



Governor Snyder Has Signed Legislation Changing the Process for Arbitration of Public Safety Labor Disputes

Michael R. Blum

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Since 1969, Michigan has relied on binding arbitration as a way of resolving contract disputes in police and fire departments operated by a city, county, village or township. Under Act 312, an arbitration panel must issue an award containing findings of fact, opinions and an order concerning disputed issues, that is binding on the parties. Act 312 requires the arbitration panel to base its findings, opinions and orders upon specific factors that include the interests and welfare of the public. However, prior to the recent legislation, the local unit of government's ability to pay did not have to be taken into account. As a result, Act 312 frequently resulted in unaffordable collective bargaining agreements being forced upon municipalities.

On July 20, 2011, Gov. Rick Snyder signed legislation that changes the arbitration process and should result in more realistic agreements. This legislation amends Act 312 to do the following:

- requires an arbitration panel to give priority to the financial ability of the unit of government to pay the award;
- allows an arbitration panel to compare wages, hours and conditions of employment of employees of a unit of government outside of the bargaining unit in question;
- sets limits on the extension of deadlines during the arbitration process;
- requires the Employment Relations Commission to establish qualifications for individuals who chair an arbitration panel; and
- shifts the State share of arbitration costs to the parties.

This legislation also expands the reach of Act 312. Previously, Act 312 applied only to police officers, firefighters and emergency medical service personnel employed by a city, county, village or township. As amended, the Act also applies to those employees of an authority, district, board or any other entity created by the authorization of one or more cities, counties, villages or townships, whether the entity was created by statute, ordinance, contract, delegation, resolution or other

AUTHORS/ CONTRIBUTORS

Michael R. Blum

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mechanism. However, employees of an authority that was in existence on June 1, 2011 are exempt, unless they were represented by a union on that date or a contract was in effect on that date specifically providing the employees with coverage under the Act.

Please contact Mike Blum at (248) 785-4722, mblum@fosterswift.com with any questions or for further information regarding Act 312 arbitration.