Legislative Analysis

Mitchell Bean, Director
Phone: (517) 373-8080
http://www.house.mi.gov/hfa

FREEZE WAGES AND BENEFITS DURING PUBLIC EMPLOYEE CONTRACT NEGOTIATIONS

House Bill 4152
Sponsor: Rep. Marty Knollenberg
1st Committee: Oversight, Reform, and Ethics
2nd Committee: Education (re-referred 2-1-11)

Complete to 2-22-11

A SUMMARY OF HOUSE BILL 4152 AS INTRODUCED 1-26-11

House Bill 4152 would amend the Public Employment Relations Act, or PERA (Public Act 336 of 1947), which prohibits strikes of public employees, to require that wage-levels and benefit-levels be "frozen" during contract negotiations. Under the bill, the wages and benefits under a new contract could be made retroactive to the expiration date of the former contact.

The bill would require that except as otherwise indicated in the act, a public employer continue wages and benefits at the same level in effect at the end of an expired contract during active negotiation or mediation of a new contract, and not provide step increases during that time. Further, the bill specifies that any increase in the cost of maintaining health benefits at the level in a former contract would be borne by the employee.

The bill specifies that this section would not limit the ability of the Civil Service Commission to require an increase in wages or benefits if it found that the public employer had refused to meet at reasonable times, or to confer in good faith with respect to wages, hours, and other terms and conditions of employment.

MCL 423.201 & 423.217

FISCAL IMPACT:

The bill would have an indeterminate fiscal impact on the State and local units of government, including school districts, and would vary significantly from one unit to another. To the extent that the bill would prevent wage increases and shift benefit cost increases to employees in the interim, and that the employer is not required to pay for some or all of those increases once a new contract is in place, it would create savings for public employers. To the extent that a new contract does require the employer to pay for wage and/or benefit increases, and that it requires retroactive reimbursement to employees, the bill would be cost neutral.

Legislative Analyst: J. Hunault
Fiscal Analysts: Mark Wolf
Mary Ann Cleary
Bethany Wicksall

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