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Susan Gouveia

From: Lashway, Lisa
Sent: Friday, March 21, 2014 1:35 PM
To: Canning, Sean; Susan Gouveia
Subject: FW: Police & Fire Interest Arbitration
Attachments: ia_taskforce_report_dmltr_031914.pdf

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From: MCANJ IT Committee [mailto:websiteadmin@njclerks.org]
Sent: Friday, March 21, 2014 1:12 PM
To: members@njclerks.org
Subject: Police & Fire Interest Arbitration

Please see the attached letter from the League of Municipalities regarding Police and Fire Interest Arbitration and share it with your Mayors and Governing Bodies if you have not already done so.

March 19, 2014

Re: Police and Fire Interest Arbitration Task Force Report Issued

Dear Mayor:

Earlier today the Police and Fire Public Interest Arbitration Impact Task Force released their final report to the Governor and Legislature. The Task Force, an eight member committee, was created to study the effect and impact of the 2% arbitration award cap on property taxes, collective bargaining agreements, and arbitration awards, to name a few.

The Task Force unanimously recommended the following, all of which **we support**:

1. The days to complete the arbitration process should be increased from 45 days to 90 days.
2. The days for the Commission to render a decision on an appeal of interest arbitration award from 30 days to 60 days.
3. The total cost for the services of the arbitrator maximum payment increased from $7,500 to $10,000.
4. The time for appeal to PERC of interest arbitration award from 7 days to 14 days.

The management representatives to the Task force strongly recommend that the law be amended to remove the April 1 sunset and have the cap without a date limitation or a limitation as to the number of agreements to which it would apply, removing the "one bite at the apple" provision. The League strongly supports these recommendations and calls on the Legislature to permanently extend the 2% cap on interest arbitration awards.

The labor representatives to the Task Force made the following recommendations:

1. The interest arbitration cap has outlived its usefulness and should not be renewed after April 1, 2014.
2. If a hard cap is to be retained, arbitrators should be permitted to take into consideration inflationary increases in the previous year in addition to the 2% cap.
3. The statutory definition of "base salary" should be amended to exclude from the hard cap those salary increases contained in long standing salary guides.
4. The Legislature should specifically reverse several of PERC's interpretations of the law. "Breakage" savings resulting from retirements or layoffs should be considered as available funds for distribution when calculating funds available within the 2% cap.
5. Existing salary guides should be permitted to continue, under the "dynamic status quo" doctrine, following contract expirations. Bargaining units can determine on their own whether they wish to freeze the increment structure in order to ensure

that funds under the hard cap remain available for negotiation and ultimate distribution to the bargaining unit.

6. Healthcare contributions required by c. 78 should be considered by the arbitrator and deemed outside the cap.

7. The parties should be permitted to request the appointment of any mutually agreeable arbitrator who is on the approved interest arbitration panel.

8. Mandatory mediation by an interest arbitrator should be required for a 14 day period after the filing of a petition to commence interest arbitration. The time period for completion of interest arbitration should be tolled during this 14 day period.

9. The "one bite at the apple" provision should remain in the law.

10. Extend the sunset of the 2% cap on interest arbitration awards from April 1, 2014 to April 1, 2017.

A copy of the report is available at www.state.nj.us/perc/IATaskForceFinalReport.pdf.

We strongly believe as long as there is a 2% cap on the tax levy there must be a 2% cap on the interest arbitration awards. If the interest arbitration cap is not extended, arbitrators will be able to impose excessive awards without regard to the 2% tax levy cap. Such awards would immediately threaten funding for all other municipal services. Failure to extend the 2% cap on interest arbitration awards will force municipalities throughout the State to further reduce or even eliminate crucial services, personnel, and long-overdue infrastructure improvement projects in order to fund an arbitration award.

We anticipate that legislation sponsored by Assembly O'Scanlon will be introduced shortly to permanently extend the cap and remove the one bite at the apple along with other recommendation unanimously agreed to by the entire task force.

Please call on your State Legislators to support a permanent extension of the 2% cap on interest arbitration awards and the removal of the "one bite at the apple" provision.

Very truly yours,

William G. Dressel, Jr.
Executive Director