

# ASSEMBLY, No. 3378

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 12, 2018

**Sponsored by:**

**Assemblywoman BETTYLOU DECROCE**

**District 26 (Essex, Morris and Passaic)**

**Assemblywoman HOLLY T. SCHEPISI**

**District 39 (Bergen and Passaic)**

**Co-Sponsored by:**

**Assemblymen Peterson and Auth**

**SYNOPSIS**

Makes certain changes to police and fire interest arbitration procedures.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 11/8/2019)**

1 AN ACT concerning police and fire interest arbitration and  
2 amending P.L.1968, c.303 and P.L.2010, c.105.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. Section 11 of P.L.1968, c.303 (C.34:13A-8.2) is amended to  
8 read as follows:

9 a. Following the consummation of negotiations, the public  
10 employer shall conspicuously post on the municipal or county  
11 website a summary of the terms of each proposed collective  
12 negotiation agreement no later than 10 days prior to the execution  
13 of the contract. The public employer shall forward to the  
14 commission the summary of the terms of each proposed collective  
15 negotiation agreement, which shall be conspicuously posted on the  
16 commission's website no later than 10 days prior to the execution of  
17 the contract.

18 The terms of the proposed collective negotiation agreement shall  
19 be posted in a standard form developed by the commission. The  
20 form shall display the estimated costs of compensation for each  
21 individual employee or group of employees, itemized by the  
22 specific form of compensation, the estimated cost of compensation  
23 at the time of the execution of the contract, and the incremental  
24 difference resulting from any changes from the previous contract.  
25 This information shall be displayed for each year of a proposed  
26 collective negotiation agreement.

27 The proposed collective negotiation agreement and  
28 accompanying employee compensation disclosure form shall be  
29 made available for inspection by the general public upon request  
30 during the local unit's normal business hours beginning at least 10  
31 days prior to the execution of the contract.

32 b. The commission shall collect and maintain a **[current]** file  
33 of **[filed contracts in]** current public employment contracts. Public  
34 employers shall file with the commission a copy of any contracts **[it**  
35 **has]** they have negotiated with public employee representatives  
36 **[following the consummation of negotiations]** within 15 days of  
37 the execution of the contract pursuant to paragraph (2) of subsection  
38 d. of section 2 of P.L.2010, c.105 (C.34:13A-16.7).

39 (cf: P.L.1968, c.303, s.11)

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41 2. Section 2 of P.L.2010, c.105 (C.34:13A-16.7) is amended to  
42 read as follows:

43 2. a. As used in this section:

44 "Base salary" means the salary provided pursuant to a salary  
45 guide or table and any amount provided pursuant to a salary

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 increment, including any amount provided for longevity or length of  
2 service. It also shall include any other item agreed to by the parties,  
3 or any other item that was included in the base salary as understood  
4 by the parties in the prior contract. Base salary shall not include  
5 non-salary economic issues, pension and health and medical  
6 insurance costs.

7 "Non-salary economic issues" means any economic issue that is  
8 not included in the definition of base salary.

9 "Salary schedule" means a system of providing routine salary  
10 increases based upon an employee's performance and longevity.

11 b. An arbitrator shall not render any award pursuant to section  
12 3 of P.L.1977, c.85 (C.34:13A-16) which, in the first year of the  
13 collective negotiation agreement awarded by the arbitrator,  
14 increases base salary items by more than 2.0 percent of the  
15 aggregate amount expended by the public employer on base salary  
16 items for the members of the affected employee organization in the  
17 twelve months immediately preceding the expiration of the  
18 collective negotiation agreement subject to arbitration. In each  
19 subsequent year of the agreement awarded by the arbitrator, base  
20 salary items shall not be increased by more than 2.0 percent of the  
21 aggregate amount expended by the public employer on base salary  
22 items for the members of the affected employee organization in the  
23 immediately preceding year of the agreement awarded by the  
24 arbitrator.

25 The parties may agree, or the arbitrator may decide, to distribute  
26 the aggregate monetary value of the award over the term of the  
27 collective negotiation agreement in unequal annual percentage  
28 increases, which shall not be greater than the compounded value of  
29 a 2.0 percent increase per year over the corresponding length of the  
30 collective negotiation agreement. An award of an arbitrator shall  
31 not include base salary items and non-salary economic issues which  
32 were not included in the prior collective negotiations agreement.

