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FISCAL NOTE(Form 1)
(Office of Fiscal Analysis)
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BILL NUMBER: SHB 5566
FILE NUMBER:
AMENDMENTS: House "A" & "B"

TITLE: "AN ACT CONCERNING BINDING ARBITRATION FOR MUNICIPAL EMPLOYEES"

FAVORABLY REPORTED BY Planning and Development, Labor and Public Employees

EFFECTIVE DATE: 7/1/92

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5566

STATE IMPACT	Minimal Cost, Can be Absorbed, see explanation below
MUNICIPAL IMPACT	Potential Savings, see explanation below
STATE AGENCY(S)	Department of Labor, Department of Education

EXPLANATION OF ESTIMATES:

STATE IMPACT: The passage of this bill as amended would result in minimal additional costs to the Department of Labor that would be absorbed within existing resources. The bill as amended creates a panel of at least 20 neutral arbitrators to chair arbitration panels that resolve collective bargaining impasses between municipal employers and employee unions under the Municipal Employee Relations Act. It establishes a selection committee, made up of labor and municipal employer representatives appointed by the Labor Commissioner, to appoint the members of the new arbitrator panel. Minimal, absorbable costs would result from these new requirements.

House Amendment "A" altered the original bill by specifying that an arbitrator(s) give priority to the public interest and the fiscal capacity of a town(s) in decisions on arbitration awards for teachers. This has no State impact but could result in potential savings to municipalities to the extent that these considerations were not previously given and that it would influence the arbitrator's decision.

House Amendment "B" established a process that would allow the appropriate legislative body of a municipal employer to reject a binding arbitration award (for both teachers and non-teachers). Rejection would require a two-thirds vote. The municipality is required to notify the State Board of Education, in writing, and then a second binding arbitration proceeding will be imposed. Minimal, absorbable costs would result to

State agencies. To the extent that this would result in less costly contracts, municipal savings would result. These cannot be determined at this time.

MUNICIPAL IMPACT: The passage of this bill as amended could result in savings to various municipalities that cannot be determined at this time. The changes in the appointment of arbitrators is intended to reduce the perceived employee bias of arbitrators. The bill as amended also changes the criteria that these arbitrators must use in arriving at their decisions to make the public interest and the municipality's ability to pay paramount, and to require arbitrators to look at pay and benefits in the private sector when considering municipal salaries, benefits and employment conditions. In addition, House Amendment "B" allows municipalities to overturn a binding arbitration award by a two-thirds vote. To the extent that these changes reduce the cost of municipal employee contracts, indeterminate savings would result.