

The Center for Local, State, and Urban Policy

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Michigan Public
Policy Survey **October 2013**

Michigan local governments continue seeking, and receiving, union concessions

By Thomas Ivacko and Debra Horner

This report presents Michigan local government leaders' assessments on a range of issues regarding public employee unions in their jurisdictions. The findings are based on statewide surveys of local government leaders in the Spring 2011-2013 waves of the Michigan Public Policy Survey (MPPS).

>> The **Michigan Public Policy Survey (MPPS)** is conducted by the **Center for Local, State, and Urban Policy (CLOSUP)** at the University of Michigan in partnership with the **Michigan Association of Counties, Michigan Municipal League, and Michigan Townships Association**. The MPPS takes place twice each year and investigates local officials' opinions and perspectives on a variety of important public policy issues. Respondents for the MPPS include county administrators and board chairs, city mayors and managers, village presidents and managers, and township supervisors, clerks, and managers from 1,350 jurisdictions across the state.

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Key Findings

- While just a quarter (26%) of Michigan's local governments have public sector labor unions, 73% of these jurisdictions conducted negotiations this year. Negotiations covered a variety of issues, including employee fringe benefits, pay rates, changes in work rules, and staffing levels. Last year, 78% of these jurisdictions conducted such negotiations with their employee unions.
- On each topic that was negotiated, local government leaders report that their employees' unions made concessions more frequently than the jurisdictions did, just as in 2012.
 - » However, compared to negotiation outcomes in 2012, this year a higher percentage of negotiations resulted in mutual concessions by both the administrations and the unions.
- Among jurisdictions that negotiated with their employees' unions this year, 81% say they are satisfied with the outcomes. Last year, 75% of local leaders were satisfied with negotiation outcomes.
- Local leaders' views of their jurisdictions' labor unions have continued to grow more positive over the last year.
 - » Over three-quarters (76%) of local leaders believe the relationship between their employees' unions and the jurisdiction's administration is excellent or good, up from 67% in 2012.
 - » A higher percentage of local officials believe their jurisdictions' unions are assets (28%) rather than liabilities (17%) in terms of their impact on the jurisdictions' overall performance.
- Looking ahead, 52% of jurisdictions with unions expect to seek new concessions in negotiations with their unions in the coming year. This is down from 60% in 2012.

Background

Recent policy debates in Michigan—including Right-to-Work legislation enacted at the end of 2012, as well as the appointment of an Emergency Manager in the City of Detroit and the city’s subsequent bankruptcy filing—have highlighted issues related to local government labor unions, including unions’ impact on local government fiscal health and their relationships with local government administrations. Even prior to these events, the local government fiscal crisis over the last few years, driven by declining revenues and rising costs, also sharpened the focus on public sector labor unions. To help inform continuing policy discussions regarding local government unions, the Spring 2013 Michigan Public Policy Survey (MPPS) asked Michigan’s local leaders about negotiations with their jurisdictions’ unions, as well as their views of the unions’ impacts on their governments’ fiscal health and overall operations.

According to local leaders, just over one-quarter (26%) of Michigan’s general purpose local governments (counties, cities, townships, and villages) have employee labor unions. Since Michigan has 1,856 general purpose local governments, this means approximately 480 of these local jurisdictions have employee unions. As might be expected, the larger the jurisdiction, the more likely it is to have public sector unions. For example, only 5% of the state’s smallest jurisdictions (those with fewer than 1,500 residents) report having one or more employee unions, while 97% of Michigan’s largest jurisdictions (those with more than 30,000 residents) have at least one union (see *Figure 1*).

Police unions are the most common type of local government union in Michigan, reported by 79% of jurisdictions that have a public sector union of any kind. Next most common (65%) are unions for Department of Public Works (DPW) employees, followed by fire department unions (36%). Meanwhile, miscellaneous other types of unions are reported among 48% of all local governments that have unions.

Figure 2 shows how common these different types of unions are when broken down by jurisdiction size. For example, police officers’ unions are found in 91% of the state’s largest jurisdictions that have any kind of union, compared to just 42% of the smallest jurisdictions with unions. By comparison, DPW unions are much more common in smaller jurisdictions than in larger ones, where workers may be more likely to be broken out into various other kinds of unions.

