

**Department of Legislative Services**  
 Maryland General Assembly  
 2025 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 976 (Senator Lam)  
 Finance

**Collective Bargaining - Local Government Employees and Public Employee Relations Act**

This bill extends collective bargaining rights to all employees of local governments for the purpose of being represented by employee organizations in all matters relating to salaries, wages, hours, and other working conditions. Public local employees, public local employers, and exclusive representatives are subject to (1) the Maryland Public Employee Relations Act (PERA) as specified and (2) binding arbitration. The Public Employee Relations Board (PERB) must appoint a deputy director primarily responsible for local government labor relations. A memorandum of understanding (MOU) or other negotiated agreement may provide for binding arbitration of grievances, as specified. **The bill generally takes effect July 1, 2025, although provisions of the bill do not apply to some local governments until July 1, 2026.**

**Fiscal Summary**

**State Effect:** General fund expenditures for PERB increase by \$299,400 in FY 2026; future years reflect annualization and ongoing costs. Revenues are not directly affected. **This bill establishes a mandated appropriation beginning in FY 2027.**

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	299,400	334,400	343,700	353,500	363,300
Net Effect	(\$299,400)	(\$334,400)	(\$343,700)	(\$353,500)	(\$363,300)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Local personnel and other expenditures may increase, potentially significantly, beginning in FY 2026. Revenues are not directly affected.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** A public local employee does not include a confidential employee or a management employee, and the bill specifies who may be deemed management employees. A public local employer does not include a county board of education, the board of community college trustees for a community college, or a public library system or the board of trustees for the public library system (the exclusions include Baltimore City boards and the Baltimore County Public Library).

The bill may not be construed to modify or terminate a bargaining unit that was recognized or in existence, or a collective bargaining agreement entered into, before July 1, 2025 (the bill's effective date). A collective bargaining unit for public local employees may not consist of both supervisory and nonsupervisory employees.

If an employee organization has been certified under State or local law before July 1, 2025, to be an exclusive representative of public local employees, the applicable public local employer must accrete all eligible positions into the existing unit in accordance with the bill upon request of the exclusive representative, and an accretion under the bill is subject to a showing of interest and election by public local employees in the accreted positions in accordance with specified procedures.

The bill's provisions are severable.

### *Impasse*

If, on the request of either party, PERB determines that an impasse is reached in negotiations between a public local employer and an exclusive representative, within 10 days after the determination is made, PERB must request each party submit its last and best offer as specified and order the parties to commence arbitration within 14 days after an impasse has been reached.

Within five business days after an order to arbitrate, the parties must select an arbitrator by agreement or alternatively striking names from a list of seven neutral parties. If the parties do not reach agreement before concluding the arbitration, the arbitrator, after considering specified matters, must issue a binding final written award. The parties must equally share the costs of the arbitrator's services. Each negotiated provision or award is subject to any other provisions of the Local Government Article concerning the fiscal relationship between the public employer and a funding body of the local government.

### *Local Laws on Labor Relations*

Subject to limitations of the bill and PERA, the governing body of a county or municipality may adopt a local law regarding labor relations of public local employees as long as it does not restrict or weaken public local employees' and employee organizations' rights under the bill and PERA.

The governing body of a county or municipality may petition PERB for a determination that its local laws comply with the bill. If PERB grants a petition, the exempt local government is exempt from specified requirements but must adopt a local law governing the composition of bargaining units and the calendar timeline for collective bargaining, including impasse procedures. The impasse procedures must, among other requirements, either (1) allow local public employees to strike when an impasse is declared or (2) allow binding arbitration in the event of an impasse.

PERB must retain jurisdiction over questions of exclusive representative certifications and unfair labor practices as specified. To the extent authorized under an applicable law in effect before July 1, 2025, an employee may not be determined to be a public local employee under the bill solely on the basis of being considered a supervisory employee under the applicable law.

### *PERA*

Under PERA, a public employee does not include a confidential or management employee, and the bill specifies how to differentiate a management employee from a nonmanagement employee.

PERB is responsible for administering and enforcing provisions of public local employee collective bargaining, and provisions under PERA are expanded to include public local employee collective bargaining and local laws that PERB approves in specified filed petitions.

Each public local employer must submit to PERB a copy of each contract, MOU, or similar written agreement entered into with the employee representatives providing labor relations services, and PERB must annually publish these documents on the board's website.

### *Specified Local Governments*

For Anne Arundel, Baltimore, Harford, Howard, Montgomery, and Prince George's counties, Baltimore City, and the cities of Annapolis, Bowie, Cumberland, College Park, Hagerstown, Rockville, Salisbury, and Takoma Park, the bill applies July 1, 2026. It is the General Assembly's intent that a delay in the bill's implementation

for these local governments must ensure the harmonious continuation of existing collective bargaining relationships without interruption and allow local governments with existing collective bargaining legislation to resolve a petition filed under the bill and may not be used to plan for or engage in activities that would discourage or otherwise coerce employees seeking to hold an election. These local governments may file a petition with PERB in accordance with the bill beginning on the effective date of the bill.

