



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 850 (as reported without amendment)  
Sponsor: Senator Patrick J. Colbeck  
Committee: Reforms, Restructuring and Reinventing

**CONTENT**

The bill would amend the public employment relations Act to make an exception to a provision that caps wages and benefits at the rate in effect when a collective bargaining agreement expired until a new agreement takes effect. The exception would apply to a public employee subject to compulsory arbitration of labor disputes.

Section 15b of the Act requires a public employer, after the expiration date of a collective bargaining agreement (CBA) and until a successor CBA is in place, to pay wages and provide benefits at levels and amounts that are not greater than those in effect on the expiration date of the CBA. This provision includes increases that would result from wage step increases.

In addition, 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.

Section 15b also prohibits the parties to a CBA from agreeing to, and prohibits an arbitration panel from ordering, any retroactive wage or benefit levels or amounts that are greater than those in effect on the expiration date of the CBA.

Under the bill, Section 15b would not apply to a public employee eligible to participate in compulsory arbitration of labor disputes under Public Act 312 of 1969. (That Act provides for compulsory arbitration of labor disputes in municipal police and fire departments.)

MCL 423.215b

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

The bill would no fiscal impact on the State, and a minor, but likely negative, fiscal impact on local units of government. The bill would exempt police officers and fire fighters from the prohibition on increases for wages of public employees after the expiration of a collective bargaining agreement. The bill also would exempt those employees from having to pay any increased costs of insurance and other benefits that occur after the expiration of a collective bargaining agreement. 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: 6-5-14

Fiscal Analyst: Josh Sefton