

Kathy Tenopir February 03, 2011 471-0058

LB 555

FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB555 amends the State Employees Collective Bargaining Act (SECBA) by eliminating the Special Master process. If the parties do not come to agreement during contract negotiations, the dispute would go to a mediator. If mediation is not successful the dispute would go directly to the Commission of Industrial Relations (CIR). Currently, if mediation is not successful the dispute would go to the Special Master. The Special Master chooses the most reasonable final offer on each disputed issue. Parties to the dispute can appeal the Special Master ruling to the CIR which acts in an appellate capacity.

LB555 also provides that a ruling by the CIR would be appealed directly to the Supreme Court rather than initially to the Court of Appeals.

LB555 also sets out criteria for the CIR to use in establishing rates of pay and in determining peer employer comparability.

As indicated by the State College System, the University of Nebraska and the Department of Administrative Service- Employee Relations Division the elimination of the Special Master process and the appeal directly to the Supreme Court would be a cost savings.

The CIR indicates since under LB555 they would actually be determining peer employer comparability and establishing rates of pay there would be an increase in cost but would be dependent on the number of state employee cases filed.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Elton Larson	DATE 2/3/11	PHONE 471-2526
COMMENTS			
ADMINISTRATIVE SERVICES EMPL COMMISSION OF INDUSTRIAL RELA NEBRASKA STATE COLLEGE SYSTE UNIVERSITY OF NEBRASKA: No bas	TIONS: No basis to disagre	e with agency estimate.	

2011 Legislative Bill Proposal **Fiscal Note**

Bill #: LB 555 State Agency: Administrative Services – Employee Relations Prepared by: Jeannie O'Meara Approved by:

Date Prepared: 1-26-11

RECEIVEL) JAN 2 8 2011 LEGISLATIVE FISCAL Phone: 402-471-8292

	Estimate of Fiscal Impact – State Agencies						
[FY 201	11-12	FY 201	2-13			
	Expenditures	Revenue	Expenditures	Revenue			
General Funds	0		(10,000.00)				
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	0		(10,000.00)				

Explanation of Estimate: LB 555 makes several changes to the State Employees Collective Bargaining Act. The major changes made in this bill would eliminate the Special Master procedure and the dispute would be settled by the Commission of Industrial Relations. The bill also specifies that a ruling by the Commission of Industrial Relations would be appealed to the Nebraska Supreme Court rather than initially to the Court of Appeals.

These changes have the potential outcome of a savings to the Employee Relations Division. Outside counsel is retained to represent the State in a dispute with the union. By eliminating the Special Master and Court of Appeals proceedings, it would not be necessary for the State to engage the services of outside counsel for these steps of the process. It is estimated that the savings for these two changes to be \$10,000.00 in FY12-13.

Major Objects of Expenditure

Personal Services:			•			
	Number of Positions		าร	2011-12	2012-13	
Position Title:	11-12	12-13		Expenditures	Expenditures	
Benefits						
Operating					(10,000.00)	
Travel						
Capital Outlay						
Aid						
Capital Improvements				· · · · · · · · · · · · · · · · · · ·		
TOTAL					(10,000.00)	

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Page 1 of 1

JAN 3 **FISCAL NOTE** LB555 **Commission of Industrial Relations**

Prepared By Hord, Annette Date Prepared 1/28/2011 Prepared Phone 402-471-2934

Estimate Provided By State Agency or Political Subdivision

	FY 201	FY 2011-2012		2-2013
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

Explanation of Estimate:

Date: 1/31/2011

This fiscal note represents the best estimate of costs related to this bill, based upon the experience of the Commission in handling cases in the past, and the number of bargaining units that would potentially be affected by the passage of this bill.

LB 555 would replace the Special Master process as contained in the State Employees Collective Bargaining Act with a process whereby bargaining units covered under the SECBA would come to the Commission if the union and the employer were unable to come to agreement on wages and benefits for the employees in the respective bargaining unit. Currently, the CIR acts in an appellate capacity after the Special Master has entered his or her findings in each case.

This process would occur every odd-numbered year, with the requirement that once mediation had been tried, either or both parties could bring their unresolved issues to the Commission by January 15. The Commission would be required to conduct a pre-hearing conference and a hearing and enter its order on each unresolved issue by March 1. Standards to be used by the Commission are contained in the bill.

