



**SENATE BUDGET AND TAXATION COMMITTEE**  
**House Bill 159**  
**Arbitration Reform for State Employees Act of 2025**  
**March 27, 2025**  
**Letter of Concern**

Chair Guzzone, Vice Chair Rosapepe and members of the committee, thank you for the opportunity to offer testimony on House Bill 159. The USM acknowledges and greatly appreciates all the hard work the legislature has already put into amending the bill to exclude the USM from the binding arbitration process itself. There do appear to be, however, certain revisions, presumably unintentional, that could impact and challenge the USM.

House Bill 159 seems to inadvertently shift the burden of funding negotiated increased costs, including wage increases for state-supported positions, away from the General Assembly and directly onto the institutions. The revisions specifically remove the condition that matters incorporated in a USM MOU requiring the appropriation of funds be referred to the General Assembly for that appropriation. This would break from decades-old precedent regarding the structure of the state budget and have the potential to significantly increase institution costs if construed in such a way.

Additionally, House Bill 159 continues to expand the mandatory subjects of bargaining to specifically include fringe benefits and health benefits. This change would apply to the USM. First, it is unclear how the USM would accomplish the negotiation of fringe and health benefits which are largely controlled by the State. More importantly, this expansion has the potential to significantly increase employer costs, particularly if matters of fringe benefits and health benefits are submitted to an arbitrator. The increased employer costs would extend to the USM despite having no control over such matters.

Thank you again for the opportunity to offer these comments on House Bill 159 for your consideration. The USM looks forward to working with the sponsor to address these unintended consequences.

