Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5097 (Substitute H-5 as passed by the House)
Sponsor: Representative John Walsh
House Committee: Commerce

CONTENT

The bill would amend the public employment relations Act (PERA) to make exceptions to a provision that freezes wages and benefits when a collective bargaining agreement (CBA) expires until a new agreement takes effect. The exceptions would apply to a public employee subject to compulsory arbitration of labor disputes under Public Act 312 of 1969 (typically police officers and fire fighters).

Under PERA, after a CBA expires and until a new agreement is in place, a public employer must pay wages and provide benefits at levels and amounts that are not greater than those in effect on the expiration date of the CBA. Employees who receive health, dental, vision, prescription, or other insurance benefits under a CBA must bear any increased costs of maintaining those benefits that occur after the expiration date. Also, the parties to a CBA may not agree to, and an arbitration panel may not order, any retroactive wage or benefit levels or amounts that are above those in effect when the CBA expired.

Under the bill, the following provisions would apply to a public employee eligible to submit labor disputes to compulsory arbitration under Public Act 312 of 1969.

The limitations described above would not prohibit wage or benefit increases, including step increases, expressly authorized under the expired CBA.

The increase in employee costs for maintaining insurance benefits after the CBA expired that the employee is required to bear under PERA could not cause the total employee costs for those benefits to exceed the amount of the employee's share under the Publicly Funded Health Insurance Contribution Act.

The prohibition against retroactive wage or benefit levels that are higher than those in effect when the CBA expired would not prohibit retroactive application of a wage or benefit increase if it were awarded in the decision of the arbitration penal under Public Act 312 or included in a negotiated bargaining agreement.

MCL 423.215b

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on the State, and a minor, but likely negative, fiscal impact on local units of government. The bill would presumably pass the costs related to any wage increases and increased benefit costs after the expiration of a collective bargaining agreement onto the municipality served by the employing police or fire department until a new agreement was in place.

Date Completed: 10-1-14

Fiscal Analyst: Josh Sefton