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Addressing the Imbalance in Pennsylvania's Act 111

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Table of Contents

Key Findings

- Pennsylvania's Act 111 of 1968--The Policeman and Fireman Collective Bargaining Act--has far-reaching and very costly effects on the Commonwealth and the provision of public safety functions. By guaranteeing the right of collective bargaining and binding arbitration as a method for resolving disputes and settling contracts, the final say on police and fire costs rests with an arbitration panel rather than elected officials.

- Binding arbitration for police and fire is far more likely to be present in states that are not Right to Work and those that have levels of public sector unionization of 50 percent or greater.

- Pennsylvania's statute is silent on many factors related to the arbitration process, including mediation, fact-finding, and any decision-making criteria that the arbitrators must take into consideration when rendering an award. Binding arbitration laws in the neighboring states of New York and Ohio spell out specific conditions for arbitration to occur and set out criteria to be considered in settlements.

- There has not been a statewide, systematic evaluation of Pennsylvania's Act 111 since the late 1970s. That evaluation produced a series of recommendations, none of which were adopted.

- Pittsburgh's police and fire unions had substantial contract benefits awarded through the arbitration process in the late 1990s and early 2000s.

- With Pittsburgh's entrance into distressed status under Act 47, the balance of power between the City and its public safety unions appears to have changed somewhat, at least for the near term.

- Changing the selection process for arbitrators and identifying clear and objective criteria for arbitrators to consider in reaching decisions will help to make awards fair to all parties.

Introduction

Since the public's attention was drawn to the City of Pittsburgh's financial problems, no issue has been more discussed than the contract negotiated with the Fire union in 2001. Despite studies that found Pittsburgh's Fire Bureau to have higher staffing and a shorter workweek than many of their peers in reports dating back to 1996, the union was guaranteed minimum staffing levels, higher pay and other terms that were unfavorable to the City in the 2001 contract.[1]

Mayor Murphy defended the fire pact, saying, "I think [criticism] is overblown". The Mayor contended that the firefighters likely would have achieved through arbitration most of the salary and job security gains negotiated with the city. "It's the nature of arbitration. It's a question of how much we were going to lose".[2] Such a statement should arouse taxpayers' curiosity about how public safety contracts are currently settled.

That raises the question: is Act 111--the state law that governs police and fire arbitration--an appropriate way for Pennsylvania to handle contract resolutions?

This report attempts to answer that question by describing the central points of Act 111, the shortcomings of the law in comparison with the provisions of current laws in nearby states, and suggestions for reforming the law.

Pennsylvania's Act 111

Simply stated, Act 111 of 1968, the "Policemen and Firemen Collective Bargaining Act", outlines the procedures by which police and fire personnel employed by the Commonwealth or its subdivisions can resolve contract disputes or grievances.[3] Since they are forbidden to go on strike, public safety employees instead enjoy the right of binding arbitration, whereby unresolved disputes go to a panel of arbitrators who render a judgment on the disputed issues.

In order to highlight the important points of Act 111, a brief synopsis of the statute is offered below.

How did Act 111 come about? In 1956, the legislature approved binding arbitration for transit workers. Soon after, police and firefighter employees and their unions began to press for similar provisions for themselves. The legislature approved binding arbitration in 1959, but the courts struck that down and indicated that a constitutional amendment would be necessary to make arbitration binding on both parties. The constitution was amended by referendum in November 1967 by a four to one vote margin. Act 111 was

[1] "Pittsburgh Firefighters Get Contract" Pittsburgh Post-Gazette, February 14, 2002
[2] Tim McNulty "Murphy Says Crisis was Long Overdue" Pittsburgh Post-Gazette, August 15, 2003
[3] "Policeman and Fireman Collective Bargaining Act" Act of 1968, P.L. 237, No. 111. E-mail and telephone conversations with Patricia Crawford, Pennsylvania Labor Relations Board

passed without amendment. At the time Act 111 was signed into law, no other state had binding arbitration for police and firefighters to serve as a model.[4]

