



## Fiscal Estimate Narratives

DOR 6/15/2011

LRB Number	11-1946/1	Introduction Number	AB-0127	Estimate Type	Original
<b>Description</b> Payment by employers of contributions under the Wisconsin Retirement System that are required of public safety employees, arbitration under the Municipal Employment Relations Act, allowing municipal employers choice in health care coverage plan providers and health savings accounts that cover public safety employees, and prohibited and permissive subjects of collective bargaining					

### Assumptions Used in Arriving at Fiscal Estimate

The bill makes several changes to the statutes concerning collective bargaining rights for public safety employees employed by a governmental entity subject to the state's Municipal Employees Relations Act. Among the entities subject to the Act are counties, municipalities, metropolitan sewerage districts, and school districts.

The bill allows, but does not require, an employer to bargain over whether or not to deduct union dues from wages paid to public safety employees.

For public safety employees, the bill prohibits an employer from bargaining over (1) contracting with a person who is not an employee for the performance of services; (2) contracting with another governmental entity for the performance of services; (3) contracting with another governmental entity for consolidation of services or consolidation of the governmental entities; (4) allowing services to be performed by individuals without pay that would otherwise be provided by government employees; (5) selecting which health care plan is offered, including the offering of health savings accounts that comply with federal law; (6) determining the employee's share of health benefit premiums, as long as the municipality's share is at least 75% (or 90% if the plan includes health savings accounts); and (7) requiring the governmental entity to pay on the employee's behalf the first 5.8% of earnings that would otherwise be paid into the Wisconsin Retirement System.

The bill also changes how a bargaining dispute between a governmental entity and its public safety employees is handled if it goes to arbitration. While current law allows the arbitrator to consider a wide variety of matters, the bill requires the arbitrator give greater weight to local economic conditions, the governmental entity's budget, the potential for cuts in services, and the extent to which increases in benefits and wages will reflect cost-of-living increases. An arbitrator will be prohibited from considering any reserve funds held by the governmental entity and the level of wages and benefits paid to employees by governmental entities with different economic conditions.

The bill prohibits the Wisconsin Employee Relations Commission from considering any final offer or position involving public safety employees for interest arbitration if the offer or position would result an increase in annual total compensation per employee of more than 1% over inflation (as measured by the 3 year average annual percentage change in the Consumer Price Index).

Given the bill's added restrictions on the bargaining rights of public service employees, it is possible that total wages and fringe benefits for these employees in the future will be lower than they would be under current law. Although counties and municipalities report their public safety spending to the Department of Revenue (DOR) in their annual financial report forms, the portion of this spending attributable to wages and fringe benefits is not separately reported. The DOR is therefore unable to make an estimate of the reduction in wage and fringe benefit expenditures that this bill could engender.

The bill has no affect on DOR administrative procedures, and therefore there are no DOR costs.

### Long-Range Fiscal Implications