

## Legislature Halts Automatic Wage Increases After the Expiration of CBA

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A new Michigan law changes the collective bargaining landscape for public employers with its mandate that wages and benefits be frozen during contract negotiations once the existing contract has expired. Furthermore, the law (PA 54, which took effect on June 8) requires employees to pay any increased cost in insurance benefits after a contract expires, until a successor agreement is reached.

During hearings on the legislation, the Royal Oak School District superintendent testified to automatic salary increases that occurred during the two years of contract negotiations, costing the School District more than \$777,000. Together with increased health insurance costs during bargaining, the District incurred increased costs of over \$1.7 million during the course of negotiations.

To address the issue of compounding fiscal problems during the pendency of negotiations, the new law also forbids a public employer and its union from agreeing to retroactive wage or benefit increases to cover the time between expiration and ratification of a new agreement; and forbids the employer and the union to circumvent the new law by extending wage and benefit provisions of an expired contract during negotiations.

Specifically, Act 54 prohibits public employers from paying employees wages and benefits higher than the amount the employees were receiving on the expiration date of the collective bargaining agreement, including any step increases or other automatic increases. Act 54 also requires that any increase in the cost of health, dental, prescription, or other insurance after the expiration date of a collective bargaining agreement (until a successor agreement is reached) will be the responsibility of the employees.

Requiring employees to pick up additional costs associated with increased insurance costs and forgoing pay increases and retroactive pay raises should provide an incentive to unions to reach successor agreements in a shorter time period and not delay negotiations for successor agreements.