What does Act 111 authorize? It authorizes three specific items: first, collective bargaining between police/fire and their employers (either the Commonwealth itself or a subdivision); second, it provides for arbitration in order to settle disputes; third, it requires compliance with collective bargaining agreements and the findings of arbitrators.[5]

What issues are subject to bargaining? Police and fire employees and their employer can bargain on compensation, hours, working conditions, retirement, pensions, other benefits and the settlement of grievances or disputes.[6]

What happens prior to arbitration? Collective bargaining between police/fire and the employer on an agreement that succeeds the current agreement is to begin six months prior to the beginning of the upcoming fiscal year. The law states that employers and employees should "exert every reasonable effort to settle all disputes by engaging in collective bargaining in good faith and by entering into settlements by way of written agreements and maintaining the same."[7]

Two actions can initiate arbitration. One is an impasse or stalemate, which the law defines as the "parties not reach[ing] a settlement of the issue or issues in dispute by way of written agreement within thirty days after collective bargaining proceedings have been initiated". The other is if the appropriate lawmaking body (General Assembly, council, commission, etc.) does not approve the agreement reached by collective bargaining.

Either party must notify the other party of their intent to request a board of arbitration.[8]

Who are the arbitrators? The arbitration panel is made up of three individuals. The employees select one, the employer selects one, and those two parties pick the third, who then becomes the chair of the board. There are provisions in the law that outline the procedures in case of a dispute in selecting the third, and the timelines for selecting and commencing the process.[9]

How is the dispute settled? It is settled by a majority vote of the board. That vote, the law states, "shall be final on the issue or issues in dispute and shall be binding upon the public employer and the policemen or firemen involved". No appeals can be made, and the decision of the board is a mandate to the employer "to take the action necessary to carry out the determination of the board of arbitration".[10]

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[4] Labor Arbitration in State and Local Government: An Examination of Experience in Eight States and New York City by Richard A. Lester (1984)
[5] Act 111
[6] Ibid
[7] Ibid
[8] Ibid
[9] Ibid
[10] Ibid, Lester

Binding Arbitration in the U.S.

Many states have adopted binding arbitration laws for police and fire employees. According to recent data, the states are split almost evenly on binding arbitration: 24 states and DC have it, 26 states do not.[11]

There are two labor measures that were used to gauge whether there are any predictors of which states have binding arbitration. First is Right to Work, the prohibition against compulsory union membership. There are currently 22 Right to Work states. The second measure is the percentage of public sector employees covered by a collective bargaining agreement--public sector unionization or PSU. The latest data for this coverage is 2000. Pennsylvania is not a Right to Work state and had a PSU of 59 percent.[12]

So, how do the patterns play out?

- Only four with Right to Work --Nevada, Iowa, Oklahoma, and Kansas--have binding arbitration.
- Of the 26 states without binding arbitration only one has a PSU of 50 percent or more.

Binding Arbitration, Right to Work, and Public Sector Union Coverage by State and DC

	Right to Work?		PSU Coverage	
Binding Arbitration?	Yes	No	>50%	<50%
Yes	4	21	14	11
No	18	8	1	25

- The bulk of the states with binding arbitration--22 and DC--had PSU coverage rates of 30 percent or greater
- The lowest PSU coverage in a state with binding arbitration for police and fire was Kansas (19%)
- Of the states in close proximity to Pennsylvania, New York, New Jersey, and Ohio have binding arbitration while West Virginia and Maryland do not

[11] New York State Association of PBAs Inc: "Binding Arbitration in New York State: Its History, How It Works, and Why It Must Be Continued" Spring, 2003. The report provides an appendix with all the states and DC (with the exception of Colorado) and whether or not the state has binding arbitration for police officers (it is assumed that firefighters follow the same pattern and provisions). The states are divided into "binding arbitration model", "meet and confer model", and "no binding arbitration model". There were three states that have what is referred to as the "meet and confer model": since this is not explicitly binding arbitration, these three (California, Florida, and New Mexico) are considered to not have binding arbitration for police and fire. A separate phone conversation with the Denver Police Protective Association indicated that while police and fire employees in the City have binding arbitration rights granted to them in the City Charter, there is no state law granting binding arbitration in Colorado.

