

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1370

(Delegate P. Young, *et al.*)

Appropriations

**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, 2017 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 they 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), 11.0% of employees in Maryland were *members of* unions and 12.3% of employees in Maryland were *represented by* unions (which includes those paying service fees) in 2016, which are similar to the national averages of 10.7% and 12.0%, respectively. Nationally, public-sector employees had a union membership rate of 34.4%, which was more than five times higher than the union membership rate of 6.4% for private-sector employees in 2016.

Local Fiscal Effect: Each county government, including Baltimore City, has more than 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 Montgomery and Washington counties, already have local laws that cover the requirements of the bill so there is no fiscal effect in those jurisdictions.

Local jurisdictions that do not have collective bargaining laws 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 \$817 while that of union members is \$1,089, so based on this wage difference, wages may increase significantly under collective bargaining agreements.

Kent County estimates expenditures increase by \$108,600 in fiscal 2018 and by \$119,440 in fiscal 2022 to hire a labor contract negotiator. Likewise, Worcester County estimates it needs to hire at least one labor law attorney.

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. The Town of Bel Air estimates wage and employee benefit expenditures increase by almost \$175,000 for every 2% increase in salaries and employee benefits that occur due to collective bargaining. Additionally, Bel Air estimates legal expenses associated with drafting and administering collective bargaining agreements of \$29,000 in fiscal 2018 and \$5,800 annually thereafter.

Additional Information

Prior Introductions: HB 736 of 2016 received an unfavorable report from the House Appropriations Committee.

Cross File: None.

Information Source(s): Baltimore City; Kent, Montgomery, Washington, and Worcester counties; Maryland Association of Counties; City of Westminster; towns of Bel Air and Leonardtown; Maryland Municipal League; Department of Labor, Licensing, and Regulation; U.S. Bureau of Labor Statistics; Department of Legislative Services

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