

# Legislative Analysis



## EXPAND DEFINITION OF A PUBLIC EMPLOYEE UNDER PERA

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 185 (S-5) as passed by the Senate**  
**Sponsor: Sen. Jeff Irwin**

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

**House Bill 4497 as introduced**  
**Sponsor: Rep. Carrie A. Rheingans**

**House Committee: Labor**  
**Senate Committee (SB 185): Labor**  
**Complete to 5-10-23**

### SUMMARY:

Senate Bill 185 and House Bill 4497 would each amend the Public Employment Relations Act (PERA) to allow certain individuals to unionize.

Currently, the following groups are not considered public employees and are not granted collective bargaining or representation rights under PERA (see **Background**, below):

- Graduate student research assistants (GSRAs).
- Individuals classified as independent contractors in accordance with the Internal Revenue Service (IRS) 20-factor test.<sup>1</sup>
- Student athletes at Michigan's public universities.

**Senate Bill 185** would allow graduate student research assistants and independent contractors to be considered public employees and thus entitled to representation and collective bargaining under the act.<sup>2</sup> College athletes would remain excluded under the bill.

**House Bill 4497** would remove the three exclusions altogether.

MCL 423.201

### BACKGROUND:

Currently, graduate instructors and university staff are permitted to unionize, while graduate research assistants are not. This policy has been in place since 1981, when the Michigan Employment Relations Commission (MERC) held that teaching assistants and staff assistants, but not graduate student research assistants, were public employees.<sup>3</sup> The policy was challenged in 2011, but before a final decision was made, 2012 PA 45 was enacted (see below) and MERC suspended its review.

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<sup>1</sup> More information on the IRS 20-factor test, which distinguishes independent contractors from employees, can be found here: <https://www.michigan.gov/-/media/Project/Websites/leo/Documents/UIA/Fact-Sheets/FS-155---Independent-Contractor-or-Employee.pdf>

<sup>2</sup> Senate Bill 185 would add a provision to the definition of public employee that explicitly includes graduate student research assistants and individuals serving in a GSRA-equivalent position. House Bill 4497 does not include such a provision.

<sup>3</sup> <https://cdm16110.contentdm.oclc.org/digital/collection/p16110coll2/id/115247/rec/86>.

2012 PA 45 added the language excluding graduate student research assistants and independent contractors from the definition of a public employee that would be removed by Senate Bill 185 and House Bill 4497. When signing the bill, Governor Snyder stated that GSRAs were primarily students, not public employees.<sup>4</sup> PERA was further amended in 2014 to exclude students participating in college athletics on behalf of a public university.<sup>5</sup>

In 2014, a federal judge ruled that 2012 PA 45 was enacted in violation of the state constitution's "change of purpose" clause because the content of the final version of the bill was not sufficiently related to the content of the version that was originally introduced.<sup>6</sup> However, MERC took up the issue again in 2014 and upheld its original decision, prohibiting graduate student research assistants from classification as public employees.<sup>7</sup>

### **FISCAL IMPACT:**

The bills would have an indeterminate fiscal impact on public universities. Any fiscal impact for a public university would be directly related to the assumed costs or benefits of any new collective bargaining agreement under the provisions of the bills compared to the prior or alternative status of any collective bargaining agreement that prohibited certain subjects from being collectively bargained or individuals that would become eligible to participate in collective bargaining that were previously restricted from doing so.

Legislative Analyst: Holly Kuhn  
Fiscal Analyst: Perry Zielak

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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.

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<sup>4</sup> <https://www.michigan.gov/formergovernors/recent/snyder/press-releases/2012/03/13/governor-signs-bill-clarifying-role-of-graduate-student-research-assistants>

<sup>5</sup> A summary of this change, made by 2014 PA 414, can be found here:

<http://www.legislature.mi.gov/documents/2013-2014/billanalysis/House/pdf/2013-HLA-6074-29D64A2E.pdf>

<sup>6</sup> The ruling can be found here: <https://casetext.com/case/toth-v-callaghan>. House Bill 4246, the bill that eventually became 2012 PA 45, originally would have allowed emergency managers to reject, modify, or terminate collective bargaining agreements.

<sup>7</sup> <https://cdm16110.contentdm.oclc.org/digital/collection/p16110coll2/id/144451/rec/1>