

HOUSE BILL 604

P4
HB 159/25 – APP

CONSTITUTIONAL AMENDMENT

6lr2434
CF SB 28

By: **Delegate Solomon**

Introduced and read first time: January 28, 2026

Assigned to: Government, Labor, and Elections

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 6, 2026

CHAPTER _____

1 AN ACT concerning

2 **Arbitration Reform for State Employees Act of 2026**

3 FOR the purpose of altering the collective bargaining process for certain State employees,
4 including by requiring the selection of a neutral arbitrator to oversee ~~all~~ certain
5 aspects of collective bargaining, establishing a process of arbitration in the event of
6 impasse in negotiations between certain parties, and providing that certain decisions
7 of a neutral arbitrator are advisory; altering the matters that are required to be
8 included in collective bargaining; requiring that each budget bill submitted by the
9 Governor contain the appropriations necessary to implement all terms and
10 conditions of employment in certain memoranda of understanding for the next
11 ensuing fiscal year; and generally relating to collective bargaining for State
12 employees.

13 BY repealing and reenacting, with amendments,
14 Article – State Finance and Procurement
15 Section 7–108
16 Annotated Code of Maryland
17 (2021 Replacement Volume and 2025 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – State Personnel and Pensions
20 Section 3–103, 3–501, 3–502, and 3–603
21 Annotated Code of Maryland
22 (2024 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to
2 Article – State Personnel and Pensions
3 Section 3–503
4 Annotated Code of Maryland
5 (2024 Replacement Volume and 2025 Supplement)

6 BY proposing an amendment to the Maryland Constitution
7 Article III – Legislative Department
8 Section 52

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
10 That the Laws of Maryland read as follows:

11 **Article – State Finance and Procurement**

12 7–108.

13 (a) In accordance with the Maryland Constitution and other law, the Governor
14 shall include in each budget bill:

15 (1) an appropriation to pay the principal of and interest on the State debt;

16 (2) without revision, the appropriations requested for public schools, as
17 certified by the State Superintendent of Schools;

18 (3) without revision, the appropriations requested for the Legislative
19 Branch of the State government, as certified by the presiding officers of the General
20 Assembly;

21 (4) without revision, the appropriations requested for the Judicial Branch
22 of the State government, as certified by the Chief Justice of the Supreme Court of Maryland;

23 (5) the appropriations requested by the Governor for the Executive Branch
24 of the State government;

25 (6) the appropriations required by law to be included with the
26 appropriations for the Executive Branch;

27 (7) appropriations for the salaries required by law to be paid by the State;

28 (8) without revision, appropriations for the Accountability and
29 Implementation Board, as jointly certified by the presiding officers of the General Assembly
30 and the Governor; and

31 (9) any other appropriations required by the Maryland Constitution or
32 other law to be included in the budget bill.

1 (b) The Governor shall use the current salary plan of the Secretary of Budget and
2 Management as the basis for the appropriations to pay those salaries to which the plan
3 applies.

4 (C) IN ADDITION TO THE APPROPRIATIONS REQUIRED UNDER SUBSECTION
5 (A) OF THIS SECTION, THE GOVERNOR SHALL INCLUDE IN EACH ANNUAL BUDGET
6 BILL THE APPROPRIATIONS NECESSARY TO IMPLEMENT AND FUND ALL TERMS
7 WITHIN EACH MEMORANDUM OF UNDERSTANDING BETWEEN:

8 (1) THE STATE AND EACH EXCLUSIVE REPRESENTATIVE OF ITS
9 EMPLOYEES;

10 (2) STATE INSTITUTIONS OF HIGHER EDUCATION, INCLUDING THE
11 UNIVERSITY SYSTEM OF MARYLAND, AND EACH EXCLUSIVE REPRESENTATIVE OF
12 THEIR EMPLOYEES; AND

13 (3) THE MARYLAND ENVIRONMENTAL SERVICE AND EACH
14 EXCLUSIVE REPRESENTATIVE OF ITS EMPLOYEES.

15 **Article – State Personnel and Pensions**

16 3–103.

17 This title and any agreement under this title do not limit or otherwise interfere with
18 the powers of the Governor or the Maryland General Assembly [under] **EXCEPT TO**
19 **OPERATE IN ACCORDANCE WITH AND HAVE THE EFFECT REQUIRED BY** Article III, §
20 52 of the Maryland Constitution.

21 3–501.

22 (a) (1) The following individuals or entities shall designate one or more
23 representatives to participate as a party in collective bargaining on behalf of the State or
24 the following institutions:

25 (i) on behalf of the State, the Governor;

26 (ii) on behalf of the Maryland Environmental Service, the Board of
27 Directors of the Service;

28 (iii) on behalf of the University System of Maryland, the Chancellor;
29 and

30 (iv) on behalf of Morgan State University, St. Mary's College of
31 Maryland, or Baltimore City Community College, the governing board of the institution.

1 (2) The exclusive representative shall designate one or more
2 representatives to participate as a party in collective bargaining on behalf of the exclusive
3 representative.

4 (b) (1) [The] **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
5 parties shall meet at reasonable times [and] **BETWEEN JULY 1 AND SEPTEMBER 30 TO**
6 engage in collective bargaining in good faith[, including facilitating the meaningful use of
7 a fact finder under subsection (c)(3) of this section,] and to conclude a written memorandum
8 of understanding or other written understanding as defined under § 3-101(d)(1)(i)2 of this
9 title.

