



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 27, 2007

### **H.R. 980** **Public Safety Employer-Employee Cooperation Act of 2007**

*As ordered reported by the House Committee on Education and Labor  
on June 20, 2007*

#### **SUMMARY**

H.R. 980 would establish federal standards regarding the collective bargaining and conflict resolution measures available to public safety personnel employed by state and local governments, the District of Columbia, and any U. S. territory or possession that employs such personnel. CBO estimates that implementing H.R. 980 would cost \$44 million over the 2008-2012 period, subject to appropriation of the necessary funds. Enacting the bill would not affect direct spending or revenues.

H.R. 980 contains several intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Because of uncertainties about how employees would exercise the collective bargaining rights that would be authorized by the bill and, consequently, how state and local employers would be affected, CBO cannot estimate whether the costs of the intergovernmental mandates would exceed the threshold established in the act (\$66 million in 2007, adjusted annually for inflation). CBO estimates that the direct costs of the private-sector mandates would be well below the annual threshold specified in UMRA (\$131 million in 2007, adjusted annually for inflation).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 980 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars					
	2007	2008	2009	2010	2011	2012
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Federal Labor Relations Authority Spending						
Under Current Law						
Estimated Authorization Level <sup>a</sup>	25	26	27	28	29	30
Estimated Outlays	25	26	27	28	29	30
Proposed Changes						
Estimated Authorization Level	0	3	10	10	11	11
Estimated Outlays	0	3	9	10	11	11
Federal Labor Relations Authority Spending						
Under H.R. 980						
Estimated Authorization Level	25	29	37	38	40	41
Estimated Outlays	25	29	36	38	40	41

a. The 2007 level is the amount appropriated for that year for the Federal Labor Relations Authority. The 2008-2012 levels are CBO's baseline projections, assuming annual adjustments for anticipated inflation.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the start of fiscal year 2008, that the necessary amounts will be appropriated for each fiscal year, and that outlays will follow historical trends for similar activities.

H.R. 980 would extend collective bargaining rights to public safety personnel under certain conditions and would provide for federal administration of those rights in states that do not comply with the minimum standards in the bill. It would authorize the appropriation of such sums as may be necessary for the Federal Labor Relations Authority (FLRA) to adopt regulations implementing the bill, determine state compliance with the standards, and administer and enforce the standards where necessary. The bill would allow for judicial review of the FLRA's determinations and judicial enforcement of the new standards.

CBO estimates that the FLRA would spend an additional \$3 million in 2008, subject to the availability of appropriated funds, to develop the regulations, determine state compliance with the standards, and respond to any judicial review of its determinations. Preliminary information from the FLRA suggests that about half of the existing state programs would not be in substantial compliance with the bill's standards. If the final determinations confirm that analysis, about 500,000 public safety officers would come under the FLRA's jurisdiction, which would increase the agency's workload by about 40 percent, beginning in 2009. CBO

estimates that a workload increase of that magnitude would cost \$10 million a year. Costs could be lower if states modify their laws and practices to comply with the standards in the legislation, but CBO has no basis for predicting whether states would make such changes.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 980 would preempt state authority to regulate the collective bargaining rights of its state and local public safety employees. The bill would require the FLRA to develop and implement regulations that grant certain public safety employees the right to collectively bargain in states where that authority does not meet a minimum level of coverage as determined by the FLRA. Such a preemption of state authority is a mandate under UMRA. Costs to states, if any, from this mandate would be minimal because the FLRA also would be required to enforce the regulations.

As employers, certain state and local governments would be required to meet and bargain with the employees' exclusive representative should the employees choose to be represented by a collective bargaining unit. Such a requirement would be a mandate because those employers, under current law, are not required to meet and bargain with employees. The costs of complying with the mandate would include administrative activities that support the collective bargaining process and would vary by state depending on the level of collective bargaining rights currently extended to public safety employees in each state. Because we cannot predict how employees would respond to this new authority—that is, whether they would choose to organize a collective bargaining unit and what employment conditions they might ultimately negotiate—CBO cannot estimate the administrative costs that would result from this mandate.

Section 5 would require state or local governments, if subpoenaed, to provide testimony and documentary evidence to the FLRA as it enforces the collective bargaining system. Such a requirement would be a mandate as defined by UMRA. CBO cannot predict the degree to which this subpoena power would be exercised, but the cost of complying with the mandate is not likely to be significant.

Section 6 would prohibit public-sector employers from engaging in lockouts or any other actions designed to compel a public safety officer or labor union to agree to terms of a proposed contract. This prohibition would not impose costs on any state or local government because it would maintain regular staffing levels during instances of disagreement between labor and management.

Section 8 would prohibit states from preempting any local laws or ordinances that provide collective bargaining rights that are equal to or greater than the rights provided in the bill.

This preemption, also a mandate under UMRA, would not impose any costs on state governments.

Because of the uncertainties about how the FLRA regulations would be implemented and how many public-sector employees would exercise their new rights to enter into collective bargaining agreements, CBO cannot determine whether the aggregate costs of the mandates contained in the bill would exceed the annual thresholds established by UMRA (\$66 million in 2007, adjusted annually for inflation).

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

H.R. 980 contains two private-sector mandates as defined by UMRA. Section 5 would require public safety officers or other private-sector entities, if subpoenaed, to provide testimony and evidence related to matters the FLRA would be empowered to investigate. Such a requirement would be a private-sector mandate as defined by UMRA. Although the precise number of individuals likely to be subpoenaed under this provision is uncertain, CBO expects that the direct cost of the mandate to private-sector entities would be well below the annual threshold established by UMRA (\$131 million in 2007, adjusted annually for inflation).

Section 6 would prohibit labor organizations from engaging in strikes. Although this mandate could ultimately affect the strength of a public safety union's bargaining power, CBO estimates that the mandate would impose no direct cost on private-sector entities.

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