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Don't expand costly state arbitration rules

Public safety pay dispute process creates 'huge' toll on city services

Ironically, as one group of local officials was complaining in the state capital about the ill effects of compulsory arbitration for police officers and firefighters last week, lawmakers in another hearing were discussing extending arbitration to county jail corrections officers.

The state's Legislative Commission on Statutory Mandates heard testimony from local officials on problems caused by state rules and regulations. One of the chief complaints was the state's compulsory arbitration law for public safety officers.

The Michigan Municipal League and other associations of local officials were at the hearing with their arguments. They are familiar. The law requiring binding arbitration for police and fire officers, Public Act 312 of 1969, was pushed through the Legislature by state Sen. Coleman Young, who spent the rest of his political career complaining about its effects when he became mayor of Detroit.

If a city and its uniformed public safety officers can't reach a settlement, the issue is decided by an arbitration panel. In financial matters involving pay and benefits, the panel must select between the final offers of the union and the city. There can be no compromise or in-between settlement.

Nor need the arbitrators take into consideration a city's financial condition. Sometimes they do, but other times they do not.

As a result, according to the findings of a panel on local government costs set up by Gov. Jennifer Granholm a couple of years ago, the pay and particularly the fringe benefits of public safety officers are driven up by arbitration. At the time the panelists issued their report, they found that the difference amounted to between 3 and 5 percent compared with nonarbitration states. The panel noted that while the percentage difference seems small, the financial impact can be "huge."

In addition, the study group found that arbitration states have higher numbers of public safety employees but lower numbers of other public employees.

It is important to remember that personnel costs, particularly police and fire department costs,

usually amount to the single biggest cost item in a municipality's budget. In other words, local elected policymakers often lose control of their spending through decisions by arbitrators.

The pay rulings can result in distortions in which municipal employees are allocated among departments as a result of arbitration, not the considered judgment of mayors and council members.

And the costs can add up quickly because disputes and arbitration hearings drag on, and back pay awards can be expensive.

Yet now some lawmakers want to extend this system to pay disputes between jail corrections officers and counties. The bill to do so was introduced this month and a hearing was held on it last week.

Lawmakers should heed the findings of the Granholm panel and look for ways to trim back compulsory arbitration -- not extend it.

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