Promoting Good Government at the Local Level

LOCAL GOVERNMENT 101

A Local Official's Guide to Labor Relations Terminology

www.ca-ilg.org/LaborRelationsGlossary
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Salary, healthcare, pensions, leaves and other employment benefits are typically viewed by employees as an important component of the compensation package they receive for their work. Employer proposals to change any of those benefits, even for new employees, are subject to California law which requires the public employer to notify the applicable employee organization about the changes and provide it with the opportunity to meet and confer or bargain over the proposed changes and/or the impact(s).

Listed in alphabetical order below are the key concepts relating to that process.

Agency Shop. This refers to a situation in which an employee whose classification is part of an employee association or in a *bargaining unit* must either join the employee association (union) or pay the association a fee for its services in representing the employee's interests to management. The state's *collective bargaining* law for local public agencies (the *Meyers-Milias-Brown Act*) specifies the procedures for creating an agency shop. Agency shops provide an equitable balance between a desire to make union membership a voluntary decision of each employee and the union's interests in avoiding "free riders" (people who benefit from that part of the union's activities but do not pay for them).

Arbitration. This is a method for resolving disputes by submitting the dispute to a neutral third-party (an arbitrator) who conducts an evidentiary hearing and whose decision may be final and "binding" or merely "advisory," depending on the policy of the employer or the terms of an existing *memorandum of understanding*.

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Typically, the public employer and the recognized employee organization split the cost of the arbitrator's fees as provided in their *collective bargaining* agreement or contract.

- "Grievance" or "Rights" Arbitration. This type of arbitration resolves disagreements over the interpretation and application of an existing *memorandum of understanding*.
- "Interest" Arbitration. This process resolves an *impasse* in negotiations and requires an arbitrator (or arbitration panel) to determine the terms for a new *memorandum of understanding*, which may be advisory or binding.

Note that the arbitrator's decision in interest arbitration may only be binding on the local agency if the agency (or its voters) have decided to give such authority to the arbitrator; state laws providing for binding interest arbitration have been declared unconstitutional, because they deny local officials of their authority over budget decisions by giving that authority to a private individual.²

Bargaining Unit. This refers to a group of employees who share related skills or common interests in working conditions. This grouping or bargaining unit is then represented by a union or other public employee organization in its relationship with the public agency employer, to include *collective bargaining*. The term "bargaining unit" is used interchangeably with the terms "union," "employee association," or "recognized employee organization."

All employees holding positions represented by the bargaining unit are covered by the *memorandum of understanding* reached between the employer and recognized employee organization, whether they are dues-paying union members or not.

For California local agencies, the public agency employer determines the appropriate bargaining units within the agency.³ The agency typically has an employer-employee relations ordinance or resolution which describes the procedures to determine bargaining units, to resolve disputes over bargaining unit formation and to establish bargaining unit representation. The public agency typically creates these procedures after consulting in *good faith* with the representatives of a recognized employee organization.⁴ Related concept: *meet and confer*.

Closed Session. California's open meeting laws allow a local agency governing body to meet in closed session to provide instructions to the agency's bargaining representatives. These sessions may take place both before and during labor negotiations. The instructions can include parameters on salaries, benefits and working conditions. Discussions on funding priorities and available funds may occur, but only insofar as necessary to instruct the agency's bargaining representatives.

The theory of allowing these discussions to occur in closed as opposed to open session is to enable the agency to avoid revealing the agency's bargaining parameters to *bargaining unit* representatives. These closed sessions help agency leaders to communicate with their bargaining representatives in confidence in an effort to obtain the best deal possible for taxpayers. Related concept: *confidentiality, transparency*.

Collective Bargaining. This is the negotiation process that occurs between an employer and a *bargaining unit* where the parties try in *good faith* to reach agreement on wages, hours, benefits and other terms and conditions of employment. (Wages and benefits, hours and other terms and conditions of employment are the "mandatory" subjects within the scope of bargaining and upon which the parties must *meet and confer* in *good faith*.)