10 (2) (I) **THIS PARAGRAPH DOES NOT APPLY TO:**

11 **1. A BARGAINING UNIT IN A STATE INSTITUTION OF**
12 **HIGHER EDUCATION, INCLUDING THE UNIVERSITY SYSTEM OF MARYLAND; OR**

13 **2. A BARGAINING UNIT FOR THE UNIFORMED FIRE**
14 **EMPLOYEES OF THE BWI AIRPORT FIRE AND RESCUE DEPARTMENT.**

15 (II) **1. FOR EACH BARGAINING UNIT, WHENEVER A**
16 **MEMORANDUM OF UNDERSTANDING IS TO BE NEGOTIATED, REOPENED, OR**
17 **AMENDED, EITHER PARTY MAY REQUEST A NEUTRAL ARBITRATOR FOR THE**
18 **NEGOTIATIONS ON OR AFTER JULY 1.**

19 **2. IF NEGOTIATIONS HAVE NOT CONCLUDED BY**
20 **SEPTEMBER 1, THE PARTIES SHALL SELECT A NEUTRAL ARBITRATOR ON OR BEFORE**
21 **SEPTEMBER 15.**

22 (III) **THE ARBITRATOR SHALL BE SELECTED FROM A LIST OF 15**
23 **ARBITRATORS PROVIDED BY THE AMERICAN ARBITRATION ASSOCIATION'S LABOR**
24 **ARBITRATION PANEL.**

25 (IV) **THE LIST SHALL CONSIST OF QUALIFIED, NATIONWIDE**
26 **ARBITRATORS WHO ARE MEMBERS OF THE NATIONAL ACADEMY OF ARBITRATION.**

27 (V) **THE PARTIES SHALL SELECT THE ARBITRATOR BY**
28 **ALTERNATELY STRIKING NAMES FROM THE LIST UNTIL ONE NAME REMAINS.**

29 (VI) **THE SELECTED ARBITRATOR MUST BE ABLE AND**
30 **AVAILABLE TO PERFORM THE DUTIES AND TO HOLD HEARINGS, BOTH IN PERSON**
31 **AND THROUGH REMOTE COMMUNICATION, CONSISTENT WITH THIS TITLE.**

32 (VII) **THE ARBITRATOR SHALL HAVE THE POWERS AND**
33 **RESPONSIBILITIES UNDER § 3-503 OF THIS SUBTITLE.**

1 (VIII) THE SELECTED ARBITRATOR SHALL ACCEPT THE
 2 APPOINTMENT BY THE EARLIER OF SEPTEMBER 30 OR 15 DAYS AFTER THE DAY A
 3 PARTY REQUESTS AN ARBITRATOR BE SELECTED, OR THE PARTIES MAY AGREE TO
 4 MAKE AN ALTERNATIVE APPOINTMENT FROM:

5 1. THE LIST ORIGINALLY PROVIDED BY THE AMERICAN
 6 ARBITRATION ASSOCIATION; OR

7 2. A LIST OF NATIONWIDE ARBITRATORS PROVIDED BY
 8 THE FEDERAL MEDIATION AND CONCILIATION SERVICE.

9 (3) THE PARTIES SHALL MAKE A REASONABLE EFFORT TO BEGIN
 10 NEGOTIATIONS ON OR NEAR JULY 1, INCLUDING THE EXCHANGE OF INFORMATION
 11 NECESSARY TO RESPONSIBLY CONDUCT AND CONCLUDE NEGOTIATIONS BY
 12 SEPTEMBER 30.

13 (c) ~~f~~(1) THIS SUBSECTION APPLIES ONLY WITH RESPECT TO A STATE
 14 INSTITUTION OF HIGHER EDUCATION, INCLUDING THE UNIVERSITY SYSTEM OF
 15 MARYLAND.

16 (2) The parties shall make every reasonable effort to conclude negotiations
 17 in a timely manner for inclusion by the principal unit in its budget request to the Governor.

18 ~~(2)~~ (3) ~~(i)~~ The parties shall conclude negotiations before January 1
 19 for any item requiring an appropriation of funds for the fiscal year that begins on the
 20 following July 1.

21 ~~(ii) In the budget bill submitted to the General Assembly, the~~
 22 ~~Governor shall include any amounts in the budgets of the principal units required to~~
 23 ~~accommodate any additional cost resulting from the negotiations, including the actuarial~~
 24 ~~impact of any legislative changes to any of the State pension or retirement systems that~~
 25 ~~are required, as a result of the negotiations, for the fiscal year beginning the following July~~
 26 ~~1 if the legislative changes have been negotiated to become effective in that fiscal year.~~

27 ~~(3) (i) This paragraph does not apply to negotiations between the State~~
 28 ~~and the exclusive representative of the uniformed fire employees of the BWI Airport Fire~~
 29 ~~and Rescue Department.~~

30 ~~(ii)~~ (4) If the parties do not conclude negotiations for the next
 31 fiscal year before October 25, either party may request that a fact finder be employed to
 32 resolve the issues.

33 ~~(iii)~~ (5) The fact finder shall be employed no later than November
 34 1.

1 ~~(iv)~~ **(6)** A fact finder shall be a neutral party appointed by
2 alternate striking from a list by the parties provided:

3 ~~1.~~ **(I)** by the Federal Mediation and Conciliation Service; or

4 ~~2.~~ **(II)** under the Labor Arbitration Rules of the American
5 Arbitration Association.

6 ~~(v)~~ **(7)** The fact finder:

7 ~~1.~~ **(I)** may give notice and hold hearings in accordance with the
8 Administrative Procedure Act;

9 ~~2.~~ **(II)** may administer oaths and take testimony and other
10 evidence;

11 ~~3.~~ **(III)** may issue subpoenas; and

12 ~~4.~~ **(IV)** before November 20, shall make written
13 recommendations regarding wages, hours, and working conditions, and any other terms or
14 conditions of employment that may be in dispute.

15 ~~(vi)~~ **(8)** The written recommendations of the fact finder shall be
16 delivered to the Governor, the exclusive representative, the President of the Senate, and
17 the Speaker of the House of Delegates by the Secretary on or before December 1.†

18 [(4) (i)] **(D)** **(1)** This [paragraph] **SUBSECTION** applies only to
19 negotiations between the State and the exclusive representative of the uniformed fire
20 employees of the BWI Airport Fire and Rescue Department.

21 [(ii)] **(2)** The parties shall reach an agreement by September 30 of
22 the year in which a collective bargaining agreement will expire.

