

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 116
Appropriations

(Delegate R. Lewis)

Finance and Education, Energy, and the
Environment

Trustees of the Walters Art Gallery - Collective Bargaining

This bill establishes a collective bargaining process for the Board of Trustees of the Walters Art Gallery and employees of the Walters Art Gallery in accordance with Article 12 of the Baltimore City Code and under the jurisdiction of the Labor Commissioner of Baltimore City. The bill also requires (1) the establishment of one bargaining unit comprising of all employees of the museum except supervisory employees; (2) the certification of an employee organization as the exclusive representative of the bargaining unit by the Labor Commissioner of Baltimore City either through an election or card check procedure; and (3) that an employee organization cannot be denied certification as the exclusive representative of the bargaining unit under the circumstances specified. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: None.

Local Effect: Potential increase in Baltimore City expenditures depending upon whether the annual collective bargaining agreement requires the city government to increase its annual contribution to the Walters Art Gallery. Baltimore City revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The bill establishes an alternative to election under which, the Labor Commissioner of Baltimore City must certify an employee organization as the exclusive representative of the bargaining unit through what is commonly known as a card check procedure. Before such a certification in lieu of an election, a petition must be filed with the Labor Commissioner stating that a substantial number of employees request the services of the employee organization stated in the petition to be their exclusive

representative during collective bargaining. Further, the Labor Commissioner must find that a majority of the employees in the bargaining unit signed valid authorizations, which gives the employee organization exclusive authority to represent the employees and that no other employee organization is currently certified or recognized as the exclusive representative of the bargaining unit.

Current Law: The Walters Art Gallery, now called the Walters Art Museum, is a quasi-governmental agency of the Baltimore City government. The art museum, located in Baltimore's Mount Vernon neighborhood, was established in 1934 "for the benefit of the public" by Henry Walters who bequeathed to Baltimore City an extensive art collection begun by his father William T. Walters, along with two buildings and an endowment. The art museum is governed by the independent Board of Trustees, which was established by the General Assembly in 1933 (Chapter 217).

Funding for the Walters Art Gallery

The art museum is funded through several sources including investment income, public grants, and individual contributions (**Exhibit 1**). In fiscal 2021, support and revenue for the Walters Art Gallery totaled \$60.3 million, of which \$51.5 million represented net investment income. Public grants totaled \$2.0 million and individual contributions totaled \$5.0 million. Annual expenses for the art museum totaled \$15.2 million in fiscal 2021 of which \$9.8 million represented employee salaries and benefits (**Exhibit 2**).

Collective Bargaining Process in Baltimore City

Article 12, Subtitle 4 of the Baltimore City Code establishes the statutory requirements for certification and recognition of employee organizations and grants the employer and the employee organization a mutual duty to negotiate collectively. The employer must recognize any employee organization certified by the Labor Commissioner as the exclusive representatives of the employees in the unit identified for the purpose of collective negotiation. The employee organization will be responsible for fairly representing the interests of all employees in the unit without discrimination.

A petition or petitions must be filed with the Labor Commissioner by or on behalf of an employee organization indicating that a significant number of employees request the services of the employee organization stated in the petition to be their exclusive representative for collective negotiation, or that the employee organization currently certified no longer represents the majority of employees in the unit. Additionally, the petition should include claims by the employer that one or more employee organizations have requested to be the exclusive representative of a majority of employees in the specified unit. The Labor Commissioner is responsible for processing the petition and negotiating on behalf of the employer with the employee organization as specified within five days of filing.