Figure 1
Percentage of jurisdictions reporting they have one or more employee labor unions, by population size

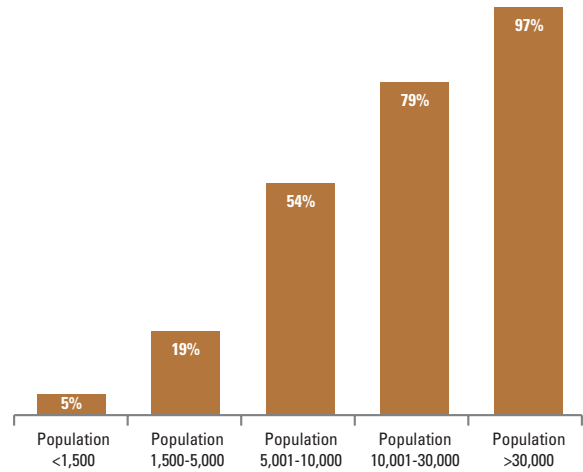
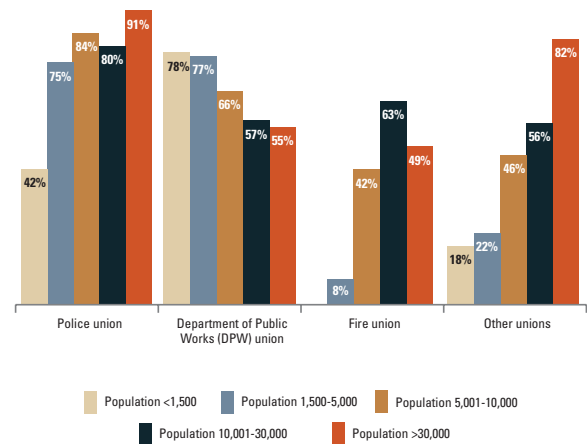


Figure 2
Percentage of jurisdictions with specific types of employee unions (among jurisdictions with labor unions), by population size





Nearly three-quarters of Michigan jurisdictions with unions conducted negotiations this year

Among jurisdictions that have public sector labor unions, 73% report that they conducted contract negotiations within the last 12 months, covering topics such as pay and fringe benefit rates, work rules, and staffing levels. This is down slightly from 2012, when 78% conducted such negotiations. Despite this small decline, it is clear that Michigan’s local governments and their labor unions have been very active at the negotiating table in each of the last two years.

The state’s largest jurisdictions are the most likely (90%) to report engaging in union negotiations in 2013 (see *Figure 3*). Mid-sized jurisdictions with between 10,001 and 30,000 residents report the largest relative drop in union negotiations since the previous year, with 70% reporting union negotiations in 2013, compared with 81% in 2012.

The MPPS asks local leaders whether they engaged in negotiations with their unions in the past 12 months on four potential topics: employee fringe benefits, pay, work rules, and staffing levels. As shown in *Figure 4*, among jurisdictions that negotiated with their unions this year, more than nine in 10 negotiated over issues of benefits (94%) and pay (92%), while significant percentages also negotiated on work rules (73%) and staffing levels (66%). Notably, the prevalence of jurisdictions negotiating with unions on work rules grew to 73% in 2013, up from 63% in 2012.

Figure 3

Percentage of jurisdictions that negotiated with their employee unions in past 12 months (among jurisdictions with labor unions), 2012-2013, by population size

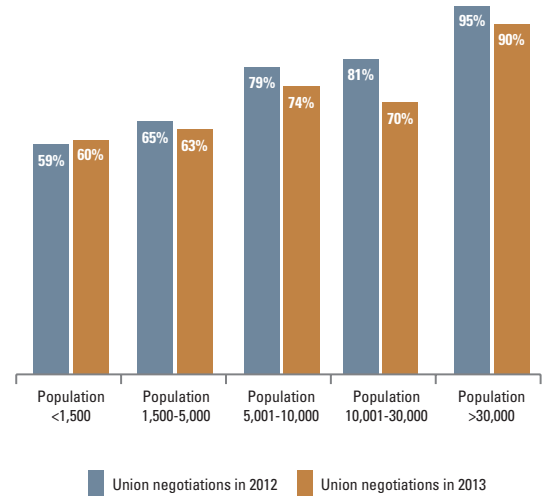
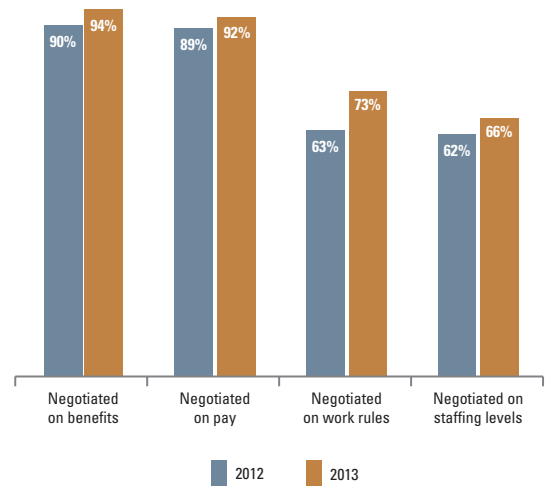


