

SENATE BILL 28

P4
SB 288/25 – B&T & FIN

CONSTITUTIONAL AMENDMENT
(PRE-FILED)

6lr0953
CF HB 604

By: ~~Senator McCray~~ Senators McCray, Augustine, Guzzone, Hettleman, King, Lewis Young, Rosapepe, and Zucker

Requested: September 24, 2025

Introduced and read first time: January 14, 2026

Assigned to: Budget and Taxation and Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 2, 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

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 (2024 Replacement Volume and 2025 Supplement)

2 BY adding to

3 Article – State Personnel and Pensions

4 Section 3–503

5 Annotated Code of Maryland

6 (2024 Replacement Volume and 2025 Supplement)

7 BY proposing an amendment to the Maryland Constitution

8 Article III – Legislative Department

9 Section 52

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

12 **Article – State Finance and Procurement**

13 7–108.

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

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

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

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

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

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

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

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

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

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

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

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

10 (1) **THE STATE AND EACH EXCLUSIVE REPRESENTATIVE OF ITS**
11 **EMPLOYEES;**

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

15 (3) **THE MARYLAND ENVIRONMENTAL SERVICE AND EACH**
16 **EXCLUSIVE REPRESENTATIVE OF ITS EMPLOYEES.**

17 **Article – State Personnel and Pensions**

18 3–103.

19 This title and any agreement under this title do not limit or otherwise interfere with
20 the powers of the Governor or the Maryland General Assembly [under] **EXCEPT TO**
21 **OPERATE IN ACCORDANCE WITH AND HAVE THE EFFECT REQUIRED BY** Article III, §
22 52 of the Maryland Constitution.

23 3–501.

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

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

28 (ii) on behalf of the Maryland Environmental Service, the Board of
29 Directors of the Service;

30 (iii) on behalf of the University System of Maryland, the Chancellor;
31 and

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

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

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

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

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

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

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

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

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

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

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

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

1 (VII) THE ARBITRATOR SHALL HAVE THE POWERS AND
2 RESPONSIBILITIES UNDER § 3-503 OF THIS SUBTITLE.

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

7 1. THE LIST ORIGINALLY PROVIDED BY THE AMERICAN
8 ARBITRATION ASSOCIATION; OR

9 2. A LIST OF NATIONWIDE ARBITRATORS PROVIDED BY
10 THE FEDERAL MEDIATION AND CONCILIATION SERVICE.

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

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

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

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

23 ~~(ii) In the budget bill submitted to the General Assembly, the~~
24 ~~Governor shall include any amounts in the budgets of the principal units required to~~
25 ~~accommodate any additional cost resulting from the negotiations, including the actuarial~~
26 ~~impact of any legislative changes to any of the State pension or retirement systems that~~
27 ~~are required, as a result of the negotiations, for the fiscal year beginning the following July~~
28 ~~1 if the legislative changes have been negotiated to become effective in that fiscal year.~~

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

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

1 ~~(iii)~~ **(5)** The fact finder shall be employed no later than November
2 1.

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

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

6 ~~2.~~ **(II)** under the Labor Arbitration Rules of the American
7 Arbitration Association.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 [(ix)] (9) The parties shall equally share the costs of the services of
30 the arbitrator.

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

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

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

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

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

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

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

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

23 ~~(F)~~ **(F)** (1) Except as provided in paragraph (2) of this subsection,
24 negotiations for a memorandum of understanding shall be considered closed sessions under
25 § 3-305 of the General Provisions Article.

26 (2) An exclusive representative may not be considered a public body under
27 § 3-101 of the General Provisions Article.

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

32 (2) The terms of a memorandum of understanding executed by the
33 Chancellor or the governing board of Morgan State University, St. Mary's College of
34 Maryland, or Baltimore City Community College, or their respective designees, and the
35 exclusive representative of a bargaining unit for employees of a State institution of higher

1 education are not applicable to skilled service or professional service employees in the State
2 Personnel Management System.

3 3-502.

