

**Department of Legislative Services**  
 Maryland General Assembly  
 2016 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 690 (Senator Bates)  
 Finance

**State Labor Relations Board and the State Higher Education Labor Relations Board - Election and Certification of Exclusive Representatives**

This bill requires an election for an exclusive representative of a State bargaining unit to be conducted every four years if a valid petition is filed by an appropriate bargaining unit. If a valid petition is not filed with the State Labor Relations Board (SLRB) or the State Higher Education Labor Relations Board (SHELRB) at the end of four years, SLRB or SHELRB must decertify the exclusive representative of the bargaining unit. SLRB and SHELRB must contract with an independent third party that specializes in conducting elections to conduct an election by secret ballot through the Internet or by telephone.

The bill takes effect July 1, 2016.

**Fiscal Summary**

**State Effect:** Reimbursable revenues and expenditures for SHELRB increase by \$80,400 and SLRB general fund expenditures increase by \$17,600 in FY 2020, and every four years thereafter, to hold collective bargaining elections conducted by an independent third party; higher education expenditures by public postsecondary institutions increase correspondingly to reimburse SHELRB. To the extent that SLRB and SHELRB decertify collective bargaining units, the State may incur lower personnel costs beginning in FY 2021. Revenues are not otherwise affected.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
ReimB. Rev.	\$0	\$0	\$0	\$80,400	\$0
GF Expenditure	\$0	\$0	\$0	\$17,600	\$0
GF/SF/FF Exp.	\$0	\$0	\$0	\$0	(-)
ReimB. Exp.	\$0	\$0	\$0	\$80,400	\$0
Higher Ed Exp.	\$0	\$0	\$0	\$80,400	(-)
Net Effect	\$0	\$0	\$0	(\$98,000)	\$0

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

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** SLRB or SHELRB must certify as exclusive representative the employee organization receiving the votes in an election from a majority of the employees in a bargaining unit, instead of from a majority of the employees voting in the election.

The bill eliminates the prohibition that SLRB or SHELRB may not conduct an election for an exclusive representative of a bargaining unit if SLRB or SHELRB conducted an election or certified an exclusive representative for that bargaining unit within the preceding two years.

SLRB or SHELRB must no longer conduct a runoff election between the choices that received the two highest number of votes in the election if none of the choices on a ballot receives a majority of choices. Instead, if none of the choices receives a majority on the first ballot, SLRB or SHELRB must decertify the exclusive representative of the bargaining unit.

If an exclusive representative of a bargaining unit is decertified, the employees of the bargaining unit may not be included in a similar bargaining unit for 12 months from the date of decertification.

The results of an election are null and void if there is clear and convincing evidence of fraud or coercion.

**Current Law:** Chapter 298 of 1999 established statutory collective bargaining rights for approximately 40,000 State employees; previously, collective bargaining rights had been established by a 1996 executive order. Except as otherwise specified, the collective bargaining law currently applies to all employees of the:

- principal departments within the Executive Branch;
- Maryland Insurance Administration;
- State Department of Assessments and Taxation;
- State Lottery and Gaming Control Agency;
- Office of the Comptroller;
- State Retirement Agency;

- Maryland State Department of Education;
- University System of Maryland (USM), Morgan State University (MSU), St. Mary's College of Maryland (SMCM), and Baltimore County Community College (BCCC), except as specified; and
- Maryland Transportation Authority employees and police officers who are at the rank of first sergeant and below.

The following personnel are not included:

- Maryland Transit Administration employees;
- Legislative and Judicial Branch personnel;
- elected and appointed officials;
- the Governor's and Lieutenant Governor's staff;
- special appointees and executive service personnel in the State Personnel Management System (SPMS);
- senior administrators, faculty members, student employees, and other designated employees of USM, MSU, SMCM, or BCCC;
- the chief, deputy, or assistant administrator of a unit with an independent personnel system;
- temporary or contractual employees in SPMS;
- an employee who is entitled to participate in collective bargaining under another law;
- an employee whose participation in a labor organization is contrary to the State's ethics laws; and
- any supervisory, managerial, or confidential employee as defined by regulation.

SLRB is a five-member independent unit of State government responsible for administering and enforcing the State's collective bargaining law, particularly the establishment of new collective bargaining units and the certification of exclusive employee representatives for those units.

SLRB and SHELRB must conduct an election for an exclusive representative of a bargaining unit if a valid petition is filed by an appropriate bargaining unit unless the boards have already conducted an election or certified an exclusive representative for that bargaining unit within the past two years.

An election conducted by secret ballot must be held in any unit within 90 days after the filing of a valid petition. If none of the choices on a ballot receives a majority of the votes cast in an election, SLRB or SHELRB must conduct a runoff election between the choices that received the two highest number of votes in the election. The boards must certify as

exclusive representative the employee organization receiving the votes in an election from a majority of the employees voting in the election.

**Background:** There are 41 higher education employee bargaining units and 9 State employee bargaining units. Between November 2001 and March 2015, SHELRB held 39 elections, of which a runoff election was necessary in two elections and only one election did not have a majority of employees turn out to vote.

**State Expenditures:** SLRB is funded with general funds; SHELRB is funded by reimbursable revenues paid by public postsecondary institutions in the State. Expenditures increase by \$98,000 every four years beginning in fiscal 2020 for SLRB and SHELRB to hold elections through an independent third party. SLRB and SHELRB must conduct an election for each bargaining unit every four years if a valid petition is filed, and if not, the boards must decertify the exclusive representative of the bargaining unit. Assuming all 50 bargaining units file petitions every four years and it costs \$1,000 for a third-party election company to conduct an election, SLRB incurs \$9,000 of contractual service expenses and SHELRB incurs \$41,000 of contractual service expenses in fiscal 2020. To inform employees of the elections, SLRB incurs \$8,640 of communication expenses and SHELRB incur \$39,360 of communication expenses in fiscal 2020.

If none of the choices on a ballot receives a majority of votes from the employees in a bargaining unit, or if an exclusive representative falls short of 50% of the members of the bargaining unit (instead of 50% of the voting members), SLRB and SHELRB must decertify the exclusive representative of the bargaining unit. To the extent that SLRB and SHELRB decertify collective bargaining units, the State may incur lower personnel costs beginning in fiscal 2021.

This analysis assumes the four-year timeframe applies beginning with the bill's effective date; however, if it applies beginning with the most recent election held for each bargaining unit, costs could be incurred as soon as fiscal 2017. Likewise, lower personnel costs could be realized due to decertification beginning in fiscal 2018.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Governor's Office, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - March 14, 2016  
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