



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Governor

ARUNA MILLER
Lieutenant Governor

HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

House Bill 159 Arbitration Reform for State Employees Act of 2025

Letter of Information

DATE: February 4th

COMMITTEE: Appropriations

Dear Chair Barnes and Committee Members:

The Department of Budget and Management (DBM) would like to offer information on certain provisions of House Bill 159 for the Committee's consideration.

House Bill 159 includes a broad binding arbitration provision that will require binding arbitration to take place whenever there is a dispute between the State and an exclusive bargaining representative regarding the terms and applications of a negotiated agreement. Under current law, if an impasse is reached during negotiations, either party may request a neutral fact-finder whose recommendations are advisory. Giving a private arbitrator the power to mandate funding in the proposed budget represents a significant policy shift toward granting a private, unelected official the power to prioritize among public policy needs. When deciding on the State's budget each year, the Governor and the General Assembly must balance a wide range of public policy needs within a set of resource constraints. Employee compensation is a significant portion of the State's non-mandated spending. Binding arbitration would allow a private arbitrator to have significant influence over the State's fiscal and policy priorities and this bill provides for no method of appeal or review of the private arbitrator's decision. Many states and local governments with binding arbitration have put significant limitations and guidance into their law as a result. If the committee would like to explore options to amend and pass this legislation, the department is happy to offer our support and resources to that effort.

While DBM supports the rights of employees to collectively bargain, we continue to have concerns about the control and discretion over budget priorities and agency rights as the bill is currently drafted.

**For additional information, contact Dana Phillips at
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