

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB852

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Ebbin

3. Committee: Rules

4. Title: **Collective bargaining for governmental employees.**

5. Summary: Repeals provisions that prohibit state and local officers, agents, and governing bodies from collectively bargaining with a labor union or other employee association as a bargaining agent of public officers or employees.

6. Fiscal Impact Estimates:

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	\$0	0	N/A
2009	\$1,072,185	15	General Fund
2010	\$1,139,715	15	General Fund
2011	\$1,139,715	15	General Fund
2012	\$1,139,715	15	General Fund
2013	\$1,139,715	15	General Fund
2014	\$1,139,715	15	General Fund

7. Budget Amendment Necessary: **Yes;** 15 authorized positions and approximately \$1,072,185 in FY 2009 and \$1,139,715 in FY 2010 would need to be added to Item 85 of the introduced budget.

8. Fiscal Implications: The Department of Human Resource Management indicates that in order to manage the contracts that would result in the removal of the collective bargaining prohibition, a division would need to be created within the Department. The Department has come to this conclusion based upon what other states have in place to manage such contracts. For example, Michigan's Office of the State Employer employs 15 staff persons that manage eight collective bargaining agreements that cover approximately 54,000 employees. By contrast, the executive branch in Virginia state government employees approximately 99,000 employees (with another 5,000 employees in independent, legislative and judicial branch agencies). The general fund fiscal impact of this bill assumes a similar sized division (15 employees) within the Department of Human Resource Management.

In addition, since this bill also removes the prohibition on collective bargaining for local governments, similar arrangements will need to be made by localities to manage any future

collective bargaining agreements dealing with local employees which may have a significant impact to local budgets.

State Fiscal Impact Assumptions:

Personnel Costs: Assumes 15 employees at an average annual salary of \$50,000 funded for 22 pay periods in FY 2009 and for 24 pay periods (full year) each year thereafter.

	FY 2009	FY 2010+
Average Salary	\$45,833	\$50,000
Average Retirement Contributions	\$4,922	\$5,575
Average Social Security & Medicare	\$3,506	\$3,825
Average Group Life Insurance	\$518	\$500
Average Health Insurance	\$7,425	\$8,472
Average Retiree Health Credit	\$490	\$600
Average Disability Insurance	\$816	\$1,000
Average Deferred Comp Match	\$440	\$480
Total Average Personnel Cost	\$63,950	\$70,452
 Total, Personnel Cost (15 x average personnel cost)	 \$959,250	 \$1,056,780

Other Costs:

	FY 2009	FY 2010+
Office Space (projected @ \$13.83 per sq. ft. @ 100 sq. ft. per year x 15)	\$20,745	\$20,745
Phone (Based on proration of current DHRM phone bill)	\$12,480	\$12,480
Computers/VITA rates (Based on proration of current DHRM VITA rates)	\$49,710	\$49,710
Furnishings (One-time-\$2,000 per person)	\$30,000	\$0
Total, Other Costs	\$112,935	\$82,935

Total Costs:

	FY 2009	FY 2010+
Subtotal, Personnel Cost (see above)	\$959,250	\$1,056,780
Subtotal, Other Costs (see above)	\$112,935	\$82,935
TOTAL COSTS	<u>\$1,072,185</u>	<u>\$1,139,715</u>

These amounts do not include any assumptions for travel, training, office supplies, and other items that may eventually be required.

9. Specific Agency or Political Subdivisions Affected: All state agencies and political subdivisions

10. Technical Amendment Necessary: N/A

11. Other Comments: N/A

Date: 1/17/2008 JDH

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