[12] Union Membership, Coverage, Density, and Employment by State, 2000 (www.trinity.edu) and Right to Work States (www.ntrw.org)

Problems with Act 111

While Act 111 is straightforward in its provisions, there are some glaring problems with the legislation that have not been changed since 1968. Five major shortcomings are made evident by contrasting the statute with those in the neighboring states of New York (The Public Employment/Fair Employment Act a.k.a. "Taylor Law" of 1974) and Ohio (Employee Collective Bargaining Act of 1983).

First, Act 111 does not provide for a determination of whether a genuine impasse exists before permitting a case to proceed to arbitration. According to the statute, an impasse automatically exists if the parties do not reach a settlement by written agreement within thirty days after their collective bargaining began.[13]

On this issue, the Ohio statute says: "The Bureau of Mediation must determine that the following conditions have been met prior to issuing a conciliation order: fact finding report was rejected timely by at least one party by a three-fifths majority of the individuals who were eligible to vote, the vote of the fact-finding report was served timely upon the State Employee Relations Board (SERB) and the other party, publication of the fact finding report did occur in which the effective date of publication is stated on the board-issued notice of rejection of the fact-finding report, at least seven days have passed since the effective date of publication of the fact-finding report and the parties have not reached a settlement."[14]

Second, Act 111 makes no provision for mediation or fact-finding with recommendations. A state board of mediation was in existence at the time of Act 111, but neither the board nor mediation is mentioned.[15] In contrast, New York requires mediation upon "a petition of the Public Employee Relations Board (PERB)…[for] a voluntary resolution of their dispute."[16] Ohio requires a fact-finding process that, by statute, precedes the conciliation process.[17]

Pennsylvania's third shortcoming is the selection of the arbitrators. While it appears on its face that Pennsylvania's method of choosing arbitrators is done in such a way as to ensure equal representation, unless the employer is fiscally conservative (not much evidence that the state or many of the municipalities are), taxpayers should not expect the appointee of the employer to play "hardball" to ensure that the safety costs are being delivered at the lowest possible costs. It would probably be more appropriate to have a neutral panel, or one neutral arbitrator, that is not connected to the employer, the

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[13] Ibid
[14] State Employee Relations Board: "Fact-Finding Guidebook" and "Conciliation Guidebook" (www.serb.state.oh.us). E-mail and telephone conversations with Cheri Alexander and Russ Keith of the State Employee Relations Board of Ohio.
[15] Lester
[16] NYPBA report, E-mail and telephone conversations with Richard Curreri, Office of Compliance, Public Employee Relations Board of New York, Section 209 of Taylor Law "Resolution of Disputes in the Course of Collective Negotiations" (www.perb.org)
[17] SERB

employees, or the community where the dispute is taking place, to hear the dispute and aim for a resolution.

New York's law provides for the same allotment of arbitrators as the Pennsylvania law: the employer chooses one, the employees choose another, and those two appointees select the final member.[18] Ohio--which uses a single, neutral conciliator rather than an arbitration panel--provides a marked difference in the selection process. A roster of neutral, qualified people who are screened by SERB are placed on a list that is submitted to the parties. The parties alternate striking names from the list until one remains, who then becomes the conciliator on the case.[19]

Fourth, Act 111 is silent on the factors that must be taken into account by the board in order to settle the dispute.