Figure 4

Percentage of jurisdictions that negotiated with employee unions on particular topics in past 12 months (among jurisdictions that negotiated with their labor unions), 2012-2013



Local leaders say unions continue to give more concessions than jurisdictions, although mutual concessions increased this year as well

Negotiations between jurisdictions and their labor unions can be complex, including a lot of “give and take,” and it is possible that concessions made by one side can benefit both sides of the table. For instance, local leaders have told MPPS researchers in the past that, in certain cases, they might view union pay increases agreed to by the administration not just as concessions made at the bargaining table, but also as investments in their workforce and in the quality of services provided to the public. These types of views are acknowledged in the MPPS questionnaire, which asks whether concessions were made (by the union, by the jurisdiction, or by both), or whether no concessions were made at all, on each potential topic of negotiation covered in the MPPS.

In 2013, just as in 2012, local officials report that their jurisdictions’ labor unions made concessions more frequently than did the jurisdictions’ administrations on each of the general topics asked on the MPPS.

The most lopsided outcome is in the case of employee fringe benefits, both this year and in 2012. Among jurisdictions that negotiated over benefits in 2013, 63% report that only the union made concessions, while 5% report that only the jurisdiction made concessions (see *Figure 5a*). Another 15% report that both sides made concessions during negotiations, which is an increase over the 5% that reported the same in 2012. In fact, the outcome of negotiations over fringe benefits is slightly less lop-sided in 2013 than it was in 2012, when 69% of negotiations resulted in only the union making concessions, according to local leaders.

Negotiations regarding employee pay resulted in somewhat more even outcomes this year, with 34% of local officials reporting that only the unions made concessions, and 25% saying only the jurisdiction made concessions. Another 15% report both sides made concessions, while 23% say neither side made concessions during negotiations (see *Figure 5b*). These numbers are similar to those reported in 2012, but with another increase in the frequency of joint concessions being made (15% in 2013, up from 8% in 2012).

Figure 5a
Overall outcomes of negotiations with unions on employee benefits in last 12 months (among those that negotiated on benefits), 2012-2013

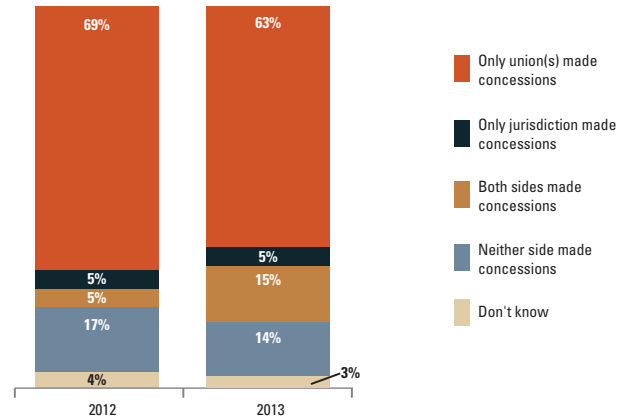


Figure 5b
Overall outcomes of negotiations with unions on employee pay in last 12 months (among those that negotiated on pay), 2012-2013





Compared to negotiations over fringe benefits and pay, fewer negotiations over work rules in the past year resulted in concessions of any kind. This year, 43% of jurisdictions that negotiated over work rules report that neither side made concessions, while 35% say only their employees' unions made concessions, and just 3% say the jurisdiction alone made concessions (see *Figure 5c*). There was a marked increase in mutual concessions this year compared with last year on work rules, however, with 12% of local officials saying each side made concessions in 2013, compared with just 3% saying the same a year ago.