33 c. After the expiration of a collective negotiation agreement, a  
34 public employer shall suspend any salary increases based upon a  
35 salary schedule until a subsequent collective negotiation agreement  
36 is executed.

37 (cf: P.L.2014, c.11, s.2)

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39 3. Section 3 of P.L.2010, c.105 (C.34:13A-16.8) is amended to  
40 read as follows:

41 3. a. There is established a task force, to be known as the Police  
42 and Fire Public Interest Arbitration Impact Task Force.

43 b. The task force shall be comprised of eight members as  
44 follows:

45 (1) four to be appointed by the Governor;

46 (2) two to be appointed by the Senate President; and

47 (3) two to be appointed by the Speaker of the General  
48 Assembly.

1 c. All appointments shall be made within 30 days of the  
2 effective date of P.L.2010, c.105 (C.34:13A-16.7 et al.). Vacancies  
3 in the membership shall be filled in the same manner as the original  
4 appointments. The members of the task force shall serve without  
5 compensation but may be reimbursed, within the limits of funds  
6 made available to the task force, for necessary travel expenses  
7 incurred in the performance of their duties.

8 d. (1) The task force shall organize as soon as is practicable  
9 upon the appointment of a majority of its members and shall select  
10 a chairperson from among the appointees of the Governor and a  
11 vice chairperson from among the appointees of the Legislature. The  
12 Chair of the Public Employment Relations Commission shall serve  
13 as non-voting executive director of the task force.

14 (2) The task force shall meet within 60 days of the effective date  
15 of P.L.2010, c.105 (C.34:13A-16.7 et al.) and shall meet thereafter  
16 at the call of its chair. In furtherance of its evaluation, the task  
17 force may hold public meetings or hearings within the State on any  
18 matter or matters related to the provisions of this act, and call to its  
19 assistance and avail itself of the services of the Public Employment  
20 Relations Commission and the employees of any State department,  
21 board, task force or agency which the task force determines  
22 possesses relevant data, analytical and professional expertise or  
23 other resources which may assist the task force in discharging its  
24 duties under this act. Each department, board, commission or  
25 agency of this State is hereby directed, to the extent not inconsistent  
26 with law, to cooperate fully with the task force and to furnish such  
27 information and assistance as is necessary to accomplish the  
28 purposes of this act. In addition, in order to facilitate the work of  
29 the task force, the Public Employment Relations Commission shall  
30 post on its website all collective negotiations agreements and  
31 interest arbitration awards entered or awarded after the date of  
32 enactment, including a summary of contract or arbitration award  
33 terms in a standard format developed by the Public Employment  
34 Relations Commission to facilitate comparisons. **【All】** A collective  
35 【negotiations agreements shall be】 negotiation agreement that is  
36 not submitted to the Public Employment Relations Commission  
37 within 15 days of contract execution or does not include a summary  
38 of contract or arbitration award terms shall be deemed null and void  
39 until that agreement is properly submitted to the Public  
40 Employment Relations Commission.

41 e. (1) It shall be the duty of the task force to study the effect  
42 and impact of the arbitration award cap upon local property taxes;  
43 collective bargaining agreements; arbitration awards; municipal  
44 services; municipal expenditures; municipal public safety services,  
45 particularly changes in crime rates and response times to emergency  
46 situations; police and fire recruitment, hiring and retention; the  
47 professional profile of police and fire departments, particularly with  
48 regard to age, experience, and staffing levels; and such other

1 matters as the members deem appropriate and necessary to evaluate  
2 the effects and impact of the arbitration award cap.

3 (2) Specifically, the task force shall study total compensation  
4 rates, including factors subject to the arbitration award cap and  
5 factors exempt from the arbitration award cap, of police and fire  
6 personnel throughout the State and make recommendations thereon.  
7 The task force also shall study the interest arbitration process and  
8 make recommendations concerning its continued use in connection  
9 with police and fire labor contracts disputes. The task force shall  
10 make findings as to the relative growth in total compensation cost  
11 attributable to factors subject to the arbitration award cap and to  
12 factors exempt from the arbitration award cap, for both collective  
13 bargaining agreements and arbitration awards.

14 f. The task force shall annually report its findings, along with  
15 any recommendations it may have, to the Governor and, pursuant to  
16 section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature. The  
17 task force's final report due on or before December 31, 2017 shall  
18 include, in addition to any other findings and recommendations, a  
19 specific recommendation for any amendments to the arbitration  
20 award cap. Upon the filing of its final report on or before December  
21 31, 2017, the task force shall expire.

