

## Frequently Asked Questions Interest Arbitration Procedures

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On June 24, 2014, Governor Christie signed into law A3424, a bill that revises police and fire interest arbitration law, N.J.S.A. 34:13A-16 through N.J.S.A. 34:13A-16.9. The amended law, L. 2014, c. 11, became effective immediately, is retroactive to April 2, 2014 and expires on December 31, 2017. You can obtain a copy of A3424 (L. 2014, c. 11) at this link: [http://www.njleg.state.nj.us/2014/Bills/A3500/3424\\_11.PDF](http://www.njleg.state.nj.us/2014/Bills/A3500/3424_11.PDF). The following are answers to questions regarding the 2014 amendments.

1. Q: Under the amended law, are arbitration awards subject to a 2% cap on base salary?  
A: Yes, provided the contract has an expiration date on or after Jan 1, 2011 through December 31, 2017. The 2% cap was extended by operation of L. 2014, c. 11 and applies retroactively to April 2, 2014.
2. Q: If a municipality received an interest arbitration award subject to the 2% cap, would the next petition for interest arbitration be subject to a 2% cap?  
A: Yes, provided the next contract expires on or before December 31, 2017. The 2014 amendment eliminates the 2011 provision that precluded a municipality from being eligible to receive an award with a 2% cap more than once.
3. Q: Can the 2% cap be compounded from year to year?  
A: Yes. The parties may agree, or the arbitrator may decide, to compound the value of the 2% increase after the first year of the new agreement and may distribute the aggregate monetary value of the award over the term of the collective negotiations agreement in unequal amounts.
4. Q: Are the parties required to have a mediation session once a petition is filed to initiate compulsory interest arbitration?  
A: Yes. The amended law requires the arbitrator to conduct the first meeting as a mediation session to obtain a voluntary resolution of the parties' impasse and continues the provision that the arbitrator may mediate at any time during arbitration proceedings.
5. Q: How much time does an arbitrator have to issue an opinion and award?  
A: The amended law extends the period of time in which an arbitrator is to issue a decision from 45 to 90 calendar days from the Commission's assignment of the arbitrator.
6. Q: How much time does an aggrieved party have to file an appeal of an opinion and award?  
A: The amended law extends the period of time in which an aggrieved party may appeal to the Commission from seven to 14 calendar days.

7. Q: How much time does the Commission have to issue a decision on an appeal of an opinion and award?  
A: The amended law extends the Commission's time to issue its decision from 30 to 60 calendar days.
8. Q: How much can an interest arbitrator charge for his or her services?  
A: The maximum cost for an arbitrator's fee has been increased from \$7,500 to \$10,000 under the amended law. The parties will continue to share equally the costs of the arbitration services.
9. Q: Will the Police and Fire Public Interest Arbitration Impact Task Force issue reports?  
A: The amended law requires the Task Force to report its findings and recommendations annually, with its last report due on or before December 31, 2017, the expiration date of L. 2014, c. 11.
10. Q: How will a petition to initiate compulsory interest arbitration be processed?  
A: Example #1. If a petition is filed on July 1, 2014 and the collective negotiations agreement expired on June 30, 2014, the 2014 amendments will apply, including, e.g., mandatory mediation at first arbitration session, 90 days for arbitrator to issue an opinion and award, 2% cap on base salary with ability to compound, and the arbitrator's cost of services cannot exceed \$10,000.  
A: Example #2. If a petition is filed on March 31, 2014 and the collective negotiations agreement expired on December 31, 2013, the 2014 amendments will not apply to the petition; rather, the 2011 amendments will apply, including, e.g., 45 days for the arbitrator to issue an award, 2% hard cap on base salary, and the arbitrator's cost of services cannot exceed \$7,500.  
A: Example #3. If a petition is filed on April 5, 2014 and the collective negotiations agreement expired on December 31, 2013, the 2014 amendments will apply, including, e.g., mandatory mediation at first arbitration session, 90 days for arbitrator to issue an opinion and award, 2% cap on base salary with ability to compound, and the arbitrator's cost of services cannot exceed \$10,000.
11. Q: How will appeals of an arbitrator's opinion and award be processed by the Commission?  
A: All appeals filed on or after April 2, 2014, regardless of whether the 2% hard cap on base salary applied to the award, will be processed under the timelines for appeals in the 2014 amended law, i.e., the parties will have 14 days to file an appeal and the Commission will have 60 days to issue a decision.