More than any other category, negotiations over staffing levels resulted in fewer concessions being made by either side, both in 2013 and in 2012. Over half (58%) of jurisdictions that negotiated on staffing levels report that neither side made contract concessions (see *Figure 5d*). Still, in negotiations that resulted in concessions, the outcomes were again lopsided in terms of unions making concessions more frequently (30%) than jurisdictions making concessions (2%). Another 5% report that both sides made staffing concessions during negotiations. As noted earlier in *Figure 4*, negotiations focused on this topic less frequently than others. Still, two-thirds (66%) of jurisdictions that negotiated with their unions in the past year say they did address staffing levels.

Figure 5c
Overall outcomes of negotiations with unions on employee work rules in last 12 months (among those that negotiated on work rules), 2012-2013

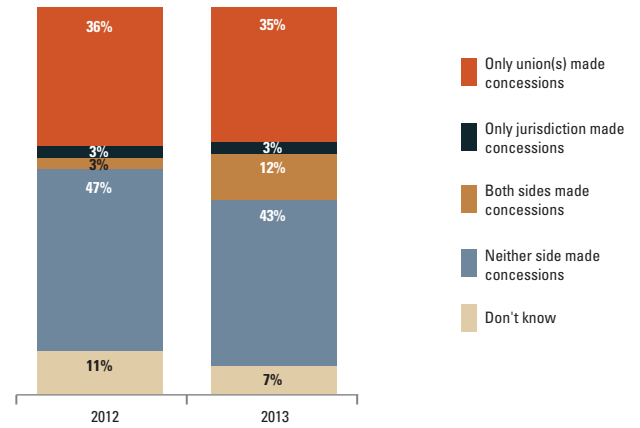
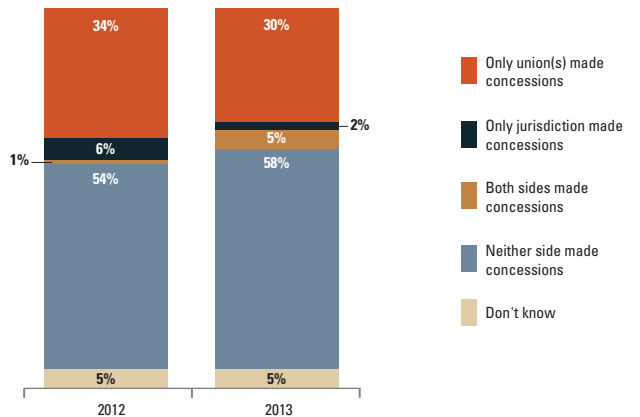


Figure 5d
Overall outcomes of negotiations with unions on employee staffing levels in last 12 months (among those that negotiated on staffing levels), 2012-2013



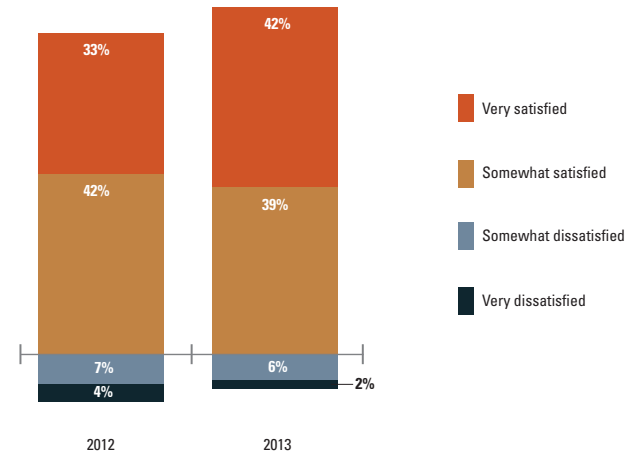
Local leaders express growing satisfaction with negotiations and more positive views of their unions

Local leaders' satisfaction with the outcomes of their union negotiations in 2013 improved over the high levels already reported in 2012. This year, 81% of officials are somewhat or very satisfied with the outcomes of negotiations, including 42% who are very satisfied, up from 33% who felt this way last year (see *Figure 6*). Fewer than one in ten (8%) local officials are dissatisfied with the outcomes of their union negotiations this year.

Just as in 2012, satisfaction with the outcomes of negotiations is uniformly high among local officials from jurisdictions of different sizes and in all regions of Michigan, as well as among both Republican and Democratic local officials.

