



# Opposition to HB 4438

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Good afternoon. My name is Steve Delie, and I am the director of labor policy at the Mackinac Center for Public Policy. We are a 501(c)(3) nonprofit research and educational institute that advances the principles of free markets and limited government. Through our programs, we challenge government overreach and advance free-market approaches to public policy that free people to realize their potential and dreams.

I am here today to oppose House Bill 4438.

Amending Act 312 of 1969 to encompass correctional officers is a simple amendment with a complex result. Act 312 is one of the two major statutes governing public sector collective bargaining in Michigan, with the other being the Public Employment Relations Act. Currently, police, fire, and emergency services personnel are covered by Act 312; all other public employees are governed by PERA. House Bill 4438 would expand the groups covered by Act 312 to include correctional officers.

There is an important difference in the collective bargaining process for bargaining units governed by Act 312 and those covered by PERA. Under PERA, if a union and employer cannot reach an agreement following mediation, the parties then submit to a fact-finding by the Michigan Employment Relations Commission. That fact-finding is nonbinding, but public. If the parties cannot agree after the MERC fact-finding decision, the parties must attempt to negotiate an agreement at least one final time. If agreement cannot be reached at this final meeting, the public employer may then implement their contract proposal.

Act 312 uses a different process. Under Act 312, if mediation fails, both parties then submit their dispute to an arbitrator. The arbitrators review the parties' positions and choose one of those positions to be implemented. As an example: if a county and labor organization are negotiating over employer contributions to retiree healthcare, the arbitrator would decide the matter by choosing between the parties' position. The arbitrator's decision is binding on both parties and is retroactive to the date the dispute arose.

Such a system is a significant challenge for municipalities. As of last year, Michigan's municipalities had unfunded pension liability totaling \$5.7 billion and unfunded liabilities for other post-employment benefits totaling \$2.9 billion. These municipalities, already facing a debt crisis, must now adapt to a struggling economy. Should HB 4438 pass, however, County finances will be at the whims of unelected and unaccountable arbitrators. Struggling counties attempting to institute needed financial reforms in correctional facilities may find themselves unable to do so.

There is no question that the work of our county corrections officers is important, as is the work of our emergency services personnel. These brave men and women put their safety and lives on the line to protect the public safety. But the public welfare is not limited to safety. It encompasses the financial health of our communities as well. Placing corrections officers into an already problematic system does not help the people of Michigan; instead, we should be placing police and fire units into the existing PERA framework.

Under the current system, counties who use PERA to implement regulations that treat corrections officers unfairly are accountable to the public. Citizens, unhappy with unfair treatment of public employees, may vote for different county commissioners and demand reform. Should HB 4438 pass, however, county commissioners may find their hands tied, unable to implement reforms even if those reforms would be in the public's best interest.

In conclusion, the effects of HB 4438 would be detrimental to Michigan's counties and the public at large. We should work to find other ways to improve conditions for corrections officers and to develop solutions that do not further remove local control from voters. Thank you.

**Steve Delie**

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