23 [(iii)] **(3)** An impasse is reached during the negotiations if the
24 parties do not reach an agreement:

25 [1.] **(I)** by stating that they mutually agree they are at an
26 impasse; or

27 [2.] **(II)** on or before October 1 of the year in which a
28 collective bargaining agreement will expire.

29 [(iv)] **(4)** If an impasse is reached under [subparagraph (iii) of this
30 paragraph] **PARAGRAPH (3) OF THIS SUBSECTION**, each party shall submit its last, best,
31 and final offer to the other party within 48 hours after the impasse is reached.

1 [(v) 1.] **(5)** **(I)** Unless the impasse has been resolved, the
2 parties shall meet within 5 business days after the impasse is reached under
3 [subparagraph (iii) of this paragraph] **PARAGRAPH (3) OF THIS SUBSECTION** to select an
4 arbitrator from a list of 15 arbitrators provided by the American Arbitration Association's
5 labor arbitration panel.

6 **[2.] (II)** The parties shall select the arbitrator by alternately
7 striking a name from the list until one name remains.

8 **[3.] (III)** If the selected arbitrator is unable to fulfill the
9 responsibilities of the arbitration, the selection process shall be repeated using a new list
10 of arbitrators until an arbitrator is selected.

11 **[4.] (IV)** The parties shall submit the dispute and the last,
12 best, and final offers to the arbitrator within 5 business days after the arbitrator is selected.

13 [(vi) 1.] **(6)** **(I)** The arbitrator shall hold formal hearings as
14 necessary in order to resolve the impasse.

15 **[2.] (II)** During the first 21 days immediately following the
16 appointment of the arbitrator and before holding any formal hearings, the arbitrator may,
17 if determined appropriate by the arbitrator, attempt to resolve the impasse by acting as a
18 neutral mediator between the parties.

19 [(vii)] **(7)** The arbitrator shall select one party's last, best, and final
20 offer on or before December 15.

21 [(viii) 1.] **(8)** **(I)** Subject to [subsubparagraph 2 of this
22 subparagraph] **SUBPARAGRAPH (II) OF THIS PARAGRAPH**, the decision of the arbitrator
23 is binding on the parties.

24 **[2.] (II)** A decision of an arbitrator under this paragraph
25 related to wages is subject to the limitations of the State budget.

26 [(ix)] **(9)** The parties shall equally share the costs of the services of
27 the arbitrator.

28 ~~(d)~~ **(E)** (1) A memorandum of understanding [that incorporates all matters
29 of agreement reached by the parties] **REACHED BY MUTUAL AGREEMENT** shall be
30 executed by the exclusive representative and:

31 (i) for a memorandum of understanding relating to the State, the
32 Governor or the Governor's designee;

33 (ii) for a memorandum of understanding relating to the Maryland
34 Environmental Service, the Board of Directors of the Service;

1 (iii) for a memorandum of understanding relating to a system
2 institution, the Chancellor or the Chancellor's designee; and

3 (iv) for a memorandum of understanding relating to Morgan State
4 University, St. Mary's College of Maryland, or Baltimore City Community College, the
5 governing board of the institution or the governing board's designee.

6 (2) **(I) THIS PARAGRAPH DOES NOT APPLY TO MATTERS**
7 **INVOLVING A STATE INSTITUTION OF HIGHER EDUCATION, INCLUDING THE**
8 **UNIVERSITY SYSTEM OF MARYLAND.**

9 **(II)** To the extent [these] matters **INCORPORATED IN A**
10 **MEMORANDUM OF UNDERSTANDING** require legislative approval or the appropriation of
11 funds, the matters shall be [recommended] **REFERRED** to the General Assembly for
12 **LEGISLATIVE** approval or for the appropriation of funds **AS REQUIRED UNDER ARTICLE**
13 **III, § 52 OF THE MARYLAND CONSTITUTION.**

14 (3) To the extent matters involving a State institution of higher education
15 require legislative approval **OR THE APPROPRIATION OF FUNDS**, the ~~legislation~~
16 **MATTERS** shall be [recommended] **REFERRED** to the Governor [for submission to] **AND**
17 the General Assembly **FOR LEGISLATIVE APPROVAL OR THE APPROPRIATION OF**
18 **FUNDS.**

19 ~~(F)~~ **(F)** (1) Except as provided in paragraph (2) of this subsection,
20 negotiations for a memorandum of understanding shall be considered closed sessions under
21 § 3-305 of the General Provisions Article.

22 (2) An exclusive representative may not be considered a public body under
23 § 3-101 of the General Provisions Article.

24 ~~(G)~~ **(G)** (1) The terms of a memorandum of understanding executed by the
25 Governor or the Governor's designee and an exclusive representative of a bargaining unit
26 for skilled service or professional service employees in the State Personnel Management
27 System are not applicable to employees of a State institution of higher education.

28 (2) The terms of a memorandum of understanding executed by the
29 Chancellor or the governing board of Morgan State University, St. Mary's College of
30 Maryland, or Baltimore City Community College, or their respective designees, and the
31 exclusive representative of a bargaining unit for employees of a State institution of higher
32 education are not applicable to skilled service or professional service employees in the State
33 Personnel Management System.

34 3-502.

35 (a) Collective bargaining shall include all matters relating to:

1 (1) wages, hours, **FRINGE BENEFITS OTHER THAN PENSION BENEFITS,**
2 **HEALTH BENEFITS,** and other terms and conditions of employment; and

3 (2) the time and manner of access to a new employee program in
4 accordance with § 22–207 of the State Government Article.

5 (b) Notwithstanding subsection (a) of this section, the representatives of the
6 State, the Maryland Environmental Service, a system institution, Morgan State
7 University, St. Mary's College of Maryland, and Baltimore City Community College:

8 (1) may not be required to negotiate over any matter that is inconsistent
9 with applicable law; and

10 (2) may negotiate and reach agreement with regard to any such matter
11 **THAT IS INCONSISTENT WITH APPLICABLE LAW** only if it is understood that, **WITH**
12 **RESPECT TO THE MATTER,** the agreement [with respect to such matter] **OR**
13 **MEMORANDUM OF UNDERSTANDING** cannot become effective unless the applicable law
14 is amended by the General Assembly.

