

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2448 - A**

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Requires issue subject to collective bargaining during term of collective bargaining agreement that is not resolved through negotiation or mediation to be resolved through binding arbitration.

**Government Unit(s) Affected:**

Cities, Counties, Department of Administrative Services (DAS), Employment Relations Board, School Districts

**Summary of Expenditure Impact:**

Please see analysis

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

The fiscal impact of the measure is indeterminate because the exact number of interim issues subject to collective bargaining that might go to binding arbitration are unknown or unpredictable since the measure appears to apply this process to all collective bargaining agreements (CBA), not just the ones that apply to those classes of public employees prohibited from striking. For the state alone, this would nearly triple the number of CBAs that a mandatory binding arbitration process would apply to.

The measure modifies the process by which a public employer settles an issue that is subject to collective bargaining during the term of a collective bargaining agreement. In the event that an agreement cannot be reached by the parties within the 90-day negotiation agreement allowed by statute, the issue would be referred to the State Conciliation Service (SCS) for mediation. If no agreement is reached in the matter referred to the SCS within 15 days, the matter would be required to be submitted to the Employment Relations Board for binding arbitration.

The legal cost for public employers of binding arbitration is between \$20,000 and \$40,000. During the past three biennia, six issues were sent to arbitration or were prepared for arbitration by the Department of Administrative Services. The measure would extend the mandatory arbitration provision from the 14 CBAs currently affected to the 36 CBAs currently in state government and those CBAs maintained by local governments and governmental sub-divisions.

In addition to the legal and processing costs of binding arbitration, there is the risk of higher operating costs involved if the decision of the binding arbitration results in a more costly resolution for an agency than would have been applied as the default solution at the end of the 90-day negotiation period currently in statute.