Presently, there are 16 bargaining units that could bring unresolved issues to the Commission. The State of Nebraska has 11, the Nebraska State College Board has 3, and the University system has 2. Should all of these units come to the Commission in a given year, the work load would be overwhelming, particularly given the 6-week time frame in which to hear the case and decide it. A review of the history of units coming to the Special Master reveals that in some odd-numbered years, all bargaining units are able to resolve their issues either through negotiations or possibly with the aid of a mediator. Starting in 2007, however, there have been more cases brought to the Special Master. Specifically, in 2007, nine of the state employee bargaining units went to a Special Master, with eight of those bargaining units ultimately coming to the Commission in the form of an appeal. In 2009, four bargaining units brought cases to a Special Master, with all four of those cases being appealed to the Commission. Ultimately, all of those Commission decisions were appealed to the Nebraska Supreme Court.

For the purposes of this fiscal note, the Commission is not going to try to predict how many cases the Commission might actually be presented with in any given year. It could range from no cases at all to a maximum of 16. Instead, we will provide an estimate of the amount that it would cost in per diems, and other expenses, to conduct a trial in order to hear the evidence presented and then enter a findings and order.

An estimated cost for conducting a 1-day trial is determined to be approximately \$4,230. This includes the cost of per diems and OASDI for the hearing commissioner and the panel commissioners, the cost of travel and/or board & lodging if required to attend the hearing, the cost of court reporters and for publication of the opinion in our CIR Reporter. The cost of a 2-day trial is estimated at approximately \$7,500. Whether more time that that would ever be required is dependent upon the amount of evidence presented, and that would be based upon the number of job classifications, the number of benefits to be considered, and other variables depending upon the size and make-up of the bargaining unit in question.

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	Number	r of Positions	FY 2011-2012	FY 2012-2013	
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures	
		Benefits			
		Operating			
		Travel			
		Capital outlay			
		Aid			
		Capital improvements			
		Total			

Major Objects of Expenditure

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1/31/2011

Page 1 of 1

Date: 1/31/2011 RECEIVEL FISCAL NOTE LB555 JANG CON Nebraska State College System LATIVE INITIAL Street

Prepared By Murphy, Carolyn Date Prepared 1/28/2011 Prepared Phone 402-471-2505

Estimate Provided By State Agency or Political Subdivision

	FY 201	FY 2011-2012		013
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds			Possible Savings	

Explanation of Estimate:

LB555 would eliminate the Special Master process, and any appeals from the Commission on Industrial Relation (CIR) would proceed directly to the Supreme Court rather than the Court of Appeals. Comparability factors would be made by the CIR using mandatory factors provided in the bill. This expedited process would result in cost savings in the event a voluntary agreement is not reached, but the exact amount is unknown.

Major Objects of Expenditure

	Number	of Positions	FY 2011-2012	FY 2012-2013
Position Title	FY 2011-2012 FY 2012-2013		Expenditures	Expenditures
	4	Benefits		
		Operating		
		Travel		
		Capital outlay		
		Aid		
		Capital improvements		
		Total		

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LB ⁽¹⁾ _555 FISC	CAL NOTE		LEGISLATIVE .			
State Agency OR Polit (2)	ical S ub division Name:	University of Nebrask	a	ousb.		
Prepared by: ⁽³⁾ Mic	hael Justus	_ Date Prepared: ⁽⁴⁾ _	January 28 , 2011 Ph	one: (5)	472-2191	
	ESTIMATE PROVIDI	ED BY STATE AGEN	CY OR POLITICAL SU	BDIVISIC	<u>DN</u>	
	<u>FY 201</u> EXPENDITURES	<u>1-2012</u> <u>REVENUE</u>	<u>F)</u> EXPENDITURES	<u>7 2012-20</u>	13 REVENUE	
GENERAL FUNDS CASH FUNDS						
FEDERAL FUNDS OTHER FUNDS			•		<u> </u>	
TOTAL FUNDS						

<u>Return by date specified or 72 hours prior to public hearing, whichever is earlier.</u> Explanation of Estimate:

LB 555 would remove the special master process. If parties do not come to agreement during contract negotiations, the dispute will go to a mediator, and if mediation is unsuccessful, the dispute will go directly to the CIR (rather than first to a special master then to the CIR). Overall this would streamline the process and more closely align the State Employees Collective Bargaining Act (SECBA) with the Industrial Relations Act (IRA).

The improvement in the process could save the University as much as \$40,000 in a year where both contracts previously had to go to the special master and be appealed to the CIR. No estimate is included as circumstances change for each contract negotiation.

	MAJOR OBJEC	CTS OF EXPENI	DITURE	
Personal Services:				
POSITION TITLE	NUMBER OF <u>11-12</u>	F POSITIONS <u>12-13</u>	2011-2012 EXPENDITURES	2012-2013 EXPENDITURES
Benefits				
Operating	•••••			
Travel				
Capital outlay	•••••			
Aid				
Capital improvements	• • • • • • • •			
TOTAL				