A union or other labor organization typically represents a *bargaining unit* in the collective bargaining process with the public agency employer. The parties can collectively bargain over such issues as salaries, benefits, vacation time, work hours, safety conditions, grievance procedures, etc.

The goal of the collective bargaining process is for the parties to reach an agreement on wages, hours and the terms and conditions of employment and to honor them by creating a "memorandum of understanding." Collective bargaining by local public entities is governed by state statutory laws and administrative agency (Public Employment Relations Board or PERB) regulations and judicial decisions. Related concepts: bargaining unit and good faith.

Confidentiality. Disclosing confidential information shared in *closed session* relating to the public agency's *collective bargaining* parameters or strategies violates the state's open meeting laws. ¹¹ Any decision to disclose confidential information must be a legislative majority decision, not an individual legislative body member decision. ¹² For more information, see www.ca-ilg.org/closed-session-leaks. Related concept: *transparency*.

Concession Bargaining. This form of bargaining, also called "take back" bargaining, refers to a situation in which a public agency finds itself unable to maintain the same level of staffing, wages and/or benefits (or other terms and conditions of employment) for its *bargaining units* typically due to budget constraints. One of the agency's options is to negotiate concessions with its *bargaining units* to reduce costs in order to achieve a balanced budget.

This contrasts with bargaining sessions in which *bargaining units* enter into negotiations seeking enhancements to salaries, benefit packages, staffing levels and such.

Critical elements to the success of concession bargaining include agency *transparency* in terms of its financial situation, trust in the accuracy of the financial information it shares with the recognized employee organization, and clarity on the agency's labor relations objectives.¹³

Effects Bargaining. This is a type of bargaining which involves certain *management rights* which impact wages, hours or conditions of employment—matters within the mandatory *scope of representation*. These decisions need not to be a part of bargaining, however to the extent that they have an impact or effect on employee wages, hours or conditions of employment, the agency must *meet and confer* on the impacts. Related concepts: *meet and confer, management right* and *scope of representation*.

Elected Official Role in Collective Bargaining. Typically, the most effective role elected officials can play in the labor relations process is to set key financial and other parameters for the negotiating team that indicate what kind of final agreement the governing body will be willing to approve at the end of the negotiating process. ¹⁴ Financial parameters include salary and benefit costs, but also costs associated with operational changes that may be proposed in the course of discussions.

By setting parameters, as opposed to specific positions or strategies, the governing body provides its bargaining representatives with the flexibility necessary to engage in the give and take characteristic of the bargaining process.

It is not uncommon for the recognized employee organization to lobby individual members of the legislative body in order to gain an advantage in the bargaining process. Parameters for contacting legislative body members during labor negotiations as well as other procedural matters may be agreed to in a negotiated set of *ground rules* to help guide the *collective bargaining* process.

For more information, see www.ca-ilg.org/post/elected-officials-role-collective-bargaining. Related concepts: *closed session* and *confidentiality*.

Employee-Employer Relations Resolution. A local public agency may adopt rules through an ordinance or resolution that will govern its labor relations activities, including its *impasse* procedures. As with other actions involving the setting of rules or policies affecting members of a recognized employee organization, the agency must consult in *good faith* with recognized employee organizations before finalizing its rules. ¹⁵ California law offers a list of issues that can be addressed through such rules. ¹⁶

Fact Finding. This is a process for local agencies and employee organizations when they come to *impasse* in labor negotiations. The process provides the recognized employee organization the right to request the parties' differences be submitted to a fact-finding panel. The recognized employee organization must make a written request for fact finding within 30 days from *impasse* declaration or a decision of a mediator, if *mediation* was used to resolve the *impasse*. The fact finding panel is composed of three persons—one chosen by the public agency employer, one chosen by the recognized employee organization, and the chair provided by the Public Employment Relations Board ("PERB"). The parties split the costs of the fact finding panel. Once convened, the fact finding panel must conduct an investigation, hold informal hearings and issue a report within 30 days.

The panel considers many criteria, including:

- Interests and welfare of the public and the fiscal health of the public agency.
- The cost of living.
- Hours, conditions of employment, and overall compensation received by employees: wages, healthcare, retirement benefits, vacations, holidays, and other excused time.
- Comparability of hours, conditions, and overall compensation received by employees of comparable public agencies.