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

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

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

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

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

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

19 **3-503.**

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

23 ~~(A)~~ **(B) (1) A NEUTRAL ARBITRATOR SELECTED UNDER § 3-501(B) OF**
24 **THIS SUBTITLE:**

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

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

31 **(III) MAY DIRECT PRODUCTION OF ESTIMATES OF REVENUES**
32 **AND EXPENDITURES COMPILED BY THE STATE BOARD OF REVENUE ESTIMATES,**

1 THE BUREAU OF REVENUE ESTIMATES, OR THE CONSENSUS REVENUE
2 MONITORING AND FORECASTING GROUP.

3 (2) (I) THE OPINIONS AND GUIDANCE ISSUED BY THE NEUTRAL
4 ARBITRATOR UNDER THIS SUBSECTION SHALL BE ADVISORY ON THE PARTIES AND
5 THE GOVERNOR.

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

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

11 (2) (I) ON THE FIFTH BUSINESS DAY AFTER THE IMPASSE IS
12 DECLARED, EACH PARTY SHALL SUBMIT TO THE NEUTRAL ARBITRATOR, IN WRITING
13 AND WITH A COPY TO THE OTHER PARTY, A LAST, BEST, AND FINAL OFFER,
14 INCLUDING:

15 1. ALL PROVISIONS IN THE EXISTING MEMORANDUM OF
16 UNDERSTANDING NOT TO BE MODIFIED;

17 2. ALL NEW, AMENDED, OR MODIFIED MEMORANDUM OF
18 UNDERSTANDING PROVISIONS AGREED TO BY THE PARTIES BEFORE THE IMPASSE
19 WAS DECLARED THAT ARE TO BE INCLUDED THROUGH WRITTEN MUTUAL
20 AGREEMENT; AND

21 3. SUBJECT TO SUBPARAGRAPH (II) OF THIS
22 PARAGRAPH, DETAILED FURTHER PROVISIONS THAT A PARTY IS PROPOSING FOR
23 INCLUSION IN A MEMORANDUM OF UNDERSTANDING.

24 (II) FURTHER PROVISIONS ARE LIMITED TO SPECIFIC
25 PROPOSALS THAT WERE SUBMITTED IN WRITING TO THE OTHER PARTY AND WERE
26 THE SUBJECT OF COLLECTIVE BARGAINING BETWEEN THE PARTIES UP TO THE TIME
27 OF IMPASSE, INCLUDING PROPOSALS THAT THE PARTIES HAVE DECIDED TO
28 INCLUDE IN THE MEMORANDUM OF UNDERSTANDING THROUGH WRITTEN MUTUAL
29 AGREEMENT.

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

32 (4) (I) WITHIN 30 CALENDAR DAYS AFTER A DECLARED IMPASSE,
33 THE NEUTRAL ARBITRATOR SHALL HOLD A FORMAL HEARING AT WHICH THE

1 PARTIES MAY SUBMIT, IN WRITING OR ORAL TESTIMONY, ALL INFORMATION OR
2 DATA SUPPORTING THE FINAL POSITIONS.

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

6 (5) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
7 PARAGRAPH, THE ARBITRATION SHALL CONCLUDE WITH A WRITTEN AWARD THAT
8 SUSTAINS IN ITS ENTIRETY THE LAST, BEST, AND FINAL OFFER OF ONE OF THE
9 PARTIES.

10 (II) BEFORE A WRITTEN AWARD IS ISSUED, BY WRITTEN
11 AGREEMENT SIGNED BY THE REPRESENTATIVES OF THE PARTIES PARTICIPATING IN
12 THE ARBITRATION, THE PARTIES MAY DIRECT THE NEUTRAL ARBITRATOR TO RULE
13 ON SPECIFICALLY IDENTIFIED TOPICS OF BARGAINING.

14 (6) (I) THE NEUTRAL ARBITRATOR SHALL ISSUE A PRELIMINARY
15 WRITTEN AWARD ON OR BEFORE DECEMBER 5.

16 (II) THE PRELIMINARY WRITTEN AWARD SHALL ADDRESS ALL
17 PROVISIONS THAT EACH PARTY PROPOSED IN ITS RESPECTIVE FINAL POSITION FOR
18 INCLUSION IN A MEMORANDUM OF UNDERSTANDING.