Exhibit 1
Statement of Activities
Trustees of the Walters Art Gallery
Fiscal 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
Net Investment Income	\$9,195,822	\$42,329,989	\$51,525,811
Public Grants	1,987,255	0	1,987,255
Contributions, Memberships, and Other Grants	3,053,045	1,929,396	4,982,441
Change in Value of Annuity Obligation and Contribution	23,775	88,167	111,942
Retail Operations	37,957	0	37,957
Employee Benefit Contributions	1,665,350	0	1,665,350
Exhibit Rental and Other Income	30,640	0	30,640
Satisfaction of Program Restrictions and Release of Investment Income	5,714,582	-5,714,582	0
Satisfaction of Acquisition Restrictions	93,313	-93,313	0
Satisfaction of Capital Restrictions	78,725	-78,725	0
Total Support and Revenue	\$21,880,464	\$38,460,932	\$60,341,396
Expenses			
Curatorial	\$1,280,491	\$0	\$1,280,491
Collections Management	873,220	0	873,220
Conservation	849,262	0	849,262
Education and Public Programs	871,852	0	871,852
Development	998,603	0	998,603
Marketing and Communications	722,899	0	722,899
Building Operations	4,846,099	0	4,846,099
Administration	2,216,602	0	2,216,602
Visitor Services	294,180	0	294,180
Imaging and Intellectual Property	435,564	0	435,564
Safety and Security	1,453,119	0	1,453,119
Retail Operations	296,610	0	296,610
Accessions	85,452	0	85,452
Total Expenses	\$15,223,953	\$0	\$15,223,953
Change in Net Assets	\$6,656,511	\$38,460,932	\$45,117,443
Net Assets – Beginning of Year	\$61,279,296	\$127,766,994	\$189,046,290
Net Assets – End of Year	\$67,935,807	\$166,227,926	\$234,163,733

Source: Trustees of the Walters Art Gallery Audited Financial Statements

Exhibit 2
Statement of Functional Expenses
Trustees of the Walters Art Gallery
Fiscal 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Employee Benefits	\$792,613	\$413,037	\$114,649	\$1,320,299
Payroll Taxes	424,335	93,962	55,931	574,228
Salaries	5,696,817	1,394,120	794,568	7,885,505
Total Salaries and Related Expenses	\$6,913,765	\$1,901,119	\$965,148	\$9,780,032
Accessions	\$85,452	\$0	\$0	\$85,452
Advertising	100,695	152	8,577	109,424
Bank Fees	1,208	21,047	0	22,255
Conferences and Events	8,217	1,032	880	10,129
Depreciation	1,525,241	653,675	0	2,178,916
Dues and Memberships	18,908	39,106	2,173	60,187
Food and Beverage	2,666	1,232	8,565	12,463
Information Technology	171,026	69,179	3,978	244,183
Insurance	1,502	221,125	0	222,627
Other	4,784	51,424	-6,036	50,172
Postage	15,298	3,552	1,701	20,551
Professional Fees	362,858	207,089	8,623	578,570
Recruitment	14,919	40,714	15	55,648
Rent	188,910	0	0	188,910
Repairs and Maintenance	480,868	165,684	0	646,552
Supplies	102,587	6,558	4,979	114,124
Transportation	24,320	457	0	24,777
Travel	4,231	5,295	0	9,526
Utilities	583,680	225,775	0	809,455
Total Expenses	\$10,611,135	\$3,614,215	\$998,603	\$15,223,953

Source: Trustees of the Walters Art Gallery Audited Financial Statements

The “appropriate unit” as defined by the Labor Commissioner is one which consists primarily of employees in a civil service job classification or group of related civil service job classifications. A unit is considered inappropriate if it includes both professional and other employees as specified or if it includes both supervisory and nonsupervisory personnel.

Local Fiscal Effect: Baltimore City expenditures potentially increase to the extent that the annual collective bargaining agreement requires the city government to increase its annual contribution to the Walters Art Gallery. Baltimore City government already provides a direct payment to the Walters Art Gallery for various employee benefits, which totaled \$1.7 million in fiscal 2021. In addition, art museum employees are currently allowed to participate in the city government's health benefit plans, and certain employees can participate in the city's pension plan.

Assuming Baltimore City government decides to increase the annual contribution to the art museum to cover the additional personnel costs related to the collective bargaining agreement, local expenditures increase. *For illustrative purposes*, based on the art museum's salary level in fiscal 2021, each 1% increase in employee salaries results in an additional cost of around \$80,000 annually.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 284 (Senator Carter)(By Request - Baltimore City Administration) - Finance and Education, Energy, and the Environment.

Information Source(s): Baltimore City; Walters Art Museum; Department of Legislative Services

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