15 **3–503.**

16 **(A) THIS SECTION DOES NOT APPLY WITH RESPECT TO A STATE**
17 **INSTITUTION OF HIGHER EDUCATION, INCLUDING THE UNIVERSITY SYSTEM OF**
18 **MARYLAND.**

19 ~~(A)~~ **(B) (1) A NEUTRAL ARBITRATOR SELECTED UNDER § 3–501(B) OF**
20 **THIS SUBTITLE:**

21 **(I) MAY MEDIATE OR AID IN THE RESOLUTION OF ANY DISPUTE**
22 **BETWEEN THE PARTIES REGARDING THE CONDUCT OF NEGOTIATIONS;**

23 **(II) MAY RECEIVE FROM THE PARTIES COPIES OF INFORMATION**
24 **REQUESTS PRESENTED AND RESPONSES RECEIVED TO MEDIATE OR AID IN THE**
25 **RESOLUTION OF DISPUTES THAT ARISE BETWEEN THE PARTIES CONSISTENT WITH**
26 **THIS TITLE; AND**

27 **(III) MAY DIRECT PRODUCTION OF ESTIMATES OF REVENUES**
28 **AND EXPENDITURES COMPILED BY THE STATE BOARD OF REVENUE ESTIMATES,**
29 **THE BUREAU OF REVENUE ESTIMATES, OR THE CONSENSUS REVENUE**
30 **MONITORING AND FORECASTING GROUP.**

31 **(2) (I) THE OPINIONS AND GUIDANCE ISSUED BY THE NEUTRAL**
32 **ARBITRATOR UNDER THIS SUBSECTION SHALL BE ADVISORY ON THE PARTIES AND**
33 **THE GOVERNOR.**

1 **(II) THE USE OF A NEUTRAL ARBITRATOR DOES NOT DIMINISH**
2 **OR LIMIT THE RIGHTS OF ANY PARTY TO FILE AND PURSUE A COMPLAINT OF UNFAIR**
3 **LABOR PRACTICES BEFORE THE BOARD.**

4 ~~**(B)**~~ **(C) (1) IF EITHER PARTY DECLARES AN IMPASSE ON OR AFTER**
5 **OCTOBER 1, ARBITRATION SHALL PROCEED AS DESCRIBED IN THIS SUBSECTION.**

6 **(2) (I) ON THE FIFTH BUSINESS DAY AFTER THE IMPASSE IS**
7 **DECLARED, EACH PARTY SHALL SUBMIT TO THE NEUTRAL ARBITRATOR, IN WRITING**
8 **AND WITH A COPY TO THE OTHER PARTY, A LAST, BEST, AND FINAL OFFER,**
9 **INCLUDING:**

10 **1. ALL PROVISIONS IN THE EXISTING MEMORANDUM OF**
11 **UNDERSTANDING NOT TO BE MODIFIED;**

12 **2. ALL NEW, AMENDED, OR MODIFIED MEMORANDUM OF**
13 **UNDERSTANDING PROVISIONS AGREED TO BY THE PARTIES BEFORE THE IMPASSE**
14 **WAS DECLARED THAT ARE TO BE INCLUDED THROUGH WRITTEN MUTUAL**
15 **AGREEMENT; AND**

16 **3. SUBJECT TO SUBPARAGRAPH (II) OF THIS**
17 **PARAGRAPH, DETAILED FURTHER PROVISIONS THAT A PARTY IS PROPOSING FOR**
18 **INCLUSION IN A MEMORANDUM OF UNDERSTANDING.**

19 **(II) FURTHER PROVISIONS ARE LIMITED TO SPECIFIC**
20 **PROPOSALS THAT WERE SUBMITTED IN WRITING TO THE OTHER PARTY AND WERE**
21 **THE SUBJECT OF COLLECTIVE BARGAINING BETWEEN THE PARTIES UP TO THE TIME**
22 **OF IMPASSE, INCLUDING PROPOSALS THAT THE PARTIES HAVE DECIDED TO**
23 **INCLUDE IN THE MEMORANDUM OF UNDERSTANDING THROUGH WRITTEN MUTUAL**
24 **AGREEMENT.**

25 **(3) THE NEUTRAL ARBITRATOR ACTING AS A MEDIATOR SHALL**
26 **ATTEMPT TO RESOLVE THE IMPASSE BEFORE A FORMAL HEARING ON THE IMPASSE.**

27 **(4) (I) WITHIN 30 CALENDAR DAYS AFTER A DECLARED IMPASSE,**
28 **THE NEUTRAL ARBITRATOR SHALL HOLD A FORMAL HEARING AT WHICH THE**
29 **PARTIES MAY SUBMIT, IN WRITING OR ORAL TESTIMONY, ALL INFORMATION OR**
30 **DATA SUPPORTING THE FINAL POSITIONS.**

31 **(II) ABSENT MUTUAL AGREEMENT BETWEEN THE PARTIES, OR**
32 **AS OTHERWISE ORDERED BY THE NEUTRAL ARBITRATOR, THE FORMAL HEARING**
33 **SHALL CONCLUDE WITHIN 45 CALENDAR DAYS AFTER THE IMPASSE DATE.**

1 **(5) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**
2 **PARAGRAPH, THE ARBITRATION SHALL CONCLUDE WITH A WRITTEN AWARD THAT**
3 **SUSTAINS IN ITS ENTIRETY THE LAST, BEST, AND FINAL OFFER OF ONE OF THE**
4 **PARTIES.**

5 **(II) BEFORE A WRITTEN AWARD IS ISSUED, BY WRITTEN**
6 **AGREEMENT SIGNED BY THE REPRESENTATIVES OF THE PARTIES PARTICIPATING IN**
7 **THE ARBITRATION, THE PARTIES MAY DIRECT THE NEUTRAL ARBITRATOR TO RULE**
8 **ON SPECIFICALLY IDENTIFIED TOPICS OF BARGAINING.**

