Fiscal Governance Considerations for House Bill 2101

Written Testimony

Chair, Vice Chair, and Members of the Committee:

Thank you for the opportunity to provide testimony on House Bill 2101.

My name is Sonya Dunn. I am a business executive with more than two decades of experience in management, procurement, operations, public value, strategic planning, and public-sector governance. My testimony today is offered in my professional capacity as a practitioner in fiscal governance and organizational management with a perspective on public financial management, enterprise risk management, and long-term budget sustainability.

I do not offer an opinion on the underlying labor policy or the merits of collective bargaining or arbitration. Instead, my comments focus on the fiscal governance principles that should accompany legislation with the potential to influence Maryland's long-term financial obligations.

House Bill 2101 is primarily a technical measure that corrects constitutional language by withdrawing and repealing a duplicate proposed constitutional amendment. While technical in nature, it also presents an important opportunity to reinforce the fiscal governance practices that should accompany any constitutional or statutory framework with long-term budget implications.

Maryland's financial management has historically been built on four foundational principles: disciplined budgeting, credible revenue forecasting, transparent financial reporting, and institutional collaboration. These principles enable policymakers to evaluate both the immediate and long-term consequences of fiscal decisions while preserving public confidence in the State's financial management.

Regardless of the policy outcome, legislation with the potential to create or modify recurring fiscal obligations should be evaluated through a comprehensive fiscal governance framework.

Such a framework strengthens decision-making, protects taxpayers, and supports the State’s long-term financial sustainability.

Accordingly, I respectfully recommend five fiscal governance practices for the Committee's consideration.

First, require long-term fiscal analysis. Fiscal notes often emphasize the impact on the next budget cycle. Significant recurring obligations should also be evaluated over five-, ten-, and twenty-year planning horizons. Long-range modeling provides policymakers with a clearer understanding of how inflation, workforce growth, healthcare costs, pension obligations, revenue volatility, and economic cycles may affect future affordability.

Second, incorporate fiscal stress testing into the legislative process. Financial projections should be evaluated under multiple economic scenarios, including recession, slower-than-expected revenue growth, inflationary pressures, and declining reserve balances. Stress testing helps identify fiscal vulnerabilities before they develop into structural budget challenges.

Third, strengthen transparency through ongoing fiscal reporting. Good governance does not end with enactment. Periodic public reporting that compares projected fiscal impacts with actual financial outcomes improves accountability, strengthens future forecasting, and allows policymakers to make informed adjustments as conditions change.

Fourth, integrate long-term expenditure obligations into Maryland's consensus forecasting process. The Board of Revenue Estimates establishes the consensus revenue estimates that form the foundation of the State budget. As recurring expenditure obligations evolve, long-term spending trends should be evaluated alongside revenue projections to provide a more comprehensive view of Maryland's fiscal outlook and support sound budget planning.

Finally, preserve institutional flexibility. Every generation of policymakers inherits fiscal commitments made by previous legislatures. Sound fiscal governance seeks to balance policy objectives with the flexibility needed to respond to economic downturns, public emergencies, demographic changes, and other unforeseen fiscal challenges. Preserving that flexibility is essential to Maryland's long-term financial resilience.

These recommendations are not intended to support or oppose House Bill 2101. They are offered to strengthen Maryland's fiscal governance regardless of the policy ultimately adopted. Effective fiscal governance is measured not only by balanced budgets, but by the quality of the information available to policymakers before long-term commitments are made. Transparent financial analysis, disciplined forecasting, independent oversight, and continuous performance evaluation remain essential to protecting taxpayers, preserving market confidence, and maintaining Maryland's long-term fiscal stability.

House Bill 2101 serves an important technical purpose. It also provides an opportunity to reaffirm Maryland's longstanding commitment to responsible fiscal stewardship. By pairing significant policy decisions with rigorous financial analysis and sound governance practices, Maryland can continue its tradition of prudent financial management while preserving the flexibility needed to respond to future fiscal challenges.

Thank you for your time and consideration.

Sonya Dunn
Prince George’s County Resident