



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1085 (Substitute S-2 as reported)
Senate Bill 1086 (Substitute S-2 as reported)
Sponsor: Senator Mark C. Jansen (S.B. 1085)
Senator Bill Hardiman (S.B. 1086)
Committee: Reforms and Restructuring

CONTENT

Senate Bills 1085 (S-2) and 1086 (S-2) 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.

Under each Act, an employee who is transferred to a position with the political subdivision may not by reason of the transfer be placed in any worse position with respect to workers' compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance, or any other benefits that he or she enjoyed as an employee of the acquired system. Under the bills, this provision would apply until a new labor agreement was in place.

The bills would require that all existing and expired labor contracts with an acquired system be assumed by the political subdivision and remain in effect until a new labor agreement was in place.

MCL 124.534 (S.B. 1085)
124.505 (S.B. 1086)

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 once a current labor agreement expired, 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.

Date Completed: 2-10-10

Fiscal Analyst: David Zin

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Bill Analysis @ www.senate.michigan.gov/sfa

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