



# BDR 23-155 AB 224

## EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 11, 2023

Agency Submitting: Nevada System of Higher Education

| Items of Revenue or Expense, or Both | Fiscal Year 2022-23 | Fiscal Year 2023-24 | Fiscal Year 2024-25 | Effect on Future Biennia |
|--------------------------------------|---------------------|---------------------|---------------------|--------------------------|
| NSHE Personnel Costs (Expense)       |                     | \$533,957           | \$1,110,630         | \$2,356,312              |
| NSHE Operating Costs (Expense)       |                     | \$385,000           | \$350,000           | \$700,000                |
| Total                                | 0                   | \$918,957           | \$1,460,630         | \$3,056,312              |

Explanation

(Use Additional Sheets of Attachments, if required)

The Board of Regents of the Nevada System of Higher Education ("NSHE") has reviewed AB 224 and determined that there will be a significant fiscal impact to NSHE and its institutions. This bill, as introduced, would require the addition of seven (7) Full Time Equivalent (FTE) centralized positions. These newly created positions would serve as a resource for the entire System and would be established in the NSHE System Administration Office to conduct the collective bargaining related work associated with implementation. This legislation also has a fiscal impact for operating and information technology related expenses. Both the personnel and operating expenses are anticipated to be ongoing annual expenses. Please see the attached Exhibit for a detailed explanation of the anticipated costs.

Name Tillery Williams

Title Director of Community Engagement, Equity, and Inclusion

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Tuesday, April 11, 2023

The agency's response appears reasonable.

Name Amy Stephenson

Title Director

## AB 224

### Exhibit 1 – Supplemental Information

The Board of Regents of the Nevada System of Higher Education (“NSHE”) has reviewed AB 224 and determined that there will be a fiscal impact to NSHE and its institutions. This bill, as introduced, would require the addition of twelve (12) Full Time Equivalent (FTE) centralized positions. These newly created positions would serve as a resource for the entire System and would be established in the NSHE System Administration Office to conduct the collective bargaining related work explained below. This legislation also has a fiscal impact for operating and information technology related expenses. Both the personnel and operating expenses are anticipated to be ongoing annual expenses. However, to lessen the fiscal impact, NSHE is only requesting funding for seven (7) of the twelve (12) positions now with the understanding that NSHE will phase in the remaining five (5) positions during the next biennium.

The legislation would increase the number of bargaining units that would be negotiated with and expands the scope of mandatory bargaining. In addition to encompassing all of the State of Nevada’s workforce, this legislation has the particular impact of supplanting NSHE’s existing collective bargaining regulations for its professional employees and will require additional, modified, and expanded infrastructure to support additional bargaining units as well as the expanded scope of mandatory bargaining. The employment relationship between professionals in higher education and their employer is not easily adaptable to the typical classified employment relationship and therefore does not lend itself easily to the collective bargaining structure currently provided for state classified employees.

Along with this increased complexity, the legislation will require NSHE to increase interactions with EMRB, DHRM, the Attorney General’s Office and PEBP personnel as well as require NSHE to mandatorily engage in costly arbitration outside of the state. For example, an employer’s cost share of a typical four-hour daily arbitration is approximately \$1,400, not including travel expenses. Each NSHE institution/unit conservatively anticipates anywhere from twenty-five (25) to one hundred (100) grievance instances alone annually that could require arbitration for resolution. At a minimum, the annual costs for grievances, without travel, that could result in arbitration is \$315,000 (9 institutions / units x 25 grievances per year x \$1,400 per grievance). At a maximum, this could cost \$1,260,000 (9 institutions / units x 100 grievances per year x \$1,400 per grievance).

The exact number of new bargaining units is unknown but can be estimated (as solely applicable to NSHE) at a minimum of fourteen, considering the legislation adds professional employees across NSHE, including supervisory employees who will belong to a separate bargaining unit (than the employees they supervise), and would encompass academic faculty employees not already engaged in collective bargaining within NSHE. Further, the legislation expands the number of mandatory subjects. Some added subjects not in existing NSHE collective bargaining regulations include:

- Maternity/paternity leave and family medical leave
- Classification and titles of professional employees in a bargaining unit
- No strike provisions consistent with the provisions of section 6 to 52, of the legislation
- Safety in the workplace
- Facilities for meeting with students for professional employees who have teaching or advising responsibilities
- Policies for the transfer and reassignment of professional employees

This legislation combined with the remaining classified bargaining units have not yet organized under NRS 288 significantly adds to the overall staff time demand to implement this legislation’s initial cycles as well as the time demand of future negotiation cycles.

NSHE will be responsible for negotiating and administering all aspects of the collective bargaining agreements, including organizing bargaining teams and reaching out to various management teams of

departments to secure their participation and working with the contract negotiator to organize meetings. NSHE would need 12 additional staff to fully implement the parameters of this legislation. However, NSHE is only requesting funding for 7 of the 12 positions at this time. Those 7 positions that are included in this fiscal note which are essential for compliance with the mandates of this bill are as follows:

- Three (3) Labor Relations Managers, and
- Four (4) Labor Relations Counsel positions.

