HB 1361

Department of Legislative Services

Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1361 (Delegate C. Davis)
Appropriations

State Personnel - Higher Education - Collective Bargaining

This bill expands collective bargaining for State employees to include employees, including faculty and teaching staff, of the University System of Maryland (USM), Morgan State University, St. Mary's College, and Baltimore City Community College.

The bill takes effect July 1, 2000.

Fiscal Summary

State Effect: General fund expenditures would increase by $122,900 for three additional positions and other expenses for the Department of Budget and Management (DBM). USM administrative expenditures would increase by $209,900 for six additional positions and contractual services. Administrative expenditures at the other institutions would also increase. In addition, personnel expenditures in higher education would increase depending on the contents of negotiated memoranda of understanding. Revenues would not be affected.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
All Revenues	$0	$0	$0	$0	$0
GF Expenditures	122,900	138,900	145,400	152,300	159,400
USM Expenditures	209,900	245,900	254,000	262,400	271,200
Net Effect	($332,800)	($384,800)	($399,400)	($414,700)	($430,700)

Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect
Numbers may not total due to rounding.

Local Effect: None.
Small Business Effect: None.

Analysis

Bill Summary: Faculty, other teaching staff, and other employees of USM, Morgan State University, St. Mary's College, and Baltimore City Community College, except managerial employees, would be subject to collective bargaining. Contractual, temporary, and contingent employees of these institutions would be covered under collective bargaining (unlike current law, whereby contractual, temporary, or emergency employees of the State Personnel Management System and the transportation personnel system are not included in collective bargaining).

Each of the four institutions would have six bargaining units (labor/trade, administrative/technical/clerical, professional, faculty, nonfaculty teaching, and public safety), for a total of 24 bargaining units. The Governor or the governing board of the State institution would appoint the employer's representative. At the request of either party, the parties would negotiate a supplemental memorandum of understanding at each constituent institution of USM.

Background: Chapter 298 of 1999, an Administration bill, provided statutory collective bargaining rights for approximately 37,000 State employees of the executive branch. Prior to that, collective bargaining for certain State employees was governed by Executive Order 01.01.1996.13.

The following is a summary of current State collective bargaining law, as implemented by Chapter 298 of 1999. The law applies to approximately 37,000 employees of the executive branch and certain other agencies. Among those not covered are, elected and appointed officials, special appointees and executive service personnel, the chief, deputy, or assistant administrator of a unit with an independent personnel system, temporary or contractual employees, and any supervisory, managerial, or confidential employee as defined by regulation.

A State Labor Relations Board oversees the collective bargaining process. The board consists of five members: the Secretary of Budget and Management plus four members of the general public appointed by the Governor with the advice and consent of the Senate (these members have been appointed but not yet confirmed by the Senate). There is an executive director; other staff support is provided by DBM.

The board's responsibilities include: (1) establishing guidelines for creating new bargaining units; (2) establishing procedures for, supervising conduct of, and resolving disputes about elections for exclusive representatives; (3) investigating and taking appropriate action in response to complaints of unfair labor practices and lockouts; (4) investigating possible violations of collective bargaining and any other relevant matter; and (5) holding hearings to resolve any issues or complaints arising under collective bargaining.

Under the law, employees have the right to: (1) take part or refrain from taking part in forming, joining, supporting, or participating in any employee organization or its lawful activities; (2) be fairly represented by their exclusive representative, if any, in collective bargaining; and (3) engage in other concerted activities (other than strikes) for the purpose of collective bargaining.

The State retains the right to determine the mission, budget, organization, numbers, types, and grades of employees assigned work projects, tours of duty, methods, means, and personnel by which its operations are to be conducted. The State retains various other rights in setting and implementing its governmental goals.

State employees are prohibited from engaging in any strike, which includes work stoppages or slowdowns. The State is prohibited from engaging in a lockout. Both parties are prohibited from engaging in any unfair labor practices, as defined by the Secretary of Budget and Management.

The parties may bargain over wages, hours, and other terms and conditions of employment. The parties, the Governor's designee, and the exclusive representative then execute a memorandum of understanding (MOU) incorporating all matters of agreement reached. To the extent that these matters require legislative approval or the appropriation of funds, these matters must be recommended to the General Assembly for approval or for the appropriation of funds.

