

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 470
Finance

(Senator Della)

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.

Fiscal Summary

State Effect: None.

Local Effect: Potential increase in Baltimore City expenditures related to binding arbitration proceedings beginning in FY 2009. Revenues would not be affected. **This bill imposes 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 2,827 officers. The current memorandum of understanding for both units expires June 30, 2008.

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.

For illustrative purposes only, according to the Federal Mediation and Conciliation Service, the average arbitrator per diem rate in Maryland is \$1,044; therefore, the per diem cost for a panel three arbitrators would be \$3,132. Assuming five billable days of arbitration, the total cost for the arbitrators alone would be \$15,660 – Baltimore City would be responsible for paying half of this, or \$7,830. This estimate does not include the cost for transcription services.

According to Baltimore City, in 2007, arbitration proceedings with the fire department cost the city approximately \$190,100. This includes legal fees (\$147,000), the cost of arbitrator services (\$19,300), the cost of a court reporter (\$3,100), travel expenses incurred by the arbitrators (\$11,100), and the arbitrator's cancellation fee (\$9,600).

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: SB 509 of 2007, a similar bill, received a favorable with amendments report from the Senate Finance Committee and passed the Senate. The House Appropriations Committee took no action on the bill or its cross file, HB 1167.

Cross File: None identified, although HB 1507 is identical.

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

Fiscal Note History: First Reader - March 4, 2008
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