Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 599 (Delegate Pruski)
Appropriations Finance

State Personnel - BWI Airport Fire and Rescue Department - Collective Bargaining and Arbitration Processes

This bill alters the collective bargaining process for uniformed fire employees of the Baltimore-Washington International Thurgood Marshall Airport Fire and Rescue Department (BWI Fire/Rescue) by establishing binding arbitration in the event of an impasse in negotiations, though an arbitrator's decision related to wages is subject to the limitations of the State budget. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) and potentially general fund expenditures may increase significantly as early as FY 2026, as discussed below. TTF personnel and other expenditures are affected, potentially significantly, likely beginning in FY 2027, as discussed below. Revenues are not directly affected.

Local Effect: Local government finances are not directly affected.

Small Business Effect: None.

Analysis

Bill Summary: Negotiations between the State and the exclusive representative of the uniformed fire employees of BWI Fire/Rescue are excluded from the process of using a fact finder to resolve issues if negotiations are not concluded by October 25, as specified under current law.

Instead, the State and the exclusive representative of the uniformed fire employees of BWI Fire/Rescue must reach an agreement by September 30 of the year in which a collective bargaining agreement will expire. An impasse occurs if the parties do not reach an agreement by October 1 or by stating that they mutually agree that they are at an impasse. If an impasse is reached, each party must submit its last, best, and final offer to the other party within 48 hours after the impasse is reached. Unless the impasse has been resolved, the parties must meet within five business days after the impasse is reached to select an arbitrator. The parties must select the arbitrator from a list of 15 arbitrators provided by the American Arbitration Association's labor arbitration panel by alternatively striking names from the list until one name remains. If the selected arbitrator is unable to fulfill the responsibilities of the arbitration, the selection process is repeated with a new list of arbitrators.

The parties must submit the dispute and the last, best, and final offers to the arbitrator within five business days after the arbitrator is selected, and the arbitrator must hold formal hearings as necessary to resolve the impasse. During the first 21 days immediately following the appointment of the arbitrator and before holding any formal hearings, the arbitrator may attempt to resolve the impasse by acting as a neutral mediator between the parties.

By December 15, the arbitrator must select one party's last, best, and final offer, and the arbitrator's decision is binding, though an arbitrator's decision related to wages is subject to the limitations of the State budget. The parties must equally share the costs of the arbitrator's services.

The bill specifies that a memorandum of understanding (MOU) agreed to and ratified may not expire until it is succeeded by an MOU that is adopted by arbitration, in addition to an MOU agreed to and ratified.

Current Law:

State Employees and Collective Bargaining

Title 3 of the State Personnel and Pensions Article establishes statutory collective bargaining rights for a large number of State employees. Title 3 authorizes the State, State institutions of higher education, and the Maryland Environmental Service (MES) to meet and confer with exclusive employee representatives about negotiable terms. Title 3 does not provide for binding arbitration but does allow fact finding in the event of an impasse, as discussed later in this Current Law section. Employees, employers, and exclusive representatives subject to Title 3 are also subject to the provisions of the Maryland Public Employee Relations Act.

Maryland's collective bargaining law generally applies to employees of the Executive Branch departments, the Maryland Insurance Administration, the State Department of Assessments and Taxation, the State Lottery and Gaming Control Agency, the University System of Maryland (USM), the Office of the Comptroller, the Maryland Transportation Authority (MDTA) (for those who are not police officers), the State Retirement Agency, the Maryland State Department of Education, MES, the Office of Public Defender, the Maryland School for the Deaf, Morgan State University (MSU), St. Mary's College of Maryland (SMCM), and Baltimore City Community College (BCCC), along with specified firefighters for the Martin State Airport and all full-time MDTA police officers at the rank of first sergeant and below.

The State's collective bargaining law does not apply to:

- Maryland Transit Administration (MTA) employees;
- Legislative and Judicial Branch personnel;
- elected and appointed officials;
- the Governor's and Lieutenant Governor's staff;
- an employee assigned to, or with access to records of, the Public Employee Relations Board;
- special appointees and executive service personnel in the State Personnel Management System (SPMS);
- senior administrators, faculty members, student employees, and other designated employees of USM, MSU, SMCM, or BCCC;
- the chief, deputy, or assistant administrator of a unit with an independent personnel system;
- temporary or contractual employees in SPMS;
- temporary, contractual, or emergency employees in a unit of the Executive Branch with an independent personnel system;
- an employee who is entitled to participate in collective bargaining under another law;
- an employee whose participation in a labor organization is contrary to the State's ethics laws;
- any managerial or confidential employee of specified units of State Government as defined by regulation; and
- any supervisory, managerial, or confidential employee of USM, MSU, SMCM, or BCCC.