9 **(6) (I) THE NEUTRAL ARBITRATOR SHALL ISSUE A PRELIMINARY**
10 **WRITTEN AWARD ON OR BEFORE DECEMBER 5.**

11 **(II) THE PRELIMINARY WRITTEN AWARD SHALL ADDRESS ALL**
12 **PROVISIONS THAT EACH PARTY PROPOSED IN ITS RESPECTIVE FINAL POSITION FOR**
13 **INCLUSION IN A MEMORANDUM OF UNDERSTANDING.**

14 **(III) WITHIN 5 BUSINESS DAYS AFTER RECEIPT OF THE**
15 **PRELIMINARY WRITTEN AWARD, THE PARTIES SHALL REVIEW THE AWARD AND MAY**
16 **SEVERALLY OR MUTUALLY REQUEST CHANGES OR ADJUSTMENTS IN THE AWARD.**

17 **(IV) ON OR BEFORE DECEMBER 15, THE NEUTRAL ARBITRATOR**
18 **SHALL ISSUE A FINAL WRITTEN AWARD IN WHICH THE ARBITRATOR:**

19 **1. SHALL ORDER IMPLEMENTATION OF THE LAST, BEST,**
20 **AND FINAL OFFER OF EITHER PARTY IN ITS ENTIRETY, INCORPORATING ANY**
21 **VOLUNTARILY AGREED-TO TERMS BETWEEN THE PARTIES; AND**

22 **2. SHALL INCLUDE:**

23 **A. ANY VOLUNTARILY AGREED-TO TERMS BETWEEN THE**
24 **PARTIES; AND**

25 **B. ANY PRIOR TERM THAT BY AGREEMENT IS NOT TO BE**
26 **CHANGED FOR THE NEXT FISCAL YEAR.**

27 **(V) AFTER DECEMBER 15, IF REQUESTED BY EITHER PARTY,**
28 **THE NEUTRAL ARBITRATOR SHALL ISSUE BY JANUARY 20 OF THE IMMEDIATELY**
29 **FOLLOWING YEAR A STATEMENT OF REASONS FOR THE FINAL WRITTEN AWARD.**

30 **(7) THE NEUTRAL ARBITRATOR SHALL CONSIDER THE FOLLOWING**
31 **WHEN DEVELOPING A WRITTEN AWARD:**

1 **(I) THE LAWFUL AUTHORITY OF THE EMPLOYER, INCLUDING**
2 **THE OBLIGATION OF THE EMPLOYER TO USE SPECIAL FUNDS ONLY FOR**
3 **AUTHORIZED PURPOSES UNDER LIMITATIONS IMPOSED BY FEDERAL OR STATE LAW;**

4 **(II) STIPULATIONS OF THE PARTIES;**

5 **(III) THE INTERESTS AND WELFARE OF THE PUBLIC;**

6 **(IV) THE FINANCIAL ABILITY OF THE EMPLOYER TO MEET**
7 **COSTS, WITHOUT THE PREMISE THAT THE EMPLOYER MAY NEED TO INCREASE OR**
8 **IMPOSE NEW TAXES, FEES, OR CHARGES, OR DEVELOP OTHER SOURCES OF REVENUE**
9 **OR TRANSFER FUNDS FROM THE REVENUE STABILIZATION ACCOUNT ESTABLISHED**
10 **UNDER § 7-311 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;**

11 **(V) THE PRESENT AND FUTURE GENERAL ECONOMIC**
12 **CONDITION OF THE STATE ~~OR STATE INSTITUTIONS OF HIGHER EDUCATION;~~**

13 **(VI) COMPARISONS OF WAGES, HOURS, AND CONDITIONS OF**
14 **EMPLOYMENT OF THE EMPLOYEES INVOLVED WITH ARBITRATION WITH THE WAGES,**
15 **HOURS, AND CONDITIONS OF EMPLOYMENT OF OTHER EMPLOYEES PERFORMING**
16 **SIMILAR SERVICES IN PUBLIC EMPLOYMENT IN ADJACENT STATES;**

17 **(VII) COMPARISONS OF COLLECTIVE BARGAINING PATTERNS IN**
18 **OTHER STATES AND AMONG COUNTY EMPLOYEES IN THE STATE;**

19 **(VIII) CONSUMER PRICES FOR GOODS AND SERVICES AS DEFINED**
20 **BY PUBLIC AND PRIVATE SOURCES;**

21 **(IX) THE OVERALL COMPENSATION PRESENTLY RECEIVED BY**
22 **THE EMPLOYEES, INCLUDING DIRECT WAGE COMPENSATION, VACATION, HOLIDAYS,**
23 **EXCUSED TIME OFF, INSURANCE AND PENSIONS COSTS, MEDICAL AND**
24 **HOSPITALIZATION BENEFITS, THE CONTINUITY AND STABILITY OF EMPLOYMENT,**
25 **AND ALL OTHER RECEIVED BENEFITS;**

26 **(X) CHANGES IN ANY OF THE FOREGOING CIRCUMSTANCES**
27 **DURING THE PENDENCY OF THE ARBITRATION; AND**

28 **(XI) OTHER FACTORS THAT ARE NORMALLY OR TRADITIONALLY**
29 **TAKEN INTO CONSIDERATION IN THE DETERMINATION OF WAGES, HOURS, AND**
30 **CONDITIONS OF EMPLOYMENT THROUGH VOLUNTARY COLLECTIVE BARGAINING,**
31 **MEDIATION, ARBITRATION, OR OTHERWISE BETWEEN THE PARTIES IN PUBLIC**
32 **SERVICE OR PRIVATE EMPLOYMENT.**

