

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**

Senate Bill 606 (Senator Stone, *et al.*)

Finance

**Collective Bargaining for Law Enforcement Officers**

This bill provides a system of collective bargaining for State and local law enforcement officers. Employees may bargain collectively over wages, hours of work, working conditions, retirement pensions, and other terms and conditions of employment. Disputes on these issues may be settled through mediation or binding arbitration. The bill does not apply to an employer that has a collective bargaining law as of October 1, 1997.

**Fiscal Summary**

**State Effect:** Department of Labor, Licensing, and Regulation expenditures could increase by \$126,100 beginning in FY 1998 due to personnel and other costs associated with electing, certifying, and decertifying State and local law enforcement officer bargaining units. Future year increases reflect annualization and growth. In addition, State salary and fringe benefit costs for law enforcement officers could increase by between 1% and 1.5% per year, or approximately \$800,000 to \$1.1 million per year (not included in table). Revenues would not be affected.

(\$ in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	126,100	169,600	175,100	180,800	186,600
Net Effect	(\$126,100)	(\$169,600)	(\$175,100)	(\$180,800)	\$186,600

Note: ( ) - decrease; GF - general funds; FF - federal funds; SF - special funds

**Local Effect:** Personnel expenditures could increase by an indeterminate amount for counties and municipalities with 15 or more law enforcement officers, as discussed below. Revenues would not be affected. **This bill imposes a mandate on a unit of local government.**

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

**Fiscal Analysis**

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

- The parties must engage in collective bargaining. Police departments or other agencies that employ at least 15 law enforcement officers must enter into collective bargaining with their respective employees if they are not already subject to collective bargaining laws as of October 1, 1997. Negotiations may address wages, hours of work, work conditions, retirement pensions and other terms or conditions of employment.
- The employees may be represented by an exclusive employee representative, and certification and election of the exclusive representative is to be conducted by the Commissioner of Labor and Industry.
- Either party may invoke mediation or they may mutually agree to arbitration. They must select a mediator from the American Arbitration Association (AAA) or the Federal Mediation and Conciliation Service (FMCS). Either party may invoke fact-finding, with the fact-finder selected from the AAA or FMCS. The selection of an arbitrator is not specified.
- Employees are prohibited from engaging in strikes. If they do strike, the strike may be enjoined. Employees may not be paid during a strike. If the bargaining representative engages in a strike, the representative is decertified and may not be recertified for one year.
- The employer must submit a request for funds necessary to implement the agreement to its responsible elective body in a timely fashion. If the elective body reduces, modifies, or rejects the request for funds, either party may reopen those items of the agreement that were reduced, modified, or rejected.
- Employees who choose not to join the representative organization may not be discriminated against, and the organization must represent all employees in bargaining with the employer. The organization may, however, collect service fees from non-member employees. The employer must hear grievances that arise under the agreement, and must do so without the intervention of the representative organization. The employer, however, must give prompt notice of any adjustment due to a grievance to the representative.

**State Expenditures:** While most State employees, including law enforcement officers, are subject to collective bargaining via the Governor's executive order, the bill exempts only employers that have enacted collective bargaining laws before October 1, 1997. It is therefore assumed that this bill would apply to State law enforcement officers.

The Department of Fiscal Services has estimated costs associated with collective bargaining in two categories: first, the administrative costs of implementing and monitoring collective bargaining; and second, the additional personnel costs that result from collective bargaining.

### *Administrative Costs*

General fund expenditures could increase by an estimated \$126,100 in fiscal 1998, which accounts for the bill's October 1, 1997 effective date. This estimate reflects the cost of hiring one Chief Mediator, one Office Secretary, and one part-time Assistant Attorney General to validate petitions for certification, determine election format, conduct elections, and decertify bargaining representatives if necessary. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses. These expenditures would cover the costs of certifying all State and local police bargaining units. In the case of State law enforcement officers, the recent certification of that bargaining unit under the executive order would likely not be valid under this proposal because the collective bargaining is not in the form of a law. It may therefore be necessary to recertify the State law enforcement officers bargaining unit under the proposal, although the additional cost is likely to be minimal.

In addition, certain costs, such as those associated with arbitration, may be incurred by the State as a party to the negotiations with State law enforcement officers. Based on information received from the American Arbitration Association, the cost of a mediator or arbitrator would be about \$1,500 a day, including stenographic services. The average length of an arbitration hearing over the terms of a contract agreement is five days. Assuming that the costs would be split by the parties involved, the State's share of an arbitration proceeding would be about \$3,750. However, it is unknown how often the parties would resort to arbitration. Therefore, the annual cost of arbitration cannot be reliably estimated.

### *Personnel Costs*

Based on a study of collective bargaining by Fiscal Services in September 1996, it is estimated that there are 1,853 State sworn police officers with an average salary of \$35,600. Based on an earlier Fiscal Services study of collective bargaining, it is estimated that collective bargaining increases salary and salary-driven fringe benefit costs by between 1% and 1.5%. Based on a fiscal 1997 payroll of \$66.0 million for State law enforcement officers, collective bargaining could add between \$660,000 and \$990,000 in salary costs. Salary-driven fringe benefits, such as pensions and Social Security could increase by between \$119,000 and \$178,000. Because these employees are already covered by the executive order, however, there would be no additional costs as a result of this proposal.

**Local Expenditures:** The fiscal impact of the proposal on local governments depends on

whether those governments already have collective bargaining for their law enforcement officers. Also, the bill does not cover the law enforcement agencies with less than 15 officers. In December 1996, the Department of Fiscal Services, in a report to the Joint Committee on Pensions, surveyed several counties and Baltimore City and reported the following number of law enforcement officers, including police officers and deputy sheriffs:

County	Number of Law Enforcement Officers
Anne Arundel	600*
Baltimore City	3,000*
Baltimore County	1,625*
Calvert	103
Caroline	17
Carroll	100
Charles	150
Frederick	303**

County	Number of Law Enforcement Officers
Howard	321*
Kent	170
Montgomery	1,121*
Prince George's	1,250*
St. Mary's	115
Washington	124
Wicomico	66

\*Already have collective bargaining.

\*\* Total includes correctional officers, who would not be covered under this proposal.

All the above jurisdictions have more than 15 law enforcement officers and hence would be subject to the law, with the exception of those that already have collective bargaining. In addition, there are several municipalities that employ more than 15 law enforcement officers. As in the case of State collective bargaining, Fiscal Services estimates administrative costs and personnel costs from implementing the proposal.

#### *Administrative Costs*

As discussed above, the cost of a mediator or arbitrator would be about \$1,500 a day for an average of five days. Assuming that the costs would be split by the parties involved, the local government's share of an arbitration proceeding would be about \$3,750. However, it is unknown how often the parties would resort to arbitration. Therefore, the annual cost of arbitration cannot be reliably estimated.

#### *Personnel Costs*

As discussed above, it is estimated that collective bargaining increases salary and salary-driven costs by approximately 1% to 1.5% per year. The fiscal impact on a local government will depend on the current salaries and fringe benefits of their law enforcement officers.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of State Police; Department of Transportation; City of Baltimore; Frederick, Howard, Montgomery, and Prince George's counties; Department of Fiscal Services

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