

BDR 23-1040

SB 486

EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 7, 2017

Agency Submitting: Business and Industry, Employee Management Relations Board

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
01-Personnel (Expense)		\$47,906	\$65,209	\$130,418
04-Operating (Expense)		\$44,254	\$45,031	\$90,062
05-Equipment (Expense)		\$4,962		
26- Information Services (Expense)		\$9,271	\$7,618	\$15,236
89- Ag Cost Allocation (Expense)		\$59,520	\$59,520	\$119,040
Total	0	\$165,913	\$177,378	\$354,756

Explanation

(Use Additional Sheets of Attachments, if required)

See Exhibit I - Explanation

Name Bruce Snyder

Title Commissioner

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Tuesday, April 04, 2017

The agency's response appears reasonable.

Name Susan Brown

Title Executive Budget Officer

SB 486 would extend collective bargaining rights to approximately 20,000 executive branch employees, not including those employees in the Nevada System of Higher Education, which are not included within the parameters of the bill.

SB 486 would increase costs in four areas for the EMRB, which currently has a staff of two employees. These four areas, described below, are:

- Investigative and Case Handling Costs
- Election Costs
- Board Meeting Costs
- Additional Deputy Attorney General Costs

Investigative and Case Handling Costs

SB 486 employs the case handling model used by the National Labor Relations Board (NLRB), which would require staff to first investigate any complaints filed to determine whether the complaint has any basis in law or fact. Once a case has been investigated, staff would then recommend to the Board whether to grant a hearing. It must be noted that this procedure is different than that employed by the EMRB with respect to local government employees. The EMRB currently uses a court model, in which one party files a complaint, the other party files an answer and then both parties file pre-hearing statements. The Commissioner then holds a pre-hearing conference prior to a hearing conducted by the Board. Thus, any complaint filed by a state government employee or employee organization, or the state for that matter, must first be investigated, which, again, would be an added duty as compared to the complaints currently filed.

Local governments currently employ about 80,000 employees. As mentioned above, SB 486 would add approximately another 20,000 employees to the jurisdiction of the EMRB. Over the past three years the EMRB has averaged 32 complaints. At first glance it would appear that adding 25% more employees would increase the number of complaints from 32 to 40, or an increase of 8 per year. However, for various reasons as spelled out below, it is expected that the number of complaints resulting from the state employees would be higher:

1. Local government employees can only bargain over specific items listed in NRS 288.150(2). This is commonly referred to as the laundry list of mandatory bargaining. In contrast, SB 486 grants to state employees and employee organizations the right to bargain over “wages, hours and terms and conditions of employment.” This is language used by the National Labor Relations Act for private sector employees. The bottom line is that this more nebulous language would likely result in a number of cases to flush out what may be bargained versus what may not be bargained.
2. The bill creates ten bargaining units of different types of employees (e.g., a unit of clerical employees). It is to be expected that there will be cases filed over which job classifications fall within each of the bargaining units.
3. The bill also exempts confidential employees and it is to be expected that complaints will be filed over which employees might be confidential.

Altogether it would not be a big surprise if the actual number of complaints filed might be triple that expected based on the number of employees alone. The EMRB thus anticipates adding 24 cases per year for at least the next few years.

There is one additional issue to note. NRS 288.090(2) only allows the Board to hire “clerical personnel” in addition to the Commissioner and Board Secretary. Ideally the EMRB would need to hire an Investigator II position to conduct the investigations and to also assist in the number of elections, discussed below.

Election Costs

In addition to the cases filed, the bill creates a mechanism for determining which union, if any, should represent each of the 10 bargaining units specified in the bill. This would very likely create the need for 10 elections and most likely the need for 10 runoff elections. The elections would need to be by mail ballot, as both the number of state facilities and their geographic locations would make on-site balloting virtually impossible. In the past few years the EMRB has conducted two mail ballot elections and the cost has averaged almost two dollars per ballot. This amount includes the cost of the various election materials, postage, room rental for counting the ballots, etc. Just as importantly, conducting these two elections (amounting to 12,000 employees each), occupied much of the staff’s time over a two-month period).

It is thus anticipated that a total of 20 elections might be necessary at a total cost of about \$80,000, which would equal two dollars per ballot issued. This would likely be a one-time cost over the next biennium. After then it is likely that the number of elections would be reduced dramatically.

Board Meeting Costs

The purpose of the Board is to resolve the complaints filed with it, as well as to determine whether there is sufficient evidence to warrant holding elections. Both of these events, previously discussed, will require additional board meeting dates. There is a separate bill (SB 460), recommended by the Sunset Subcommittee, which would increase the size of the Board from 3 members to 5 members. Cases would be heard in panels of three members, thus allowing the Board to hold 20 meetings per year instead of the current 12 meetings per year. Passing this companion bill would help to ensure that the Board does not become the bottleneck that would slow down the resolution of any complaints filed pursuant to SB 486.

SB 486 also gives the Board the option of employing a hearing officer to hear cases involving the state government and its employees. However, the cost of a hearing officer per day would be higher than conducting additional Board meetings and thus is not currently considered in developing this fiscal note.

