

Legislative Analysis



LIMITATION ON WAGE & BENEFIT INCREASES AFTER CONTRACT EXPIRATION DON'T APPLY UNDER PA 312

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House Bill 5780

Sponsor: Rep. John Walsh

Committee: Local, Intergovernmental, and Regional Affairs

Complete to 9-26-12

A SUMMARY OF HOUSE BILL 5780 AS INTRODUCED 7-18-12

House Bill 5780 would amend Public Act 336 of 1947 (MCL 423.215b), which concerns public sector collective bargaining agreements, so that the prohibition on wage and benefit increases after contracts expire would not apply to public employees eligible to participate in compulsory arbitration of labor disputes under Public Act 312 of 1969, the act that applies to labor disputes in police and fire departments.

Now under the law (at Section 15b of the act), after a labor contract has expired and is being collectively bargained, a public employer cannot pay wages and benefits greater than those in effect on the contract's expiration date. The prohibition applies to increases from wage step increases. Further, employees with health, dental, vision, prescription, or other insurance benefits bear any increased costs of maintaining those benefits after the contract's expiration. In addition, the parties to a collective bargaining agreement cannot agree to, and an arbitration panel cannot order, any retroactive wage or benefit levels or amounts greater than those in effect on the expiration date of the collectively bargained contract. These provisions were added by Public Act 54 of 2011 (House Bill 4152).

House Bill 5780 would retain these provisions, but specify that they would not apply to a public employee who is eligible to participate in compulsory arbitration of labor disputes under Public Act 312 of 1969, the act that provides for the compulsory arbitration of labor disputes in police and fire departments.

FISCAL IMPACT:

House Bill 5780 could have an indeterminate fiscal impact on local units of government to the extent that employees of police and fire departments would be exempted from the prohibitions on increases in compensation after the expiration of collective bargaining agreements and the retroactive application of compensation increases. Local units of government and police and fire departments, subject to 1969 PA 312, are permitted to change compensation and working conditions during arbitration if both parties agree and the arbitration panel is permitted to retroactively award compensation.

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