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Senate Bill 1072 (as introduced 1-20-10) Sponsor: Senator Randy Richardville Committee: Reforms and Restructuring

Date Completed: 1-26-10

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. The Act covers emergency personnel in city, county, village, and township departments and establishes the requirements for binding arbitration of labor disputes.

The bill would reduce the timelines for arbitration cases. It would cap the length of a mandatory arbitration hearing at 180 days. The bill also would require the first offer of settlement on each known economic issue to be submitted no later than the date and time that the arbitration hearing commenced, and would require that the last offer of settlement on these issues be submitted no later than 14 days after the submission of the first offer.

The bill would establish training requirements for arbitrators and allow training requirements to be waived if an arbitrator had already served as a Commission-appointed arbitrator 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.

Finally, the bill would apply the provisions of P.A. 312 to fire authorities.

MCL 423.232 et al.

FISCAL IMPACT

Public Act 312 is administered by the Michigan Employment Relations Commission 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.

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

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12 to 18 months' average duration, to 180 days, and limit the time between first and final offers to 14 days. This 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 and allow a waiver for arbitrators who had served as a Commission-appointment 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 add fire authorities to the local governments covered by P.A. 312. 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 fire personnel consolidated into a fire authority, potentially reducing local costs.

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