

**Proposed Labor Subcommittee Issues for the
Act 47 of 1987 Municipalities Financial Recovery Act Task Force
*Responses from the Pennsylvania State Association of Township Supervisors***

- Committee Recommendation: Amend Act 111 or Act 47 to address time limit for arbitration panel awards. Permit Act 47 municipalities to immediately petition the court of common pleas if timeframes are not met.
PSATS Comments: This concept should be amended into Act 111 as we believe all municipalities should have the authorization to immediately petition the court of common pleas if timeframes are not met.

- Committee Recommendation: Amend Act 111 requiring sharing of the costs of the neutral third party arbitrator.
PSATS Comments: We believe that both parties should equally bear the responsibility of paying all costs of the third party, neutral arbitrator and all other expenses incurred by the arbitration board.

- Committee Recommendation: Arbitration award should consider municipality's ability to pay.
PSATS Comments: We believe the board of arbitration should be required to consider a municipality's financial status, budget, ability to raise revenues, and the potential effect on its bond rating before making any arbitration award. Just because a municipality may have the ability to raise taxes does not mean that they can or should. Most municipalities have some additional taxing capability, but their residents cannot afford the additional tax burden. The tax burden on the residents needs to be a factor in any arbitration award.

- Committee Recommendation: Limit arbitration process to a certain timeframe and open hearings to the public.
PSATS Comments: Fact finding meetings do not have to be held behind closed doors, instead they could be open so that the public can see and hear both sides of the issue, not just the sound bites the lawyers or spokespersons want to have the public hear. Actual negotiations could continue to be held behind closed doors.

- Committee Recommendation: Random selection of a neutral arbitrator by the state.
PSATS Comments: We believe the third party arbitrator should be a resident of the same county in which the municipality is located. If that cannot be accomplished, then that person should be from at least the region where the municipality is located. Another possible improvement would be to have the state provide a list of potential arbitrators that could be picked by the parties.

- Committee Recommendation: Arbitration award should be based on each party's last best offer.
PSATS Comments: We support this concept as long as it includes consideration of the municipalities' ability to pay.

- Committee Recommendation: Expand ability of municipalities to appeal arbitration awards in court.

PSATS Comments: We support this concept.

- Committee Recommendation: Waive prevailing wage for only Act 47 municipalities.

PSATS Comments: We support reform or a waiver of the prevailing wage requirements for all municipalities, not just Act 47 communities. Unfunded mandates cause hardship for all municipalities and the reform of these provisions would improve the financial position of all municipalities. Decisions by an arbitration board could result in taking a municipality from being on the verge of becoming financially distressed to an Act 47 community. Also, the provision that collective bargaining is removed from an Act 47 community's reform package does not help get the municipality out of Act 47, especially if the collective bargaining award help put them there.

Additional items for discussion: Items for discussion during the collective bargaining process should be limited to present costs, not those costs that will affect future governing bodies. While bargaining for salaries, health insurance, and other current benefits are legitimate items for bargaining, we do not believe that future costs such as COLAs, DROPS, long-term or post-retirement health care should be part of any negotiations because these items place unfunded mandates on future governing bodies and can create financially distressed situations within a few years.

Please see the attached excerpt from our 2013-14 policy statement that contains PSATS' positions on labor and employment issues in more detail.