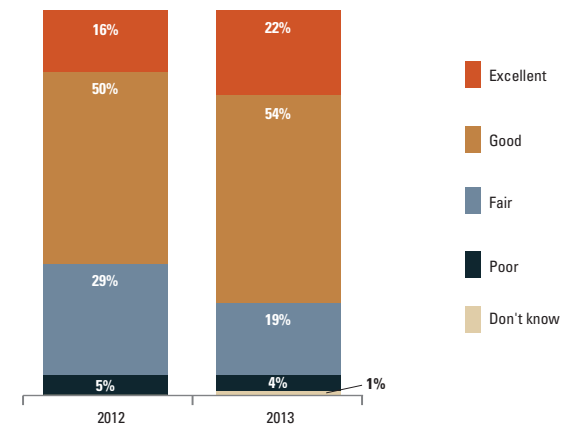
A large majority of local leaders also express positive views about the relationship between their jurisdictions' administration and their labor unions. Statewide, over three-quarters (76%) of local leaders from jurisdictions with unions believe their relationship is excellent or good (see *Figure 7*). These positive assessments also represent an increase over already high levels found in 2012. As of 2013, 22% of officials say the relationship is excellent, compared with 16% of officials who said the same in 2012.

Figure 6
Local officials' satisfaction on negotiations with unions (among jurisdictions that negotiated with their labor unions), 2012-2013



Note: responses for "neither satisfied nor dissatisfied" and "don't know" not shown

Figure 7
Local leaders' assessments of the relationship between their jurisdictions' administrations and unions (among those jurisdictions with unions), 2012-2013



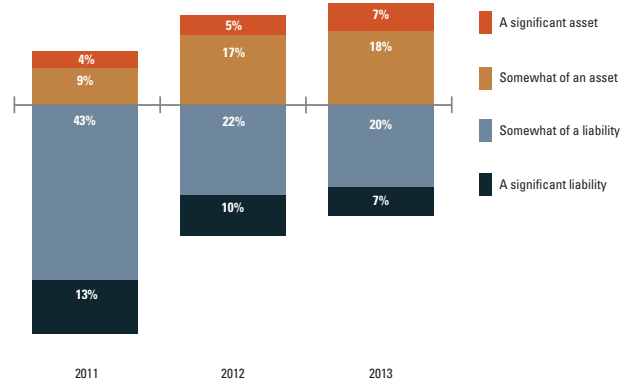


Assessments of union impacts on local jurisdictions improve slightly

The MPPS also asks local government leaders whether they think the labor unions in their jurisdiction are an asset or a liability to both the jurisdiction’s fiscal health and its overall performance. In 2013, 25% of local officials feel their unions have been assets to their jurisdictions’ fiscal health in the past year, up slightly from 22% who said the same in 2012, and up significantly from 13% in 2011 (see *Figure 8a*). At the same time, 27% of officials say their employee unions have been a liability to the jurisdiction’s fiscal health in 2013, which is down slightly from 32% in 2012, and down significantly from 56% in 2011.

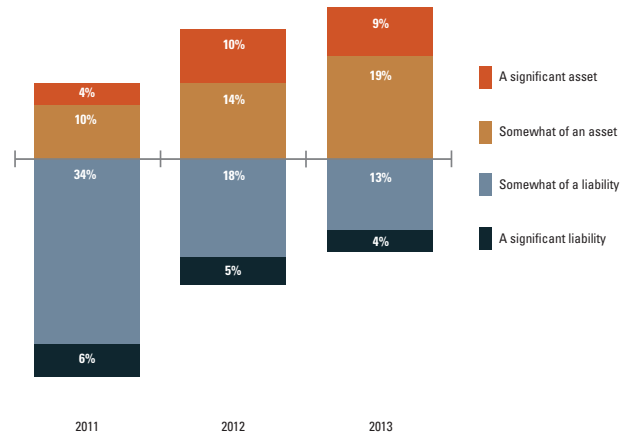
Local leaders also express increasingly positive assessments when it comes to their views on employee unions’ effects on the jurisdiction’s overall performance. This year, 28% of local leaders say their employees’ unions have been assets to overall jurisdiction performance over the past year, while 17% say they have been liabilities (see *Figure 8b*). These percentages mark a continuing trend of improving views of union impacts at the local level, with significant improvement since 2011.