**Current Law:** Chapter 114 of 2023, PERA, established PERB to oversee collective bargaining for all public employees. Prior to PERA, the collective bargaining rights of State employees, employees of public institutions of higher education, employees of community colleges, or public school employees, including teachers, were administered by one of three labor relations boards, depending on the nature of the employees' employer: the State Labor Relations Board (SLRB); the State Higher Education Labor Relations Board (SHELRB); and the Public School Labor Relations Board (PSLRB). PERA consolidated different collective bargaining laws that apply to different employees into one set of rules and procedures for public employees. The Act also repealed SLRB, SHELRB, and PSLRB, and instead established PERB to oversee collective bargaining for all the previously mentioned public employees.

In addition to consolidating three labor boards into one, the Act consolidated different collective bargaining laws into one law, including provisions regarding employee access, unfair labor practices, management and employee rights, prohibited employer and employee actions, designation of bargaining units, elections, and certification of exclusive representatives.

There are approximately 180,000 public employees who fall under PERB's jurisdiction. Specifically PERB jurisdiction covers approximately 40,000 State employees, 23,000 higher education employees, 17,000 community college employees, and 100,000 public school employees.

### *National Labor Relations Act*

In 1935, the U.S. Congress passed the National Labor Relations Act (NLRA), commonly known as the "Wagner Act," which set forth employees' rights to join unions and required employers to bargain collectively with unions selected by a majority of workers in an appropriate bargaining unit. Under Section 7 of NLRA, employees have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, and also have the right to refrain from any or all such activities. NLRA generally applies to all employers involved in interstate commerce other than airlines, railroads, agriculture, and government.

Thus, NLRA provides most private sector employees with the right to organize and collectively bargain, but NLRA does not apply to public sector employees.

NLRA also established the National Labor Relations Board (NLRB), an independent federal agency, to enforce its provisions. NLRB also acts to prevent and remedy unfair labor practices committed by private sector employers and unions, as well as conducts secret-ballot elections regarding union representation.

**State Expenditures:** PERB advises that it cannot absorb the additional workload with existing resources and needs additional employees to oversee collective bargaining for local public employees. Additionally, PERB notes that the bill significantly increases the workload of board members. The chair of the board is a salaried employee, as authorized by current law, but current law entitles the other four board members only to compensation provided in the State budget. Therefore, the four unsalaried board members need additional compensation commensurate with their increased workload. Furthermore, the bill mandates the addition of a deputy director responsible only for local governments. Although the mandate applies to fiscal 2027 and beyond, this analysis assumes that the additional deputy director is hired in fiscal 2026 due to the significant increase in PERB’s workload.

Thus, general fund expenditures increase by \$299,420 in fiscal 2026, which accounts for a 90-day delay from the bill’s July 1, 2025 effective date. This estimate reflects the cost of hiring one deputy director as mandated in the bill and one executive assistant to perform administrative tasks for the board members, and \$120,000 of annual compensation in the form of stipends for the board members. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, including increased rent.

Positions	2.0
Salaries and Fringe Benefits	\$160,227
Stipends for Board Members	120,000
Operating Expenses	<u>19,193</u>
<b>Total FY 2026 State Expenditures</b>	<b>\$299,420</b>

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

This estimate reflects the minimum amount necessary to implement the bill’s requirements. PERB advises that, with 24 counties and 157 municipalities in the State, the bill has the potential to significantly increase its workload beyond that anticipated by this analysis. In the absence of experience under the bill, it is not possible to reliably predict the extent to which employees in local jurisdictions will exercise their collective bargaining rights.

Thus, it is possible that PERB may require additional staffing, which it can request through the normal operating budget process.

The Office of Administrative Hearings (OAH) notes that it has the authority to hear matters relating to PERB, so OAH may need to train administrative law judges on substantive aspects of the bill, which it can do with existing resources.

**Local Expenditures:** The bill increases local government expenditures in two ways if a union is formed for a bargaining unit currently excluded from collective bargaining.

*Increased Costs Relating to Contract Negotiations*

First, adding more bargaining units may increase the workload of human resources/labor relations units within local agencies to respond to additional union matters, such as inquiries on MOUs, grievances, performance management, and other labor matters. Thus, to the extent the additional workload within human resources/labor relations units increases, additional staff may be needed. For example, Talbot County estimates needing to hire an employment attorney to prepare and assist with labor negotiations. The extent to which the workloads of human resources/employee relations functions increase as a result of the bill cannot be reliably predicted, as it depends on whether employees excluded under current law from joining unions elect to participate in collective bargaining and whether negotiations result in an impasse, among other factors. However, the Maryland Association of Counties anticipates the bill having a significant effect on both the finances and operations of local governments. In the event of an impasse, the cost of the services of an arbitrator employed under the bill must be shared equally between the parties, so local expenditures may increase further.

*Increased Costs Relating to Salaries, Benefits, and Employee Rights*

Second, local agencies may incur potentially significant costs depending on the rights, benefits, and/or salaries negotiated or imposed through binding arbitration. Any such costs cannot be reliably predicted or estimated at this time, as they depend wholly on the outcome of any subsequent negotiations or binding arbitration.

**Additional Comments:** The bill specifies an accretion is subject to a showing of interest and election by public local employees in the accreted positions in accordance with procedures under §22-603 of the State Government Article, but that section does not exist.

## **Additional Information**

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

**Designated Cross File:** HB 1509 (Delegate Harris) - Rules and Executive Nominations.

**Information Source(s):** Baltimore City; Montgomery, Talbot, and Wicomico counties; Maryland Association of Counties; Maryland Municipal League; Public Employee Relations Board; Office of Administrative Hearings; Department of Legislative Services

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