



**House
Legislative
Analysis
Section**

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COUNTY RETIREMENT; COLLECTIVE BARGAINING

RECEIVED

House Bill 5232 (Substitute H-1)
First Analysis (6-2-88)

JUL 08 1988

Sponsor: Rep. Bob Emerson Mich. State Law Library
Committee: Senior Citizens and Retirement

THE APPARENT PROBLEM:

Counties may provide retirement benefits for their retired employees either by entering into the state-administered Municipal Employees Retirement System, or by adopting a retirement program under the provisions of Public Act 156 of 1851, the act granting powers to county boards of commissioners. The attorney general has issued several opinions in the last decade stating that where bargaining units for public employees win, through collective bargaining, broader retirement benefits than those outlined in the statutes governing the retirement systems, the collective bargaining agreements must prevail. The attorney general opinions are based on the Michigan Supreme Court's conclusion that the Public Employee Relations Act (PERA) must be viewed as the dominant law regulating public employment relations. This policy, however, is not explicitly stated in the statute governing county retirement plans. Further, it results in situations in which employees of the same governmental unit (who may be contributing to the retirement system at equal rates) being eligible for differing retirement benefits, depending upon whether they are represented by a bargaining unit, or, if represented, which bargaining unit they belong to among several with different contracts.

THE CONTENT OF THE BILL:

The bill would amend the retirement provisions of Public Act 156 of 1851 to allow a county board of commissioners to amend or adopt a retirement plan under the act to provide retirement benefits to members of collective bargaining units in excess of those outlined in the act if the county board enters into a collective bargaining agreement that includes the expanded benefits. Further, after December 31, 1987, a county board could amend or adopt a retirement plan under the act to provide the same benefits to other county employees. Finally, the bill would delete a subsection related to language previously contained in the act which allowed counties to establish mandatory retirement policies. That provision was deleted to comply with federal law prohibiting age discrimination.

MCL 46.12a

FISCAL IMPLICATIONS:

According to the Bureau of Retirement Systems in the Department of Management and Budget, the bill has no fiscal implications for the state. (6-1-88)

ARGUMENTS:

For:

Genessee County recently completed negotiations with its unionized workforce, and the resulting contracts call for increased retirement benefits for future retirees. Though the agreed upon benefits are more extensive than those allowed in Public Act 156 of 1851, which authorizes the county's retirement system, it is clear that such an extension of benefits for unionized employees is allowed by the attorney general opinions and supreme court decisions.

The county board of commissioners has adopted a resolution to amend its retirement ordinance to reflect the increased benefits. The county has further requested that the statute be amended to allow it to grant the same benefit increases to its nonrepresented employees, who comprise about 20 percent of its workforce. Representatives of the county administration and board have pointed out that the county retirement system is a contributory system, and that these nonrepresented employees contribute the same amount to the retirement system as those represented by a bargaining unit. It is only fair that a county board be allowed to grant equal benefits to all its employees. Without the legislation, those who are not represented by bargaining units would have to organize and collectively bargain with the county simply to receive equal retirement benefits.

POSITIONS:

The chair of the Genessee County Board of Commissioners testified in support of the bill before the Senior Citizens and Retirement Committee. (6-1-88)

H.B. 5232 (6-2-88)