The parties have 10 days to negotiate and reach agreement once the fact finding opinion is released. After 10 days, if the parties are unable to reach negotiated agreement, the fact finding opinion becomes a public record and the governing body of the public agency may declare *impasse* and unilaterally impose its *last*, *best*, *and final offer*, which remains until the parties negotiate a new *memorandum of understanding*.

Good Faith. The law requires local agencies to genuinely try to reach an agreement with employee organizations prior to making a decision affecting matters within the mandatory scope of bargaining (wages, hours and other terms and conditions of employment). ¹⁷ This involves approaching conversations with an authentic desire to resolve differences and reach a common ground, ¹⁸ as opposed to a resolve not to budge from an initial position. ¹⁹

Ground Rules. A voluntary set of agreed-to rules or procedures to guide the *collective bargaining* process. Ground rules typically include such matters as how many persons may participate, how often meetings will occur, whether the parties may take time out to caucus, agreeing to refrain from discussing the negotiations in public or contacting members of the governing body, etc. Ground rules are not required; they can be helpful in the *collective bargaining* process if the parties can easily agree to their content.

Impasse. Despite everyone's *good faith* efforts, there can come a point in negotiations in which one or both parties determine that their differences are so substantial or discussions so prolonged that future meetings would be futile. ²⁰ If this occurs, a local agency can implement the impasse resolution procedures specified in its *employer-employee relations resolution*. After exhaustion of the impasse resolution procedures (including the *fact-finding* process if requested by the recognized employee organization) agencies not subject to *arbitration* may implement the agency's *last, best, and final offer*. ²¹

Last, Best, and Final Offer. When the parties have reached *impasse*, the local agency may provide a last, best, and final offer which describes the local agency's position on the mandatory *scope of representation* (wages, hours and conditions of employment). These are the terms which can be unilaterally implemented by the local agency, after going through *impasse* procedures. Imposition of the last, best, and final offer does not create a *memorandum of understanding*. The offer remains in place until the parties negotiate a new *memorandum of understanding* through the *meet and confer* process, prior to the adoption of the agency's next fiscal year budget.

Management Rights. These are prerogatives reserved to management, relating to the merits, necessity and organization of the services the agency provides to the community. Management rights are outside the mandatory *scope of bargaining*. Examples including the right to hire, fire, determine whether a public program is necessary and to what extent it should be staffed. Matters which fall within a local agency's management rights are generally not subject to *meet and confer*. However, to the extent that exercise of management rights, affects wages, hours or conditions of employment, *effects bargaining* may be required. Related concepts: *meet and confer*, *meet and consult* and *effects bargaining*.

Mediation. A method of resolving *impasse* in which a mutually agreed upon third-party (a mediator) assists the parties in identifying areas of shared interest and facilitating agreement. The public agency and the recognized *employee* organization(s) share the mediation costs.²² The mediator acts as a facilitator in helping the parties resolve their differences. Typically, mediation is not final and binding nor does it require an evidentiary hearing. If the parties do not resolve the *impasse* through mediation, the recognized employee organization may request *fact finding*. Alternatively, in *interest arbitration*, the arbitrator (or arbitration panel) acts as a decision-maker and resolves disputed issues.

"Me-too" Clause. This can be a clause in a *memorandum of understanding*. It says that if another employee *bargaining unit* within the local agency negotiates or receives a better benefit, then that *memorandum of understanding* with the "Me-too" clause is automatically enhanced in the same way.

Meet and Confer. Public agency management and employee representatives have a mutual obligation to bargain in *good faith* to reach agreement on issues relating to wages (including pensions and other post-employment benefits), hours and other terms and conditions of employment (sometimes referred to as "the mandatory *scope of representation*"). ²³ This obligation does not extend to issues relating to the merits, necessity, or organization of a particular public service activity (so called "*management rights*"), except to the extent that any proposed changes impact wages, hours or other terms and conditions of employment. ²⁴

Meet and Consult. This is a lesser standard of consultation between public agency management and employee representatives. It applies to changes to public agency policies, rules and regulations regarding management rights to the extent that they do not affect the mandatory *scope of representation*.

