

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1432 (Delegates Marriott and Rawlings)

Appropriations

University of Maryland Medical System - Coverage by National Labor Relations Act

This bill provides that the University of Maryland Medical System Corporation (UMMS) and its employees are subject to the provisions of the federal National Labor Relations Act (NLRA).

Fiscal Summary

State Effect: None. The bill would not directly affect State government operations or finances. Any impact on UMMS, a private nonprofit corporation created by the State, would depend on: (1) the legal effect of the bill; and (2) whether UMMS employees successfully organize under the NLRA.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law and Background: UMMS was converted from a State agency to a nonprofit private corporation in 1984. In 1998, employees at Deaton Hospital, one of the hospitals that comprise UMMS, sought to organize under the NLRA. UMMS argued before the federal board that neither UMMS nor Deaton Hospital was subject to the NLRA, because UMMS and Deaton Hospital were “political subdivisions” as defined by the NLRA, and hence not covered employers under the Act. The board did not rule on UMMS’s status but found that Deaton Hospital was not a political subdivision and hence was a covered employer. The board ordered an election of approximately 240 employees at Deaton Hospital. The employees at the institution voted not to organize.

UMMS is not subject to the collective bargaining structure governing State employees, nor is it currently subject to any other collective bargaining agreement.

The National Labor Relations Board (NLRB) is an independent federal agency created by Congress in 1935 to administer the NLRA, the primary law governing relations between unions and employers in the private sector. The statute guarantees the right of employees to organize and to bargain collectively with their employers or to refrain from all such activity. The NLRA generally applies to all employers involved in interstate commerce other than airlines, railroads, agriculture, and government.

The NLRB has two principal functions: (1) to determine, through secret-ballot elections, the choice by employees whether they wish to be represented by a union in dealing with their employers and if so, by which union; and (2) to prevent unfair labor practices, by either employers or unions. The agency does not act on its own motion in either function. It processes only those charges of unfair labor practices and petitions for employee elections that are filed with the NLRB.

State Expenditures: Because of UMMS’s corporate status, there would be no fiscal impact to the State under the bill.

Any impact on UMMS, a private nonprofit corporation created by the State, would depend on: (1) the legal effect of the bill; and (2) whether UMMS employees successfully organize under the NLRA. First, it is not clear whether this bill would be binding on the federal board in determining whether UMMS or its other institutions are subject to the NLRA. The board’s decision on Deaton Hospital suggested that UMMS could meet the definition of an exempt “political subdivision;” it is not known whether this bill would affect such a decision by the federal board.

Second, application of the NLRA to the medical system does not necessarily imply that collective bargaining will result. The employees of the system, or the individual institution, would have to vote to organize. If the employees did elect collective bargaining, there would be an increase in administration costs for the medical system, and also increased personnel costs depending on the outcome of the collective bargaining negotiations. A study by the former Department of Fiscal Services in 1996 found that collective bargaining increases payroll costs by approximately 1% to 1.5% per year above any change in such costs absent collective bargaining.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

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