New York's Taylor law states that the "panel must base their decision upon the following four criteria":

- Comparison of the wages, hours, and condition of employment of the employees involved in the arbitration proceeding with the wages, hours, and conditions of employment of other employees performing similar services or requiring similar skills under similar working conditions and with other employees generally in public and private employment in comparable communities
- The interest and welfare of the public and the financial ability of the public employer to pay
- Comparison of the peculiarities in regard to other trades or professions, including, specifically (1) hazards of employment (2) physical qualifications (3) educational qualifications (4) mental qualifications (5) job training and skills
- The terms of collective agreements negotiated between the parties in the past providing for compensation and fringe benefits including salary, insurance and retirement benefits, medical and hospitalization benefits, paid time off and job security[20]

In a later court case, *City of Amsterdam v. Helsby*, the courts established additional guidelines for an arbitrator to consider before rendering a reward. Arbitrators, in addition to the four criteria established in Section 209 (above), must also evaluate the following criteria for the municipality:

- Limits of taxing and borrowing power
- Procedure of tax collection (delinquency)
- Per capita income, compared to various areas
- Per capita assessed valuation
- Retail sales within the municipality's borders
- Nature of the community (market value and attractiveness to homebuyers)
- Economic trends and economic rates

[18] Ibid
[19] SERB reports and conversations
[20] PERB conversations, 209 of the Taylor Law

- Projections beyond current year
- The impact of contractual increases on the taxpayer[21]

The Ohio statute similarly lists criteria by which the dispute must be arbitrated. "In compliance with ORC Section 4117.14(G)(7), the conciliator shall resolve the dispute between the parties by selecting, on an issue-by-issue basis, from between each of the party's final settlement offers, taking into consideration the following:

- Past collective bargaining agreements, if any, between the parties
- Comparison of the issues submitted to final offer settlement relative to the employees in the bargaining unit involved with those issues related to other public and private employers doing comparable work, giving consideration to factors peculiar to the area and classification involved
- The interests and welfare of the public, the ability of the public employer to finance and administer the issues proposed, and the effect of the adjustments on the normal standard of public service
- The lawful authority of the public employer
- The stipulations of the parties
- Such other factors, not confined to those listed in this section, which are normally or traditionally taken into consideration in the determination of issues submitted to final offer settlement through voluntary collective bargaining, mediation, conciliation or other impasse resolution procedures in the public service or in private employment[22]

Lastly, Act 111 does not evenly spread the costs of arbitration on the parties. New York and Ohio's arbitration statutes provide that the parties share equally in paying the neutral arbitrator's fee and expenses, a cost that may serve as some deterrent to employees to resort to arbitration, especially where the local union has a small membership.

In Pennsylvania, Act 111 provides that the compensation of the neutral arbitrator and the arbitrator appointed by the public employer, along with all stenographic and other expenses incurred by the board are paid by the government unit involved in the case. Obviously, this arrangement further encourages the bargaining unit to force arbitration. The employees only pay the cost of the arbitrator appointed by them, who, not infrequently, is an official or a staff member at some level in the union, and thus his services as arbitrator can be costless to members of the local union.[23]

Clearly, in light of the provisions of the binding arbitration laws in Ohio and New York, Pennsylvania's Act 111 could be strengthened to include more clarity and guidance on the binding arbitration process.

[21] Ibid
[22] SERB reports and conversations
[23] Lester

Pittsburgh and Act 111

How has Act 111 affected Pittsburgh? In addition to the 2001 firefighters' contract described earlier, there are numerous instances in the last few years where Act 111 has had a significant impact on the City's finances, and its influence decried by elected officials. The trend seems to be one in which the problems of Act 111 are brought up after each successive contract award that goes to arbitration.

However disturbing the fire contract situation, the balance of power between the City of Pittsburgh and its employees in the police and fire bureaus seems to be undergoing a shift. As a result of the City's entrance into distressed status under Act 47, any future "collective bargaining agreement or arbitration settlement executed after the adoption of a [Act 47] plan shall not in any manner violate, expand, or diminish its powers".[24] That's why police and fire unions have filed suit against Act 47, eligible employees have retired, and there is an air of uncertainty as negotiations move forward.[25]