For example, changes to personnel rules, department policies or general orders or (depending on content) the *employee-employer relations resolution* require that the public agency notify the recognized employee organization of the proposed changes and offer to discuss the new policy prior to implementation. However, under the meet and consult standard, the parties are need not to reach negotiated agreement on the policy prior to implementation. Where the new policy affects or impacts the mandatory *scope of representation*, the parties must *meet and confer* to attempt to reach negotiated agreement prior to implementation by the public agency.

Memorandum of Understanding (MOU). Also referred to as a contract or a *collective bargaining* agreement, this is a written agreement between the local public agency and the recognized employee organization. It describes the wages, hours and other terms and conditions of employment for the organization's *bargaining unit* members for a stated period of time, as *collectively bargained* by the parties. ²⁶ To be binding, both the employee organization and the governing body must approve the memorandum of understanding. ²⁷

Meyers-Milias-Brown Act. This is the California law²⁸ that provides a framework for resolving labor issues (such as wages, hours and other terms and conditions of employment) between local public agencies and public employee organizations. It is sometimes referred to by its acronym "MMBA."

The act recognizes the right of public employees to join labor organizations of their own choice and be represented by those organizations in their employment relationships with public agencies. ²⁹ It covers cities, counties, and special districts but does not cover public school districts, community colleges, the University of California, the State University system or the State of California. ³⁰

Past Practice. These are practices or policies which have not been reduced to writing, but have, over a period of time, become accepted by both management and the recognized employee organization. A past practice may show how a provision in a *memorandum of understanding* has been interpreted by the parties. An established past practice can be ended or changed with proper notice and process. A *zipper clause* can also be used to try to defeat a claim of entitlement to a past practice.

Public Employment Relations Board (PERB). This is a California agency that helps resolve *collective bargaining* disputes between public employers, employees and their unions. It upholds and administers California law concerning the *collective bargaining* statutes covering California public employees. PERB's jurisdiction is limited to resolving claims of *unfair labor practices* and interference with employee organization rights (right to unionize and be free from reprisal for *collective bargaining* activity), over which is has exclusive initial jurisdiction (this means that the parties cannot file a lawsuit prior to asking PERB to resolve the dispute). PERB does not enforce terms in a *memorandum of understanding* or an *Employee-Employer Relations Resolution*.

Regressive Bargaining. This occurs when a party backs away from a proposal submitted during negotiations. Such action can be the basis of a claim of not negotiating in *good faith*.

Reopener Clause. This is a clause in a *memorandum of understanding* which sets a date or an event which reopens negotiations on a particular issue within the agreement. An example of a reopener clause is an agreement to revisit a cost of living raise for employees in the event that the local agency receives new revenues.

Scope of Representation. The "scope of representation" refers to all matters relating to employment conditions and employer/employee relations, including, but not limited to, wages, hours, pensions, benefits and other terms and conditions of employment.³¹ It does not include consideration of the merits, necessity or organization of any service or activity provided by law or executive order, which is sometimes referred to as *management rights* within the "permissive" scope of representation.³²

Tentative Agreement ("TA") Issues that have been agreed to during bargaining are set aside as being the subject of a tentative agreement or "TA." The parties then can continue to work on the other unresolved issues at the bargaining table. A *tentative agreement* on any issue does not in and of itself become an agreement until all the issues have been resolved and both parties have approved the final agreement.

Transparency. The state's open meeting laws generally balance the values of transparency and *confidentiality* in regards to labor negotiations. For example, the governing body of a public agency must describe the nature of a particular *closed session* item on its agenda. ³³ This makes the public aware of the fact that instructions are being given to the agency's labor negotiators in *closed session*; it also provides the public the opportunity to offer their thoughts prior to the governing body's *closed session*. ³⁴

Once labor negotiations are completed and the *bargaining unit* approves the agreement, the *memorandum of understanding* must be approved in an open meeting by the represented employees.³⁵

The governing body can choose to publicly disclose more than the information required under the open meeting laws, but it can never provide less information.

