

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 736
Appropriations

(Delegate Tarlau, *et al.*)

Labor and Employment - Employment Rights for Local Government Employees
- Establishment

This bill requires a county or municipality that employs at least 20 employees, and allows a county or municipality with fewer than 20 employees, to enact a local law to authorize collective bargaining between the employer and an employee organization exclusively representing its employees. The bill does not require any specific type of collective bargaining, but the local law enacted must address the rights of employees and the employer and specified processes to be used. Subject to specified provisions, a memorandum of understanding between a charter county and an exclusive representative must bind the charter county for the period of time that is provided for in the agreement.

The bill applies only prospectively and may not be interpreted to apply to a collective bargaining law or agreement entered into before the bill's October 1, 2016 effective date.

Fiscal Summary

State Effect: None. The bill only affects local government operations.

Local Effect: Local government expenditures in jurisdictions that do not currently authorize collective bargaining likely increase for staff to implement collective bargaining, and may increase further depending on salary and benefits packages that are developed through collective bargaining agreements. Local government revenues are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: State law specifies that it is the policy of the State that negotiation of terms and conditions of employment should result from a voluntary agreement between employees and the employer and, thus, each individual worker must be fully free to associate, organize, and designate a representative for negotiation of terms and conditions of employment. This process must be free from coercion, interference, or restraint by an employer in (1) designation of a representative; (2) self-organization; and (3) other concerted activity for the purpose of collective bargaining or other mutual aid or protection. State law establishes a procedure for certifying a labor organization as the bargaining representative for a workplace, and a majority of employees must vote in favor of joining a union in order for a workplace to unionize.

A charter county or municipality has the authority to enact a local law or ordinance to permit voluntary collective bargaining between the charter county or municipality and an employee organization exclusively representing fire, emergency medical service, paramedic, or rescue employees that are hired or compensated by the charter county or municipality.

Background: According to the U.S. Bureau of Labor Statistics (BLS), 10.4% of employees in Maryland were *members of* unions and 12.2% of employees in Maryland were *represented by* unions (which includes those paying service fees) in 2015, which are similar to the national average of 11.1% and 12.3%, respectively. Nationally, public-sector employees had a union membership rate of 35.2%, which was more than five times higher than the union membership rate of 6.7% for private-sector employees in 2015. Nationally, 41.3% of local government employees were *members of* unions and 45.0% of local government employees were *represented by* unions (which includes those paying service fees) in 2015.

Local Fiscal Effect: Each county and Baltimore City have over 200 employees so they all must enact local laws to authorize collective bargaining if they do not already have local laws that meet the requirements of the bill. Baltimore City and some counties, such as Baltimore and Prince George's counties, already have local laws that cover the requirements of the bill so there is no effect in those jurisdictions.

Local jurisdictions that do not have collective bargaining laws will likely experience a significant increase in expenditures, depending on the collective bargaining laws they enact. BLS reports the median weekly earnings of full-time nonunion local government workers is \$783 while that of union members is \$1,043. Based on the wage difference of nonunion and union workers, Frederick County estimates county wages could increase by as much as \$14.7 million, plus more for fringe benefits. Frederick County anticipates approximately \$50,000 of legal costs dealing with labor issues and the county may require

two additional human resource administrators. Likewise, Calvert County estimates a 25% to 35% increase in personnel costs as a result of negotiating with unions that lead to higher employee wages and benefits. Harford County anticipates a significant increase in expenditures for arbitration. Dorchester County only has one human resource staff, so the county would need an additional collective bargaining specialist.

The Maryland Municipal League estimates more than 90% of municipalities have no collective bargaining agreements. However, the median municipality only has 10 employees, so approximately 55, or 35%, of municipalities are affected by the bill. For example, the Town of La Plata estimates costs increasing by \$5,000 for legal and human resource consulting costs, and additional significant costs for administering the collective bargaining plan and personnel benefit costs.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City; Baltimore, Calvert, Dorchester, Frederick, Harford, Montgomery, Prince George's, and Queen Anne's counties; City of Laurel; Town of La Plata; Maryland Association of Counties; Maryland Municipal League; Department of Labor, Licensing, and Regulation; U.S. Bureau of Labor Statistics; Department of Legislative Services

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Analysis by: Heather N. Ruby

Direct Inquiries to:
(410) 946-5510
(301) 970-5510