

SENATE, No. 604

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator DECLAN J. O'SCANLON, JR.

District 13 (Monmouth)

SYNOPSIS

Makes certain changes to police and fire interest arbitration procedures.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning police and fire interest arbitration and
2 amending P.L.1968, c.303 and amending P.L.2010, c.105.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. Section 11 of P.L.1968, c.303 (C.34:13A-8.2) is amended to
8 read as follows:

9 a. Following the consummation of negotiations, the public
10 employer shall conspicuously post on the municipal or county
11 website a summary of the terms of each proposed collective
12 negotiation agreement no later than 10 days prior to the execution
13 of the contract. The public employer shall forward to the
14 commission the summary of the terms of each proposed collective
15 negotiation agreement, which shall be conspicuously posted on the
16 commission's website no later than 10 days prior to the execution of
17 the contract.

18 The terms of the proposed collective negotiation agreement shall
19 be posted in a standard form developed by the commission. The
20 form shall display the estimated costs of compensation for each
21 individual employee or group of employees, itemized by the
22 specific form of compensation, the estimated cost of compensation
23 at the time of the execution of the contract, and the incremental
24 difference resulting from any changes from the previous contract.
25 This information shall be displayed for each year of a proposed
26 collective negotiation agreement.

27 The proposed collective negotiation agreement and
28 accompanying employee compensation disclosure form shall be
29 made available for inspection by the general public upon request
30 during the local unit's normal business hours beginning at least 10
31 days prior to the execution of the contract.

32 b. The commission shall collect and maintain a [current] file
33 of [filed contracts in] current public employment contracts. Public
34 employers shall file with the commission a copy of any contracts [it
35 has] they have negotiated with public employee representatives
36 [following the consummation of negotiations] within 15 days of
37 the execution of the contract pursuant to paragraph (2) of subsection
38 d. of section 2 of P.L.2010, c.105 (C.34:13A-16.7).

39 (cf: P.L.1968, c.303, s.11)

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41 2. Section 2 of P.L.2010, c.105 (C.34:13A-16.7) is amended to
42 read as follows:

43 2. a. As used in this section:

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 "Base salary" means the salary provided pursuant to a salary
2 guide or table and any amount provided pursuant to a salary
3 increment, including any amount provided for longevity or length of
4 service. It also shall include any other item agreed to by the parties,
5 or any other item that was included in the base salary as understood
6 by the parties in the prior contract. Base salary shall not include
7 non-salary economic issues, pension and health and medical
8 insurance costs.

9 "Non-salary economic issues" means any economic issue that is
10 not included in the definition of base salary.

11 "Salary schedule" means a system of providing routine salary
12 increases based upon an employee's performance and longevity.

13 b. An arbitrator shall not render any award pursuant to section
14 3 of P.L.1977, c.85 (C.34:13A-16) which, in the first year of the
15 collective negotiation agreement awarded by the arbitrator,
16 increases base salary items by more than 2.0 percent of the
17 aggregate amount expended by the public employer on base salary
18 items for the members of the affected employee organization in the
19 twelve months immediately preceding the expiration of the
20 collective negotiation agreement subject to arbitration. In each
21 subsequent year of the agreement awarded by the arbitrator, base
22 salary items shall not be increased by more than 2.0 percent of the
23 aggregate amount expended by the public employer on base salary
24 items for the members of the affected employee organization in the
25 immediately preceding year of the agreement awarded by the
26 arbitrator.

27 The parties may agree, or the arbitrator may decide, to distribute
28 the aggregate monetary value of the award over the term of the
29 collective negotiation agreement in unequal annual percentage
30 increases, which shall not be greater than the compounded value of
31 a 2.0 percent increase per year over the corresponding length of the
32 collective negotiation agreement. An award of an arbitrator shall
33 not include base salary items and non-salary economic issues which
34 were not included in the prior collective negotiations agreement.

35 c. After the expiration of a collective negotiation agreement, a
36 public employer shall suspend any salary increases based upon a
37 salary schedule until a subsequent collective negotiation agreement
38 is executed.

