

## Resources

### Wage/Benefits Freeze for Public Employee Unions: New Michigan Law Affects Public Employer Post-Contract Health Insurance, Wage Step Increases

June 14, 2011

On June 8, 2011, Governor Rick Snyder signed Public Act No. 54 of 2011, which requires Michigan public employers to freeze unionized employee wages and benefits at their current levels upon expiration of a collective bargaining agreement until a successor agreement is reached. The new law also prohibits unionized employees from bargaining for, or an arbitration panel from ordering, retroactive wage or benefit increases.

Additionally, public employees who receive health, dental, vision, prescription, or other insurance benefits under a collective bargaining agreement must bear any increased cost of maintaining these benefits after expiration of their collective bargaining agreement, and employers are authorized to execute payroll deductions necessary to pay any increased costs of maintaining employee benefits.

Public Act 54 of 2011 amends the Public Employment Relations Act and will significantly change the dynamic of union negotiations, including limiting the potential financial exposure for public sector employers and limiting the topics of bargaining between unions and management.

The controversial law passed the House of Representatives by a vote of 63-47 and narrowly passed in the Senate by a vote of 20-19, where Lieutenant Governor Brian Calley cast the tie-breaking vote. During House and Senate debates, pro-union legislators made several unsuccessful attempts to amend the legislation, including attempts to allow employers to voluntarily grant retroactive wage and benefits increases and attempts to set the law for expiration in 2013.

The new law is certain to have an immediate effect on public sector collective bargaining, and judging from the record of legislative debates, pro-labor advocates are extremely concerned.

If you have specific questions about how this law will affect your workplace, please contact **Christopher R. Mikula** at 313-568-5401, or your Dykema relationship attorney.

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