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Patrick Moran – President

HB 159 – Arbitration Reform for State Employees Act of 2025
Budget and Taxation Committee
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FAVORABLE

AFSCME Council 3 strongly supports HB 159. Under current law, when contract negotiations for state and higher education employees reach an impasse, a neutral factfinder is selected to evaluate the parties' proposals and make non-binding recommendations. As a result, management can still impose the budget proposals they want, and non-budgetary issues remain unresolved. Because the outcome of these negotiations is non-binding, the process often leads to unproductive dynamics. Bad actor managers do not have to negotiate in good faith towards an agreement since they can ultimately just impose what they want, regardless.

HB 159 encourages the parties to bargain in good faith by establishing clearer and more workable timelines, ensuring that negotiations are completed in time for budget submissions. The bill also allows for the selection of a neutral arbitrator to mediate if necessary and, in the event of an impasse, introduces a process for binding interest arbitration. Unlike factfinding, which results in non-binding recommendations, binding interest arbitration involves a neutral third party who evaluates the proposals based on objective, rational evidence and issues a binding decision. This creates a pathway for a true resolution to the dispute. Additionally, HB 159 includes a constitutional amendment that requires the Governor to include the appropriations necessary to fund the terms agreed upon in the memoranda of understanding with state personnel unions within the Governor's budget proposal. The legislature's budgetary powers remain unaltered.

HB 159 is important because unlike State employees in Pennsylvania and in 9 other states¹, Maryland state employee cannot strike. Without the right to strike, arbitration is a much-needed tool for successful and cooperative public-sector labor relations. Most states in America allow binding interest arbitration for some or all employees². Most Big 10 Institutions, including all four schools recently added through conference realignment have arbitration provisions in their union contracts with staff. In Maryland state government, the Maryland Transit Administration already has binding interest arbitration authorized in the Transportation Article for their state employees.

Eight Maryland county and municipal jurisdictions have authorized binding arbitration for its employees³. Where binding arbitration exists, it has consistently resulted in the parties reaching a settlement and coming to an agreement far more often than it has led to actual arbitration. It has consistently resulted in the parties reaching a settlement and coming to an agreement far more often than it has led to actual arbitration. The prospect of a binding decision encourages both sides to negotiate more seriously and work toward a mutually agreeable solution, reducing the need for arbitration itself.

HB 159 simply ensures that the parties work together in good faith to reach an agreement and avoid an impasse. However, should an impasse occur, it guarantees that there will ultimately be a resolution. The dedicated public servants who choose a career with the state deserve fair and meaningful contract negotiations, regardless of the managers sitting across the table from them.

We urge you to please support our dedicated and hard-working state employees by passing the Arbitration Reform for State Employees Act of 2025.

It's time for Maryland to catch up with the 26 states and District of Columbia that already authorize binding interest arbitration. We urge a favorable report on HB 159.

¹**States where state employees have the right to strike:** Alaska, California, Hawaii, Illinois, Minnesota, Montana, Ohio, Oregon, Pennsylvania, and Vermont.

²**States with binding interest arbitration for some or all state employees:** Alaska, California, Connecticut, District of Columbia, Hawaii, Illinois, Iowa, Maine, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Texas, Vermont, Washington, Wisconsin, & Wyoming

³**Maryland jurisdictions with binding arbitration authorized for some or all employees:** Anne Arundel County, Baltimore City, Baltimore County, Frederick County, Howard County, Montgomery County, Prince George's County, and the Town of Ocean City.

Where Binding Arbitration already exists

