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Pending legislation that would reform binding arbitration getting some bipartisan support

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By GLENN GILBERT
Of The Oakland Press

What's that visible just slightly over the horizon? Is it a bird? A plane?

No. Believe it or not, it's bipartisanship on a very controversial subject — in the Michigan legislature no less.

"This would be a big deal" if it's true, said Rep. Chuck Moss of Birmingham.

John Bebow reported on the Ann Arbor-based Center for Michigan's Web site that Democrat Doug Geiss of Taylor and Republican Paul Opsommer of Dewitt "are part of a small tribe of bipartisan legislators who are working" on legislation that would amend Public Act 312. Bebow is executive director of the organization.

At issue are salaries and benefits for public employees.

Public Act 312 was enacted 40 years ago. Proposed by then-State Sen. Coleman Young, it was intended to prohibit public strikes and blue flu epidemics by policemen and firefighters by mandating binding arbitration in the case of impasses in labor negotiations. The unintended consequences included arbitration awards that drove up pension benefits to the point where, in some cases, retirement incomes are greater than wages when officers are still on the job, according to the center.

Young later came to regret the act when he became mayor of Detroit.

While the center says that "based on economists' published estimates, removing binding arbitration could, over time, result in a 3 to 5 percent reduction in local government expenditures," outright repeal of PA 312 is unlikely. Plus, the law does prevent public strikes by police and fire workers.

Rep. Joe Haveman, a Republican from Holland, has introduced House Bill 5325, which would require arbitrators to make a community's ability to pay a prime consideration in making awards. The measure has the backing of the Michigan Municipal League, a lobby for the state's cities.

While Geiss is the only Democrat to publicly embrace reform of PA 312, Samantha Harkins, legislative associate with the MML, says some Democrats have told her they would consider voting for reform if proposals were put before them.

"I know it's a big issue," said Rep. Tim Melton, D-Auburn Hills. He noted that the law hasn't been changed since it was enacted and because of the state's distressed economic condition "everything should be on the table."

Geiss says he likes HB 5325's emphasis on a community's ability to pay, but felt it should also focus on "pattern bargaining" among employees within a given community. For instance, if one bargaining unit has been switched from a defined benefit to a defined contribution plan, all should be switched.

It's a fairness issue within a given community, Geiss said.

Ability to pay is listed as a factor in the current PA 312, Geiss said, but arbitrators are ignoring it.

"As we go forward, there has to be some reckoning," Geiss said. "We're heading for a train wreck. If a community can't pay, it goes on the tax rolls automatically."

That is at least true for the City of Taylor, which Mayor Cameron Priebe explains is a PA 345 entity — a creation of the 1940s or 1950s in which cities bound themselves to pay pension benefits perhaps, Priebe said, as a means of avoiding approval of excessive employee benefits. It certainly didn't work out that way for this Wayne County suburb.

The city today is burdened in paying "amazingly high" pension benefits due to past contracts and PA 312 awards, Priebe said.

"It is obscenely expensive," Priebe said. An officer can retire after 20 years — as little as 17 when credited with military service — and make 120 to 180 percent of base pay as a retirement benefit and "Blue Cross for life," Priebe said.

The city supports 100 police and fire retirees and 150 active employees, said Priebe, who is himself a former policeman. He said each retiree will end up costing the city \$4.5 million and total costs will be \$1 billion over the next 40 years.

Taylor residents paid 1.2 mills in taxes to support retirees in 1979; today that figure is six mills out of a total of 21 mills they pay in city taxes.

"In the city of Taylor, the owner of a \$150,000 home will pay \$450 this year in property taxes simply to fund the pensions of police and firefighters who are eligible for retirement in their mid-40s, after only 20 years of service," the Center for Michigan's Bebow stated.

Geiss said he will further research the matter before possibly offering an alternative to HB 5325 before the end of the year. He said that as a freshman he has learned that bills passed in the Democratic-controlled House often die in the Republican-controlled Senate and "I want to get something passed."

Birmingham's Moss said that for city officials, PA 312 "is a cement block around their necks. I hear it everywhere."

Moss said it also is "a complete disincentive to consolidation" of municipal services because bargaining units in different cities want their benefits protected.

"Michigan taxpayers are footing the bill for some of the most expensive state employee health care benefits in the nation," the center's Bebow stated.

"The monthly premium for Michigan state worker family coverage is 24 percent above the national average for state government workers. Yet the employee share of that expensive premium is 43 percent below the national average (even after the employee share doubled in the last year)."

The figures are from the latest National Conference of State Legislatures benefits survey, published in August.

It's time for the Michigan legislature to change PA 312. It ought to be a top priority.

