

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 1079
 Appropriations

(Delegate Howard, *et al.*)

Education - Collective Bargaining - Public School Labor Relations Board

This bill establishes an independent five-member Public School Labor Relations Board to hear and resolve disputes between local boards of education and local employee organizations for certificated and noncertificated school employees. The bill allows the board to hear disputes about what matters are subject to negotiation and repeals the authority of the local boards of education to make the final determinations of the matters that have been the subject of negotiation.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: Assuming local school systems reimburse the State for the cost of the new labor relations board, special fund revenues and expenditures would increase by an estimated \$400,000 in FY 2008. Future year expenditure estimates reflect ongoing operating costs and inflation. Special fund revenues would match expenditures. Alternatively, if school systems do not reimburse the State, general fund expenditures would increase to support the new board without a commensurate revenue increase.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
SF Revenue	\$400,000	\$390,000	\$405,600	\$421,800	\$438,700
SF Expenditure	400,000	390,000	405,600	421,800	438,700
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: Local school expenditures would increase by an estimated \$400,000 to reimburse the State for the cost of the new labor relations board. In addition, administrative and legal expenditures could increase due to more complex labor

negotiations and a potential increase in labor disputes. The potential expansion of matters subject to collective bargaining could also impact local school system finances.

Small Business Effect: None.

Analysis

Bill Summary: The Public School Labor Relations Board consists of five members appointed by the Governor with the advice and consent of the Senate, including two chosen from a list provided by employee organizations and two who must be members of the education or business community. Members serve staggered, five-year terms and are entitled to the salaries provided in the State budget and standard State reimbursements. A board member must take an oath of office and may be removed by the Governor for incompetence or misconduct.

The Public School Labor Relations Board must administer and enforce the labor relations provisions relating to public schools and may adopt regulations, guidelines, and policies to carry out its rights and recommend legislative action regarding its operation. In deciding labor relations matters, the board may conduct hearings, subpoena witnesses, administer oaths, take the testimony or deposition of a person under oath, and conduct investigations. If a person fails to comply with an order issued by the board, the board may petition a circuit court to order the person to comply with the board's order. A party aggrieved by a decision of the board has a right to judicial review of the decision.

The board must appoint an executive director, who serves at the pleasure of the board and must perform the duties that the board assigns. The executive director may hire any staff necessary to carry out the board's responsibilities.

Current Law: The State Board of Education decides all controversies and disputes regarding public elementary and secondary education, including disputes between local boards of education and the local employee organizations representing school system personnel.

Local boards of education and employee organizations must negotiate all matters that relate to salaries, wages, hours, and other working conditions. The school calendar, class size, and any other matter prohibited by State law are not subject to collective bargaining. The groups may negotiate on other matters that are mutually agreed upon, but matters for which there is not mutual agreement may not be raised in any action taken to resolve an impasse between the groups. Local boards of education must make the final determination as to matters that have been the subject of negotiation, but the

determination is subject to the fiscal relationship between the local boards and their local governments.

Background: There are currently two labor relations boards operating in Maryland, the State Labor Relations Board (SLRB) and the Higher Education Labor Relations Board (HELRB). Chapter 62 of 2006 consolidated the administration of the two boards, requiring them to jointly appoint a single executive director. Each board meets approximately eight times per year, and board members receive \$100 per meeting (except the chairmen, who receive \$125 each) and are entitled to standard expense reimbursements. The proposed fiscal 2008 State budget includes \$374,548 for the boards; the majority of the appropriation (\$310,960) is reimbursable funds from public higher education institutions, with the remainder (\$63,588) being paid from State general funds.

The Maryland State Department of Education (MSDE) advises that the State Board of Education has heard between three and five significant labor negotiation disputes over the last eight years. Under a more broad definition of labor disputes, the State board has heard 18 cases since 1999, or about two to three cases per year.

State Revenues: Using the HELRB as a model, with public institutions of higher education reimbursing the State for the cost of the labor relations board, it is assumed that local school systems would likewise reimburse the State for the costs of a Public Education Labor Relations Board. A special fund would be established to collect the reimbursements, and it is assumed that collections would match the expenditures needed to operate the board.

State Expenditures: Special fund expenditures would increase by an estimated \$400,000 in fiscal 2008, which accounts for the bill's July 1, 2007 effective date. This estimate reflects the cost of establishing a Public School Labor Relations Board as a separate unit of State government and is based on the proposed fiscal 2008 budget for SLRB and HELRB. Between them, the two existing labor relations boards employ an executive director and two other full-time staff members. The budgeted amount pays the three full-time salaries and associated fringe benefits; stipends and expense reimbursements for members of SLRB and HELRB; contractual costs for legal services and hearings performed by administrative law judges; and other ongoing operating expenses for SLRB, HELRB, and the administrative staff for the boards. For the Public Schools Labor Relations Board, \$25,000 was added to budgeted SLRB and HELRB expenditures to cover initial start-up costs. Future year expenditures would not include the additional \$25,000 and are expected to increase 4% annually.

Alternatively, the increased expenditures could be entirely borne by the State general fund.

Local Expenditures: Local school expenditures would increase to pay the State for the operation of a new Public School Labor Relations Board and could also increase due to the changes to collective bargaining. Reimbursements to the State for the labor relations board could be based on a set amount from each school system, plus some additional amount based on each system's use of the board. Assuming that total reimbursements from local school systems would only cover the operating costs of the board, local school system expenditures would increase by an estimated \$400,000 in fiscal 2008, with future years reflecting inflation in ongoing board costs.

Local school expenditures could also increase due to administrative and legal costs associated with a potential expansion of the matters that are subject to collective bargaining negotiations. The expansion could make negotiations longer and more complex and could result in more labor disputes. The additional administrative and legal expenses associated with the change cannot be reliably estimated, but collectively, costs for the 24 local boards of education could be significant.

Under current law, employee salaries, wages, hours, and working conditions are mandatory collective bargaining subjects, and class sizes, the school calendar, and other matters excluded by law are illegal subjects for bargaining. All other items must be mutually agreed upon by local boards of education and local employee organizations, with the local board of education making a final determination about matters that have been the subject of negotiation. The bill would maintain the illegal subjects but would allow negotiations over items upon which there is not mutual agreement if the labor relations board determines that the items are permissive negotiation subjects. Depending on the matters that become subject to negotiation, costs for local school systems could be further affected.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Association of Boards of Education, Maryland State Department of Education, State Labor Relations Boards, Governor's Office, Department of Legislative Services

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mll/rhh

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