1 **(8) A WRITTEN AWARD REQUIRED UNDER THIS SUBSECTION SHALL**
2 **INCLUDE A STATEMENT, PREPARED IN CONSULTATION WITH BOTH PARTIES,**
3 **DETAILING THE MULTIYEAR FISCAL IMPACT TO THE GENERAL FUND OF THE STATE**
4 **FROM PARAGRAPH (7)(IV) AND (V) OF THIS SUBSECTION.**

5 ~~(C)~~ **(D)** **(1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
6 **DECISION OF THE NEUTRAL ARBITRATOR SHALL BE FINAL AND BINDING ON THE**
7 **PARTIES.**

8 **(2) A DECISION AS TO A MATTER REQUIRING A CHANGE IN LAW OR AN**
9 **APPROPRIATION OF FUNDS IS CONTINGENT ON THE ENACTMENT OF LEGISLATION**
10 **MAKING THE CHANGE IN LAW OR APPROVAL OF THE APPROPRIATION BY THE**
11 **GENERAL ASSEMBLY IN ACCORDANCE WITH ARTICLE III, § 52 OF THE MARYLAND**
12 **CONSTITUTION.**

13 **(3) A DECISION OF AN ARBITRATOR UNDER THIS SUBSECTION**
14 **RELATED TO WAGES IS SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET.**

15 ~~(D)~~ **(E)** **THE STATE, ~~A STATE INSTITUTION OF HIGHER EDUCATION,~~ AND**
16 **THE MARYLAND ENVIRONMENTAL SERVICE AND THE GOVERNOR SHALL TAKE ALL**
17 **ACTIONS NECESSARY TO CARRY OUT AND EFFECTUATE THE FINAL WRITTEN AWARD**
18 **AND PLACE INTO EFFECT THE MEMORANDUM OF UNDERSTANDING.**

19 ~~(E)~~ **(F)** **(1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
20 **PARTIES AT ANY TIME MAY AMEND OR MODIFY THE FINAL WRITTEN AWARD AND, BY**
21 **CONSENT, THE AMENDMENTS OR MODIFICATIONS SHALL BE APPROVED BY THE**
22 **PARTIES AND PLACED IN A SUPPLEMENTAL WRITTEN AWARD BY THE NEUTRAL**
23 **ARBITRATOR THAT SHALL BE FINAL AND BINDING.**

24 **(2) A SUPPLEMENTAL WRITTEN AWARD UNDER PARAGRAPH (1) OF**
25 **THIS SUBSECTION SHALL TAKE EFFECT ON THE DATE OF THE ORDER OF THE**
26 **NEUTRAL ARBITRATOR AND MAY NOT REQUIRE RATIFICATION UNDER § 3-601 OF**
27 **THIS TITLE.**

28 ~~(F)~~ **(G)** **A DEADLINE IN THIS SECTION MAY BE MODIFIED, BASED ON GOOD**
29 **CAUSE, BY MUTUAL AGREEMENT OF THE PARTIES OR BY ORDER OF THE NEUTRAL**
30 **ARBITRATOR.**

31 ~~(G)~~ **(H)** **(1) THE COSTS OF THE SERVICES OF THE NEUTRAL**
32 **ARBITRATOR SHALL BE SHARED EQUALLY BY THE PARTIES.**

33 **(2) ALL OTHER COSTS INCURRED BY EITHER PARTY TO COMPLY WITH**
34 **THIS SECTION SHALL BE THE RESPONSIBILITY OF THE PARTY INCURRING THE**
35 **COSTS.**

1 3-603.

2 (a) A memorandum of understanding [agreed to and ratified under § 3-601 of this
3 subtitle] may not expire until it is succeeded by a memorandum of understanding that is
4 agreed to and ratified or adopted by arbitration under this title.

5 (b) Notwithstanding § 3-601(b) of this subtitle, all terms of a memorandum of
6 understanding shall continue in force and effect without change until a successor
7 memorandum of understanding is agreed to and ratified.

8 (c) (1) Based on a verified complaint by an exclusive representative, the
9 exclusive representative may file an action in a circuit court against the State, the
10 Maryland Environmental Service, a system institution, Morgan State University, St.
11 Mary's College of Maryland, or Baltimore City Community College to enforce the terms of
12 this section.

13 (2) On receipt of an action submitted by the exclusive representative, the
14 court shall issue a status quo order without a finding of irreparable harm to maintain a
15 memorandum of understanding and the terms in effect pending a final order in the action.

16 SECTION 2. AND BE IT FURTHER ENACTED, (Three-fifths of all the members
17 elected to each of the two Houses concurring), That it be proposed that the Maryland
18 Constitution read as follows:

19 **Article III – Legislative Department**

20 52.

21 (1) The General Assembly shall not appropriate any money out of the Treasury
22 except in accordance with the provisions of this section.

23 (2) Every appropriation bill shall be either a Budget Bill, or a Supplementary
24 Appropriation Bill, as hereinafter provided.

25 (3) On the third Wednesday in January in each year, (except in the case of a newly
26 elected Governor, and then not later than ten days after the convening of the General
27 Assembly), unless such time shall be extended by the General Assembly, the Governor shall
28 submit to the General Assembly a Budget for the next ensuing fiscal year. Each Budget
29 shall contain a complete plan of proposed expenditures and estimated revenues for said
30 fiscal year and shall show the estimated surplus or deficit of revenues at the end of the
31 preceding fiscal year. **EACH BUDGET SUBMITTED BY THE GOVERNOR SHALL ALSO**
32 **CONTAIN THE PROPOSED APPROPRIATIONS NECESSARY TO IMPLEMENT ALL TERMS**
33 **AND CONDITIONS OF EMPLOYMENT IN EACH MEMORANDUM OF UNDERSTANDING**
34 **CONCLUDED WITH THE STATE AND ANY INSTITUTION OF HIGHER EDUCATION**
35 **INCLUDING THE UNIVERSITY SYSTEM OF MARYLAND, WHETHER REACHED**