Glenn Gilbert is executive editor of The Oakland Press. Contact him at (248) 745-4587 or glenn.gilbert@oakpress.com.



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Comments

The following are comments from the readers. In no way do they represent the view of The Oakland Press or theoaklandpress.com.

isbi wrote on Oct 18, 2009 7:53 AM:

" Here we go again. Glenn Gilbert attacking public safety employees. These employees have act 312 because employers would never give them just compensation without it and they CAN'T strike. Most of them wouldn't anyway because they care about the people who need them. These people don't get paid alot but they do get decent benefits. Please, these are the people taking care of you in the middle of the night, on weekends and on Christmas. They are working and missing their families while you get to enjoy yours. Please don't take away from them the only thing that keeps the playing field fair. "

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Builders wrote on Oct 18, 2009 8:43 AM:

" Under the Engler Administration, it was signed into law that Builder contracts must contain a clause requiring binding arbitration for disputes.

Did you know that the arbitrator the builders choose, often times is the same law firm which represents the builder's endorsed insurance company, Frankenmuth.

see how this coziness works:

<http://courthouseforum.com/forums/thread.php?id=1043068> "

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To isbi wrote on Oct 18, 2009 10:11 AM:

" So, "isbi," I'm assuming that you are standing at the front of the (very short) line to pay oodles more taxes so that public employees can make 150% of their wages or more in retirement after 20 years or less on the job, right? Wait... what? NO???? Imagine!

Look around you and get a clue, pal. Nobody is out to pick on police, firefighters or anyone else. But everyone else has had to adjust to the financial realities of life, and so should they. Last time I checked, there were no money trees growing on the lawn at City Hall, nor on the lawn of the state capitol, or on the Mall in Washington D.C., for that matter. The gravy train needs to slow down, or it will run over every one of us in the very near future.

Tweaking this law will improve it, and maybe--just MAYBE--cities in Michigan will have a chance of surviving.

Kudos to the few lawmakers who finally are starting to get the message to work in a bipartisan way. John Bebow, Phil Power & their staff might just be having the intended effect w/ their efforts at the Center for Michigan. Thumbs up to all. "

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To to Isbi wrote on Oct 18, 2009 11:42 AM:

" You are either gravely mistaken, or completely ignorant, if you think that all police/fire personnel get that type of retirement.

Glenn Gilbert is showing his complete bias in this slanted article. And when Doug Geiss-D states:

"Ability to pay is listed as a factor in the current PA 312, Geiss said, but arbitrators are ignoring it."....

he is lying. All one has to do is research the cases and see that it is taken into consideration.

Maybe you should actually look into Act 312 and research BOTH sides of the subject before jumping to your uniformed conclusions. "

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To poster 4 wrote on Oct 18, 2009 12:12 PM:

" I am neither, thank you. And I never said ALL police/fire get such benefits. But arbitration as it stands far too often relies more on idealism than realism. What would be "nice" to give often isn't in the same hemisphere as what is POSSIBLE to give.

The fact is that taxpayers have limits as to what they'll accept and support. Municipal budgets are FINITE. Public employee benefits in most instances far surpass those in the private sector, and yet private sector workers are expected to foot the bill.

Nobody, to my knowledge, is proposing a repeal of PA 312. Public employees will doubtless continue to be adequately compensated, both while working and afterward. But the potential of a virtually unlimited ceiling on such things must change. All of us need to wake up and smell the coffee; things can't stay the same for public employees, any more than they have stayed the same for the people in the private sector who pay the municipal bills. Just ask any member of the UAW (no, I am not one) about living with reality these days.

And I suspect that taxpayers also, at this point, have VERY limited stomach for public employee whining, since most private sector workers have things like lifetime health insurance coverage only in their dreams.

I know quite a few public employees and retirees personally and, while I certainly appreciate the jobs they do/have done and believe they have earned fair compensation, I can't muster many crocodile tears at the notion that this legislation might be amended to bring it more in line with the financial realities governments currently face. "

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Free Lunch Finished wrote on Oct 18, 2009 12:41 PM:

" There should always be a ceiling to the amount of wages a person receives and the amount of benefits, each time a contract comes up it becomes more and more money and benefits, people can only pay so much. Talk to a salaried employee from GM that had all their benefits except their pensions removed, they planned on having insurance of some sort when they retired after putting in their required time and I think to receive full benefits you should have to work more than 20 years. If a person goes to work at the age of 18 they can retire at the age of 38 and still get another job for 20 or more years, receive double pensions and double benefits (I know someone who did that and they are doing very well). It's time to realize that the free lunch program is done and you have to live within what the public can afford. "

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A Pontiac Resident wrote on Oct 18, 2009 3:56 PM:

" I finally found The Editor at the Oakland Press in Downtown Pontiac that One of you Pontiac Firefighters must have Slept with his wife " Glenn Gilbert " . I always read this rag and wondered why Police and Fire always took a hit.... It all makes sense NOW !!! Such Bias.. I can't wait for the day some of these people cry,and complain when they need you and the seconds feel like minutes and it's their lives or their loved one's that are held in the balance..... "

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Let them strike wrote on Oct 18, 2009 6:01 PM:

" It is truly sad on how people view police officers and firemen and how they place such little value upon them for the sacrifices that they make.