39 (cf: P.L.2014, c.11, s.2)

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41 3. Section 3 of P.L.2010, c.105 (C.34:13A-16.8) is amended to
42 read as follows:

43 3. a. There is established a task force, to be known as the
44 Police and Fire Public Interest Arbitration Impact Task Force.

45 b. The task force shall be comprised of eight members as
46 follows:

47 (1) four to be appointed by the Governor;

48 (2) two to be appointed by the Senate President; and

1 (3) two to be appointed by the Speaker of the General
2 Assembly.

3 c. All appointments shall be made within 30 days of the
4 effective date of P.L.2010, c.105 (C.34:13A-16.7 et al.). Vacancies
5 in the membership shall be filled in the same manner as the original
6 appointments. The members of the task force shall serve without
7 compensation but may be reimbursed, within the limits of funds
8 made available to the task force, for necessary travel expenses
9 incurred in the performance of their duties.

10 d. (1) The task force shall organize as soon as is practicable
11 upon the appointment of a majority of its members and shall select
12 a chairperson from among the appointees of the Governor and a
13 vice chairperson from among the appointees of the Legislature. The
14 Chair of the Public Employment Relations Commission shall serve
15 as non-voting executive director of the task force.

16 (2) The task force shall meet within 60 days of the effective date
17 of P.L.2010, c.105 (C.34:13A-16.7 et al.) and shall meet thereafter
18 at the call of its chair. In furtherance of its evaluation, the task
19 force may hold public meetings or hearings within the State on any
20 matter or matters related to the provisions of this act, and call to its
21 assistance and avail itself of the services of the Public Employment
22 Relations Commission and the employees of any State department,
23 board, task force or agency which the task force determines
24 possesses relevant data, analytical and professional expertise or
25 other resources which may assist the task force in discharging its
26 duties under this act. Each department, board, commission or
27 agency of this State is hereby directed, to the extent not inconsistent
28 with law, to cooperate fully with the task force and to furnish such
29 information and assistance as is necessary to accomplish the
30 purposes of this act. In addition, in order to facilitate the work of
31 the task force, the Public Employment Relations Commission shall
32 post on its website all collective negotiations agreements and
33 interest arbitration awards entered or awarded after the date of
34 enactment, including a summary of contract or arbitration award
35 terms in a standard format developed by the Public Employment
36 Relations Commission to facilitate comparisons. **【All】** A collective
37 【negotiations agreements shall be】 negotiation agreement that is
38 not submitted to the Public Employment Relations Commission
39 within 15 days of contract execution or does not include a summary
40 of contract or arbitration award terms shall be deemed null and void
41 until that agreement is properly submitted to the Public
42 Employment Relations Commission.

43 e. (1) It shall be the duty of the task force to study the effect
44 and impact of the arbitration award cap upon local property taxes;
45 collective bargaining agreements; arbitration awards; municipal
46 services; municipal expenditures; municipal public safety services,
47 particularly changes in crime rates and response times to emergency
48 situations; police and fire recruitment, hiring and retention; the

1 professional profile of police and fire departments, particularly with
2 regard to age, experience, and staffing levels; and such other
3 matters as the members deem appropriate and necessary to evaluate
4 the effects and impact of the arbitration award cap.

5 (2) Specifically, the task force shall study total compensation
6 rates, including factors subject to the arbitration award cap and
7 factors exempt from the arbitration award cap, of police and fire
8 personnel throughout the State and make recommendations thereon.
9 The task force also shall study the interest arbitration process and
10 make recommendations concerning its continued use in connection
11 with police and fire labor contracts disputes. The task force shall
12 make findings as to the relative growth in total compensation cost
13 attributable to factors subject to the arbitration award cap and to
14 factors exempt from the arbitration award cap, for both collective
15 bargaining agreements and arbitration awards.

16 f. The task force shall annually report its findings, along with
17 any recommendations it may have, to the Governor and, pursuant to
18 section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature. The
19 task force's final report due on or before December 31, 2017 shall
20 include, in addition to any other findings and recommendations, a
21 specific recommendation for any amendments to the arbitration
22 award cap. Upon the filing of its final report on or before December
23 31, 2017, the task force shall expire.