Firefighters

For instance, firefighters' contracts went to binding arbitration in 1995 and 1997 after months of bitter public battles between the Murphy administration and the fire union. Then, in 1998, the union and the City reached agreement on an extension that guaranteed no staffing or fire station cuts in return for firefighters forgoing $2.7 million in scheduled raises.[26] The [firefighter] contract terms awarded December 28, 2002 by the three-member arbitration panel will be in effect from 2002 through 2005. That contract contained a salary increase and no staffing changes. It was be reopened 2004 to reset wages and health and pension benefits for 2005.[27]

Now consider what the firefighters are facing under current negotiations under the Act 47 provisions. Instead of the generous provisions under the current contract, firefighters face a 17 percent salary cut this year. And instead of no staffing changes and no station closures, the Act 47 plan contains a decrease of 168 firefighter jobs and the closure of 7 stations.[28]

Police

Arbitrators approved a two-year contract for police in 2001 that contained an increase in longevity pay and reimbursements for college tuition along with wage increases of 3 percent and 4 percent, respectively, in the two years of the contract. This contract was to

[24] "The Financially Distressed Municipalities Act". Act 47 of 1987, Section 252.
[25] Jonathan Silver "100 City Officers May Retire" Pittsburgh Post-Gazette, August 22, 2004 and Michael Fuoco "Top City Detective Takes Job With DA" Pittsburgh Post-Gazette, December 7, 2004
[26] Tim McNulty "Pittsburgh Firefighters' Pact Ahead of Schedule" Pittsburgh Post-Gazette, May 4, 2001
[27] Pittsburgh-Post Gazette Staff "Pittsburgh Firefighters Get Contract" Pittsburgh Post-Gazette, February 14, 2002
[28] Tim McNulty "City Battles on With Fire Union" Pittsburgh Post-Gazette, December 17, 2004

cost the City an additional $8.7 million due to a provision that firefighters make the same salaries as police officers under an agreement reached with the Mayor previously. [29]

Provisions of Most Recent Fire and Police Contracts[30]

Unit	Full Time Workers	Contract Expires	04 Wage Increase	05 Wage Increase	06 Wage Increase
IAFF 1	836	12/31/05	3.50%	Reopener	TBD
FOP 1	881	12/31/04	4%	TBD	TBD

In 2003, arbitrators signed off on another two-year police contract. That award guaranteed salary increases through the end of 2004 and radically changed police contributions to health care coverage, again as a way of equalizing police benefits with fire benefits. This award led to an estimated $7 million in higher police pay and benefits than was budgeted.[31]

It is clear that there has been a tangible impact of arbitration awards on the pay of Pittsburgh police relative to other forces around the nation. An independent group, PolicePay, produced a study that showed that Pittsburgh police officers have the best pay and benefits of any major municipal police force in the country, according to a national survey of the 150 largest cities in the U.S. Pittsburgh jumped to the top after the 2003 contract award.[32]

In 2005, much like firefighters and as a result of the Act 47 status, police are faced with a radically different contract. The agreement--which has been approved by arbitrators but is being appealed by the City and the Oversight Board--freezes salaries for two years, cuts vacation time, and requires police contributions to health care coverage.[33] The City and the Oversight Board are filing suit for somewhat differing reasons, but both come back to the belief that the contract violates the provisions of the recovery plan.

Calls for Reform

The last statewide, systematic review of Act 111 took place in the late 1970s and was undertaken by an advisory commission appointed by Governor Shapp.[34] The Study Commission on Public Employee Relations examined the years 1968-1976 and made the following recommendations to change Act 111:

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[29] Editorial "Budget Buster" Pittsburgh Post-Gazette, December 2, 2000
[30] Department of Community and Economic Development "Municipalities Financial Recovery Act Consultative Evaluation for the City of Pittsburgh" December 8, 2003
[31] Tim McNulty "City Police Win a Costly Pact" Pittsburgh Post-Gazette, February 18, 2003
[32] Andrew Conte "Pittsburgh Police Best Paid in Country, Survey Shows" Pittsburgh Tribune-Review, May 29, 2003.
[33] Tim McNulty "Fiscal Oversight Board May Appeal Police Contract" Pittsburgh Post-Gazette, January 27, 2005 and Andrew Conte "Oversight Board Sues City, Union Over Pact" Pittsburgh Tribune-Review, February 1, 2005
[34] E-mail conversation with Patricia Crawford