Another element of transparency is the fact that public agency salaries and benefits are generally considered public records, as are contracts between public agencies and employees. ³⁶ Public records law requires agencies to disclose records upon request. Given the recent public interest in public agency salaries and benefit packages, one policy and transparency issue for local agencies to consider is to make public records readily available (for example, through the agency's website) without waiting for a public records request. For more information on website transparency, see www.ca-ilg.org/post/local-agency-website-transparency-opportunities.

Unfair Labor Practice Charge (ULP). This is an allegation of failure to bargain in *good faith* or interference with an employee's rights to form a union or participate in the *collective bargaining* process. Either the employee, recognized employee organization or the local agency can file an unfair labor practice charge with the *Public Employment Relations Board*, which has exclusive initial jurisdiction to hear the matter. An unfair labor practice charge must be filed within six months from the date the charging party knew about the conduct alleged in the charge.

Zipper Clause. This is a provision in a *memorandum of understanding* that states that the written *memorandum of understanding* is the complete agreement negotiated between the parties. Such a clause typically states that nothing excluded from the written *memorandum of understanding* is agreed to unless it is put in writing, signed by all parties an attached to the *memorandum of understanding*.

About the Institute for Local Government

ILG is the nonprofit 501(c)(3) research and education affiliate of the League of California Cities and the California State Association of Counties. For more information and to access the Institute's resources on personnel and labor relations visit www.ca-ilg.org/personnellabor-relationspensions. If you would like to access this resource directly, go to www.ca-ilg.org/post/labor-relations-terminology.

The Institute welcomes feedback on this resource:

- Email: info@ca-ilg.org Subject: Labor Relations Terminology
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Endnotes, References and Resources for Further Information

¹ Cal. Gov't Code §§ 3502.5.

² See Cal. Civ. Proc. Code § 1299 and following, declared unconstitutional in *County of Riverside v. Superior Court*, 30 Cal. 4th 278 (2003); *County of Sonoma v. Superior Court*, 173 Cal. App. 4th 322 (2009).

³ Covina-Azusa Fire Fighters Union, Local 2415 v. City of Azusa, 81 Cal. App. 3d 48, 59 (1978).

⁴ Cal. Gov't Code §§ 3507.

⁵ Cal. Gov't Code § 54957.6(a) ("Closed sessions of a legislative body of a local agency, as permitted in this section, shall be for the purpose of reviewing its position and instructing the local agency's designated Representatives.")

⁶ Cal. Gov't Code § 54957.6(a) ("Closed sessions, as permitted in this section, may take place prior to and during consultations and discussions with representatives of employee organizations and unrepresented employees.")

⁷ Cal. Gov't Code § 54957.6(a) ("Notwithstanding any other provision of law, a legislative body of a local agency may hold closed sessions with the local agency's designated representatives regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits of its represented and unrepresented employees, and, for represented employees, any other matter within the statutorily provided scope of representation.").

⁸ Cal. Gov't Code § 54957.6(a) ("Closed sessions with the local agency's designated representative regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits may include discussion of an agency's available funds and funding priorities, but only insofar as these discussions relate to providing instructions to the local agency's designated representative.")

- ⁹ See Sacramento Newspaper Guild v. Sacramento County Board of Supervisors, 263 Cal. App. 2d 41, 46 (1968) (noting in the context of settlement discussions that "If the public's 'right to know' compelled admission of an audience, the ringside seats would be occupied by the government's adversary, delighted to capitalize on every revelation of weakness.").
- ¹⁰ See Cal. Gov't Code § 3505.1.
- ¹¹ See Cal. Gov't Code § 54963.
- ¹² See Cal. Gov't Code §54963(a) ("A person may not disclose confidential information that has been acquired by being present in a closed session ... to a person not entitled to receive it, *unless the legislative body authorizes disclosure of that confidential information.*" emphasis added).
- ¹³ For example, the County of Ventura has supplemented its overall mission, values and goals statements with an application of those principles to its labor relations activities. The result is a specific vision, mission and set of labor relations principles adopted by the governing board that guided the county's negotiations and articulated goals and principles with which bargaining units could agree.
- principles with which bargaining units could agree.