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

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

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

27 2. SHALL INCLUDE:

28 A. ANY VOLUNTARILY AGREED-TO TERMS BETWEEN THE
29 PARTIES; AND

30 B. ANY PRIOR TERM THAT BY AGREEMENT IS NOT TO BE
31 CHANGED FOR THE NEXT FISCAL YEAR.

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

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

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

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

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

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

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

18 **(VI) COMPARISONS OF WAGES, HOURS, AND CONDITIONS OF**
19 **EMPLOYMENT OF THE EMPLOYEES INVOLVED WITH ARBITRATION WITH THE WAGES,**
20 **HOURS, AND CONDITIONS OF EMPLOYMENT OF OTHER EMPLOYEES PERFORMING**
21 **SIMILAR SERVICES IN PUBLIC EMPLOYMENT IN ADJACENT STATES;**

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

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

26 **(IX) THE OVERALL COMPENSATION PRESENTLY RECEIVED BY**
27 **THE EMPLOYEES, INCLUDING DIRECT WAGE COMPENSATION, VACATION, HOLIDAYS,**
28 **EXCUSED TIME OFF, INSURANCE AND PENSIONS COSTS, MEDICAL AND**
29 **HOSPITALIZATION BENEFITS, THE CONTINUITY AND STABILITY OF EMPLOYMENT,**
30 **AND ALL OTHER RECEIVED BENEFITS;**

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

1 (XI) OTHER FACTORS THAT ARE NORMALLY OR TRADITIONALLY
2 TAKEN INTO CONSIDERATION IN THE DETERMINATION OF WAGES, HOURS, AND
3 CONDITIONS OF EMPLOYMENT THROUGH VOLUNTARY COLLECTIVE BARGAINING,
4 MEDIATION, ARBITRATION, OR OTHERWISE BETWEEN THE PARTIES IN PUBLIC
5 SERVICE OR PRIVATE EMPLOYMENT.

6 (8) A WRITTEN AWARD REQUIRED UNDER THIS SUBSECTION SHALL
7 INCLUDE A STATEMENT, PREPARED IN CONSULTATION WITH BOTH PARTIES,
8 DETAILING THE MULTI-YEAR FISCAL IMPACT TO THE GENERAL FUND OF THE STATE
9 FROM PARAGRAPH (7)(IV) AND (V) OF THIS SUBSECTION.

10 ~~(C)~~ (D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
11 DECISION OF THE NEUTRAL ARBITRATOR SHALL BE FINAL AND BINDING ON THE
12 PARTIES.

13 (2) A DECISION AS TO A MATTER REQUIRING A CHANGE IN LAW OR AN
14 APPROPRIATION OF FUNDS IS CONTINGENT ON THE ENACTMENT OF LEGISLATION
15 MAKING THE CHANGE IN LAW OR APPROVAL OF THE APPROPRIATION BY THE
16 GENERAL ASSEMBLY IN ACCORDANCE WITH ARTICLE III, § 52 OF THE MARYLAND
17 CONSTITUTION.

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

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

24 ~~(E)~~ (F) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
25 PARTIES AT ANY TIME MAY AMEND OR MODIFY THE FINAL WRITTEN AWARD AND, BY
26 CONSENT, THE AMENDMENTS OR MODIFICATIONS SHALL BE APPROVED BY THE
27 PARTIES AND PLACED IN A SUPPLEMENTAL WRITTEN AWARD BY THE NEUTRAL
28 ARBITRATOR THAT SHALL BE FINAL AND BINDING.

29 (2) A SUPPLEMENTAL WRITTEN AWARD UNDER PARAGRAPH (1) OF
30 THIS SUBSECTION SHALL TAKE EFFECT ON THE DATE OF THE ORDER OF THE
31 NEUTRAL ARBITRATOR AND MAY NOT REQUIRE RATIFICATION UNDER § 3-601 OF
32 THIS TITLE.

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

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

3 **(2)** **ALL OTHER COSTS INCURRED BY EITHER PARTY TO COMPLY WITH**
 4 **THIS SECTION SHALL BE THE RESPONSIBILITY OF THE PARTY INCURRING THE**
 5 **COSTS.**

6 3–603.

