

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 379

(Montgomery County Delegation and
Prince George's County Delegation)

Appropriations

Washington Suburban Sanitary Commission - Collective Bargaining
MC/PG 107-03

This bill establishes procedures for collective bargaining for certain employees of the Washington Suburban Sanitary Commission (WSSC), repeals a limit on employee compensation, and defines rights under the bargaining process. The bill would apply to all bargaining cycles that begin on or after October 1, 2003, and does not apply to any collective bargaining agreement entered into by WSSC and the American Federation of State, County, and Municipal Employees, and AFL-CIO Council 67 and Local 298 before the effective date.

Fiscal Summary

State Effect: None. The bill would not materially affect State finances or activities.

Local Effect: Increase in administrative costs for WSSC of \$60,000 in the initial year, declining to \$25,000 annually in later years, and a potential increase in personnel costs. Revenues are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The bill establishes collective bargaining procedures for certain WSSC employees, including the subjects allowed for bargaining, and defines those employees eligible for collective bargaining. Among those who are excluded are supervisors, an

employee who formulates WSSC policy or has a major role in personnel administration, an attorney in the general counsel's office, commissioned law enforcement personnel, and any employee who may be required to assist in preparing for or conducting labor negotiations.

The bill describes the rights of employees and WSSC, including those related to a strike or lockout, and provides for a neutral party to investigate unfair labor practices and to conduct an election for an exclusive representative. The costs of a neutral party will be shared by the employee organization and WSSC. The bill requires WSSC and an exclusive representative to execute a memorandum of understanding (MOU) and requires the employee organization to submit a financial report within 60 days of the end of the fiscal year. WSSC must request funds for all terms of the MOU in its budget.

If an impasse cannot be resolved within 15 days after WSSC has submitted its proposed budget to the Montgomery and Prince George's county executives, either party can request that all noneconomic issues and health care benefits be submitted to binding arbitration by a neutral party.

The bill also repeals the limit on maximum salary increases for WSSC employees.

Current Law: There is no provision in current law for collective bargaining or binding arbitration for WSSC employees; however, WSSC has an administrative policy that addresses these issues. State law specifies that the maximum increase in employee compensation for WSSC employees, including merit and cost-of-living increases, may not exceed the increase authorized for State employees for the same fiscal year. This limit does not apply to an employee who is employed under a collective bargaining agreement or who receives a base salary of less than \$25,000 a year.

Background: According to a survey conducted by WSSC in February 2002, about half of the regional utilities (including local government sanitation) participate in collective bargaining. Of the seven public and private utilities that engage in collective bargaining, three are subject to binding arbitration. Currently, 409 WSSC employees (out of 1,500) belong to a collective bargaining unit that is not subject to binding arbitration. The unit consists of labor and trades positions in maintenance, plant operations, and automobile mechanics.

Local Expenditures: Expenditures would increase by \$60,000 in the initial year because of the election process for certification. This estimate includes \$50,000 for neutral party services to conduct an election (based on 500 hours at \$200 per hour) and \$10,000 for mailing and contractual costs. Neutral party time is estimated at \$25,000 annually in the out-years (based on 200 hours at \$200 per hour).

Personnel costs could also increase by 1% to 1.5%, based on research by the Department of Legislative Services (DLS). WSSC advises that approximately 985 employees, with an associated annual payroll of \$59 million for fiscal 2004, would be eligible for collective bargaining under the bill. However, because the costs related to the agreement must be approved (as part of WSSC's budget) by the county councils, the potential impact on payroll costs cannot be reliably estimated at this time.

DLS advises that lifting the limit on maximum salary increases could also significantly increase WSSC personnel costs if larger increases are approved. Currently, no cost-of-living adjustments are slated for State employees for fiscal 2004. Merit increases are not authorized in fiscal 2004. WSSC derives its revenues from rates charged for water and sewer service; any salary increases would not affect local government expenditures.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Montgomery County, Prince George's County, Washington Suburban Sanitary Commission, Department of Legislative Services

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lc/jr

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