Figure 8a
Local leaders’ assessments of the effects of union(s) on fiscal health (among jurisdictions with unions), 2011-2013



Note: responses for “neither asset nor liability” and “don’t know” not shown

Figure 8b
Local leaders’ assessments of the effects of union(s) on overall performance (among jurisdictions with unions), 2011-2013



Note: responses for “neither asset nor liability” and “don’t know” not shown

Most local leaders still expect to seek another round of concessions in the coming year, down slightly from last year

Given the high levels of concessions that local leaders report their unions have made during negotiations in the last two years, it might be expected that fewer jurisdictions would predict yet another round of concession-seeking in the coming year. And indeed, while 60% of local leaders from jurisdictions with unions expected to seek new concessions from their employees' unions in 2012, fewer (52%) say the same when looking ahead in 2013 (see *Figure 9*). However, it is still the case that a majority of officials from jurisdictions with employee unions predict a new round of negotiations seeking union concessions in the coming year.

Whether or not a jurisdiction is likely to seek a new round of concessions next year is correlated with the jurisdiction's fiscal health. Almost two-thirds (63%) of officials from jurisdictions with declining health—those expecting to be less able to meet their fiscal needs next year—say it is somewhat or very likely they will seek new concessions from unions (see *Figure 10*). By contrast, fewer than half (44%) of officials from jurisdictions with improving fiscal health think they are likely to pursue new concessions in the coming year.

These patterns are particularly prevalent among the state's largest jurisdictions (those with more than 30,000 residents). Among those jurisdictions with declining fiscal health, 88% expect to seek new concessions from their labor unions and just 3% expect not to. On the other hand, among these largest jurisdictions with improving health, only 43% expect to seek new union concessions and 28% expect not to.

Figure 9
Percentage of jurisdictions predicting they will seek concessions from employee union(s) in the next 12 months (among those jurisdictions with unions), 2012-2013

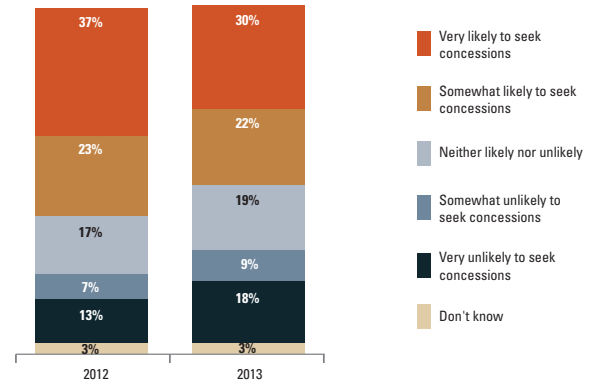
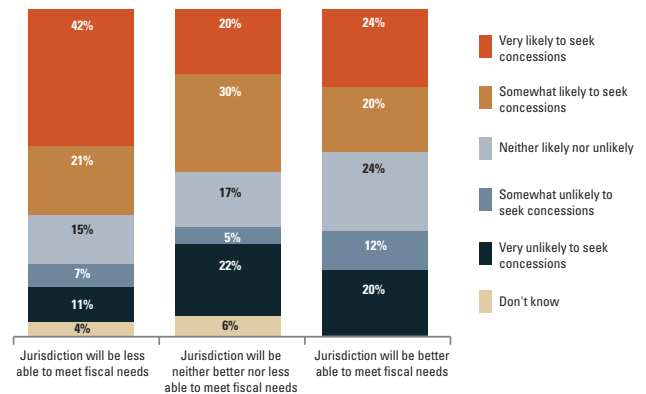


Figure 10
Percentage of jurisdictions predicting they will seek concessions from employee union(s) in the next 12 months (among those jurisdictions with unions), by ability to meet fiscal needs in the coming year





Conclusion

Even as policy issues across the state—including passage of Right-To-Work, the Detroit bankruptcy, placement of emergency managers, and so on—keep a spotlight on public employee labor unions, local government officials increasingly report their administrations have good or excellent relationships with these unions, and view the unions' impacts in an increasingly positive light.

Among the 26% of Michigan's local governments that have employee unions, 73% conducted negotiations in the last year over new labor contracts. As in 2012, on all topics of negotiation surveyed by the MPPS, employee labor unions made concessions more frequently than did local government administrations, particularly on the issue of employee fringe benefits. However, in 2013, the MPPS found that a higher percentage of negotiations resulted in mutual concessions by both administrations and unions. Overall, 81% of local leaders are satisfied with the outcomes of their union negotiations over the past year.

