

Legislative Analysis



REVISE LOCAL LABOR CONTRACTS DURING CONSOLIDATION OF SERVICES

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House Bill 4309

Sponsor: Rep. Eileen Kowall

House Bill 4310

Sponsor: Rep. Cindy Denby

House Bill 4311

Sponsor: Rep. Paul Opsommer

House Bill 4312

Sponsor: Rep. Thomas Hooker

Committee: Local, Intergovernmental, and Regional Affairs

Complete to 2-23-11

A SUMMARY OF HOUSE BILLS 4309-4312 AS INTRODUCED 2-22-11

The bills would amend various acts to allow the officials in local governments who are consolidating services to eliminate certain guarantees and provisions of collectively bargained contracts. A description of each bill follows.

House Bill 4309

The bill would amend Public Act 57 of 1988 (MCL 124.610), which allows municipalities to incorporate authorities in order to provide emergency services, and guarantees certain labor contracts and employment rights during the formation and reorganization of authorities, in order to eliminate those guaranteed rights and to revise the content of labor contracts.

Under current law, employees of a municipal emergency service whose duties are transferred to an authority under this act must be given comparable positions of employment with the emergency service established by the authority. House Bill 4309 would retain this provision.

Further, *the law specifies that the employees would maintain their seniority status and all benefits rights of the positions held in the municipal emergency response service before the transfer.* House Bill 4309 would eliminate this provision.

Under existing law, an authority may bargain collectively and enter into agreements with labor organizations *pursuant to Act No. 336 of the Public Acts of 1947--that is, the Public Employees Relations Act (PERA).* House Bill 4309 would retain the reference to PERA.

Existing law says that *when the duties of a municipal emergency service are transferred to an authority, the authority immediately assumes and is bound by any existing labor agreements applicable to that municipal service for the remainder of the term of the labor agreement.* House Bill 4309 would eliminate this provision.

Existing law says that *the members and beneficiaries of any pension or retirement system or other benefits established by a municipal emergency service which is transferred to an authority must have the same rights, privileges, benefits, obligations, and status with respect to the comparable systems established by the authority.* House Bill 4309 would eliminate this provision.

Under existing law, a representative of the employees or any group of employees in a municipal emergency service who represent or are entitled to represent the employees continues to represent the employees after the transfer. House Bill 4309 would retain this provision.

House Bill 4310

The bill would amend the Metropolitan Transportation Authorities Act of 1967 (MCL 124.413) to eliminate existing labor union agreements, and to revise the content of labor contracts.

Metropolitan transportation authorities now are *bound by existing labor union agreements with public or privately owned entities that are acquired, purchased or condemned by the authority.* House Bill 4210 would eliminate this provision.

Further, *members and beneficiaries of any pension or retirement system or other benefits established by the acquired transportation system continue to have rights, privileges, benefits, obligations and status with respect to the established system.* House Bill 4210 would eliminate this provision.

The act now says that *the metropolitan transportation authority board assumes the obligation of any transportation system it acquires with regard to wages, salaries, hours, working conditions, sick leave, health and welfare and pension or retirement provisions for employees.* House Bill 4210 would eliminate this provision.

Further, existing law says that *no employee of any acquired transportation system who is transferred to a position with the authority can by reason of such transfer be placed in any worse position with respect to workmen's compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance or any other benefits that he enjoyed as an employee of the acquired transportation system.* House Bill 4210 would eliminate this provision.

House Bill 4311

The bill would amend Public Act 8 of the 1967 Extra Session (MCL 124.534), which provides for intergovernmental transfers of functions and responsibilities, to eliminate existing labor union agreements, and to revise the content of labor contracts.

Currently, the law specifies the elements of a contract when there are intergovernmental transfers of functions. In particular, a contract must include a description of the functions or responsibilities to be transferred; the effective date of the contract; and the term of operation under the contract. House Bill 4311 would retain these provisions.

In addition, the law now requires that the contract include the manner in which the affected employees, if any, of the participating political subdivision will be transferred, reassigned, or otherwise treated, subject to the following:

(i) such employees as are necessary for the operation thereof shall be transferred to and appointed as employees subject to all rights and benefits. These employees shall be given seniority credits and sick leave, vacation, insurance and pension credits in accordance with the records or labor agreements from the acquired system. Members and beneficiaries of any pension or retirement system or other benefits established by the acquired system shall continue to have rights, privileges, benefits, obligations and status with respect to such established system. The political subdivision to which the functions or responsibilities have been transferred shall assume the obligations of any system acquired by it with regard to wages, salaries, hours, working conditions, sick leave, health and welfare and pension or retirement provisions for employees. If the employees of an acquired system were not guaranteed sick leave, health and welfare and pension or retirement pay based on seniority, the political subdivision shall not be required to provide these benefits retroactively.

(ii) No employee who is transferred to a position with the political subdivision shall by reason of such transfer be placed in any worse position with respect to workmen's compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance or any other benefits that he enjoyed as an employee of such acquired system.

House Bill 4311 would eliminate these provisions.

Finally, now under the law, the contract would also have to describe the manner in which any real property, facilities, equipment, or other personal property required in the execution of the contract would be transferred, sold, or otherwise disposed of between the contracting parties; the method of financing to be used and the amount to be paid by each of the participating units in relation to the undertaking involved; and other legal, financial, and administrative arrangements necessary to effectuate the undertaking. House Bill 4311 would retain these provisions.

House Bill 4312

The bill would amend the Urban Cooperation Act of 1967 (MCL 124.505) to eliminate existing labor union agreements and to revise the content of labor contracts.

Now under the law, a joint exercise of power under the act must be made by contract or contracts in the form of an inter-local agreement, and the law specifies the elements of

the contract. Provisions must be included to address, among other things, the agreement's purpose, its duration, the method by which it may be rescinded, the organization of entities created, the manner in which the parties to the inter-local agreement will provide financial support, the method or formula for equitably allocating revenues, and the manner of employing, engaging, compensating, transferring, or discharging necessary personnel, subject to the provisions of applicable civil service and merit systems. House Bill 4312 would retain these inter-local agreement contract requirements, as well as a dozen others.

The law now also specifies certain restrictions regarding the manner of employing, compensating, transferring, and discharging personnel. House Bill 4312 would eliminate those restrictions. The restrictions that would be eliminated include the following:

(i) the employees who are necessary for the operation of an undertaking created by an inter-local agreement shall be transferred to and appointed as employees subject to all rights and benefits. These employees shall be given seniority credits and sick leave, vacation, insurance, and pension credits in accordance with the records or labor agreements from the acquired system. Members and beneficiaries of any pension or retirement system or other benefits established by the acquired system shall continue to have rights, privileges, benefits, obligations and status with respect to such established system. The political subdivision to which the functions or responsibilities have been transferred shall assume the obligations of any system acquired by it with regard to wages, salaries, hours, working conditions, sick leave, health and welfare and pension or retirement provisions for employees. If the employees of an acquired system were not guaranteed sick leave, health and welfare and pension or retirement pay based on seniority, the political subdivision shall not be required to provide these benefits retroactively.

(ii) An employee who is transferred to a position with the political subdivision shall not, by reason of such transfer, be placed in any worse position with respect to worker's compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance or any other benefits that the employee enjoyed as an employee of the acquired system.

FISCAL IMPACT:

The bills are being examined to see if their fiscal impact can be determined.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.