- Provide mediation prior to arbitration by specifying that mediation be voluntary at any point but is mandatory if there is no settlement by 120 days before the end of the fiscal year
- Permit various forms of arbitration
- Give parties the option of using a single arbitrator instead of a tripartite board
- Require arbitrators to accompany awards with written opinions giving the reasoning behind the award

None of the study commission's recommendations have been adopted.[35]

Other proposals have included mediation and fact-finding, final offer, inclusion of specific criteria or standards that arbitrators have to consider in developing awards and use in a written opinion explaining the award. Others favor including police and fire under Act 195 (which covers all other public employees)--strikes would be prohibited, mediation required; if the mediation were unsuccessful, the impasse would go to an arbitration panel.[36]

Still others want Act 111 amended to include having a state agency with a staff of mediators to administer the act, parties negotiating using other forms of arbitration, the use of a single arbitrator, and an equal share of the costs of the neutral arbitrator and stenographic and other costs.[37]

More recent calls for reform have focused on taking into consideration the employer's financial condition or ability to pay.[38] Certainly, that is what is happening in the City now, albeit due to its current Act 47 status.

But is a financial standard enough? To be sure, the City has gained an upper hand in contract negotiations because of Act 47 and the Oversight Board. Presumably, the City won't be in Act 47 status forever, and a lot of communities around the Commonwealth--and the Commonwealth itself--won't be able to enter Act 47 status and get the same level of protection from Act 111, as the City now seems to have. It is entirely possible that public safety costs arbitrated under Act 111 could rise dramatically after Pittsburgh exits its distressed status and the Act 47 constraints are no longer in place.

Then too, there is a belief on the part of the unions that the City "cries poor" on public safety costs and that the arbitration process is a trump card. Consider these thoughts from the City's former budget director:

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[35] Lester
[36] Ibid
[37] Ibid
[38] See "Pittsburgh in the 21st Century" (www.city.pittsburgh.pa.us); Editorial "Budget Buster" Pittsburgh Post-Gazette, December 2, 2000; Editorial "Cops and Robbers: An Arbitration Award that Hurts the City" Pittsburgh Post-Gazette, February 20, 2003; Tim McNulty "City Police win a Costly Pact" Pittsburgh Post-Gazette February 18, 2003; Tim McNulty "City Reality: Financial Hole Getting Deeper" Pittsburgh-Post Gazette July 13, 2003; Andrew Conte "Pittsburgh Police Best Paid in Country, Survey Shows" Pittsburgh Tribune-Review, May 29, 2003.

> One of the most difficult challenges I had as budget director was negotiating with the police, fire, and other unions that represented those who had spent their lives working for the city. One union official asked me "why is it that the mayor has millions of dollars to give to private developers on speculative ventures, and to sports franchises that pay millionaires, but the City is out of money when it comes time to paying us a modest increase in wages? Although the funding for the stadiums came from other sources, the administration's focus on big-ticket development is perceived as benefiting the affluent. This perception serves as a major barrier to getting public employees on board with deficit-reduction initiatives and to accept sacrifice. A budget-balancing plan without a major focus on public safety cost-containment is unlikely to succeed.[39]

Obviously, some more dramatic changes to Act 111 will be necessary for all communities to be able to balance public safety personnel interests with the needs of taxpayers. The Allegheny Institute proposed the following recommendations in 2003.