In the upcoming year, 52% of jurisdictions with unions expect to seek another round of concessions from their employee unions, including 88% of the state's largest jurisdictions that report declining fiscal health.

Of course, the views explored in this report once again represent only one side of the story—that of the administration—while union representatives might have different opinions about contract negotiations, union impact on jurisdiction performance, and the nature of the relationship with their local administrations.

Survey Background and Methodology

The MPPS is a biannual survey of each of Michigan's 1,856 units of general purpose local government, conducted once each spring and fall. While the spring surveys consist of multiple batteries of the same "core" fiscal, budgetary and operational policy questions and are designed to build-up a multi-year time-series of data, the fall surveys focus on various other topics.

In the Spring 2013 iteration, surveys were sent by the Center for Local, State and Urban Policy (CLOSUP) via the internet and hardcopy to top elected and appointed officials (including county administrators and board chairs, city mayors and managers, village presidents and managers, and township supervisors, clerks, and managers) from all 83 counties, 277 cities, 256 villages, and 1,240 townships in the state of Michigan.

The Spring 2013 wave was conducted from April 8 - June 9, 2013. A total of 1,350 jurisdictions in the Spring 2013 wave returned valid surveys, resulting in a 73% response rate by unit. The margin of error for the survey as a whole is +/- 1.4%. The key relationships discussed in the above report are statistically significant at the $p < .05$ level or below, unless otherwise specified. Missing responses are not included in the tabulations, unless otherwise specified. Some report figures may not add to 100% due to rounding within response categories. Data are weighted to account for non-response. Contact CLOSUP staff for more information.

Detailed tables of the data analyzed in this report—by jurisdiction type (county, city, township, or village); by population size of the respondent's community; and by the region of the respondent's jurisdiction—are available online at the MPPS homepage: <http://closup.umich.edu/mpps.php>

The survey responses presented here are those of local Michigan officials, while further analysis represents the views of the authors. Neither necessarily reflects the views of the University of Michigan, or of other partners in the MPPS.

Previous MPPS reports

- Michigan local government fiscal health continues gradual improvement, but smallest jurisdictions lagging (September 2013)
- Local leaders evaluate state policymaker performance and whether Michigan is on the right track (August 2013)
- Trust in government among Michigan's local leaders and citizens (July 2013)
- Citizen engagement in the view of Michigan's local government leaders (May 2013)
- Beyond trust in government: government trust in citizens? (March 2013)
- Local leaders support reforming Michigan's system of funding local government (January 2013)
- Local leaders support eliminating Michigan's Personal Property Tax if funds are replaced, but distrust state follow-through (November 2012)
- Michigan's local leaders satisfied with union negotiations (October 2012)
- Michigan's local leaders are divided over the state's emergency manager law (September 2012)
- Fiscal stress continues for hundreds of Michigan jurisdictions, but conditions trend in positive direction overall (September 2012)
- Michigan's local leaders more positive about Governor Snyder's performance, more optimistic about the state's direction (July 2012)
- Data-driven decision-making in Michigan local government (June 2012)
- State funding incentives increase local collaboration, but also raise concerns (March 2012)
- Local officials react to state policy innovation tying revenue sharing to dashboards and incentive funding (January 2012)
- MPPS finds fiscal health continues to decline across the state, though some negative trends eased in 2011 (October 2011)
- Public sector unions in Michigan: their presence and impact according to local government leaders (August 2011)
- Despite increased approval of state government performance, Michigan's local leaders are concerned about the state's direction (August 2011)
- Local government and environmental leadership: views of Michigan's local leaders (July 2011)
- Local leaders are mostly positive about intergovernmental cooperation and look to expand efforts (March 2011)
- Local government leaders say most employees are not overpaid, though some benefits may be too generous (February 2011)
- Local government leaders say economic gardening can help grow their economies (November 2010)
- Local governments struggle to cope with fiscal, service, and staffing pressures (August 2010)
- Michigan local governments actively promote U.S. Census participation (August 2010)
- Fiscal stimulus package mostly ineffective for local economies (May 2010)
- Fall 2009 key findings report: educational, economic, and workforce development issues at the local level (April 2010)
- Local government officials give low marks to the performance of state officials and report low trust in Lansing (March 2010)
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