The MOU may be valid for at least one year and no more than three years. The agreement must be ratified by the Governor and the employees of the bargaining unit (by a majority of the votes cast by the employees of the unit). The General Assembly reserves the right to change or modify the law with regard to any matter that is the subject of a memorandum of understanding, regardless of whether the change or modification would become effective during the term of the MOU.

Current Law: Chapter 298 specifically prohibits the establishment or implementation of a collective bargaining plan for USM's nonfaculty employees.

State Expenditures: State expenditures associated with collective bargaining fall into three categories: (1) administrative expenses from implementation of collective bargaining; (2) increased across-the-board employee compensation negotiated via collective bargaining; and (3) other additional expenditures for other items negotiated via collective bargaining.

Administrative Expenses

The DBM's labor relations staff will experience additional workload as a result of the bill. General fund expenditures could increase by an estimated $122,900 in fiscal 2001, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring two additional professional staff and one support staff to handle the additional workload of the labor relations board. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

In addition, administrative expenses for the higher education institutions will also increase to implement collective bargaining for these employees. USM advises that it will require 38 additional positions to administer collective bargaining; four each at the five largest constituent institutions and two each at the smaller institutions. Legislative Services believes this estimate is excessive given that DBM has added only ten new staff to administer collective bargaining for 37,000 employees, or about twice the number covered under this bill. Moreover, the labor relations board, rather than the institutions, will handle the dispute resolution function.

Legislative Services therefore advises that USM could implement the bill's requirements with approximately six additional staff. University expenditures could increase by an estimated $209,900 in fiscal 2001, which accounts for a 90-day start-up delay. This estimate reflects the cost of adding the six additional human resources positions. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, including contractual services for labor relations consultants and attorneys if necessary. Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The other institutions should be able to handle the collective bargaining negotiations with existing staff. These institutions may, however, require additional expenditures for outside consulting services; the amount of such expenditures cannot be reliably estimated at this time.

Increased Across-the-Board Employee Compensation

A study by the former Department of Fiscal Services found that collective bargaining increased salaries and salary-related fringe benefits by 1% to 1.5% per year, versus what they would be in the absence of collective bargaining.

The proposed fiscal 2001 budget includes a negotiated general salary increase of 4% beginning November 15, 2000, which will increase State costs by approximately $50 million. Other compensation initatives include upward reclassification of certain positions ($7.5 million) and pay-for-performance bonuses ($6.3 million). It cannot be reliably estimated at this time whether (or how much of) such increases would have transpired in the absence of collective bargaining.

The employees covered by the bill are estimated to be as follows:

	Estimated number of covered employees and faculty	**Estimated payroll (including fringe benefits) ($ in millions)**
University System of Maryland	16,000	$964.0
St. Mary's College	325	$16.3
Morgan State University	790	$38.5
Baltimore City Community College	404	$17.8
Total	**17,519**	**$1036.6**

Notes: Employees covered based on total institution employees, less faculty and 20% assumed reduction for management and nonfaculty employees. Payroll assumes fringe benefits at 15% of salary.

Providing collective bargaining for these employees of State higher education institutions may not affect the cost of general salary increases, because these higher education employees have received (and, under the status quo, presumably would continue to receive) the general salary increase received by other State employees even though they are not covered by the collective bargaining statute. If the bargaining resulted in provisions related specifically to these employees over and above what was provided to other State employees, then personnel expenditures could increase accordingly (on a payroll of approximately $1.0 billion).

Other Additional Expenditures for Other Items Negotiated via Collective Bargaining

In addition to the general salary increase, the Governor has granted other compensation and non-compensation benefits during collective bargaining negotiations. The fiscal 2001 budget submitted by the Governor includes $1.5 million identified as direct or indirect costs of implementing provisions of collective bargaining agreements under the executive order, including tuition reimbursement, roll call pay, shift differential, increased uniform allowance, and other expenses.

It cannot be reliably estimated at this time whether such improvements to working conditions would have transpired in the absence of collective bargaining or whether the higher education bargaining units would negotiate other non-salary benefits with a fiscal impact.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management; Department of Labor, Licensing, and Regulation; Maryland Higher Education Commission; Morgan State University; St. Mary's College; University System of Maryland; Department of Legislative Services

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