

REPEAL PERA WAGE AND BENEFIT FREEZE DURING CONTRACT NEGOTIATIONS

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House Bill 4044 as reported from committee
Sponsor: Rep. Matt Koleszar
Committee: Labor
Complete to 6-12-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4044 would repeal section 15b of the Public Employment Relations Act (PERA) to eliminate the requirement that wages and benefit levels be “frozen” during contract negotiations.¹

Currently, section 15b provides that, after the expiration date of a collective bargaining agreement (CBA) and until a new CBA is in place, a public employer cannot pay wages or provide benefits at levels and amounts that are greater than those in effect on the expiration date of the CBA, including wage step increases. Additionally, increased wages and benefits under a new contract cannot be made retroactive to the expiration date of the former contract, and employees are generally responsible for any increased costs of maintaining their insurance benefits after a contract expires.

Section 15b was amended in 2014 to exempt certain public employees (generally police officers, firefighters, and public emergency medical service personnel) who are eligible to participate in compulsory arbitration to settle labor disputes under 1969 PA 312.² Exempted employees are not subject to the wage freeze or the prohibition on retroactive wage and benefit increases, and their total insurance benefit costs after a CBA expires generally cannot exceed their contribution amounts under the Publicly Funded Health Insurance Contribution Act.³

MCL 423.215b (repealed)

FISCAL IMPACT:

The bill would have an indeterminate impact on the state and on local units of government, including school districts, which would vary significantly from one unit to another. To the extent that the bill would permit wage increases and shift benefit cost increases back to

¹ An analysis of section 15b as added to PERA in 2011 can be found here:

<http://www.legislature.mi.gov/documents/2011-2012/billanalysis/House/pdf/2011-HLA-4152-7C80A7C5.pdf>.

² An analysis of this change to section 15b can be found here: <http://www.legislature.mi.gov/documents/2013-2014/billanalysis/House/pdf/2013-HLA-5097-31A92CFA.pdf>.

³ The Publicly Funded Health Insurance Contribution Act provides public employers with the choice between an inflation-adjusted capped contribution or a maximum 80% contribution towards employees’ medical benefit plans. A full analysis of the law as originally enacted can be found here: <http://www.legislature.mi.gov/documents/2011-2012/billanalysis/House/pdf/2011-HLA-0007-88186028.pdf>.

employers after a contract has expired and before a new one is in place, it would create incremental increased costs for public employers.

POSITIONS:

Representatives of the following entities testified in support of the bill:

- AFL-CIO Michigan (3-2-23)
- AFSCME Council 25 (3-2-23)
- Amalgamated Transit Union (3-2-23)
- Bay City Education Association (3-2-23)
- Dearborn Federation of Teachers (3-16-23)
- Detroit Federation of Paraprofessionals (3-2-23)
- Detroit Federation of Teachers (3-2-23)
- Farmington Education Association (3-2-23)
- Harper Creek Education Association (3-2-23)
- Howell Education Association (3-2-23)
- International Brotherhood of Electrical Workers of Michigan (3-2-23)
- Kalamazoo Education Association (3-2-23)
- Kellogg Community College (3-16-23)
- Michigan Education Association (3-2-23)
- Michigan Laborers' International Union of North America (3-2-23)
- Michigan Nurses Association (3-2-23)
- Waverly Education Association (3-2-23)

The following entities indicated support for the bill:

- Eastpointe Federation of Educators (3-16-23)
- Grand Rapids Education Association (3-2-23)

Representatives of the following entities testified in opposition to the bill:

- Education Advocates of West Michigan (3-2-23)
- Michigan Association of Superintendents and Administrators (3-16-23)

The following entities indicated opposition to the bill:

- Barry Intermediate School District (3-16-23)
- Branch Intermediate School District (3-16-23)
- Great Lakes Education Project Freedom Fund (3-2-23)
- Jackson Intermediate School District (3-16-23)
- Lenawee Intermediate Scholl District (3-16-23)
- Mackinac Center for Public Policy (3-16-23)
- Michigan Alliance for Student Opportunity (3-2-23)
- Michigan Association of Intermediate School Administrators (3-16-23)
- Michigan Association of School Boards (3-2-23)
- Michigan Association of Secondary School Principals (3-2-23)
- Michigan Freedom Fund (3-2-23)

- Monroe Intermediate School District (3-16-23)
- Oakland Schools (3-2-23)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.