

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 654
Finance

(Senator Mathias, *et al.*)

Appropriations

Collective Bargaining - Memorandum of Understanding - Continuation

This bill prohibits a memorandum of understanding (MOU) that is agreed to and ratified for specified State employee collective bargaining units from expiring until a new MOU is agreed to and ratified. Based on a verified complaint by an exclusive representative, the exclusive representative may file an action in a circuit court against the State or specified public higher education institutions to enforce the terms of the bill.

Fiscal Summary

State Effect: General fund, special fund, and higher education expenditures could increase beginning in FY 2019 for legal expenses and to the extent that existing MOU provisions continue. Revenues are not affected.

Local Effect: The bill is not expected to materially affect circuit court finances.

Small Business Effect: None.

Analysis

Bill Summary: Notwithstanding provisions in law that an MOU is invalid if it extends for less than one year or more than three years, all terms of an MOU must remain in effect without change until a successor MOU is agreed to and ratified.

On receipt of an action submitted by the exclusive representative, the court must issue a status quo order without a finding of irreparable harm to maintain an MOU and the terms in effect pending a final order in the action.

Current Law: Approximately 30,000 State employees have collective bargaining rights. Maryland's collective bargaining law generally applies to employees of the Executive Branch departments, the Maryland Insurance Administration, the State Department of Assessments and Taxation, the State Lottery and Gaming Control Agency, University System of Maryland, the Office of the Comptroller, the Maryland Transportation Authority who are not police officers, the State Retirement Agency, the Maryland State Department of Education, Morgan State University, St. Mary's College of Maryland, and Baltimore City Community College, along with specified firefighters for the Martin State Airport and all full-time Maryland Transportation Authority police officers at the rank of first sergeant and below.

Certain Executive Branch employees within the State do not have these rights, such as elected government officials; political appointees or employees by special appointment; or any supervisory, managerial, or confidential employees of an Executive Branch department.

Parties to the collective bargaining process must make every reasonable effort to conclude their negotiations by January 1 for any item requiring appropriation for the fiscal year that begins the following July 1. If the parties do not conclude negotiations for the next fiscal year before October 25, either party may request that a neutral fact finder be employed to resolve the issues. By November 20, the fact finder must make written recommendations regarding wages, hours, and working conditions and any other terms or conditions of employment that may be in dispute. Those recommendations must be delivered to the specified parties by December 1, but they are not binding.

The outcome of collective bargaining must be incorporated into an MOU. No MOU is valid if it extends for less than one year or longer than three years. An MOU is not effective until it is ratified by the Governor (or in the case of State higher education institutions, ratified by the institution's governing board) and a majority of the votes cast by employees in the bargaining unit.

State Expenditures: Baltimore City Community College (BCCC) has a similar clause in its current collective bargaining agreement, so there is no impact on BCCC. However, the bill may increase general, special, and higher education fund expenditures for other institutions and the State beginning in fiscal 2019. If an existing MOU has specified wage agreements, then continuing the wage agreement beyond the terms of the existing agreement could result in increased expenditures. This may occur frequently if exclusive representatives realize that failure to reach terms on a new MOU means that existing provisions continue. An exclusive representative may file an action in a circuit court, so expenditures for legal expenses incurred by the State and the institutions may increase.

Additional Information

Prior Introductions: None.

Cross File: HB 864 (Delegate A. Miller, *et al.*) - Appropriations.

Information Source(s): Governor's Office; Judiciary (Administrative Office of the Courts); Baltimore City Community College; University System of Maryland; St. Mary's College of Maryland; Department of Budget and Management; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2018
mag/mcr Third Reader - March 28, 2018
Revised - Amendment(s) - March 28, 2018

Analysis by: Heather N. Ruby

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