

Department of Legislative Services
 Maryland General Assembly

FISCAL NOTE

House Bill 982 (Delegate C. Mitchell)

Appropriations

State Personnel - Executive Orders Relating to Employee and Management Relations - Applicability

This bill provides that an executive order that adopts guidelines, rules of conduct, or rules of procedure relating to employee and management relations shall apply to all State employees, except temporary employees, of all units in the judicial, legislative, and executive branches of State government, including any unit with an independent personnel system. Under the bill, the Governor’s executive order on collective bargaining would be expanded to cover almost all State employees.

Fiscal Summary

State Effect: Indeterminate increase in State personnel expenditures for Mass Transit Administration (MTA), Maryland Transportation Authority (MdTA), legislative branch, and judicial branch.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Background: The executive order implementing collective bargaining currently covers approximately 40,000 State employees. MTA employees are specifically included, but are already covered by collective bargaining. Managerial employees are also specifically excluded, as is traditionally the case when creating a collective bargaining process (because their skills are often unique and therefore not conducive to collective bargaining, and because these managerial employees may be involved in labor negotiations on behalf of the employer). Judicial and legislative branch employees are excluded because the Governor does not have authority to regulate them by executive order under the doctrine of separation

of powers.

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.

Administrative Costs

Governmental units that are required to implement collective bargaining will incur additional administrative expenses. The executive order requires administrative actions by several agencies. The unit, in conjunction with the Department of Budget and Management (Office of Human Resources) (DBM-OHR), would be required to classify 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. 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. Presumably, the employer would appoint a team to negotiate with the bargaining units.

The initial implementation of the executive order resulted in administrative expenses of approximately \$250,000, but the implementing agencies (DLLR, DBM, Comptroller's Office) were able to absorb these additional expenditures within their existing budgets. For the legislative and judicial branches, it is not known whether these expenses could be absorbed within their current budgets. For MTA, it is not known whether its current collective bargaining process would comply with the executive order. If it does not comply, then the agency may incur additional administrative expenditures to change its process.

Personnel Costs

Research conducted by the Department of Legislative Services indicates that collective bargaining raises the salaries of public employees by 1 to 1.5 percent annually. In the first bargaining process of the Governor's executive order, employees were granted a phased-in general salary increase of \$1,275 per person, at a total fiscal 1999 cost of \$90.3 million. It is not known what increase, if any, would have been granted absent collective bargaining.

Total salaries and fringe benefits for the legislative branch (fiscal 1999 allowance) are approximately \$33.8 million for 668 positions. Historically, legislative staff have received the same increases as executive branch employees, including the recent cost-of-living increase. Total salaries and fringe benefits for the judicial branch (fiscal 1999 allowance) are approximately \$136.6 million for 2,995 positions (including judges, who would be covered under the proposal). MTA is not likely to be affected because its personnel expenditures already take into account collective bargaining. The MdTA is not currently subject to the

executive order and its personnel expenditures may be affected accordingly.

The increased personnel costs resulting from collective bargaining may or may not be offset by productivity gains (such as changes in work rules) negotiated by management.

Additional Comments: As noted above, there may be constitutional problems associated with making the legislative and judicial branches subject to an executive order.

Information Source(s): Department of Budget and Management, Judiciary (Administrative Office of the Courts), Maryland Department of Transportation, Department of Legislative Services

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