Year after year while the economy was doing good, people in the private sector were getting huge raises, bonuses and other perks, our police and firemen had to settle (fight) for 2% raises. When things start going down, everyone expects them to take the same hit as everyone else even though they were never lucky enough to get what everyone else got to begin with.

Many police depts have already given back and made concessions to help their communities yet people at the top want them to give more and more. These are the same people (leaders) making how much off the taxpayers???

As an example, the "leaders" of Oakland County had no problem giving themselves excessively huge raises over the years and yet only gave token raises to all the other county employees. After that, they wouldn't even offer the same to the Deputies.

THATS WHY SOME CASES END UP IN ARBITRATION. Because, the various administrations are sometimes unwilling to "bargain in good faith" and the police and firemen are not allowed to strike.

I say, let them strike and when it is found out why they are on strike and the government leaders are exposed for their own personal greed, self-preservation, abuse of power and unwillingness to hold any respectable form of negotiations and the way they treat our police and firemen, the public will truly see the reality of what goes on and why Act 312 for Binding Arbitration is a necessity for those who put so much on the line for us.

I, for one, have no problem paying my taxes to support our police and firemen. It's the least I can do because I know I can call on them 24/7 to help, protect or save the lives of myself or my family.

What is really sad is that even in these tough times when the public is hurting so much because of the economy, they are so worried about miniscule raises for police and firemen yet they don't have a problem constantly eating out or paying alot of money for entertainment. I drive by retail establishments and restaurants all the time and see the full parking lots. "

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Disturbed wrote on Oct 19, 2009 9:23 AM:

" "Let them strike" has a point. Ask any deputy how long it took the County to work with them on a contract that expired back in '02. Ask the County how someone the Sheriff's Department took in as an inmate is allowed to be a part of the negotiations for pay and benefits to deputies. Not a single dep I've talked to expects the world on a silver platter, but when Commissioners with their 'part-time' jobs have better pay and bennies than some depts, they feel a little put upon. How many of those part-time Commissioners have to worry about whether or not they get to go home after work? "

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Keep Your Eye on the Ball wrote on Oct 19, 2009 12:37 PM:

" Has a single politician offered to take a paycut or benefit reduction. In Lansing the answer was lay off Troopers. Who is more important the politician sitting in his/her office or the police officer and firefighter on the street. Who is going to answer the 911 call? The officers and firefighters are not getting rich on the public payroll, are the politicians?

One pension system (Taylor) does not mean all pension systems are the same.

Where is the real waste? According to the National Conference of State Legislatures, Updated January 2007, Michigan's legislators receive a base salary of \$79,650 per year which makes them the second-highest paid legislators in the nation, after California. Legislators also receive a \$1,000 per month per diem in addition to their base salary. Unlike those states which are considered to have a part-time legislature and whose members are paid only for actual days in session, Michigan's legislators are paid an annual salary regardless of the number of meeting days and are considered to be full-time.

Stop attacking and cutting America's first responders and seek answers to economic issues with those who created the problem in the first place, the great American political machine. "

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To Eye on the Ball wrote on Oct 19, 2009 10:17 PM:

" Yes, legislators have voted to take a 10% pay cut, increase their contribution to health care and cut office budgets.

There are many more police and firefighters, making more than legislators.

Please take the lead of these politicians and accept a 10% pay cut. Oh, that's right, Oakland sheriffs just got a 14% bump in pay..... Keep your eye on the real problem! "

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Distrurbed wrote on Oct 20, 2009 10:28 AM:

" Was it 14%? But, if it was, isn't that 14% of their 2002 wages? For those that got it, anyway. "

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Eye on the Ball wrote on Oct 21, 2009 3:19 PM:

" I would argue that whoever responded to my last post has no idea what they are talking about. I am a firefighter. I am not rich by any means. I work very hard to make ends meet.

Come on over and take the nozzle in a fire or stare down the sight of a gun at an armed suspect or try breathing life into a burned child then tell me if police officers and firefighters are payed too much.

Anytime you would like to compare W-2's to the job police and firefighters do, then you can spout off about pay rates. "

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