22 (cf: P.L.2014, c.11, s.3)

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24 4. Section 4 of P.L.2010, c.105 (C.34:13A-16.9) is amended to  
25 read as follows:

26 4. This act shall take effect January 1, 2011 **【**; provided  
27 however, section 2 of P.L.2010, c.105 (C.34:13A-16.7)**】** and shall  
28 apply **【only】** to collective negotiations between a public employer  
29 and the exclusive representative of a public police department or  
30 public fire department that relate to negotiated agreements expiring  
31 on that effective date or any date thereafter **【until or on December**  
32 **31, 2017, whereupon, after December 31, 2017, the provisions of**  
33 **section 2 of P.L.2010, c.105 (C.34:13A-16.7) shall become**  
34 **inoperative for all parties except those whose collective**  
35 **negotiations agreements expired prior to or on December 31, 2017**  
36 **but for whom a final settlement has not been reached】**. This act also  
37 applies to collective negotiations between a public employer and the  
38 exclusive representative of a public police or public fire department  
39 where there had been no prior collective negotiations agreement  
40 between the parties as of the effective date of the act.

41 (cf: P.L.2014, c.11, s.4)

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43 5. This act shall take effect immediately.

STATEMENT

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The bill makes permanent the two-percent cap on base salary increases in interest arbitration awards. This bill also makes various changes to the State's interest arbitration procedures for settling contractual impasses between public employers and their police and fire departments.

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The bill also repeals the "sunset" provision established in P.L.2010, c.105 that provides for the expiration of the two-percent cap on base salary increases in arbitration awards on December 31, 2017. The cap applies to collective negotiated agreements that expire between the effective date of the act, January 1, 2011, and December 31, 2017. The two-percent cap applies to arbitration cases involving agreements that expire during this period, even if the arbitrator's award was not rendered until after the "sunset" date of December 31, 2017. Parties that entered into contracts that expire during the sunset period currently are not subject to the two-percent cap when negotiating future contracts under this current law. This bill repeals the sunset provision set forth in P.L.2010, c.105, effectively making permanent the two-percent cap. The bill also clarifies that the two-percent cap applies not only to expiring contracts, but also to all police and fire collective negotiations, including those cases in which there was no initial collective negotiations agreement prior to the effective date of P.L.2010, c.105.

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Under current law, collective negotiations agreements are required to be submitted to the Public Employment Relations Commission (PERC) within 15 days of a contract's execution. This bill provides that collective negotiations agreements that are not filed within the 15-day time period or do not include a summary of contract or arbitration award terms are deemed null and void until properly submitted to PERC.

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In addition, the bill requires public employers to post on their municipal or county website a summary of the terms of each proposed collective negotiation agreement no later than 10 days prior to the execution of the contract. The public employer is required to forward to PERC the summary of the terms of each proposed collective negotiation agreement, which is to be conspicuously posted on the commission's website no later than 10 days prior to the execution of the contract. The bill requires that the terms of the proposed collective negotiation agreement be posted in a standard form developed by PERC. The form would display the estimated costs of compensation for each individual employee or group of employees, itemized by the specific form of compensation, the estimated cost of compensation at the time of the execution of the contract, and the incremental difference resulting from any changes. This information is required to be displayed for each year of a proposed collective negotiation agreement. The bill also

1 requires the proposed collective negotiation agreement and  
2 accompanying employee compensation disclosure form to be made  
3 available for inspection by the general public, upon request, during  
4 the local unit's normal business hours.

5 Finally, the bill provides that a public employer is required to  
6 suspend salary increases that are based upon a salary schedule  
7 following the expiration of a collective negotiation agreement until  
8 a subsequent collective negotiation agreement is executed.

9 As recommended in the 2017 report issued by the Governor's  
10 appointees to the Police and Fire Public Interest Arbitration Impact  
11 Task Force, the bill preserves changes made by P.L.2014, c.11 to  
12 allow arbitrators 90 days to render a decision; allow an aggrieved  
13 party 14 days to file a notice of appeal; require PERC to render its  
14 decision in an appeal within 60 days; and establish an arbitrator's  
15 compensation for services at \$10,000. The provisions of P.L.2014,  
16 c.11 that provide for compounding the value of a two-percent cap over  
17 the length of the collective negotiation agreement and include  
18 previously negotiated cost increments within the definition of "base  
19 salary" also are preserved.