SB 332 - SMCM - Cost of Living.pdf

Uploaded by: Donna Edwards

Position: FAV

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SB 332 – Higher Education – St. Mary's College of Maryland – Cost-of-Living Adjustment
Senate Budget and Taxation Committee
February 9, 2022

SUPPORT

Donna S. Edwards
President
Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of SB 332 – Higher Education – St. Mary's College of Maryland – Cost-of-Living Adjustment. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 340,000 union members, I offer the following comments.

Workers for the University System of Maryland and Morgan State University currently enjoy 100% of the Cost-of-Living-Adjustment (COLA) that other state employees receive. Workers at St. Mary's College, however, only receive 50% of the state employee COLA. Inexplicably, these state employees are on a second tier, while their counterparts in other areas of the state, doing the same exact work, are receiving a full COLA.

SB 332 corrects this by changing the funding formula for St. Mary's College to provide 100% funding for any cost-of-living increases provided to state workers. This bill will bring workers at St. Mary's College back in line with other state workers at Maryland's higher education institutions. This bill is about fundamental fairness, and it shows that the General Assembly recognizes and honors the work done at all our universities.

For these reasons we ask for a favorable report on SB 332.

AFSCME_FAV_SB332.pdf
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Testimony
SB 332 – Higher Education – St. Mary's College of Maryland – Cost-of-Living-Adjustment
Budget & Taxation
February 9, 2022
Support

SB 332 changes the funding formula for St. Mary's College to provide 100% funding for any Cost-of-Living Increase (COLA) provided to state employees. Currently, their formula calls for only 50% funding. St. Mary's is the only higher education institution that is treated this way. The University System of Maryland and Morgan State University currently receive 100% of the cost of the state employee COLA.

This funding formula was at least an improvement from the previous one which had no allowance for COLA's. In 2017, St. Mary's argued that increases in benefits and compensation were increasing at a higher rate than revenues. However, instead of bringing St. Mary's up to the level of COLA funding as USM and Morgan, legislation only provided the smaller 50% amount.

The problem now is that in Collective Bargaining negotiations with AFSCME Local 3980, St. Mary's administration seeks to limit the COLA increases to 50% of whatever state employees get. In FY 2020, for example, when state employees received a 3% COLA in July of 2019, St. Mary's proposed a 1.5% at the bargaining table. Through negotiations, it was eventually increased to 2% but it was delayed by 3 months – bringing the fiscal year costs back down to 1.5%.

Our members work very hard to support St. Mary's. At this point, they can't help but think that they are being treated as second class citizen since they are the only institution in the state of Maryland put in this predicament. We urge you to support these employees and provide 100% funding for COLA's at St. Mary's College.

We urge you to provide a favorable report.

SB332 King Sponsor Testimony.pdf

Uploaded by: Senator Nancy King

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Nancy J. King
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SPONSOR STATEMENT

Senate Bill 332 – Higher Education – St. Mary's College of Maryland – Cost-of-Living Adjustment

February 9, 2022

Mister Chairman and Members of the Budget and Taxation Committee:

In 2017 the Maryland General Assembly passed Senate Bill 434 which altered the funding formula for St. Mary's College. At that time, it was acknowledged that St. Mary's had challenges in keeping up with the escalating costs of both benefits and raises for state employees. These expenses were both significant drivers of expense growth. The St. Mary's funding formula was adjusted to provide for full funding of benefits and 50% funding for cost-of-living adjustments (COLA's).

Although it was not stated in the law, it was the thinking at the time that the 50% funding of COLA's by the state would be supplemented by 50% from St. Mary's College. This has not always been the case and the funding formula is in danger of becoming the ceiling instead of the floor. For example, in FY 2020, state employees received a 3% COLA beginning in July of 2019. St. Mary's College argued for a 1.5% increase at the bargaining table for state employees at the college. Eventually, a 2% increase was agreed on; however, it was delayed by 3 months resulting in less than a full 2% increase that fiscal year, when other state employees received a 3% increase.

Continuing with this funding formula perpetuates an inequity among our state employees. Senate Bill 332 will alter the funding formula and require the state to fund 100% of cost-of-living adjustments at St. Mary's College. This change will ensure that employees at St. Mary's College receive the same percentage increase in COLAs as their counterparts in other public higher education institutions.

I respectfully request a favorable report on Senate Bill 332.

SB 332 St. Mary's College-COLA (King) B&T 2.9.22 S

Uploaded by: Barbara Wilkins

Position: INFO

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Governor

BOYD K. RUTHERFORD
Lieutenant Governor

Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

DAVID R. BRINKLEY
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Deputy Secretary

SENATE BILL 332 St. Mary's College of Maryland - Cost-of-Living Adjustment (King)

STATEMENT OF INFORMATION
DATE: February 9, 2022
COMMITTEE: Senate Budget & Taxation

SUMMARY OF BILL:. SB 332 increases the percentage of State funding for St. Mary's College State supported employees' cost-of-living adjustments (COLAs) from 50% to 100%.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the increase in mandated spending. For example, the cost to provide the currently budgeted 3% COLA, effective July 1, 2022, would increase the State's cost by an additional $417,054, thereby doubling the appropriation. The fiscal impact of a permanent change in the State's sharing of funding would vary from year to year, depending on the amount of a salary enhancement provided, if any.

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature's new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

For additional information, contact Barbara Wilkins at
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