechanism. The Governor plans to appoint a team to negotiate with the bargaining units.

DBM-OHR estimates that the costs of classifying employees into bargaining units was absorbed within existing budgeted resources. DLLR reports that the costs of certifying the bargaining units and supervising elections totaled approximately $42,500 and have been absorbed within existing resources. The Central Payroll Bureau of the Comptroller's Office reports that it has not incurred any costs related to payroll deduction of union dues, and estimates that any future costs of implementing such deductions would be minimal. OAH estimates that the fiscal impact of collective bargaining will depend on the agreements reached with the bargaining unit's representatives. These agreements could continue to require OAH to handle grievances or disciplinary actions or could establish an alternative or substitute mechanism. Passage of the proposed bill, however, would maintain the status quo with no change in OAH caseload. The Governor's office and DBM were unable to provide estimates as to the costs involved in negotiating with the bargaining units.

Up to the current time, the administration has incurred no unbudgeted costs in implementing the collective bargaining executive order, i.e., in creating the bargaining units, certifying representatives and supervising elections. Continued implementation of the order, however, would require negotiating with the bargaining units. The Department of Fiscal Services has previously estimated that the ongoing costs associated with these negotiations would be $323,750 per year, including staff and operating expenses related to contract negotiations. Passage of this bill would eliminate the potential need for those expenditures, which have not yet been incurred.

Personnel Costs

The current collective bargaining executive order covers 37,733 State employees with total salary costs of $1.1 billion per year, and additional salary-driven fringe benefits of $200 million. Research conducted by the Department of Fiscal Services indicates that collective bargaining raises the salaries of public employees by 1 to 1.5 percent annually. Based on this research, the Department of Fiscal Services has estimated that the executive order signed by the Governor could increase the salaries and salary-driven fringe benefits for the covered employees by between $13 million and $20 million annually. Passage of this bill would eliminate these potential additional expenditures, although as noted above, the bill does not prohibit collective bargaining initiated by the legislature. These figures are estimates only and do not reflect any actual collective bargaining agreements, which have not yet been negotiated.

Information Source(s): Comptroller's Office, Department of Budget and Management, Department of Labor, Licensing and Regulation, Office of Administrative Hearings, Department of Fiscal Services

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