1 THROUGH MUTUAL AGREEMENT OR ARBITRATION THAT IS BINDING ON THE
2 PARTIES, THE GOVERNOR, ~~STATE INSTITUTIONS OF HIGHER EDUCATION~~, AND THE
3 MARYLAND ENVIRONMENTAL SERVICE, FOR THE NEXT ENSUING FISCAL YEAR FOR
4 STATE EMPLOYEES IN THE VARIOUS BRANCHES AND DEPARTMENTS OF STATE
5 GOVERNMENT, ~~INCLUDING HIGHER EDUCATION~~. Accompanying each Budget shall be a
6 statement showing: (a) the revenues and expenditures for the preceding fiscal year; (b) the
7 current assets, liabilities, reserves and surplus or deficit of the State; (c) the debts and
8 funds of the State; (d) an estimate of the State's financial condition as of the beginning and
9 end of the preceding fiscal year; (e) **CHANGES IN WAGES, HOURS, FRINGE BENEFITS,**
10 **HEALTH BENEFITS, AND OTHER TERMS AND CONDITIONS OF EMPLOYMENT FOR**
11 **STATE EMPLOYEES INCLUDED IN EACH MEMORANDUM OF UNDERSTANDING**
12 **COVERING STATE EMPLOYEES FOR THE NEXT ENSUING FISCAL YEAR; AND (F)** any
13 explanation the Governor may desire to make as to the important features of the Budget
14 and any suggestions as to methods for reduction or increase of the State's revenue.

15 (4) Each Budget shall embrace an estimate of all appropriations in such form and
16 detail as the Governor shall determine or as may be prescribed by law, as follows: (a) for
17 the General Assembly as certified to the Governor in the manner hereinafter provided; (b)
18 for the Executive Department; (c) for the Judiciary Department, as provided by law, as
19 certified to the Governor; (d) to pay and discharge the principal and interest of the debt of
20 the State in conformity with Section 34 of Article III of the Constitution, and all laws
21 enacted in pursuance thereof; (e) for the salaries **AND FRINGE BENEFITS** payable by the
22 State and under the Constitution and laws of the State, **INCLUDING THOSE SALARIES**
23 **AND BENEFITS COMMITTED UNDER EACH MEMORANDUM OF UNDERSTANDING**
24 **COVERING STATE EMPLOYEES**; (f) for the establishment and maintenance throughout
25 the State of a thorough and efficient system of public schools in conformity with Article 8
26 of the Constitution and with the laws of the State; and (g) for such other purposes as are
27 set forth in the Constitution or laws of the State.

28 (5) The Governor shall deliver to the presiding officer of each House the Budget
29 and a bill for all the proposed appropriations of the Budget classified and in such form and
30 detail as the Governor shall determine or as may be prescribed by law; and the presiding
31 officer of each House shall promptly cause said bill to be introduced therein, and such bill
32 shall be known as the "Budget Bill." The Governor may, with the consent of the General
33 Assembly, before final action thereon by the General Assembly, amend or supplement said
34 Budget to correct an oversight, provide funds contingent on passage of pending legislation
35 or, in case of an emergency, by delivering such an amendment or supplement to the
36 presiding officers of both Houses; and such amendment or supplement shall thereby become
37 a part of said Budget Bill as an addition to the items of said bill or as a modification of or a
38 substitute for any item of said bill such amendment or supplement may affect.

39 (5a) The Budget and the Budget Bill as submitted by the Governor to the General
40 Assembly shall have a figure for the total of all proposed appropriations and a figure for
41 the total of all estimated revenues available to pay the appropriations, and the figure for
42 total proposed appropriations shall not exceed the figure for total estimated revenues.
43 Neither the Governor in submitting an amendment or supplement to the Budget Bill nor

1 the General Assembly in amending the Budget Bill shall thereby cause the figure for total
2 proposed appropriations to exceed the figure for total estimated revenues, including any
3 revisions, and in the Budget Bill as enacted the figure for total estimated revenues always
4 shall be equal to or exceed the figure for total appropriations.

5 (6) The General Assembly shall not amend the Budget Bill so as to affect either
6 the obligations of the State under Section 34 of Article III of the Constitution, or the
7 provisions made by the laws of the State for the establishment and maintenance of a system
8 of public schools or the payment of any salaries required to be paid by the State of Maryland
9 by the Constitution.

10 (6a) In enacting a balanced Budget Bill each fiscal year as required under this
11 Section, the General Assembly may amend the bill by increasing or diminishing the items
12 therein relating to the General Assembly, and by increasing or diminishing the items
13 therein relating to the judiciary, but except as hereinbefore specified, may not alter the bill
14 except to strike out or reduce items therein, provided, however, that the salary or
15 compensation of any public officer may not be decreased during the public officer's term of
16 office. When passed by both Houses, the Budget Bill shall be presented to the Governor for
17 approval or disapproval according to Section 17 of Article II of this Constitution.

18 (6b) In enacting a balanced Budget Bill as required under this Section for fiscal
19 year 2024 and each fiscal year thereafter, the General Assembly may amend the bill by
20 increasing, diminishing, or adding items therein relating to the General Assembly, by
21 increasing, diminishing, or adding items therein relating to the judiciary, and by
22 increasing, diminishing, or adding items therein relating to the Executive Department,
23 provided that the total of the appropriation for the Executive Department approved by the
24 General Assembly does not exceed the total proposed appropriation for the Executive
25 Department submitted by the Governor. The salary or compensation of any public officer
26 may not be decreased during the public officer's term of office. When passed by both Houses,
27 the Budget Bill shall be a law immediately without further action by the Governor.

28 (7) The Governor and such representatives of the executive departments, boards,
29 officers and commissions of the State expending or applying for State's moneys, as have
30 been designated by the Governor for this purpose, shall have the right, and when requested
31 by either House of the General Assembly, it shall be their duty to appear and be heard with
32 respect to any Budget Bill during the consideration thereof, and to answer inquiries relative
33 thereto.