 14 For more insights on the role of elected officials in the bargaining process, see www.mml.org/pdf/hmo/book.pdf (Handbook for Municipal Officials, published by the Michigan Municipal League, 2004—Labor Relations).
- ¹⁵ Cal. Gov't Code § 3507(a) ("A public agency may adopt reasonable rules and regulations after consultation in good faith with representatives of a recognized employee organization or organizations for the administration of employer-employee relations under this chapter.")
- ¹⁶ Cal. Gov't Code § 3507(a) ("The rules and regulations may include provisions for all of the following:
 - (1) Verifying that an organization does in fact represent employees of the public agency.
 - (2) Verifying the official status of employee organization officers and representatives.
 - (3) Recognition of employee organizations.
 - (4) Exclusive recognition of employee organizations formally recognized pursuant to a vote of the employees of the agency or an appropriate unit thereof, subject to the right of an employee to represent himself or herself as provided in Section 3502.
 - (5) Additional procedures for the resolution of disputes involving wages, hours and other terms and conditions of employment.
 - (6) Access of employee organization officers and representatives to work locations.
 - (7) Use of official bulletin boards and other means of communication by employee organizations.
 - (8) Furnishing nonconfidential information pertaining to employment relations to employee organizations.
 - (9) Any other matters that are necessary to carry out the purposes of this chapter.")
- ¹⁷ See Cal. Gov't Code § 3505.
- ¹⁸ Placentia Fire Fighters v. City of Placentia, 57 Cal. App. 3d 9, 25 (1976).
- ¹⁹ Placentia Fire Fighters, at 25.
- ²⁰ Cal. Gov't Code § 3540(f).
- ²¹ Cal. Gov't Code § 3505.4.
- ²² Cal. Gov't Code § 3505.2.
- ²³ Cal. Gov't Code §§ 3505.
- ²⁴ See Berkeley Police Association v. City of Berkeley, 76 Cal. App. 3d 931 (1977).
- ²⁵ Cal. Gov't Code § 3507
- ²⁶ Cal. Gov't Code § 3505.1.
- ²⁷ Valencia v. County of Sonoma, 158 Cal. App. 4th 644 (2007).
- ²⁸ Cal. Gov't Code §§ 3500-3511.
- ²⁹ Cal. Gov't Code §§ 3500-3503, 3505.
- ³⁰ Cal. Gov't Code § 3501(c)-(d), 3501.5. See Cal. Educ. Code § 88000.
- ³¹ Cal. Gov't Code §§ 3504.
- ³² See Berkeley Police Association v. City of Berkeley, 76 Cal. App. 3d 931 (1977).
- ³³ See Cal. Gov't Code §§ 54954.2, 54956. See also Cal. Gov't Code §54954.5 ("safe harbor" closed session agenda descriptions).
- ³⁴ See Cal. Gov't Code §§ 54954.3(a).
- ³⁵ See Cal. Gov't Code §§ 54957.1(a)(6) Approval of an agreement concluding labor negotiations with represented employees pursuant to Section 54957.6 shall be reported after the agreement is final and has been accepted or

ratified by the other party. The report shall identify the item approved and the other party or parties to the negotiation.")

³⁶ See Cal. Gov't Code § 6254.8 ("Every employment contract between a state or local agency and any public official or public employee is a public record which is not subject to the provisions of Sections 6254 [specific exceptions to records disclosure requirements] and 6255 [general exception/balancing test]"). See also International Federation of Professional and Technical Engineers, Local 21, AFL-CIO v. Superior Court, 42 Cal. 4th 319 (2007) (finding no basis to withhold records relating to request to disclose names and salaries of public employees earning \$100,000 or more each year). See also League of California Cities, The People's Business: Guide to the Public Records Act, 2008 at 29 and 30 (available at www.cacities.org/UploadedFiles/LeagueInternet/62/62f84af4-13c5-4667-8a29-261907aea6d6.pdf).