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

10 (b) Notwithstanding § 3–601(b) of this subtitle, all terms of a memorandum of
 11 understanding shall continue in force and effect without change until a successor
 12 memorandum of understanding is agreed to and ratified.

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

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

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

24 **Article III – Legislative Department**

25 52.

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

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

30 (3) On the third Wednesday in January in each year, (except in the case of a newly
 31 elected Governor, and then not later than ten days after the convening of the General
 32 Assembly), unless such time shall be extended by the General Assembly, the Governor shall
 33 submit to the General Assembly a Budget for the next ensuing fiscal year. Each Budget
 34 shall contain a complete plan of proposed expenditures and estimated revenues for said

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

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

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

1 a part of said Budget Bill as an addition to the items of said bill or as a modification of or a
2 substitute for any item of said bill such amendment or supplement may affect.

3 (5a) The Budget and the Budget Bill as submitted by the Governor to the General
4 Assembly shall have a figure for the total of all proposed appropriations and a figure for
5 the total of all estimated revenues available to pay the appropriations, and the figure for
6 total proposed appropriations shall not exceed the figure for total estimated revenues.
7 Neither the Governor in submitting an amendment or supplement to the Budget Bill nor
8 the General Assembly in amending the Budget Bill shall thereby cause the figure for total
9 proposed appropriations to exceed the figure for total estimated revenues, including any
10 revisions, and in the Budget Bill as enacted the figure for total estimated revenues always
11 shall be equal to or exceed the figure for total appropriations.

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

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

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

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

1 (8) Supplementary Appropriation Bill. Either House may consider other
2 appropriations but both Houses shall not finally act upon such appropriations until after
3 the Budget Bill has been finally acted upon by both Houses, and no such other
4 appropriation shall be valid except in accordance with the provisions following: (a) Every
5 such appropriation shall be embodied in a separate bill limited to some single work, object
6 or purpose therein stated and called herein a Supplementary Appropriation Bill; (b) Each
7 Supplementary Appropriation Bill shall provide the revenue necessary to pay the
8 appropriation thereby made by a tax, direct or indirect, to be levied and collected as shall
9 be directed in said bill; (c) No Supplementary Appropriation Bill shall become a law unless
10 it be passed in each House by a vote of a majority of the whole number of the members
11 elected, and the yeas and nays recorded on its final passage; (d) Each Supplementary
12 Appropriation Bill shall be presented to the Governor of the State as provided in Section
13 17 of Article 2 of the Constitution and thereafter all the provisions of said section shall
14 apply.

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

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

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

39 (12) The Governor may provide for public hearings on all estimates and may
40 require the attendance at such hearings of representatives of all agencies, and for all
41 institutions applying for State moneys. After such public hearings the Governor may, in
42 the Governor's discretion, revise all estimates except those for the legislative and judiciary
43 departments, and for the public schools, as provided by law, and except that the Governor

1 may not reduce an estimate for a program below a level of funding prescribed by a law
2 which will be in effect during the fiscal year covered by the Budget, and which was enacted
3 before July 1 of the fiscal year prior thereto.

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

6 (14) In the event of any inconsistency between any of the provisions of this Section
7 and any of the other provisions of the Constitution, the provisions of this Section shall
8 prevail. But nothing herein shall in any manner affect the provisions of Section 34 of Article
9 3 of the Constitution or of any laws heretofore or hereafter passed in pursuance thereof, or
10 be construed as preventing the Governor from calling extraordinary sessions of the General
11 Assembly, as provided by Section 16 of Article 2, or as preventing the General Assembly at
12 such extraordinary sessions from considering any emergency appropriation or
13 appropriations.

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

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

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

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

26 (b) (1) At that general election, the vote on the proposed amendment to the
27 Constitution shall be by ballot, and on each ballot there shall be printed the words "For the
28 Constitutional Amendment" and "Against the Constitutional Amendment", as now
29 provided by law.

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

32 "Question ___ – Constitutional Amendment

33 Providing that each budget submitted by the Governor shall include expenditures
34 necessary to implement wages, hours, fringe benefits, health benefits, and other terms and
35 conditions of employment for State employees concluded in each memorandum of
36 understanding covering State employees."

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

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

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.