

P.L. 1997, CHAPTER 183, *approved August 1, 1997*  
Assembly, No. 1965

1 AN ACT concerning compulsory arbitration for public fire and police  
2 departments and amending P.L.1977, c.85.

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

6  
7 1. Section 3 of P.L.1977, c.85 (C.34:13A-16) is amended to read  
8 as follows:

9 3. a. (1) Negotiations between a public fire or police department  
10 and an exclusive representative concerning the terms and conditions  
11 of employment shall begin at least 120 days prior to the day on which  
12 their collective negotiation agreement is to expire. The parties shall  
13 meet at least three times during that 120-day period. The first of those  
14 three meetings shall take place no later than the 90th day prior to the  
15 day on which their collective negotiation agreement is to expire. By  
16 mutual consent, the parties may agree to extend the period during  
17 which the second and third meetings are required to take place beyond  
18 the day on which their collective negotiation agreement is to expire.  
19 A violation of this paragraph shall constitute an unfair practice and the  
20 violator shall be subject to the penalties prescribed by the commission  
21 pursuant to rule and regulation.

22 (2) Whenever those negotiations concerning the terms and  
23 conditions of employment shall reach an impasse, the commission,  
24 through the Division of Public Employment Relations shall, upon the  
25 request of either party, or upon its own motion take such steps,  
26 including the assignment of a mediator, as it may deem expedient to  
27 effect a voluntary resolution of the impasse.

28 b. (1) In the event of a failure to resolve the impasse by mediation,  
29 the Division of Public Employment Relations, at the request of either  
30 party, shall invoke factfinding with recommendation for settlement of  
31 all issues in dispute unless the parties reach a voluntary settlement  
32 prior to the issuance of the factfinder's report and recommended terms  
33 of settlement. Factfindings shall be limited to those issues that are [e]  
34 within the required scope of negotiations unless the parties to the

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

**Matter underlined thus is new matter.**

1 factfinding agree to factfinding on permissive subjects of negotiation.  
2 [The cost of factfinding shall be borne by the commission.] In the  
3 event of a continuing failure to resolve an impasse by means of the  
4 procedure set forth in this paragraph, and notwithstanding the fact that  
5 such procedures have not been exhausted, the parties shall notify the  
6 commission, at a time and in a manner prescribed by the commission,  
7 as to whether or not they have agreed upon a terminal procedure for  
8 resolving the issues in dispute. Any terminal procedure mutually  
9 agreed upon by the parties shall be reduced to writing, provide for  
10 finality in resolving the issues in dispute, and shall be submitted to the  
11 commission for approval.

12 (2) Notwithstanding the provisions of paragraph (2) of subsection  
13 a. of this section or paragraph (1) of this subsection, either party may  
14 petition the commission for arbitration on or after the date on which  
15 their collective negotiation agreement expires. The petition shall be  
16 filed in a manner and form prescribed by the commission. The party  
17 filing the petition shall notify the other party of its action. The notice  
18 shall be given in a manner and form prescribed by the commission.

19 Within 10 days of the receipt of the notice by the non-petitioning  
20 party, the parties shall notify the commission as to whether or not they  
21 have agreed upon a terminal procedure for resolving the issues in  
22 dispute. Any terminal procedure mutually agreed upon by the parties  
23 shall be reduced to writing, provide for finality in resolving the issues  
24 in dispute, and shall be submitted to the commission for approval. If  
25 the parties fail to agree on a terminal procedure, they shall be subject  
26 to the provisions of subsection d. of this section.

27 c. Terminal procedures that are approvable include, but shall not  
28 be limited to the following:

29 (1) Conventional arbitration of all unsettled items.

30 (2) Arbitration under which the award by an arbitrator or panel of  
31 arbitrators is confined to a choice between (a) the last offer of the  
32 employer and (b) the last offer of the employees' representative, as a  
33 single package.

34 (3) Arbitration under which the award is confined to a choice  
35 between (a) the last offer of the employer and (b) the last offer of the  
36 employees' representative, on each issue in dispute, with the decision  
37 on an issue-by-issue basis.

38 (4) If there is a factfinder's report with recommendations on the  
39 issues in dispute, the parties may agree to arbitration under which the  
40 award would be confined to a choice among three positions: (a) the  
41 last offer of the employer as a single package, (b) the last offer of the  
42 employees' representative as a single package, or (c) the factfinder's  
43 recommendations as a single package.

44 (5) If there is a factfinder's report with a recommendation on each  
45 of the issues in dispute, the parties may agree to arbitration under  
46 which the award would be confined to a choice on each issue from

1 among three positions: (a) the last offer of the employer on the issue,  
2 (b) the employee representative's last offer on the issue, or (c) the  
3 factfinder's recommendation on the issue.

4 (6) Arbitration under which the award on the economic issues in  
5 dispute is confined to a choice between (a) the last offer of the  
6 employer on the economic issues as a single package and (b) the  
7 employee representative's last offer on the economic issues as a single  
8 package; and, on any noneconomic issues in dispute, the award is  
9 confined to a choice between (a) the last offer of the employer on each  
10 issue in dispute and (b) the employee representative's last offer on that  
11 issue.