24 (cf: P.L.2014, c.11, s.3)

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26 4. Section 4 of P.L.2010, c.105 (C.34:13A-16.9) is amended to
27 read as follows:

28 4. This act shall take effect January 1, 2011 **【**; provided
29 however, section 2 of P.L.2010, c.105 (C.34:13A-16.7)**】** and shall
30 apply **【only】** to collective negotiations between a public employer
31 and the exclusive representative of a public police department or
32 public fire department that relate to negotiated agreements expiring
33 on that effective date or any date thereafter **【until or on December**
34 **31, 2017, whereupon, after December 31, 2017, the provisions of**
35 **section 2 of P.L.2010, c.105 (C.34:13A-16.7) shall become**
36 **inoperative for all parties except those whose collective**
37 **negotiations agreements expired prior to or on December 31, 2017**
38 **but for whom a final settlement has not been reached】. This act also**
39 applies to collective negotiations between a public employer and the
40 exclusive representative of a public police or public fire department
41 where there had been no prior collective negotiations agreement
42 between the parties as of the effective date of the act.

43 (cf: P.L.2014, c.11, s.4)

44
45 5. This act shall take effect immediately.

STATEMENT

The bill makes permanent the two-percent cap on base salary increases in interest arbitration awards. This bill also makes various changes to the State's interest arbitration procedures for settling contractual impasses between public employers and their police and fire departments.

The bill also repeals the "sunset" provision established in P.L.2010, c.105 that provides for the expiration of the two-percent cap on base salary increases in arbitration awards on December 31, 2017. The cap applies to collective negotiated agreements that expire between the effective date of the act, January 1, 2011, and December 31, 2017. The two-percent cap applies to arbitration cases involving agreements that expire during this period, even if the arbitrator's award was not rendered until after the "sunset" date of December 31, 2017. Parties that entered into contracts that expire during the sunset period currently are not subject to the two-percent cap when negotiating future contracts under current law. This bill repeals the sunset provision set forth in P.L.2010, c.105, effectively making permanent the two-percent cap. The bill also clarifies that the two-percent cap applies not only to expiring contracts, but also to all police and fire collective negotiations, including those cases in which there was no initial collective negotiations agreement prior to the effective date of P.L.2010, c.105.

Under current law, collective negotiations agreements are required to be submitted to the Public Employment Relations Commission (PERC) within 15 days of a contract's execution. This bill provides that collective negotiations agreements that are not filed within the 15-day time period or do not include a summary of contract or arbitration award terms are deemed null and void until properly submitted to PERC.

In addition, the bill requires public employers to post on their municipal or county website a summary of the terms of each proposed collective negotiation agreement no later than 10 days prior to the execution of the contract. The public employer is required to forward to PERC the summary of the terms of each proposed collective negotiation agreement, which is to be conspicuously posted on the commission's website no later than 10 days prior to the execution of the contract. The bill requires that the terms of the proposed collective negotiation agreement be posted in a standard form developed by PERC. The form would display the estimated costs of compensation for each individual employee or group of employees, itemized by the specific form of compensation, the estimated cost of compensation at the time of the execution of the contract, and the incremental difference resulting from any changes. This information is required to be displayed for each year of a proposed collective negotiation agreement. The bill also requires the proposed collective negotiation agreement and

1 accompanying employee compensation disclosure form to be made
2 available for inspection by the general public, upon request, during
3 the local unit's normal business hours.

4 Finally, the bill provides that a public employer is required to
5 suspend salary increases that are based upon a salary schedule
6 following the expiration of a collective negotiation agreement until
7 a subsequent collective negotiation agreement is executed.

8 As recommended in the 2017 report issued by the Governor's
9 appointees to the Police and Fire Public Interest Arbitration Impact
10 Task Force, the bill preserves changes made by P.L.2014, c.11 to
11 allow arbitrators 90 days to render a decision; allow an aggrieved
12 party 14 days to file a notice of appeal; require PERC to render its
13 decision in an appeal within 60 days; and establish an arbitrator's
14 compensation for services at \$10,000. The provisions of P.L.2014,
15 c.11 that provide for compounding the value of a two-percent cap over
16 the length of the collective negotiation agreement and include
17 previously negotiated cost increments within the definition of "base
18 salary" also are preserved.