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Hurdles to government efficiency gain steam in Capitol

By [John Bebow](#) - June 25, 2010

Last week we told you about Senate Bill 1072 a so-called "reform" that would actually make it harder for local governments to reform themselves and collaborate.

On Thursday the bill passed the House and is moving toward the governor's desk. Here' how one local government lobbyist summed it up today in an email...

"Senate Bill 1072 has now passed the House without amendment on a mostly partisan vote of 62-42. Obviously, the bill changed dramatically from what it was at one time when it was a real measure of 'structural reform.'" Now, as you have seen, it has morphed into a bill that is essentially an EXPANSION of the bargaining units that are subject to P.A. 312. As we have discussed during the last several days and weeks, the House majority had NO interest in making this a true reform bill that would have added components such as 'ability to pay,' comparison of 'internal comparables,' gaining a greater measure of 'arms length' between litigants and arbitrators, and other reform components. We will continue the effort to achieve reform in P.A. 312, especially working to keep these issues at the forefront during this election season, and into 2011 when new elected officials take office in Lansing."

[Here's Thursday's roll call vote.](#) If you are represented by one of those "yes" votes, ask your rep to explain how this bill helps solve the state's fiscal crisis.

Look closely at the vote and you'll see just how cynical your elected leaders can be...

GOP House members on the campaign trail this fall can now blame Dem representatives for inflating the costs of government. Meantime, GOP members in the Senate helped lead the charge to pass the bill, with help from Dem senators as well as Dem representatives — all of whom can now take credit and get pats on the back from cops and firefighter union locals who can be very active in local legislative races.

Public safety unions felt like they were winning this fight for months. [Consider this email](#) from a labor leader to members earlier this year as the fake reform passed out of the Senate... He said it was "imperative" to include regional firefighting authorities in the arbitration rules known as Act 312 because of "the move toward regionalization" and "the merger of emergency services." Municipalities claim those regionalizations and mergers are imperative to stretching increasingly empty public coffers. The municipalities also claim Act 312 is a big impediment to doing so.

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Below is the Center's full written testimony on the issue from a House hearing last week...

Testimony for House Labor Committee
 June 16, 2010
 Philip H. Power

I am the President and founder of The Center for Michigan, a 501(c)3 nonprofit organization designed to cure our unhealthy political culture and revitalize our broken policy apparatus. Through our Michigan's Defining Moment public engagement campaign, over the past two and a half years we have held 585 community conversations throughout Michigan that have attracted more than 10,000 participants. The findings from this campaign are contained in our recently published report, "10,000 Voices to Transform Our State."

In addition, we held a day-long Action Group meeting local government issues in March. Two important conclusions emerged from discussion between experts and citizens:

- 1) 89% agreed that Michigan should intensify government consolidation and service sharing at all levels of government.
- 2) 77% agreed that Michigan should incentivize local government collaboration or consolidation.

A theme relevant to today's hearing is that people want substantial reform in the structure, workings and cost of government at all levels. In particular, they want local governments to collaborate and share services at the local and regional level in order to increase efficient delivery of crucial services and, at the same time, save considerable money.

One of the factors in this effort is PA 312, now four decades old, which prevents police and firefighters from going on strike by requiring unresolved labor disputes to go to binding, third-party arbitration. These costs are significant to local governments, to as much as half of an average city government's costs. Economic studies suggest that binding arbitration drives up local government costs by 3-5%. Local government administrators also say that PA 312 works against cost-saving consolidation of neighboring policy and fire departments. Awards granted by arbitrators can result in expensive back pay awards and can drive up pension costs to the point where, in some cases, retirement incomes are greater than wages while public safety officers are still on the job. Published estimates suggest removing binding arbitration could, over time, result in 3-5% reduction in local government expenditures; local governments in Michigan spent \$2 billion on public safety in 2006, so a 4% reduction in costs would amount to annual savings of \$80 million.

Perversely, arbitration awards granted under PA 312 can actually reduce the number of public safety personnel serving community residents by increasing the cost per office, resulting in layoffs. There is some evidence this has been happening. The Michigan Municipal League says that Michigan public safety professionals have been reduced by 2,000 police officers and 2,400 firefighters since 2000. According to research conducted by Michigan State University Extension Service, Michigan has 6.9 firefighters per 10,000 residents, compared to a national average of 10.9 per 10,000.

This hearing concerns SB 1072. Based on responses from our community conversations, we find this bill does not go nearly far enough to reform the problems caused by PA 312. In fact,

SB appears to expand those covered by PA 312 to include dispatch workers.

The bill requires Employment Relations Commission to develop training standards, although it does not specify the specific training required. It also tightens timelines for arbitration awards to six months. This provision does not, however, adequately define a local government's ability to pay, resulting in the possibility there may not be enough time for a community to present ability to pay evidence to an arbitrator.

SB 1072 is being marketed as a step towards "structural reform" in the costs and workings of local governments. As written, it falls far short of this objective.

This entry was written by [John Bebow](#) and posted on at 7:55 am and filed under [Fresh Thoughts](#). Bookmark the [permalink](#). Follow any comments here with the [RSS feed for this post](#). [Post a comment](#).

ONE COMMENT

1. David Waymire
Posted June 25, 2010 at 10:12 am | [Permalink](#)

Let's remember where this bill started, and who started it...the Republican controlled Senate. This is nothing more than another unfunded mandate — in face, given the desire of Republicans in the Senate to further cut state funding for cities, it's a negatively funded mandate.

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