These 7 positions would begin service on January 1, 2024, due to estimated recruitment and onboarding times. Therefore, NSHE is only requesting 6 months of the annual salary and benefits totals for each position. As a result, the total cost for all 7 positions in FY 24 is \$533,957. In FY 25, the total cost for these 7 positions, including salaries and benefits, would be \$1,110,630 for the full 12-month period.

In addition to the 4 Labor Relations Counsel positions, eventually a need will arise for retention of outside legal counsel to avoid conflicts of interest as the attorneys and management employees participate in bargaining. NSHE is unable to determine a cost estimate at this time.

The remaining 5 positions are being postponed until the next biennium:

- One (1) Executive Director of Labor Relations.
- Two (2) Labor Relations Paralegal-Researcher positions.
- Two (2) Collective Bargaining Assistant/Coordinator positions will manage communications with unions requesting support and will answer administrative questions related to labor relations.

The bill contains no provision for paying NSHE’s cost to administer it. As drafted, the bill contains no assessment provided to NSHE for its services.

Lastly, NSHE would likely experience a fiscal impact in the form of the fee per professional employee represented by a bargaining unit that has exclusive representation (\$10 per employee). However, we cannot determine the exact amount at this time. Based on the approved professional positions for FY 2021 across the System (state supported budgets), should the fee apply to all professional positions (a very unlikely scenario), the maximum fee per year would be approximately \$56,000 (5,600 professional positions @ \$10 per position).

The tables below provide a breakdown of the anticipated annual personnel and operating costs for FY 24 and FY25. Salary plus fringe is calculated at 32% for FY24. Assumed 4% COLA in FY25 with fringe calculated at 32%. Future Biennia assumed a 4% COLA for each year and 32% fringe rate.

| <b>Items of Revenue or Expense, or Both</b> | <b>Fiscal Year</b> | <b>Fiscal Year</b> | <b>Fiscal Year</b> | <b>Effect on Future Biennia</b> |
|---|--------------------|--------------------|--------------------|---------------------------------|
|   | <b>2022-23</b>     | <b>2023-24</b>     | <b>2024-25</b>     |                                 |
| Personnel (Expense)                         | -                  | \$533,957          | \$1,110,630        | \$2,356,312                     |
| Operating (Expense)                         | -                  | \$385,000          | \$350,000          | \$700,000                       |
| <b>Total</b>                                | -                  | <b>\$918,957</b>   | <b>\$1,460,630</b> | <b>*\$3,056,312</b>             |

\*Only includes the 7 positions and related operating costs being requested this biennium. At a minimum, it would cost NSHE \$4,472,453 to phase in the remaining 5 positions (1 Executive Director of Labor Relations, 2 Labor Relations Paralegals-Researchers, and 2 Collective Bargaining Assistants/Coordinators) needed to fully implement the parameters of this legislation and to cover all operating costs in future biennia.

**FY 2024****Personnel Costs**

| <b>Position Name</b>         | <b>Annual Salary</b> | <b>Benefits</b> | <b>Percent of Time Required</b> | <b>Cost</b>        |
|------------------------------|----------------------|-----------------|---------------------------------|--------------------|
| Labor Relations Managers (3) | \$89,675*            | \$28,696        | 300%                            | \$355,113          |
| Labor Relations Counsels (4) | \$135,000**          | \$43,200        | 400%                            | \$712,800          |
| <b>Total</b>                 |                      |                 |                                 | <b>\$1,067,913</b> |

\*Labor Relations Manager salary and benefits at 6 months = \$59,185.50 x 3 positions = \$177,556.50

\*\*Labor Relations Counsel salary and benefits at 6 months = \$89,100 x 4 positions = \$356,400

**FY 2024****Operating Costs**

| <b>Description</b>  | <b>Cost</b>      |
|---|------------------|
| Computers   | \$35,000         |
| Office Supplies   | \$17,500         |
| Professional Development  | \$17,500         |
| Mandatory Arbitration (9 institutions / units x 25 grievances per year x \$1,400 per grievance) | \$315,000        |
| <b>Total</b>  | <b>\$385,000</b> |

**FY 2025****Personnel Costs**

| <b>Position Name</b>         | <b>Annual Salary</b> | <b>Benefits</b> | <b>Percent of Time Required</b> | <b>Cost</b>        |
|------------------------------|----------------------|-----------------|---------------------------------|--------------------|
| Labor Relations Managers (3) | \$93,262             | \$29,844        | \$300%                          | \$369,318          |
| Labor Relations Counsel (4)  | \$140,400            | \$44,928        | \$400%                          | \$741,312          |
| <b>Total</b>                 |                      |                 |                                 | <b>\$1,110,630</b> |

**FY 2025****Operating Costs**

| <b>Description</b>  | <b>Cost</b>      |
|---|------------------|
| Office Supplies   | \$17,500         |
| Professional Development  | \$17,500         |
| Mandatory Arbitration (9 institutions / units x 25 grievances per year x \$1,400 per grievance) | \$315,000        |
| <b>Total</b>  | <b>\$350,000</b> |