34 (8) Supplementary Appropriation Bill. Either House may consider other
35 appropriations but both Houses shall not finally act upon such appropriations until after
36 the Budget Bill has been finally acted upon by both Houses, and no such other
37 appropriation shall be valid except in accordance with the provisions following: (a) Every
38 such appropriation shall be embodied in a separate bill limited to some single work, object
39 or purpose therein stated and called herein a Supplementary Appropriation Bill; (b) Each
40 Supplementary Appropriation Bill shall provide the revenue necessary to pay the
41 appropriation thereby made by a tax, direct or indirect, to be levied and collected as shall
42 be directed in said bill; (c) No Supplementary Appropriation Bill shall become a law unless

1 it be passed in each House by a vote of a majority of the whole number of the members
2 elected, and the yeas and nays recorded on its final passage; (d) Each Supplementary
3 Appropriation Bill shall be presented to the Governor of the State as provided in Section
4 17 of Article 2 of the Constitution and thereafter all the provisions of said section shall
5 apply.

6 (9) Nothing in this section shall be construed as preventing the General Assembly
7 from passing at any time, in accordance with the provisions of Section 28 of Article 3 of the
8 Constitution and subject to the Governor's power of approval as provided in Section 17 of
9 Article 2 of the Constitution, an appropriation bill to provide for the payment of any
10 obligation of the State within the protection of Section 10 of Article 1 of the Constitution of
11 the United States.

12 (10) If the Budget Bill shall not have been finally acted upon by the Legislature
13 seven days before the expiration of the regular session, the Governor shall issue a
14 proclamation extending the session for some further period as may, in the Governor's
15 judgment, be necessary for the passage of such bill; but no matter other than such bill shall
16 be considered during such extended session except a provision for the cost thereof.

17 (11) For the purpose of making up the Budget, the Governor shall require from the
18 proper State officials (including all executive departments, all executive and administrative
19 offices, bureaus, boards, commissions and agencies that expend or supervise the
20 expenditure of, and all institutions applying, for State moneys and appropriations) such
21 itemized estimates and other information, in such form and at such times as directed by
22 the Governor. An estimate for a program required to be funded by a law which will be in
23 effect during the fiscal year covered by the Budget and which was enacted before July 1 of
24 the fiscal year prior to that date shall provide a level of funding not less than that prescribed
25 in the law. The estimates for the Legislative Department, certified by the presiding officer
26 of each House, of the Judiciary, as provided by law, certified by the Chief Justice of the
27 Supreme Court of Maryland, and for the public schools, as provided by law, shall be
28 transmitted to the Governor, in such form and at such times as directed by the Governor,
29 and shall be included in the Budget without revision.

30 (12) The Governor may provide for public hearings on all estimates and may
31 require the attendance at such hearings of representatives of all agencies, and for all
32 institutions applying for State moneys. After such public hearings the Governor may, in
33 the Governor's discretion, revise all estimates except those for the legislative and judiciary
34 departments, and for the public schools, as provided by law, and except that the Governor
35 may not reduce an estimate for a program below a level of funding prescribed by a law
36 which will be in effect during the fiscal year covered by the Budget, and which was enacted
37 before July 1 of the fiscal year prior thereto.

38 (13) The General Assembly may, from time to time, enact such laws not
39 inconsistent with this section, as may be necessary and proper to carry out its provisions.

40 (14) In the event of any inconsistency between any of the provisions of this Section
41 and any of the other provisions of the Constitution, the provisions of this Section shall

1 prevail. But nothing herein shall in any manner affect the provisions of Section 34 of Article
2 3 of the Constitution or of any laws heretofore or hereafter passed in pursuance thereof, or
3 be construed as preventing the Governor from calling extraordinary sessions of the General
4 Assembly, as provided by Section 16 of Article 2, or as preventing the General Assembly at
5 such extraordinary sessions from considering any emergency appropriation or
6 appropriations.

7 (15) If any item of any appropriation bill passed under the provisions of this
8 Section shall be held invalid upon any ground, such invalidity shall not affect the legality
9 of the bill or of any other item of such bill or bills.

10 SECTION 3. AND BE IT FURTHER ENACTED, That the General Assembly
11 determines that the amendment to the Maryland Constitution proposed by Section 2 of this
12 Act affects multiple jurisdictions and that the provisions of Article XIV, § 1 of the Maryland
13 Constitution concerning local approval of constitutional amendments do not apply.

14 SECTION 4. AND BE IT FURTHER ENACTED, That:

15 (a) The amendment to the Maryland Constitution proposed by Section 2 of this
16 Act shall be submitted to the qualified voters of the State at the next general election to be
17 held in November 2026 for adoption or rejection in accordance with Article XIV of the
18 Maryland Constitution.

19 (b) (1) At that general election, the vote on the proposed amendment to the
20 Constitution shall be by ballot, and on each ballot there shall be printed the words “For the
21 Constitutional Amendment” and “Against the Constitutional Amendment”, as now
22 provided by law.

23 (2) At that general election, a question substantially similar to the
24 following shall be submitted to the qualified voters of the State:

25 “Question ___ – Constitutional Amendment

26 Providing that each budget submitted by the Governor shall include expenditures
27 necessary to implement wages, hours, fringe benefits, health benefits, and other terms and
28 conditions of employment for State employees concluded in each memorandum of
29 understanding covering State employees.”.

30 (c) Immediately after the election, all returns shall be made to the Governor of
31 the vote for and against the proposed amendment, as directed by Article XIV of the
32 Maryland Constitution, and further proceedings held in accordance with Article XIV.

33 SECTION 5. AND BE IT FURTHER ENACTED, That Section 1 of this Act is
34 contingent on the passage of Section 2 of this Act, a constitutional amendment, and its
35 ratification by voters of the State.

1 SECTION 6. AND BE IT FURTHER ENACTED, That, subject to Section 5 of this
2 Act, Section 1 of this Act shall take effect on the proclamation of the Governor that the
3 constitutional amendment, having received a majority of the votes cast at the general
4 election, has been adopted by the people of Maryland.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.