12 d. The following procedure shall be utilized if parties fail to agree  
13 on a terminal procedure for the settlement of an impasse dispute:

14 (1) In the event of a failure of the parties to agree upon an  
15 acceptable terminal procedure the parties shall separately so notify the  
16 commission in writing, indicating all issues in dispute and the reasons  
17 for their inability to agree on the procedure. The substance of a  
18 written notification shall not provide the basis for any delay in  
19 effectuating the provisions of this subsection.

20 (2) Upon receipt of such notification from either party or on the  
21 commission's own motion, the procedure to provide finality for the  
22 resolution of issues in dispute shall be binding arbitration under which  
23 the award on the unsettled issues is determined by conventional  
24 arbitration. The arbitrator shall separately determine whether the total  
25 net annual economic changes for each year of the agreement are  
26 reasonable under the eight statutory criteria set forth in subsection g.  
27 of this section.

28 e. (1) The commission shall take measures to assure the impartial  
29 selection of an arbitrator or arbitrators from its special panel of  
30 arbitrators. Unless the parties, in a time and manner prescribed by the  
31 commission, mutually agree upon the selection of an arbitrator from  
32 the commission's special panel of arbitrators and so notify the  
33 commission in writing of that selection, the assignment of any  
34 arbitrator for the purposes of this act shall be the responsibility of the  
35 commission, independent of and without any participation by either of  
36 the parties. The commission shall select the arbitrator for assignment  
37 by lot.

38 In any proceeding where an arbitrator selected by mutual agreement  
39 is unable to serve, the two parties shall be afforded an opportunity to  
40 select a replacement. If the two parties are unable to mutually agree  
41 upon the selection of a replacement within a time period prescribed by  
42 the commission, the commission shall select the replacement in the  
43 manner hereinafter provided.

44 In any proceeding where an assigned arbitrator is unable to serve  
45 or, pursuant to the preceding paragraph, the two parties are unable to  
46 mutually agree upon a replacement, the commission shall assign a

1 replacement arbitrator. The assignment shall be the responsibility of  
2 the commission, independent of and without any participation by either  
3 of the parties. The commission shall select the replacement arbitrator  
4 for assignment by lot.

5 (2) Appointment to the commission's special panel of arbitrators  
6 shall be for a three-year term, with reappointment contingent upon a  
7 screening process similar to that used for determining initial  
8 appointments.

9 The commission may suspend, remove, or otherwise discipline an  
10 arbitrator for a violation of P.L.1977, c.85 (C.34:13A-14 et seq.),  
11 section 4 of P.L.1995, c.425 (C.34:13A-16.1) or for good cause.

12 f. (1) At a time prescribed by the commission, the parties shall  
13 submit to the arbitrator or tripartite panel of arbitrators their final  
14 offers on each economic and non-economic issue in dispute. The  
15 offers submitted pursuant to this section shall be used by the arbitrator  
16 for the purposes of determining an award pursuant to paragraph (2) of  
17 subsection d. of this section. The commission shall promulgate rules  
18 and procedures governing the submission of the offers required under  
19 this paragraph, including when those offers shall be deemed final,  
20 binding and irreversible.

21 (2) In the event of a dispute, the commission shall have the power  
22 to decide which issues are economic issues. Economic issues include  
23 those items which have a direct relation to employee income including  
24 wages, salaries, hours in relation to earnings, and other forms of  
25 compensation such as paid vacation, paid holidays, health and medical  
26 insurance, and other economic benefits to employees.

27 (3) Throughout formal arbitration proceedings the chosen  
28 arbitrator or panel of arbitrators may mediate or assist the parties in  
29 reaching a mutually agreeable settlement.

30 (4) Arbitration shall be limited to those subjects that are within the  
31 required scope of collective negotiations, except that the parties may  
32 agree to submit to arbitration one or more permissive subjects of  
33 negotiation.

34 (5) The decision of an arbitrator or panel of arbitrators shall  
35 include an opinion and an award, and shall be rendered within 120  
36 days of the selection of the arbitrator by the mutual agreement of both  
37 parties or the commission's assignment of that arbitrator or panel of  
38 arbitrators, as the case may be, pursuant to paragraph (1) of  
39 subsection e. of this section; provided, however, the arbitrator or panel  
40 of arbitrators, for good cause, may petition the commission for an  
41 extension of not more than 60 days. The two parties, by mutual  
42 consent, may agree to an extension. The parties shall notify the  
43 arbitrator and the commission of any such agreement in writing. The  
44 notice shall set forth the specific date on which the extension shall  
45 expire. Any arbitrator or panel of arbitrators violating the provisions  
46 of this paragraph may be subject to the commission's powers under

1 paragraph (2) of subsection e. of this section. The decision shall be  
2 final and binding upon the parties and shall be irreversible, except:

3 (a) Within 14 days of receiving an award, an aggrieved party may  
4 file notice of an appeal of an award to the commission on the grounds  
5 that the arbitrator failed to apply the criteria specified in subsection g.  
6 of this section or violated the standards set forth in N.J.S.2A:24-8 or  
7 N.J.S.2A:24-9. The appeal shall be filed in a form and manner  
8 prescribed by the commission. In deciding an appeal, the commission,  
9 pursuant to rule and regulation and upon petition, may afford the  
10 parties the opportunity to present oral arguments. The commission  
11 may affirm, modify, correct or vacate the award or may, at its  
12 discretion, remand the award to the same arbitrator or to another  
13 arbitrator, selected by lot, for reconsideration. An aggrieved party  
14 may appeal a decision of the commission to the Appellate Division of  
15 the Superior Court.

