

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 146 (Senator Della)  
Finance

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**Collective Bargaining and Binding Arbitration for Fire and Rescue Personnel**

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This bill provides a system of collective bargaining for fire, emergency medical services, paramedic, or rescue employees hired or compensated by a governmental unit. Employees may bargain collectively over “wages, salaries, hours, rates of pay, retirement, pensions, benefits, grievances, working conditions, and any other term or condition of employment.” Disputes on these issues may be settled through binding arbitration. Under current law, such collective bargaining is voluntary with the employer and binding arbitration is not addressed.

The bill does not apply to a local government that has a binding arbitration law as of October 1, 1996 unless the local government and its employees agree that the bill shall apply.

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**Fiscal Summary**

**State Effect:** Special fund administrative expenditures could increase by about \$50,000 in FY 1998 and in each year the State negotiates a collective bargaining agreement with fire and rescue personnel employed at BWI Airport. In addition, special fund expenditures could increase by an indeterminate amount to meet certain terms and conditions provided in a collective bargaining agreement. Revenues would not be affected.

**Local Effect:** Expenditures could increase by an indeterminate amount for the five counties and two municipalities affected by this bill. Revenues would not be affected. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None. This bill does not directly affect small businesses.

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## Fiscal Analysis

**Bill Summary:** Major provisions of the bill include:

- A collective bargaining agreement that results from negotiations between the parties is effective for one year. Unless a request for collective bargaining is made by the bargaining agent or the employer at least 30 days before the anniversary date of an existing agreement, the agreement shall be automatically extended from year to year for one-year terms.
- If the parties are unable to reach an agreement within 30 days after the date of the first meeting for collective bargaining purposes, either party may request the appointment of a board of arbitration.
- The arbitration board will consist of three members, one appointed by the bargaining agent, one by the employer, and one selected mutually by the parties involved. The board must select the last best offer of one of the parties involved in the dispute and may not modify, add, or delete provisions from that last best offer.
- If the board does not select the last best offer of the employer and the employer is a county or municipal corporation, the employer may submit the issue to the voters in a special election. If the employer does not request a special election within ten days of receiving the written decision of the board, the board's decision is final.
- The ballot in a special election must contain instructions for the voter to select either the last best offer of the bargaining agent or the employer. The last best offer that receives a majority of the votes in a special election will become the final agreement between the parties.

**State Expenditures:** This bill is primarily directed to local governments. Its language as currently written, however, would apply to State fire and rescue personnel. There are about 60 firefighters and paramedics employed by the State at BWI Airport. Medics of the Department of State Police would not be considered "fire, emergency medical services, paramedic, or rescue employees" as defined by this bill since all are sworn State Troopers.

The bill is silent on who the employer entity would be in the case of collective bargaining. In any event, given the relatively small number of employees who may engage in collective bargaining, it would not be necessary to employ a full-time negotiator. These services could be contracted out as needed. It is estimated that the negotiation costs per contract would be about \$50,000. Contracts are valid for a one-year term and may be automatically extended for an additional term if the parties do not request negotiations.

State expenditures could also increase to the extent that arbitration is required. The bill provides for a three-member arbitration board. Based on information received from the American Arbitration Association, the cost of a three-member arbitration board would be about \$4,500 a day, including stenographic services. The average length of an arbitration hearing over the terms of a contract agreement is five days. The bill is silent as to who would pay the arbitration costs. Assuming that the costs would be split by the parties involved, the State's share of an arbitration proceeding would be about \$11,250. However, it is unknown how often the parties would resort to arbitration. Therefore, the annual cost of arbitration cannot be reliably estimated.

In addition, the State could incur additional expenditures to meet the terms and conditions included in a collective bargaining agreement. However, any increase in costs resulting from a collective bargaining agreement, cannot be reliably projected at this time but could be between one and 1.5% of personnel costs.

**Local Expenditures:** This bill would impact a local employer that hires or compensates fire, emergency medical services, paramedic, or rescue employees if the employer does not have a binding arbitration law as of October 1, 1996. Assuming that the following employers do not adopt a binding arbitration law before that date, this bill would impact the following four counties and two municipalities:

Counties and Municipalities	Number of FF & EMS Employees
Anne Arundel County	606
Baltimore County	979
Caroline County	5
Frederick County	180
Ocean City	26
Salisbury	52

Anne Arundel and Baltimore counties engage in collective bargaining with their fire and rescue personnel, but do not provide binding arbitration rights over the terms of a contract agreement. Since these counties already have a collective bargaining process, this bill is not expected to require additional expenses to conduct negotiations. However, in the event of an impasse the counties would incur additional expenses to pay arbitration costs or to hold special elections.

The cost of one arbitration proceeding, as discussed above, would be about \$22,500.

Assuming that the parties to the agreement split the costs equally, the cost of an arbitration proceeding would be about \$11,250. However, it is unknown how often the parties would resort to arbitration. Therefore, the annual cost of arbitration cannot be reliably estimated.

The bill provides that if the arbitration board does not select the last best offer of a county or municipal corporation, the employer may submit the issue to the voters in a special election. The cost of a special election would vary by county. For instance, Baltimore County advises that a special election would cost about \$270,000, while Anne Arundel estimates the cost at between \$200,000 and \$250,000.

Frederick County does not have a collective bargaining process so the county would incur additional expenses to negotiate a contract agreement. Due to the limited number of employees involved, the county could contract for these services at a cost of about \$50,000 per negotiation. In addition, Frederick County could incur additional expenses to resolve a contract dispute through binding arbitration or a special election, as discussed above. Frederick County estimates the cost of a special election at approximately \$35,000.

As of last year Caroline County did not employ any firefighters but employed five paramedics. It is assumed that any increase in expenditures for Caroline County would be minimal.

Ocean City and Salisbury would incur contractual expenses to negotiate a contract settlement and could incur arbitration and special election expenses in the event of an impasse. The cost of negotiating a contract settlement would be about \$50,000 per contract. Assuming that the parties split the cost of arbitration equally, the cities' share of any arbitration proceeding would be about \$11,250. The cost of a special election is estimated at \$3,500 for Ocean City and \$10,000 for Salisbury.

Any increase in personnel costs to the local governments resulting from collective bargaining agreements or binding arbitration cannot be reliably projected at this time but could be between one and 1.5% of personnel costs.

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**Information Source(s):** The counties of Anne Arundel, Baltimore, Frederick, and Montgomery; the city of Salisbury and the town of Ocean City; Department of Transportation; Department of State Police; Department of Fiscal Services

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