

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

Senate Bill 722

(Senator Giannetti)

Finance

Maryland Transportation Authority Police Officers - Collective Bargaining

This bill authorizes all full-time Maryland Transportation Authority (MdTA) police officers at or below the rank of lieutenant to engage in collective bargaining for wages and benefits not regulated by MdTA, through a labor organization certified as their exclusive representative. The bill does not authorize MdTA police officers to participate in a strike.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: Nonbudgeted expenditures could increase by \$71,900 in FY 2007. This estimate does not include potentially significant unquantifiable nonbudgeted expenditures related to the terms of the collective bargaining agreement. No effect on revenues.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
NonBud Exp.	71,900	91,300	96,300	101,500	107,100
Net Effect	(\$71,900)	(\$91,300)	(\$96,300)	(\$101,500)	(\$107,100)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill also authorizes the police officers to take part in or refrain from taking part in forming, joining, supporting, or participating in a labor organization or its lawful activities; select a labor organization as their exclusive representative; enter into a collective bargaining agreement through their exclusive representative, covering wages and benefits not regulated by the authority; and certify a labor organization as their exclusive representative.

A labor organization must be deemed certified as an exclusive representative if a petition submitted to the authority for the organization to be recognized is signed by at least 51% of the police officers at or below the rank of lieutenant, indicating their desire to be exclusively represented by the petitioning labor organization for the purpose of collective bargaining. If the authority does not challenge the validity of the petition within 10 calendar days following its receipt, the labor organization must be deemed certified as the exclusive representative.

If the authority challenges the validity of the petition, the American Arbitration Association must be requested to appoint a neutral third party to conduct an election and to certify whether the labor organization has been selected as the exclusive representative by a majority of votes cast in the election. The costs associated with the American Arbitration Association and the neutral third party must be shared equally amongst the parties.

Following the certification of an exclusive representative, the parties must meet at reasonable times and engage in collective bargaining in good faith, and the parties must make every reasonable effort to conclude negotiations in a timely manner.

The collective bargaining agreement must contain all matters of agreement reached in the collective bargaining process. It may also contain a grievance procedure providing for nonbinding arbitration of grievances. The agreement must be in writing and signed by the designated representatives of the parties involved. An agreement is not effective until ratified by a majority of votes cast by the police officers in the bargaining unit, and the authority.

Current Law: MdTA police officers are not currently authorized to engage in collective bargaining for wages and benefits not regulated by the authority.

Background: MdTA manages, operates, and maintains the State's seven toll facilities (four bridges, two tunnels, and one highway) and provides law enforcement for these facilities, as well as Baltimore-Washington International Thurgood Marshall Airport and

the Port of Baltimore. Toll revenues and bonds are used to finance these projects as well as selected projects for the Maryland Department of Transportation.

State Fiscal Effect: MdTA advises that collective bargaining with its police officers would require one MdTA Administrator IV to conduct the collective bargaining negotiations, at an annual salary of \$67,000. MdTA expenditures could increase by an estimated \$71,876 in fiscal 2007, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring one MdTA Administrator IV to administer MdTA collective bargaining with its police officers. The estimate includes salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

Salary and Fringe Benefits – MdTA Admin. IV	\$66,681
Equipment and Supplies	4,930
Operating Expenses	<u>265</u>
Total FY 2007 MdTA Expenditures	\$71,876

Future year expenditures reflect (1) a full salary with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Any increase in personnel expenditures for MdTA police officers resulting from collective bargaining cannot be reliably quantified at this time, as it would depend on the terms of the collective bargaining agreement; however, the increase could be potentially significant. *For illustrative purposes only*, based on a dated study by the Department of Legislative Services, collective bargaining increases costs associated with salaries and fringe benefits by 1% to 1.5%. Assuming that police cadets would be excluded from collective bargaining, the fiscal 2006 total payroll (excluding benefits) for the 485 MdTA police officers at or below the rank of MdTA Police Lieutenant is \$24.2 million. Based on these assumptions, if through collective bargaining salaries of these individuals increase by 1%, MdTA annual personnel expenditures could increase by approximately \$242,000.

Additional Information

Prior Introductions: None.

Cross File: HB 1151 (Delegate DeBoy, *et al.*) – Appropriations.

Information Source(s): Maryland Transportation Authority, Maryland Department of Transportation, Department of Legislative Services

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ncs/ljm

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