Department of Legislative Services

Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 604 (Delegate Riley, *et al.*)
Appropriations

State Personnel - Higher Education - Collective Bargaining - Faculty and Other Employees

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This bill expands collective bargaining at the University System of Maryland (USM), Morgan State University, St. Mary's College, and the Baltimore City Community College to include faculty and student employees. The bill creates two new bargaining units: one for eligible faculty members and one for eligible nonfaculty teaching staff, graduate employees, and research employees.

Fiscal Summary

State Effect: Higher education personnel expenditures could increase depending on the contents of negotiated memoranda of understanding. General fund expenditures could increase by $77,900 in FY 2003 for expenses of the Higher Education Labor Relations Board. Administrative expenditures at USM and the other covered institutions could increase by $686,500 in FY 2003 for 11 additional positions and contractual services, of which 70% is assumed to be general funds. FY 2003 costs reflect the October 1 effective date; future years reflect annualization and growth. Revenues would not be affected.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	$0	$0	$0	$0	$0
GF Expenditure	558,500	752,800	778,800	806,300	835,300
Higher Ed Exp.	205,900	277,600	288,400	299,700	311,600
Net Effect	($764,400)	($1,030,400)	($1,067,200)	($1,106,000)	($1,146,900)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 341 of 2001 provided collective bargaining for employees of USM, Morgan State University, St. Mary's College, and the Baltimore City Community College. Certain employees were exempt from collective bargaining including administrators, faculty, student employees, and contractual employees. Chapter 341 also created the Higher Education Labor Relations Board (HELRB) to oversee collective bargaining, including representation elections and dispute resolution, for institutions of higher education.

Background: HELRB has 3 full-time equivalent employees, and as of January 23, 2002 the board had overseen 24 representation elections. Two of these elections need runoff elections, and three elections are being appealed. A total of 3,880 employees of a possible 12,000 are now represented by labor unions. Chapter 341 of 2001 permitted the presidents of system institutions to cooperate for the purposes of collective bargaining. This has not occurred, resulting in each of the 16 campuses having 3 separate and distinct bargaining units for a total of 48 bargaining units.

An informal survey by the Department of Legislative Services shows that 21 states, permit collective bargaining for faculty in institutions of higher learning. In the surrounding states, Pennsylvania and Delaware have collective bargaining while Virginia and the District of Columbia do not permit collective bargaining rights for their institutions of higher learning. In Maryland, Montgomery College has collective bargaining for faculty.

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 cost of administering collective bargaining will be borne by the HELRB (to oversee collective bargaining and resolve disputes) and the institutions (to implement collective bargaining and negotiate as the employer).

The HELRB advises that expansion of collective bargaining provided for in the bill will result in approximately 50% more bargaining units. Based on the fiscal 2002 working appropriation, board expenditures would increase by $74,900 in fiscal 2003 reflecting the

October 1, 2002 effective date, and 50% of the fiscal 2002 working appropriation not attributable to salaries and wages.

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 16 additional positions and incur other costs (at a total cost of $1.0 million) to administer the collective bargaining expansion. These positions and other costs would be spread among the constituent institutions and at the system headquarters.

Baltimore City Community College (BCCC) advises that it would need an additional position and incur other costs for a total cost of $114,700. Morgan State University advises that it would incur additional expenses of $40,000 annually. St. Mary's College advises that it would incur additional costs for personnel to support the expansion of collective bargaining of $90,200 annually.

The fiscal analysis for Chapter 341 of 2001 concluded that USM could implement the bill's requirements with approximately eight additional staff to handle collective bargaining negotiations (one additional position at the six largest constituent institutions and two positions shared among the smaller constituent institutions), and that each of the other three institutions covered under the bill -- Morgan State University, St. Mary's College, and Baltimore City Community College -- would also need an additional position to handle collective bargaining negotiations.

The expansion of collective bargaining would cover half as many bargaining units as provided under Chapter 341 of 2001, although slightly more employees (15,400) would be covered. The Department of Legislative Services advises that it is not unreasonable for an additional 11 positions to be required at the institutions. Higher education expenditures could therefore increase by an estimated $686,600 in fiscal 2003, which accounts for the bill's October 1, 2002 effective date. This estimate reflects the cost of hiring the 11 positions (at Grade 22) to handle the collective bargaining negotiations. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, including approximately $100,000 for contractual services (among all the institutions) for outside attorneys, economists, and labor specialists as necessary, and $25,000 for supplies. Future year expenditures reflect: (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

While it is difficult to determine the exact proportion attributable to State general funds, it is assumed that 70% of personnel costs are associated with State general funds and the other 30% with other restricted and unrestricted fund sources at the institutions.

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.

Providing collective bargaining for these faculty and student 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. The fiscal 2003 budget contains funds for a 2% cost of living increase ($25 million) beginning January 1, 2003. Higher education employees are included. If the bargaining resulted in provisions related specifically to these employees and over and above what was provided to other State employees, then personnel expenditures could increase accordingly.

Other Additional Expenditures for Other Items Negotiated via Collective Bargaining

In addition to the general salary increases, the Governor has granted other compensation and non-compensation benefits during collective bargaining negotiations, including tuition reimbursement and other expenses. It cannot be reliably estimated at this time whether improvements to working condition issues such as those related to tuition reimbursement or sabbaticals 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): St. Mary's College, Morgan State University, University System of Maryland, Maryland Higher Education Commission, Baltimore City Community College, Department of Legislative Services

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ncs/mdr

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