16 (b) An award that is not appealed to the commission shall be  
17 implemented immediately. An award that is appealed and not set aside  
18 by the commission shall be implemented within 14 days of the receipt  
19 of the commission's decision absent a stay.

20 (6) The parties shall bear the costs of arbitration subject to a fee  
21 schedule approved by the commission.

22 g. The arbitrator or panel of arbitrators shall decide the dispute  
23 based on a reasonable determination of the issues, giving due weight  
24 to those factors listed below that are judged relevant for the resolution  
25 of the specific dispute. In the award, the arbitrator or panel of  
26 arbitrators shall indicate which of the factors are deemed relevant,  
27 satisfactorily explain why the others are not relevant, and provide an  
28 analysis of the evidence on each relevant factor:

29 (1) The interests and welfare of the public. Among the items the  
30 arbitrator or panel of arbitrators shall assess when considering this  
31 factor are the limitations imposed upon the employer by P.L.1976,  
32 c.68 (C.40A:4-45.1 et seq.).

33 (2) Comparison of the wages, salaries, hours, and conditions of  
34 employment of the employees involved in the arbitration proceedings  
35 with the wages, hours, and conditions of employment of other  
36 employees performing the same or similar services and with other  
37 employees generally:

38 (a) In private employment in general; provided, however, each  
39 party shall have the right to submit additional evidence for the  
40 arbitrator's consideration.

41 (b) In public employment in general; provided, however, each party  
42 shall have the right to submit additional evidence for the arbitrator's  
43 consideration.

44 (c) In public employment in the same or similar comparable  
45 jurisdictions, as determined in accordance with section 5 of P.L.1995,  
46 c.425 (C.34:13A-16.2); provided, however, that each party shall have

- 1 the right to submit additional evidence concerning the comparability  
2 of jurisdictions for the arbitrator's consideration.
- 3 (3) The overall compensation presently received by the employees,  
4 inclusive of direct wages, salary, vacations, holidays, excused leaves,  
5 insurance and pensions, medical and hospitalization benefits, and all  
6 other economic benefits received.
- 7 (4) Stipulations of the parties.
- 8 (5) The lawful authority of the employer. Among the items the  
9 arbitrator or panel of arbitrators shall assess when considering this  
10 factor are the limitations imposed upon the employer by P.L.1976,  
11 c.68 (C.40A:4-45.1 et seq.).
- 12 (6) The financial impact on the governing unit, its residents and  
13 taxpayers. When considering this factor in a dispute in which the  
14 public employer is a county or a municipality, the arbitrator or panel  
15 of arbitrators shall take into account, to the extent that evidence is  
16 introduced, how the award will affect the municipal or county  
17 purposes element, as the case may be, of the local property tax; a  
18 comparison of the percentage of the municipal purposes element or,  
19 in the case of a county, the county purposes element, required to fund  
20 the employees' contract in the preceding local budget year with that  
21 required under the award for the current local budget year; the impact  
22 of the award for each income sector of the property taxpayers of the  
23 local unit; the impact of the award on the ability of the governing body  
24 to (a) maintain existing local programs and services, (b) expand  
25 existing local programs and services for which public moneys have  
26 been designated by the governing body in a proposed local budget, or  
27 (c) initiate any new programs and services for which public moneys  
28 have been designated by the governing body in a proposed local  
29 budget.
- 30 (7) The cost of living.
- 31 (8) The continuity and stability of employment including seniority  
32 rights and such other factors not confined to the foregoing which are  
33 ordinarily or traditionally considered in the determination of wages,  
34 hours, and conditions of employment through collective negotiations  
35 and collective bargaining between the parties in the public service and  
36 in private employment.
- 37 h. A mediator, factfinder, or arbitrator while functioning in a  
38 mediatory capacity shall not be required to disclose any files, records,  
39 reports, documents, or other papers classified as confidential received  
40 or prepared by him or to testify with regard to mediation, conducted  
41 by him under this act on behalf of any party to any cause pending in  
42 any type of proceeding under this act. Nothing contained herein shall  
43 exempt such an individual from disclosing information relating to the  
44 commission of a crime.
- 45 (cf: P.L. 1995, c.425, s.3)

1       2. This act shall take effect immediately.

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STATEMENT

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6       This bill corrects a printer's error. Five lines of existing statutory  
7 language, including the deletion of "The cost of factfinding shall be  
8 borne by the commission," were inexplicably omitted from the copy of  
9 A-3296 which the Governor signed into law as P.L.1995, c.425 on  
10 January 10, 1996. This bill corrects that law to read as the Legislature  
11 intended it.

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16       Corrects printing error; reinserts dropped statutory language.