

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 509

(Senator Della)

Finance

Appropriations

Baltimore City - Binding Arbitration - Police Officers

This bill requires binding arbitration between Baltimore City and the certified employee organization representing city police officers if collective bargaining negotiations have not produced a written agreement by March 1 of any year and one of the parties requests arbitration. The procedures for binding arbitration between Baltimore City and city police officers are the same as those currently in place between the city and its firefighters and fire officers. The parties are equally responsible for the costs of the arbitration proceedings.

The bill takes effect October 1, 2010.

Fiscal Summary

State Effect: None.

Local Effect: Potential increase in Baltimore City expenditures related to binding arbitration proceedings beginning in FY 2011. Revenues would not be affected. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: Binding arbitration is required between Baltimore City and the certified organizations representing city firefighters and fire officers, if collective bargaining

proceedings have not produced a written agreement by March 1 of any year and arbitration is requested by one of the parties.

The board of arbitration has three members, one appointed by the mayor and one appointed by the certified employee organization representing the bargaining unit. These two members choose the third (who will serve as the chair) from a list furnished by the American Arbitration Association. Statute limits the time in which the board must be appointed and the time in which the board must rule.

The board is required to identify the major issues in the dispute, review positions of all parties, and take into consideration a number of factors, including wages, benefits, hours, and other working conditions of other fire departments and other public safety employees in Maryland and comparable metropolitan areas of other states, as well as cost-of-living. The board has the power to administer oaths, compel the attendance of witnesses, and require evidence by subpoena. After hearing witnesses and considering evidence, the board must (by written decision) order the implementation of the last proposal of one of the parties, in its entirety. This decision is the final decision, and there are no provisions for appeal.

Background: Chapter 704 of 1985 codified the binding arbitration provisions regarding collective bargaining negotiations between Baltimore City and the certified organization(s) representing city firefighters and fire officers.

Baltimore City police officers are in two bargaining units; Unit I includes police officers, police agents, and flight officers, and Unit II includes police sergeants and lieutenants. Together, the units comprise approximately 2,400 officers. The current memorandum of understanding (MOU) for both units became effective July 1, 2004 and expires June 30, 2007. Each MOU automatically renews from year to year, unless either party gives written notice to the other party by January 1 indicating their desire to terminate, modify, or amend it.

Baltimore City advises that it has not yet begun collective bargaining negotiations with the representative for either police bargaining unit, although it expects negotiations to begin soon.

Local Fiscal Effect: To the extent that collective bargaining negotiations with either police bargaining unit do not conclude by March 1, and either party requests binding arbitration, Baltimore City expenditures could increase to cover half of the costs associated with the arbitration proceedings. City expenditures could increase even further, to the extent that there is a dispute regarding the interpretation of the collective bargaining agreement that results in binding arbitration. The cost of binding arbitration

would depend on how many times it was required each year and the length of the hearing, neither of which can be reliably quantified at this time. In any event, the fiscal effect would not begin until fiscal 2011.

For illustrative purposes only, according to the Federal Mediation and Conciliation Service, the average arbitrator per diem rate in Maryland is \$992; therefore, the per diem cost for a panel three arbitrators would be \$2,976. Assuming five billable days of arbitration, the total cost for the arbitrators alone would be \$14,880 – Baltimore City would be responsible for paying half of this, or \$7,440. This estimate does not include the cost for transcription services.

According to Baltimore City, in calendar 2004 arbitration services cost the city approximately \$4,400 per session and \$4,900 per hearing transcript service for a total of \$9,300. The city entered into contract interpretation arbitration with the Baltimore City fire department employees three times in fiscal 2006. Based on its experience with binding arbitration with fire department employees, the city estimates that this bill could increase city expenditures by \$30,000 per year.

Any future costs associated with the outcome of binding arbitration proceedings depend on the wages and benefits associated with the final agreement, as chosen by the board of arbitration.

Additional Information

Prior Introductions: None.

Cross File: HB 1167 (Delegate Oaks, *et al.*) – Rules and Executive Nominations.

Information Source(s): Baltimore City, Department of Legislative Services

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