



Senate Bill 311 (Eichelberger)

Needed reforms for municipalities...

Fair solutions to improve Act 111

WHAT IS ACT 111 BINDING ARBITRATION?

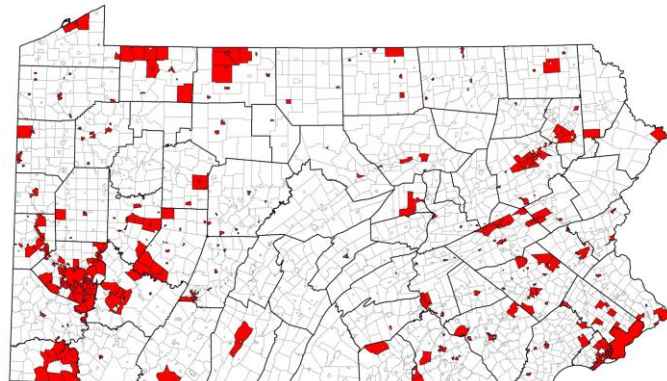
Act 111 of 1968 is a state law that provides binding arbitration to police and fire fighters at the point of contract impasse in exchange for the inability to strike. The neutral arbitrator on a panel of three, has significant power when handing down the binding decision as arbitration awards impact public safety costs for many years. Binding arbitration should remain part of the municipal/labor toolkit, but no law is above improvement; and after 48 years, Act 111 needs to be modernized.

WHY DOES BINDING ARBITRATION REFORM MATTER?

Pennsylvania needs Act 111 just as it did in 1968. What began as a fair and neutral process, however, has become one of frequently adverse and unpredictable arbitration awards eroding municipal financial health. Today, 41% of Pennsylvanians live in financially stressed municipalities.

Act 111 is one of the primary causes of escalating public safety costs. Even the best managed communities are not immune to adverse arbitration awards. This is not just a city problem – Act 111 has a significant financial impact on boroughs and townships as well.

According to a 2011 Pennsylvania Economy League Southwest study, municipal financial stress of all types is widespread and increasing.



WHY NOW?

The economic impact of Act 111 is an ongoing issue for every municipality employing full-time police and/or fire fighters. But it wasn't until 2012, with the support of the *Coalition for Sustainable Communities*, that the first bill to make comprehensive changes to Act 111 was introduced and discussed in a public hearing. In each successive session, we have worked to explain the long term costs associated with Act 111 and ask for reform.

HOW DO WE KNOW ARBITRATION DECISIONS ARE COSTLY?

Today, when a municipality and union are preparing for contract negotiations, each side is preparing an extensive and costly analysis of current conditions and why its terms should be met. If an impasse occurs and the two sides proceed to binding arbitration, the preparation is even more comprehensive

because each side will be presenting its “case” to an arbitration panel where a neutral third arbitrator will provide a decision binding on both parties.

Municipalities have seen arbitration decisions favor the unions for many years. A favorable decision in one community is used as a reason to provide the same award in other communities. Furthermore, the neutral arbitrator is not required to consider what a municipality’s taxpayers can afford. A neutral arbitrator can also give benefits that are never discussed between the two sides or even requested.

Interestingly, it takes two sides to come to an impasse and proceed to arbitration, however, only the employer (the taxpayers) pays the expenses of the neutral arbitrator. This cost is at least several thousand dollars and can be much higher.

HOW DOES SENATE BILL 311 REFORM ACT 111?

After 48 years, it’s time to modernize Act 111. Senator Eichelberger’s proposal will level the playing field making the process more fair for municipalities and less costly to taxpayers. It also preserves collective bargaining for future generations of police and fire fighters. Senate Bill 311 contains the following reforms:

- Requires the cost of the neutral arbitrator to be shared equally by both parties;
- Allows either party to be penalized for failing to engage in good faith bargaining;
- Makes the arbitrator selection process fair by using a coin toss to determine order of selection;
- Expands the list from which a neutral arbitrator is selected from 3 to 7;
- Requires the neutral arbitrator to justify the award and consider of new costs;
- Starts the collective bargaining process earlier and requires arbitration be requested earlier;
- Requires evidentiary hearings to be open to the public;
- Clarifies when an arbitration award can be appealed by either party; and
- Prohibits post-retirement healthcare and pension benefits within collective bargaining.

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