



1410 Bush Street (Suite A)
Baltimore, MD 21230
Phone: 410-547-1515
Email: info@afscmemd.org

Patrick Moran – President

HB 604 – Arbitration Reform for State Employees Act of 2026
Government, Labor, and Elections Committee
March 6, 2026

Position: FAVORABLE

AFSCME Maryland Council 3 represents 55,000 public service workers across varying levels of government including in our city, county, state, K-12, and higher education institutions and agencies. AFSCME members are on the frontlines every day delivering critical public services our communities depend on. AFSCME strongly supports HB 604. Under current law, when contract negotiations for state and higher education employees reach an impasse, a neutral factfinder is selected to evaluate the parties' proposals and make non-binding recommendations. As a result, management can still impose the budget proposals they want, and non-budgetary issues remain unresolved. Because the outcome of these negotiations is non-binding, the process often leads to unproductive dynamics. Management does not have to negotiate in good faith towards an agreement since they can ultimately just impose what they want, regardless.

HB 604 encourages the parties to bargain in good faith by establishing clearer and more workable timelines, ensuring that negotiations are completed in time for budget submissions. The bill also allows for the selection of a neutral arbitrator to mediate if necessary and, in the event of an impasse, introduces a process for binding interest arbitration. Under this bill, negotiations for both state and higher education employees would occur between July 1 and September 30. If negotiations are not concluded by October 1, either party may declare an impasse. In the event of an impasse, the arbitrator must issue a preliminary written award by December 5. The parties then have five days to mutually request changes or adjustments. A final award must be issued by December 15. The goal here again, is to have completed this process, should an impasse occur, before the budget submission deadline is due to the legislature on January 20.

Unlike factfinding, which results in non-binding recommendations, **binding interest arbitration involves a neutral third party who evaluates the proposals based on objective, rational evidence and issues a binding decision**. This creates a pathway for a true resolution to the dispute. Additionally, HB 604 includes a constitutional amendment that requires the Governor to include the appropriations necessary to fund the terms agreed upon in the memoranda of understanding with state personnel unions within the Governor's budget proposal. The legislature's budgetary powers remain unaltered.

HB 604 is important because unlike State employees in Pennsylvania and in 9 other states¹, Maryland state employees cannot strike. Without the right to strike, arbitration is a much-needed tool for successful and cooperative public-sector labor relations. Most states in America allow binding interest arbitration for some or all employees². Most Big 10 Institutions, including all four schools recently added through conference realignment have arbitration provisions in their union contracts with staff. In Maryland state government, the Maryland Transit Administration already has binding interest arbitration authorized in the Transportation Article for their state employees.

At the local government level in Maryland, binding arbitration is not new or controversial. Eight Maryland county and municipal jurisdictions have authorized binding arbitration for some or all its employees³. This past October, Anne Arundel County passed a charter resolution authorizing binding interest arbitration for its county employees by a unanimous [7-0 vote](#). All our K-12 county school boards have binding arbitration for their employees. Where binding arbitration exists, it has consistently resulted in the parties reaching a settlement and coming to an agreement far more often than it has led to actual arbitration. The prospect of a binding decision encourages both sides to negotiate more seriously and work toward a mutually agreeable solution, reducing the need for arbitration.

HB 604 simply ensures that the parties work together in good faith to reach an agreement and avoid an impasse. However, should an impasse occur, it guarantees that there will ultimately be a resolution. The dedicated public servants who choose a career in state employment deserve to have the same collective bargaining rights that their peers in other state agencies and across the state have.

We urge you support our hard-working state employees by modernizing our collective bargaining laws and passing the Arbitration Reform for State Employees Act of 2026. It's time for Maryland to catch up.

We urge a favorable report on HB 604.

¹**States where state employees have the right to strike:** Alaska, California, Hawaii, Illinois, Minnesota, Montana, Ohio, Oregon, Pennsylvania, and Vermont.

²**States with binding interest arbitration for some or all state employees:** Alaska, California, Connecticut, District of Columbia, Hawaii, Illinois, Iowa, Maine, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Texas, Vermont, Washington, Wisconsin, & Wyoming

³**Maryland jurisdictions with binding arbitration authorized for some or all employees:** Anne Arundel County, Baltimore City, Baltimore County, Frederick County, Howard County, Montgomery County, Prince George's County, and the Town of Ocean City.



Where Binding Arbitration already exists