Bargaining Process

The parties must meet at reasonable times and engage in collective bargaining in good faith, as specified. The parties must make every reasonable effort to conclude negotiations in a timely manner for inclusion by the principal unit in its budget request to the Governor, and they must conclude negotiations by January 1 for any item requiring an appropriation of funds for the fiscal year that begins on the following July 1. The Governor must include in the annual budget bill submitted to the General Assembly any amounts in the budgets of the principal units required to accommodate any additional cost resulting from the negotiations for the fiscal year beginning the following July 1, including the actuarial impact of any required legislative changes to any of the State pension or retirement systems, if the legislative changes have been negotiated to become effective in that fiscal year.

If the parties do not conclude negotiations for the next fiscal year before October 25, either party may request that a fact finder be employed to resolve the issues. The fact finder must be employed no later than November 1 and must be a neutral party appointed by alternative striking from a list provided by the Federal Mediation Conciliation Service or under the Labor Arbitration Rules of the American Arbitration Association. The fact finder may give notice and hold hearings in accordance with the Administrative Procedure Act, administer oaths and take testimony and other evidence, and issue subpoenas. Before November 20, the fact finder must make written recommendations regarding wages, hours, and working conditions and any other terms or conditions of employment that may be in dispute. The written recommendations of the fact finder must be delivered to the Governor, the exclusive representative, the President of the Senate, and the Speaker of the House of Delegates by December 1.

Memoranda of Understanding

All matters of agreement reached by the parties must be incorporated into an MOU. No MOU is valid if it extends for less than one year or longer than three years. An MOU is not effective until it is ratified by the Governor (or, in the case of a State higher education institution or MES, ratified by the higher education institution’s governing board or the Board of Directors of MES, respectively) and a majority of the votes cast by employees in the bargaining unit. Any matters in the MOU that require legislative changes are subject to the approval of the General Assembly. An MOU agreed to and ratified may not expire until it is succeeded by an MOU that is agreed to and ratified.

Matters to Be Negotiated

Collective bargaining must include any matters relating to wages, hours, and terms and conditions of employment. The State is not required to negotiate any matter that is inconsistent with State law; however, the State may negotiate such matters as long as the parties understand that the item cannot become effective until the General Assembly takes action. The General Assembly, however, is not bound by the agreement.

Maryland Transit Administration – Arbitration in Labor Disputes

While the State's collective bargaining statute under Title 3 of the State Personnel and Pension Article does not authorize binding arbitration, § 7-602 of the Transportation Article provides for binding arbitration in disputes between MTA and MTA employees relating to wages, salaries, hours, or other working conditions; benefits; grievances; or collective bargaining agreements, as specified. If a labor dispute between MTA and employees represented by an accredited representative does not result in agreement, MTA must submit the dispute to a three-member arbitration board. A majority determination of the board is final and binding on all disputed matters.

State Expenditures: The uniformed fire employees of BWI Fire/Rescue are under the Maryland Aviation Administration of the Maryland Department of Transportation (MDOT) and are funded by TTF. As discussed above, the bill requires the selection of an arbitrator to oversee negotiations between the State and the exclusive representative of the uniformed fire employees of BWI Fire/Rescue whenever an impasse is reached. The cost of the services of an arbitrator employed under the bill must be shared equally between the parties. MOUs generally last for three years, so TTF expenditures may increase beginning in fiscal 2026 to pay for arbitrator services, and then at three-year intervals thereafter (or at intervals otherwise determined by the MOUs). For context, the Department of Budget and Management (DBM) advises that the average hourly rate for a third-party arbitrator is likely to range from $375 to $1,125; thus, TTF expenditures may increase by several thousand dollars in any year when an impasse is reached. However, actual expenses related to arbitration services cannot be reliably estimated, as they depend on the timing of the labor negotiations, whether an arbitrator is necessary in a given cycle, and the costs of that arbitrator, which may be influenced by a variety of factors.

DBM usually works in association with MDOT during their labor negotiations. Therefore, to the extent that the arbitration process established under the bill significantly increases the workload demands on MDOT and DBM, MDOT and DBM may incur costs to hire additional human resources or labor relations personnel, thereby increasing TTF and general fund expenditures beginning in fiscal 2026.

Additionally, the Public Employee Relations Board notes the bill may have an operational impact on the board as matters that fall under the board's jurisdiction now might also fall under the arbitrator's jurisdiction.

Effects on Personnel and Other Expenditures

As noted above, the bill provides for binding arbitration in the event of an impasse (though decisions related to wages are subject to limitations of the State budget). The bill's impact on uniformed fire personnel and other expenditures cannot be reliably estimated or predicted, as it depends on the extent to which the terms of MOUs concluded as a result of the bill differ from the terms that would be negotiated in the absence of the bill, and the monetary value of those terms; it also depends on the State's budgetary condition each year. However, the impact is potentially significant, particularly to the extent that matters are concluded through arbitration under the bill. Thus, TTF expenditures for personnel and related costs may be affected beginning in fiscal 2027.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 373 (Senator Beidle) - Finance.

Information Source(s): Public Employee Relations Board; Department of Budget and Management; Maryland Department of Transportation; Department of Legislative Services

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