Deputy Attorney General Costs

A Deputy Attorney General attends each of the Board meetings, which are typically three days long. In addition, the Deputy Attorney General drafts the orders after each meeting. Altogether, each Board meeting would require about six extra days of Deputy Attorney General time. Since there would be eight extra meetings per year, that would be 48 extra days per year. Although the EMRB is billed on an allocation basis, it should be noted that the Attorney General’s Office bills

at the rate of \$154.36 per hour. Thus the additional DAG time would amount to about \$59,274 per year.

Summary

To properly process the complaints and elections as envisioned by SB 486, the EMRB would need the following:

1. Adding a third position, preferably that of an Investigator II. Adding a position that is not clerical would require an amendment to change the language of NRS 288.090(2).
2. The need for about \$80,000 in election-related costs for the next biennium. After then the number should fall off dramatically.
3. Increasing the size of the Board from 3 to 5 members, as recommended in SB 460.
4. Increasing the number of hours needed by a Deputy Attorney General.

Revenue Issue

The EMRB is currently a self-funded agency. Each summer the EMRB invoices each local government based on its number of employees. For several years the rate has been \$6.75 per employee.

SB 486 does not contain any revenue feature. Thus any additional costs associated with administering the bill as shown in the fiscal note, would need to be shifted to the local governments through an increase in their annual fee in order for the agency to remain self-funded. The rates for the next biennium would need to be:

<u>Fiscal Year</u>	<u>Current Rate</u>	<u>Revised Rate</u>
2017-2018	\$6.75	\$8.82
2018-2019	\$6.75	\$8.97

Date: 4/3/17 9:44 AM
 Budget Period: 2017-2019 Biennium (FY18-19)
 Budget Account: 1374 B&I - EMPLOYEE MANAGEMENT RELATIONS BOARD
 Version: W02 BDR 23-1040
 Department: 74 DEPARTMENT OF BUSINESS AND INDUSTRY
 Division: 747 B&I - EMPLOYEE MANAGEMENT RELATIONS
 Function: 025 COMMERCE & INDUSTRY
 Sub-Function: 035 DEPT OF BUSINESS & INDUSTRY
 Fund: 101 GENERAL FUND

DU	Catg	GL	Description	Year 1	Year 2	Schedule
E230	01	5100	SALARIES	33,759	46,444	PAYROLL
E230	01	5200	WORKERS COMPENSATION	800	872	PAYROLL
E230	01	5300	RETIREMENT	4,895	6,734	PAYROLL
E230	01	5400	PERSONNEL ASSESSMENT	251	260	PAYROLL
E230	01	5500	GROUP INSURANCE	6,687	8,891	PAYROLL
E230	01	5700	PAYROLL ASSESSMENT	85	83	PAYROLL
E230	01	5750	RETIRED EMPLOYEES GROUP INSURANCE	898	1,184	PAYROLL
E230	01	5800	UNEMPLOYMENT COMPENSATION	42	68	PAYROLL
E230	01	5840	MEDICARE	489	673	PAYROLL
	01 Total			47,906	65,209	
E230	04	7045	STATE PRINTING CHARGES	4,000	4,000	- None -
E230	04	7050	EMPLOYEE BOND INSURANCE	2	2	PAYROLL
E230	04	7054	AG TORT CLAIM ASSESSMENT	99	97	PAYROLL
						BUILDING RENT
						NON-BUILDINGS AND
E230	04	705A	NON B&G - PROP. & CONT. INSURANCE	2	2	GROUPS
						BUILDING RENT
						NON-BUILDINGS AND
E230	04	7110	NON-STATE OWNED OFFICE RENT	3,896	4,676	GROUPS
						BUILDING RENT
						NON-BUILDINGS AND
E230	04	7255	B & G LEASE ASSESSMENT	36	50	GROUPS
E230	04	7285	POSTAGE - STATE MAILROOM	36,000	36,000	- None -
E230	04	7292	EITS 18-19 ELIM (OLD EITS VOICEMAIL)	43	43	EITS
E230	04	7295	EITS 18-19 ELIM (OLD EITS STATE PHONE LINE)	161	161	EITS
E230	04	8241	NEW FURNISHINGS <\$5,000 - A	15	0	EQUIPMENT
	04 Total			44,254	45,031	
E230	05	8241	NEW FURNISHINGS <\$5,000 - A	4,962	0	EQUIPMENT
	05 Total			4,962	0	
E230	26	7511	EITS DATABASE ADMINISTRATOR	1,354	1354	EITS
E230	26	7533	EITS EMAIL SERVICE	175	175	EITS
E230	26	7554	EITS INFRASTRUCTURE ASSESSMENT	196	212	PAYROLL
E230	26	7556	EITS SECURITY ASSESSMENT	94	129	PAYROLL
E230	26	7558	EITS 18-19 ELIM (OLD EITS VIRTUAL SERVER)	5,743	5748	EITS
E230	26	7771	COMPUTER SOFTWARE <\$5,000 - A	330	0	EQUIPMENT
E230	26	8371	COMPUTER HARDWARE <\$5,000 - A	1,379	0	EQUIPMENT
	26 Total			9,271	7618	
E230	89	7391	AG Cost Allocation	59,520	59,520	
	89 Total			59,520	59,520	
	Grand Total			165,913	177,378	