Department of Legislative Services

Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

House Bill 1196 (Prince George's County Delegation)
Appropriations Finance

Prince George's Community College - Collective Bargaining
PG 407-01

This bill provides a system of collective bargaining for employees of Prince George's Community College. Employees, excluding supervisory employees and faculty, may bargain collectively over wages, hours, other terms and conditions of employment, and the dues and fees to be charged by the representative. Disputes on these issues may be settled through mediation and fact-finding. The bill requires the Department of Labor, Licensing, and Regulation (DLLR) to define the bargaining units, conduct elections, serve as the mediator, if necessary, and perform other functions.

Fiscal Summary

State Effect: Expenditures by DLLR could increase by $69,200 in FY 2002 to administer the collective bargaining, decreasing in the out-years as the bargaining process is implemented. State aid to the community college would not be affected.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	$0	$0	$0	$0	$0
GF Expenditure	69,200	21,800	21,800	11,000	5,800
Net Effect	($69,200)	($21,800)	($21,800)	($11,000)	($5,800)

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

Local Effect: Administrative expenditures of Prince George's Community College could increase by up to $100,000 in start-up legal and other expenditures to implement collective bargaining and up to $88,000 annually thereafter. In addition, personnel expenditures could increase from 1% to 1.5% per year or more as a result of collective bargaining. Revenues would not be affected. **The bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: Employees of Prince George's Community College are not currently covered by collective bargaining.

State Expenditures: Expenditures by the Division of Labor and Industry of DLLR would increase in order to implement the bill. The division advises that it currently does not have a mediation or conciliation program to administer the collective bargaining under the bill, but it is seeking reinstatement of such staffing and funding in the fiscal 2002 budget. The division notes that even if such funding is restored, such staff would be insufficient to administer the establishment of bargaining units and conduct elections under this bill and that the contractual services of an outside vendor would be required. While the bill contemplates that the cost of a fact-finder would be split between the parties, the bill does not state whether an entity other than DLLR would absorb the costs of establishing bargaining units, holding elections, and providing mediation services. It is therefore assumed that these costs would be borne by DLLR.

The division estimates the use of an outside dispute resolution firm at a cost of $62,000 in the first year, based on $800 per day, 3 days per week for 26 weeks. In addition, the division would require additional equipment and supplies, and incur travel expenses estimated at a total of approximately $5,000 in the first year.

After the initial establishment of bargaining units and elections, the costs are estimated to be $20,000 per year, based on $800 per day for 25 days per year, and declining thereafter as the number and scope of disputes decrease. Other ongoing expenses are estimated at $2,250 per year.

Because the State funds community colleges based on the number of students at the college, any increase in personnel costs would not be borne by the State.

Local Expenditures: The Department of Legislative 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

Prince George's Community College advises that it could incur administrative expenditures of $150,000 in one-time costs and another $150,000 to $200,000 per year in ongoing costs to implement collective bargaining. Legislative Services advises that the start-up costs are likely to be lower, if (as assumed) DLLR absorbs the cost of establishing bargaining units and holding elections. (The college, however, could incur legal expenses of up to $100,000 over the first two years to negotiate the collective bargaining agreements.) Ongoing costs are likely to be lower as well, given: (1) that DLLR will provide mediation services; and (2) experience of other institutions of similar size to the community college suggests that the costs borne by the college -- such as negotiation and implementation of grievance procedures -- will be lower than that estimated by the college. Legislative Services estimates that administrative expenditures for the community college could increase by up to $88,000 annually, as illustrated below:

$5,000 - $8,000	Fact-finding Services (college share)
$10,000 - $20,000	Economic Consultant
up to $60,000	Labor Relations Administrator

Personnel Costs

Based on a Legislative Services study of collective bargaining, it is estimated that collective bargaining increases salary and salary-driven fringe benefit costs from 1% to 1.5% above any increases that otherwise would have been granted. It is estimated that approximately 650 community college employees (excluding supervisors and faculty), with a payroll of approximately $16 million (excluding fringe benefits), would be subject to collective bargaining. The college notes, however, that the impact of collective bargaining could be higher than 1.5% of personnel costs if any agreement results in the college being required to provide fringe benefits to its part-time employees. Part-time employees account for 275 of the 650 classified employees. The college advises that providing fringe benefits (including health insurance and paid leave) to this group would increase personnel expenditures by approximately $500,000 per year.

The Prince George's County government has the option whether to provide the funding for any terms that may be negotiated under a collective bargaining agreement. If the county does not provide additional funds, the college would be required to fund the additional costs from tuition revenues.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Maryland Higher Education Commission Data Book; Prince George's County; Prince George's Community College; Department of Legislative Services

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