

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 218
Appropriations

(Delegate McDermott, *et al.*)

State Personnel - Collective Bargaining - Service Fee Exemption - Charity
Selection Period

This bill requires collective bargaining organizations representing State employees to give employees who are exempt from paying a service fee 30 days to select the charitable organization that will receive payments from the employee for the following year. It also requires the collective bargaining organization to give the employee 15 days from the date the employee makes a selection to change the charitable organization that will receive payments from the employee.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: None. The bill is procedural in nature and has no effect on governmental finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Chapter 187 of 2009 authorizes the State to collectively bargain with the exclusive representative of a bargaining unit for service fees from State employees who are not members of that exclusive representative. Thus, employees who are in a bargaining unit but are not members of any employee organization must pay the service fee if a fee is successfully negotiated. Likewise, employees who are dues-paying

members of an employee organization that is not the exclusive representative must also pay any negotiated service fee.

Employees may not be required to pay a service fee due to specified religious objections. However, such employees are required to pay up to an amount equal to the negotiated service fee to a nonprofit charitable organization. To receive this exemption, employees must provide proof of payment to the exclusive representative and either the Department of Budget and Management or, in the case of an employee of an institution of higher education, the President of the institution or the President's designee.

While an exclusive representative bargains for all members of a particular bargaining unit, only some of these individuals pay union membership dues to the representing organization. A service fee is paid by an employee to his or her bargaining unit's exclusive representative to offset costs attributable to the collective bargaining process. Generally, this fee is less than the amount charged for union dues because service fees cannot be used for any political activity in which the union engages.

A memorandum of understanding (MOU) between the American Federation of State, County, and Municipal Employees (AFSCME), the American Federation of Labor and Congress of Industrial Organizations, and the State regarding bargaining units A, B, C, D, and F includes a provision requiring all employees who are covered by the MOU but who are not members of AFSCME to pay AFSCME a service fee as a condition of continued employment with the State. The requirement to pay the service fee was effective July 1, 2011, or within 30 calendar days of employment with the bargaining unit. The amount of the service fee was not specified in the proposed MOU but must not exceed the amount of dues uniformly required of AFSCME members. The MOU requires the State to automatically withhold from the biweekly salary of each employee who is not an AFSCME member the service fee as determined without the necessity of a written, signed authorization of the employee. The fee assessed by AFSCME, which represents the largest group of State employees, is \$13.89 per biweekly pay period, or \$361 per year. In most cases, the fee is paid as a payroll deduction by the Central Payroll Bureau of the Comptroller's Office. A new MOU due to take effect in fiscal 2015 has not yet been ratified by members.

On January 21, 2014, the U.S. Supreme Court heard oral arguments in *Harris v. Quinn*, which is challenging the constitutionality of service fees. The court has upheld the rights of states to require such fees since 1977. A decision is not expected until the summer.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management, University System of Maryland, *The Washington Post*, Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2014
ncs/ljm

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