



City of Portland  
 Bureau of  
**Human Resources**  
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Anna Kanwit, Director  
 1120 SW 5th Ave., Rm. 404  
 Portland, Oregon 97204-1912  
 (503) 823-3572  
 Fax (503) 823-4156

Office of Management and Finance

Fred Miller, Chief Administrative Officer

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MEASURE: HB 2544  
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 H BUSINESS & LABOR  
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 SUBMITTED BY: Anna Kanwit

Representative Paul Holvey, Chair  
 House Business and Labor Committee  
 900 Court Street, NE  
 Salem, Oregon 97301

Dear Chair Holvey and Members of the Committee:

My name is Anna Kanwit. I am the Director of Human Resources for the City of Portland. I am writing to express concerns about HB 2544. This bill sends mid-term bargaining issues, those issues that come up after contracts have been adopted, to binding interest arbitration for resolution for employees who are allowed to strike under the Public Employee Collective Bargaining Act (PECBA). Interest arbitration is currently reserved to police, firefighters, and other employee groups who by law are prohibited from striking. The law has long recognized the right to strike as an important self-help measure for represented employees if they do not achieve their goals during collective bargaining. A strike and the resulting disruption in services to the public is intended to influence the employer to agree to the union's demands. However, the law also recognizes that society cannot afford for certain categories of employees, most notably public safety, to go on strike. In interest arbitration, the union and the employer submit their final contract package to an independent arbitrator and the arbitrator must choose one package or the other. The arbitrator cannot mix and match between the two packages - - one side wins and one side loses.

PECBA allows non-public safety employees to strike during full contract negotiations or when issues arise mid-term. This bill extends interest arbitration rights currently reserved to strike prohibited public safety workers to strike permitted employees. This puts the union and represented employees in a situation where the worst they will do by entering interest arbitration is the employers' final offer. But they may do better. In short, passage of the bill would create a disincentive for the parties to reach a negotiated settlement mid-term.

The City of Portland enjoys a positive and collaborative relationship with our labor partners. Under this bill, since one of the results of mid-term bargaining is arbitration, we will be hesitant to bargain over those grey areas in order to avoid the costly and time intensive arbitration process. As a result, this bill will have the unintended consequences of decreasing collaboration and negotiation between public employers and unions and straining relationships by incentivizing an adversarial process to resolve issues normally worked out through bargaining.

Another consequence is it may be more difficult to implement budget cuts during economic downturns. In 2013, the City of Portland faced a \$20 million budget shortfall and our elected leaders had to make difficult decisions to close the gap. Unfortunately, we know we will face similarly difficult decisions in the future. When we do have to implement cost-saving measures to ensure we continue to provide critical services to the public during an economic downturn, interest arbitration will delay implementation of those measures and could result in an unnecessary loss of important services that our community relies on.

**Charlie Hales, Mayor**

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In addition, if HB 2544 is adopted public jurisdictions may resort to short term collective bargaining agreements to avoid mid-term negotiations altogether. Short term contracts mean financial uncertainty as neither the employer's personnel budget or employees' wages and benefits are set for any length of time.

There are many types of issues that arise mid-term that may require bargaining prior to implementation. A few illustrative examples: legislative changes, wage rates for newly created represented classifications, new technology, reorganization and resulting elimination of positions and creation of new ones to meet changes in business needs and/or new policies set by elected officials and elimination of programs or services that are no longer needed. The PECBA recognizes that many of these mid-term changes need to happen quickly and provides for a 90 day (instead of 150 days for regular bargaining) period for bargaining, thus allowing the employer to implement needed changes. At the end of the 90 days, the employer can implement and the union can strike if an agreement is not reached.

Under HB 2544 the parties would be required to go to interest arbitration if there is no agreement. This will delay implementation of a needed change for a minimum of three months and could take as long as a year. Important new policies, new work and new programs to serve the public could be delayed for a very long time.

We are open to working with the bill's sponsors to address these issues.

Thank you for the opportunity to comment.

Anna Kanwit  
Director, Bureau of Human Resources