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Senate Bill 1072 (Substitute S-3 as reported)
Sponsor: Senator Randy Richardville
Committee: Reforms and Restructuring

CONTENT

The bill would amend Public Act (P.A.) 312 of 1969, which provides for compulsory arbitration of labor disputes involving municipal police, fire, and emergency services personnel, to do the following:

- Shift the State share of arbitration costs to the parties.
- Limit an arbitration hearing to a list of issues prepared by a mediator in consultation with the parties.
- Limit the duration of the arbitration process.
- Establish training requirements for arbitrators serving as the chair of a arbitration panel.
- Expand the entities covered by P.A. 312.

The Act covers emergency personnel in city, county, village, and township departments and establishes the requirements for binding arbitration of labor disputes. Under the bill, emergency service employees of an entity created by authorization of one or more of those governing bodies also would be covered by the provisions of P.A. 312. This would include, but not be limited to, authorities, districts, or boards, whether these entities were created by statute, ordinance, contract, delegation, resolution, or other mechanism.

The bill would expand the role of the mediator who is involved in the case before start of binding arbitration. The mediator, in consultation with the parties, would develop a list of the issues in dispute. This list would be established within 30 days after receipt of a written request for arbitration. The mediator would be required to develop a final list of issues in dispute, including proposed contract language prepared by the parties, and submit those materials to the Employment Relations Commission within 14 days. The subsequent arbitration hearing would be limited to the list of issues identified by the mediator.

The bill would reduce the timelines for arbitration cases which, under current law, can be extended by agreement of the parties. It would require a mandatory arbitration hearing to be concluded within 180 days after it began, if the extension were approved by the parties. The bill also would limit the time the arbitration panel had to finish its report. With the permission of the parties, the report period could be extended to 90 days from conclusion of the hearing, instead of the current unrestricted extensions.

The bill would establish training requirements for arbitrators to serve as the chair of an arbitration panel, and would allow training requirements to be waived if an arbitrator had already served as chair of a Commission-appointed arbitration panel in a labor dispute before the bill's effective date.

Under the bill, the current State share of the costs of arbitration would be shifted to the parties to the arbitration.

MCL 423.232 et al.

FISCAL IMPACT

Public Act 312 is administered by the Michigan Employment Relations Commission (MERC) within the Department of Energy, Labor, and Economic Growth (DELEG). The statute requires the costs of the arbitration (consisting of the arbitrator's daily rate and travel expenses) to be divided into three equal shares between the parties to the dispute and the State. Under the bill, the State share of the costs of the arbitration process would be shifted to the parties to the arbitration: a municipality and a union. Based on data provided by the Department, over the last three years the State share of these costs has averaged approximately \$113,000 per year. The bill would shift half of this amount or approximately \$56,500 per year to local governments participating in compulsory arbitration and an equal amount to labor unions. The State costs are currently funded with Securities Fees, which can be used for the operation of the Department, with unused Securities Fee revenue lapsing to the General Fund at end of the fiscal year. These State savings, however, would be offset to an unknown degree by increased State costs due to the expanded role of MERC-provided mediators in the process who would be required to determine and report on the issues eligible for arbitration. This additional role for mediators would increase the time on P.A. 312 mediations and would possibly require additional mediators. The MERC currently has 11.0 mediators on staff.

According to DELEG staff, the current 30-day time limit for arbitration is typically waived by the participants. These amendments would expedite the P.A. 312 hearings from the current 12 to 18 months' average duration, to 180 days, and limit the time for the arbitration panel to prepare the report to 90 days, with the approval of the parties. The limited timelines and the restriction of issues to those identified by the mediator before the start of the hearing would tend to reduce local government arbitration costs by reducing the amount of time that delegates are assigned to the arbitration proceedings.

The Department currently requires arbitrators to attend training programs. The bill would place this requirement in statute for people serving as chair of an arbitration panel. It would allow a waiver for arbitrators who had served as a Commission-appointed arbitrator in a labor dispute before the bill's effective date. The State does not pay for the training; thus, this requirement would have no fiscal impact.

The bill would expand the list of entities covered by P.A. 312 from cities, counties, villages, and townships, to include other entities such as an authority, district, board, or other entity authorized by one or more of those local governmental units. This change would tend to encourage the consolidation of emergency services at the local level by maintaining access to P.A. 312 binding arbitration for local government emergency service personnel providing services through a consolidated entity, potentially reducing local costs.

Date Completed: 2-10-10

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.