

Now Is Not the Time to “Roll Over” a Collective Bargaining Agreement: Essential Collective Bargaining Steps for the Covid-19 Economic Crisis

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Unfortunately, even after the COVID-19 health crisis subsides municipalities will be faced with severe fiscal challenges when dealing with catastrophic losses in pension fund valuations and substantial losses in tax revenues. As the collective bargaining timelines under Act 111 and Act 195 approach, unions already have been requesting municipalities to “just roll over” existing collective bargaining agreements. Your answer to such requests should be an emphatic no. Municipalities must avoid the short term temptation to avoid any contract roll over due to the current maelstrom of COVID-19 challenges since changes in wages, pension benefits and work rules will be essential in keeping municipal services sustainable.

Moody’s Investment Services estimates the U.S. public pension losses are approaching one trillion and threaten to severely compound the pension liability challenge facing municipalities. Unemployment levels are at the highest levels since the Great Depression and projected municipal revenue losses are unprecedented. Based upon these fiscal uncertainties, municipalities must work with labor counsel to negotiate new contracts that address these challenges and provide a path forward to keep operations sustainable.

Municipalities that have any contracts expiring this year should immediately work with labor counsel to review the contracts, pension and health plans to identify necessary proposals for cost saving and operational changes that will strengthen your ability to weather the economic storm caused by COVID-19. Now is the year for Act 111 units where your municipality may want to demand interest arbitration if unions are not amenable to negotiating necessary changes. Arbitrators in this catastrophic economic climate may be likely to award significant changes to foster sustainability.

As a result, municipalities must continue to focus on preparing for negotiations and arbitration, as we explained in our [August 29, 2019 Alert](#). Negotiation and arbitration deadlines still exist and have not been postponed as a result of the COVID-19 pandemic. While face-to-face negotiations may be postponed until it is safe to resume such activity, municipalities must be ready to meet all deadlines and should consider online negotiations if feasible. These deadlines include demanding negotiations with uniformed personnel by June 30, 2020, responding timely to any such demand from a union and being ready to either demand interest arbitration or timely respond to a demand for interest arbitration.

Many unions in these troubling economic times may make a tactical decision to not demand contract arbitration in hope that a municipality in the confusion of dealing with the pandemic may not take necessary negotiation and arbitration steps. All municipal employers should be ready for this possibility and consult with labor counsel in order to prepare necessary contract proposals and, if necessary, to demand arbitration. Any municipality with collective bargaining agreements expiring this year should immediately call labor counsel for a strategy consult on these necessary steps.

Campbell Durrant attorneys have been representing public employers in Act 111 bargaining and interest arbitration for more than 30 years including helping hundreds of municipalities handle similar challenges and achieve positive results after the 2008 economic crisis. Now is the time for us to help you make necessary changes to your labor contracts, pension and health plans so that your municipality can keep services sustainable in light of the long-term economic challenges caused by COVID-19. We await your call.