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Deputy Secretary

SENATE BILL 288 Arbitration Reform for State Employees of 2024

Letter of Information

DATE: January 22, 2025

COMMITTEE: Budget and Taxation

POSITION: No position

Dear Chair Guzzone and Committee Members:

The Department of Budget and Management (DBM) would like to offer information on certain provisions of Senate Bill 288 for the Committee's consideration.

Senate Bill 288 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.

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
(410) 260-6068 or dana.phillips@maryland.gov**

45 Calvert Street • Annapolis, MD 21401-1907

Tel: 410-260-7041 • Fax: 410-974-2585 • Toll Free: 1-800-705-3493 • TTY Users: Call via Maryland Relay

<http://dbm.maryland.gov>

