

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1237  
Appropriations

(Delegate Korman)

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Budget Bill – Appropriations Statement – Memorandum of Understanding for  
State Personnel

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This proposed constitutional amendment, if approved by the voters at the next general election, requires the annual budget bill submitted by the Governor to be accompanied by a statement showing the appropriations necessary to implement and fund each memorandum of understanding (MOU) for the next ensuing fiscal year, whether reached through negotiations or binding arbitration, that is binding on the State and incorporates wages and terms and conditions of employment for Executive Department, higher education, and other State personnel.

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Fiscal Summary

**State Effect:** The required statement can be prepared with existing budgeted resources. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** Article III, Section 52 of the Maryland Constitution requires that, on the third Wednesday in January each year, the Governor submit to the General Assembly a budget for the next ensuing fiscal year. Each budget must contain a complete plan of proposed expenditures and estimated revenues for the fiscal year and must show the estimated surplus or deficit of revenues at the end of the preceding fiscal year. In addition, each budget must be accompanied by a statement showing (1) the revenues and

expenditures for the preceding fiscal year; (2) the current assets, liabilities, reserves, and surplus or deficit of the State; (3) the debts and funds of the State; (4) an estimate of the State's financial condition as of the beginning and end of the preceding fiscal year; and (5) any explanation the Governor may desire to make as to the important features of the budget, and any suggestions as to methods for reduction or increase of the State's revenue.

Section 7-115 of the State Finance and Procurement Article requires the Governor, on submission of the budget bill, to provide various specified supporting materials to the General Assembly in printed budget books and on the Department of Budget and Management's website.

### *Maryland's Collective Bargaining Law*

Title 3 of the State Personnel and Pensions Article establishes statutory collective bargaining rights for a large number of State employees. Maryland's collective bargaining law generally applies to employees of the Executive Branch departments, the Maryland Insurance Administration, the State Department of Assessments and Taxation, the State Lottery and Gaming Control Agency, the University System of Maryland, the Office of the Comptroller, the Maryland Transportation Authority ((MDTA) for those who are not police officers), the State Retirement Agency, the Maryland State Department of Education, Morgan State University, St. Mary's College of Maryland, and Baltimore City Community College, along with specified firefighters for the Martin State Airport and all full-time MDTA police officers at the rank of first sergeant and below.

Parties to the collective bargaining process must make every reasonable effort to conclude their negotiations by January 1 for any item requiring appropriation for the fiscal year that begins the following July 1. The Governor must include in the annual budget bill submitted to the General Assembly any amounts in the budgets of the principal units required to accommodate any additional cost resulting from the negotiations for the fiscal year beginning the following July 1, if the legislative changes have been negotiated to become effective in that fiscal year.

Negotiations may include any matters relating to wages, hours, and terms and conditions of employment. The State is not required to negotiate any matter that is inconsistent with State law; however, the State can negotiate items that require a statutory change or an appropriation as long as the parties understand that the item cannot become effective until the General Assembly takes action. The General Assembly, however, is not bound by the agreement. The collective bargaining statute does not provide for binding arbitration; instead, the State and bargaining representatives must meet and confer about negotiable terms. However, if no agreement is reached for the next fiscal year by October 25, a fact finder may be appointed.

The outcome of collective bargaining must be incorporated into an MOU. No MOU is valid if it extends for less than one year or longer than three years. An MOU is not effective until it is ratified by the Governor (or in the case of State higher education institutions, ratified by the institution's governing board) and a majority of the votes cast by employees in the bargaining unit.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** SB 908 (Senator Benson) - Finance and Budget and Taxation.

**Information Source(s):** Department of Budget and Management; Maryland Department of Transportation; University System of Maryland; Department of Legislative Services

**Fiscal Note History:** First Reader - February 23, 2021  
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Analysis by: Elizabeth J. Allison

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510