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SB 0976

February 27, 2025

TO: Members of the Senate Finance Committee

FROM: Nina Themelis, Director of the Mayor's Office of Government Relations

RE: Senate Bill 0976 – Collective Bargaining – Local Government Employees and Public Employee Relations Act

POSITION: OPPOSE

Chair Beidle, Vice Chair Hayes, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **opposes** Senate Bill (SB) 0976.

SB 0976 establishes, in part, collective bargaining rights for public local employees, and the application of the Maryland Public Employee Relations Act to county and municipal government employers and their employees. The proposed bill also allows for certain management employees to be considered “public employees” for purposes of establishing collective bargaining rights. The proposed bill also establishes an impasse procedure for collective bargaining between public local employees and their employers that include binding arbitration. Lastly, the legislation also allows local jurisdictions to establish local laws governing the collective bargaining activity and its related procedures.

While the intent of SB 0976 may be to address labor disputes and improve working conditions for public-sector employees, we believe this legislation poses significant risks to fiscal responsibility, operational efficiency, and the autonomy of local governments to make decisions in the best interest of their communities. This Bill also fails to provide adequate consideration for jurisdictions like the City of Baltimore, that have a rich and robust collective bargaining history.

1. Fiscal Impact on The City of Baltimore and Taxpayers

One of the central concerns regarding this bill is the potential for increased financial strain on the City of Baltimore. For Fiscal Year 2026, the City faces a \$90+ Million budget deficit. Difficult decisions regarding service delivery will be necessary to close the projected gap.

Binding arbitration, while a viable mechanism for resolving some disputes, can lead to significant and inestimable cost increases for the City of Baltimore. Arbitrators, many of whom reside outside of Maryland, may award settlements that are beyond the City’s budgetary capacity, ultimately resulting in either tax increases for residents or cuts to essential services.¹ Additionally, the unpredictability and unbudgeted escalation of labor costs produced

¹ The City of Baltimore already assesses the highest property tax in the State, increased labor costs resulting from binding arbitration will undoubtedly result in cuts to services to residents of the City.

by binding arbitration could undermine fiscal stability, causing the City to divert funds from vital community needs such as education, public safety, and infrastructure to cover the costs of arbitral awards for collective bargaining agreements (“CBA’s”).

In short, as the City struggles with budget constraints and competing priorities, the prospect of agreements with substantial immediate and legacy costs imposed by third-party arbitrators with no vested interest in the outcome of their decisions, could lead to unsustainable spending and ultimately result in draconian measures like layoffs, furloughs and other budget balancing measures that would not only have a negative impact on the bargaining relationship of the parties, but on the citizens at large as operations are adversely impacted by the binding arbitral awards. These potential adverse outcomes would become a reality for counties and municipalities who rely on continuity in the budgeting process to meet the ever-evolving needs of citizens with limited resources.

2. Undermining Local Control and Autonomy

The City of Baltimore adopted its Home Rule Charter under the relevant provisions of Article XIA of the State Constitution in 1918. The Home Rule Charter takes away from the State Legislature the control over all major phases of local government and vests it in people most concerned - the voters and taxpayers of Baltimore City. Providing a fair and equitable workplace for public-sector employees can be achieved without doing violence to our traditional concepts of autonomy within local governance.

Local governments are in the best position to understand the unique needs and priorities of their communities. By mandating binding arbitration, this Bill takes away essential decision-making authority from locally elected officials, who are directly accountable to their constituents. Binding arbitration transfers power over key financial and operational decisions to third-party arbitrators who may not have a clear understanding of local circumstances and more importantly, have no connection to the community that their decisions will impact. This shift undermines the principles of local self-governance and reduces the ability of elected officials to manage their budgets and resources according to the specific needs of the community they serve. A better approach would be to require the parties upon reaching impasse to engage in mediation and subsequent fact finding. The local government should have the autonomy to either accept, reject, or implement in part the award of the neutral in the fact finding. This approach has served the City of Baltimore well in its long history of collective bargaining.

Notably, the Bill does not include local education agencies (“LEAs”), community colleges, public libraries, all instrumentalities of the State.

3. Adverse Impact on Service Delivery and Workforce Flexibility

Local governments require flexibility in negotiating labor agreements and managing their workforce. As mentioned previously, expanding binding arbitration to all exclusive bargaining organizations will potentially hinder the ability of the City to timely reach reasonable agreements with unions, resulting in strained relationships and reduced flexibility. This is particularly true as this Bill provides the unfettered right for public sector unions to strike if impasse is reached. The uncertainty created by this fact when coupled with a less adaptable workforce could lead to inefficiencies, reduced productivity, and lower quality of services for the public. The ability to make necessary and reasonable adjustments to staffing levels, and work hours is critical for local governments to respond effectively to changing needs and fiscal challenges. The unique responsibility of local governments to the general public and the potential disruptions to core government operations caused by labor disputes were major considerations in why public sector employees, including those working for state and local governments were explicitly excluded from the Act in the first instance.

4. Risk of Escalating Labor Disputes

Binding arbitration may inadvertently escalate tensions between local governments and unions by removing the incentive to negotiate collaboratively. The arbitration process can often lead to polarized positions, with each side digging in their heels and becoming less willing to compromise. This conflict is detrimental not only to the working relationship between labor and management but also to the public who depend on the smooth operation of government services. The bill may create a more adversarial environment, where unions may rely more heavily on arbitration as a tool for achieving their goals, leading to more frequent and contentious and costly disputes.

5. Adverse Impact of Established Bargaining History of Jurisdictions with Robust Labor Relations Ordinances

The City of Baltimore has a rich and robust history of collective bargaining. Many of our CBA's are mature. The CBA's are an amalgamation of many years of bargaining with labor stakeholders over wages and other terms and conditions of employment. The current Bill has provisions that undermine and, in some cases, eliminate terms that the parties have bargained to agreement on. For example, the City of Baltimore and the Unions representing the City's workforce have agreed to "no strike or lockout" language that provides that there shall be no strikes, slow ups, or stoppage of work in exchange for the Employer's agreement that there shall be no lockout of employees. The plain language of the Bill provides that public local employees may strike on the declaration of an impasse by either party.

Rather than a one size fits all approach mandating binding arbitration, we encourage lawmakers to explore alternative approaches to resolving labor disputes. Strengthening mediation and facilitating more collaborative processes while recognizing the unique position of local governments and the responsibility owed to the public at large would allow both local governments and their employees to reach fair agreements without the need for costly and binding arbitration. Additionally, providing local governments with more resources to handle negotiations and dispute resolution internally could foster more efficient, cost-effective, win-win solutions.²

For these reasons, we strongly oppose the expansion of collective bargaining with binding arbitration to local public employers. We urge you to consider the long-term consequences of this bill on local budgets, governance, service delivery, and labor relations. We remain committed to working collaboratively with unions and other stakeholders to ensure fair and equitable treatment for all public employees but believe that a more flexible and locally-controlled approach is in the best interest of both workers and the communities they serve.

The BCA respectfully requests an **opposition** report on SB 0976 for these reasons.

² For example, the Bill calls for the creation of a Board with numerous Deputy Directors. The Bill provides no additional resources to Local Governments in facilitating mutually beneficial outcomes in the collective bargaining process.