A far better system of selecting arbitrators would have the following components:

- State oversight: A pool of arbitrators would be housed in the state's Department of Labor and Industry and be classified as civil servants, free of political pressure. Panels of arbitrators would be appointed from the pool to hear cases around the state.
- Neutrality: Arbitrators would have no interest or connection to the dispute. No arbitrator could participate in a case in the county where he or she resides.
- Professionalism: Arbitrators would be certified by a professional organization/association and would be qualified to hear cases involving workplace matters for police and fire personnel and their employers.
- Accountability: A review panel made up of disinterested senior arbitrators should oversee the arbitrators' decisions and have the final approval on awards.

Second, once arbitration has commenced, the board should have freedom to craft an award, even if it means starting from zero. This process must be guided by objective, measurable criteria, including, but not limited to:

- Comparison with economically and demographically similar cities to see what their police and fire personnel earn and the benefit packages they receive.
- Staffing levels.
- Productivity level changes.
- Hours worked per-week.
- Inflation since the approval of last contract and projected for the term of the contract.
- Average income growth in the municipality.
- Financial ability of the municipality.

Clearly, as far as possible, market forces should determine wages and what types and amounts of benefits should be awarded. There should never be a provision that shields

[39] Rowan Miranda, "Pittsburgh's Path to Fiscal Sanity" Pittsburgh Post-Gazette, August 23, 2003

employees from layoffs or requires minimum pre-set staffing levels regardless of the financial situation of the community. Adopting these measures is the only way to ensure that pay increases are compatible with market forces and that any burden of benefits that are not enjoyed elsewhere are placed on taxpayers. These changes would help move the present collective bargaining system from one in which outcomes are basically decided before arbitration is convened to one where there is a chance that public safety unions won't automatically get everything they want.[40]

Conclusion

Act 111 has far-reaching effects. The summation below provides a concise description of those effects:

> There is probably no greater influence upon the ability of the governing body to provide police service to the community than Act 111. Since in the average police budget 85 to 90 percent of the available funds are related to personnel costs, Act 111 has a direct influence on the amount of money spent for police service. Of equal significance, however, is the fact that working conditions and conditions of employment are negotiable issues and subject to arbitration. This includes almost any item, many of which were considered to be management rights prior to Act 111. In some communities, no longer do the elected official and management have exclusive control over work assignments, hours of work, overtime, the equipment utilized or the promotion process. Nearly every item has become subject to the bargaining process and is included in the police labor agreement.[41]

As such, we need to step back and consider whether Act 111 is the best way to negotiate public safety costs. The City of Pittsburgh provides an important case study of the law's impact on a municipality's finances. It has been nearly forty years since the law was passed and thirty years since the state has undertaken any systematic evaluation of its effects. Binding arbitration laws in other states contain provisions that might have a place in Act 111, and our own research provides suggestions for improvements that would be beneficial to the arbitration process.

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[40] Allegheny Institute for Public Policy "Loosening the Grip of Binding Arbitration" *Policy Brief* Volume 3, Number 40, August 2003 (www.alleghenyinstitute.org)

[41] Department of Community and Economic Development, Governor's Center for Local Government Services "Administering Police Services in Small Communities" (www.inventpa.com)

Appendix: Findings of the Governor's Commission

The findings below are based on Richard Lester's review of the Governor's Study Commission on Public Employee Relations, which reviewed arbitration from 1968 to 1976 throughout the Commonwealth. The Commission found the following:

- There were 1,235 police negotiations, 28 percent of which were settled by arbitration
- There were 150 fire negotiations, 37 percent of which were settled by arbitration
- Police employees requested arbitration in 92.9 percent of the cases, employers did so in 2.5 percent of the cases, and a joint request was made in 4.6 percent of the cases
- In firefighter cases, 97.9 percent of the requests for arbitration came from the employees
- The majority of police and firefighter arbitration cases had 3 to 6 bargaining sessions prior to going to arbitration
- 43 percent of the police cases and 52 percent of firefighter cases reached the arbitration hearing stage with no issues settled in negotiations
- The average cost of arbitrations to the municipalities involved (fee and expenses of neutral, any compensation to the arbitrator appointed by the employer, and the stenographic and other expenses) was $2,265 for police negotiations and $2,006 for fire negotiations