

## Chief Executive Officer's Message

Daniel J. Wells

The summer is in full swing and no doubt many of you continue negotiating your contracts at a furious pace. We all look to establish collective bargaining agreements which will meet the needs of the entire membership. But, with the current economy, and the State budget for the next biennium forecast at a six to seven billion dollar deficit securing a contract which satisfies a majority is easier said than done. And when negotiations reach an impasse, the arbitration process is the last resort for essential employees. But, is this necessarily the best route to take? There are always risks when you turn the decision making process over to a third party neutral, and this was the topic for a recent training I participated in.

During the June LELS Annual Meeting and MPPOA Convention, I, along with attorney Jim Michels conducted a seminar entitled, Bargaining in Today's Economy-Identifying the Problems. Mr. Michels focused on the issue of health care and I presented an overview of the interest arbitration process. With the current market as it exists this was an excellent opportunity to educate the delegates of the benefits and pitfalls of arbitrating a contract versus successfully negotiating an agreement at the bargaining table.

Various factors were provided to the delegates and none could have been more fitting than as the Employer's Ability to Pay. In years past this typically was never an issue. Interest arbitration is a venue where anything which may be considered as valuable data can, and usually is presented. News articles, spreadsheets, items of local interest just to name a few will find their way into the arbitration book. But, the ability to pay will have a greater role than in the past. Will employers be to utilize and convince arbitrators they have an ability to pay issue? It is possible. And, with further cuts in local government aid to cities and counties potentially coming, this does not bode well for upcoming negotiations. The budget reserve of employers is another piece of the interest arbitration puzzle. Typically a local unit of government will establish a percentage in reserve as compared to the general fund. These numbers are used to show an employer's financial viability. Another area presented was the investments and investment strategies of the employer. This is presented to show the arbitrator the economic condition of the employer may not be as dire as presented by their representatives. The final piece I presented and the only one of its kind in the Nation is Pay Equity. A statistical analysis of the employer's compensation plan must show it is in compliance with State law. An arbitrator cannot by law render an award which would place a city or county out of compliance with the Pay Equity Act.

This was perfect timing for such a seminar as now there is grumbling by many in management the arbitration process is being abused by essential employees. Nothing could be further from the truth. As the organization which arbitrates contracts more than any other employee representative LELS has seen only a small up-tick in arbitrations in recent months. Nevertheless, a full assessment of the pros and cons must be presented to your membership before proceeding to arbitration.

As always, contact me at the LELS office or at [dwells@lels.org](mailto:dwells@lels.org).