



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bills 1085 and 1086 (as introduced 1-21-10)

Sponsor: Senator Mark C. Jansen (S.B. 1085)

Senator Bill Hardiman (S.B. 1086)

Committee: Reforms and Restructuring

Date Completed: 1-26-10

CONTENT

Senate Bills 1085 and 1086 would amend Public Act 8 of 1967 (Ex Sess) (which governs intergovernmental transfers of functions and responsibilities) and the Urban Cooperation Act, respectively, to provide that, under a contract between political subdivisions or an interlocal agreement between public agencies, employees would not have to be paid the highest wages and benefits previously paid to them or their preexisting bargaining units.

The bills are described in detail below.

Senate Bill 1085

Public Act 8 authorizes two or more political subdivisions to enter into a contract with each other providing for the transfer of functions or responsibilities to one another or any combination of them upon the consent of each political subdivision. A contract must contain specific information, including the manner in which the affected employees, if any, of the participating political subdivisions will be transferred, reassigned, or otherwise treated, subject to certain conditions.

The bill specifies that nothing in the Act would require that the employer pay to employees the highest wages and benefits previously paid to any of the employees or their preexisting bargaining units.

(The Act defines "political subdivision" as a city, village, other incorporated political subdivision, county, school district, community college, intermediate school district, township, charter township, special district or authority.)

Senate Bill 1086

Under the Urban Cooperation Act, a public agency of Michigan may exercise jointly with any other public agency of Michigan, a public agency of any other U.S. state, a public agency of Canada, or a public agency of the U.S. government any power, privilege, or authority that the agencies share in common and that each might exercise separately. A joint exercise of power must be made by contract or contracts in the form of an interlocal agreement, which may provide for the manner of employing, engaging, compensating, transferring, or discharging necessary personnel, subject to the provisions of applicable civil service and merit systems, and specified restrictions.

The bill would include among the restrictions that nothing in the Act would require that the employer pay to employees the highest wages and benefits previously paid to any of the employees or their preexisting bargaining units.

(The Act defines "public agency" as a political subdivision of this State or of another U.S. state or of Canada, including a state government; a county, city, village, township, charter township, school district, single or multipurpose special district, or single or multipurpose public authority; a provincial government, metropolitan government, borough, or other political subdivision of Canada; an agency of the U.S. government; or a similar entity of any other states of the U.S. and of Canada.)

MCL 124.534 (S.B. 1086)
124.505 (S.B. 1087)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bills would have no effect on State revenue or expenditure. The bills would either reduce or have no effect on local unit expenditures. Intergovernmental agreements must determine the pay of employees covered by the agreements. Current law specifies that no employee affected by that agreement may be placed in a worse position with respect to a variety of factors related to wages and benefits. Some agreements have been written interpreting the requirement to mean that all affected employees must receive the highest level of wages and benefits paid to any of them. The bills would clarify that while such terms would be permissible, the statute does not require them. If local units affected by an agreement were to pay a lesser amount of wages and benefits as a result of the bills, local unit expenditures would be reduced. If the bills did not affect the terms of agreements, either because affected local units have not interpreted the statute in this manner, or because the agreements continued to implement the same terms, then the bills would have no fiscal impact on local units.

Fiscal Analyst: David Zin

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