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COMPULSORY INTEREST ARBITRATION FOR PUBLIC SAFETY SERVICES IN NEW JERSEY—THE FIRST THREE YEARS

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ABSTRACT

In New Jersey, compulsory interest arbitration (Chapter 85 Public Laws 1977) is an integral part of collective bargaining legislation for all public safety units. The research involved an analysis of the economic and noneconomic bargaining outcomes under a system of compulsory interest arbitration. All data were gleaned from police final-offer awards issued during 1978, 1979 and 1980. For the three-year study, the awarded union positions averaged 1.0 percent higher than the awarded employer positions in 1978, 0.8 percent higher in 1979, and 0.5 percent higher in 1980. The fact that the gap between the average awarded settlement narrowed significantly indicates that compulsory interest arbitration performed its function in bringing the parties so close together that voluntary settlements were possible in 68 percent of the cases. Among the noneconomic issues processed to final-offer arbitration by police groups, interest arbitrators consistently approved police proposals for binding arbitration and agency shop while consistently rejecting proposals for autonomous safety and health committees. The value of predictability is that realistic expectations on the part of both parties can promote more positive pre-arbitration negotiations.

INTRODUCTION

Under the New Jersey Employer-Employee Relations Act, Chapter 303, Public Laws 1968 as amended by Chapter 123, Public Laws 1974, which sanctioned public sector collective bargaining in the state, the right to strike was not legalized. Despite the fact that no accommodation was made in the impasse procedures for the legal right to strike, public employee unions have used the strike weapon as a means of coercing recalcitrant public employers. The legislature recognized the dual need to protect the public from the loss of vital

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services performed by uniformed public employees and the need to provide those public employee unions with bargaining power equal to that of public employers. It responded by amending the collective bargaining statute in 1977 to include the Police and Fire Arbitration Act, known as Chapter 85, which provides for compulsory interest arbitration.

Compulsory interest arbitration brings finality to uniformed public employee negotiations as the award rendered is binding upon both parties. If the parties do not agree on an alternative method, final-offer arbitration is imposed by statute. Under this procedure, each side presents its final positions and the arbitrator decides the economic issues as a package and the noneconomic items on an issue-by-issue basis. As opposed to conventional arbitration, whereby the arbitrator may "split the difference" (of the economic positions) between the parties, in the final-offer procedure, arbitral discretion is removed and the "winner takes all." Chapter 85 mandates that the arbitrator adopt the most reasonable positions based on consideration of specific criteria contained in the law.

The bargaining outcomes are of interest to police and fire fighters as well as to the class of employees who may fall under its jurisdiction in the future. Therefore, the objective of this investigation was to study the results of compulsory interest arbitration in the first three years to determine the answer to the following question:

> Judging from New Jersey's experience with police units, what kinds of bargaining outcomes can be reasonably expected from the final-offer arbitration process?

To achieve that objective, a two-part study was made of a sample of police final-offer interest arbitration awards issued during the fiscal years 1978, 1979, and 1980. First, the researcher investigated the issue of whether the economic settlements awarded police unit employees under final-offer arbitration favored union or management. "Who's winning in interest arbitration?" was determined in terms of the economic package that prevailed. Only those cases in which final offers on salary increases could be measured in percentage terms were used to answer the following questions:

1. Were the percentage wage increases awarded skewed toward labor's or management's last offer?
2. What were the differences between the employers' and unions' final offers on salaries?
3. Was there any pattern of awards being split along economic-noneconomic lines?

Second, the researcher investigated the issue of what bargaining outcome the parties may expect in regard to the arbitrators' handling of specific noneconomic issues under final-offer arbitration. The results of an examination of the

arbitrators' treatment of the major issues were used to indicate whether there was a pattern to the arbitrators' awards on particular noneconomic issues. The findings helped answer the following questions:

1. What was the nature of the noneconomic issues submitted to interest arbitration?
2. What was the degree of consistency or inconsistency of the awards of different arbitrators?
3. To what extent can the operative criteria and weighting of the criteria be identified?

PRESENTATION AND ANALYSIS OF FINDINGS

There are estimated to be between 800 and 900 bargaining units eligible to participate in New Jersey's compulsory interest arbitration process [1]. Taking into account multiyear contracts, perhaps half of these units negotiate in any given year. Of that number, about 50 percent file compulsory interest arbitration petitions with the Public Employment Relations Commission (PERC) annually.

While the number of interest arbitration petitions filed with PERC each year remained fairly constant at 200+, the number of cases that went to a final award decreased from 106 in 1978 to 69 in 1980. Police units (202) accounted for 80 percent of the total number of awards issued for the three-year period. Fire fighters (forty-five), public works employees (three), clerical workers (one), teachers (one), and nurses (one) constituted the remaining parties receiving interest arbitration awards. The statutory final-offer procedure was utilized in 71 percent of the cases. The balance were conventional, consent, and issue-by-issue arbitration awards.

The 126 police final-offer arbitration awards, analyzed in the economic portion of this research, consisted of forty-four cases from 1978, forty-three cases from 1979, and thirty-nine from 1980. Of the noneconomic issues submitted to interest arbitrators for determination, the sample subjects presented in this study were drawn from thirty-five police final-offer cases awarded by twenty-one different arbitrators over the same period of years. Cases will be cited by the PERC index numbers. The case names and the full text of the cases are available at PERC in Trenton and at the Carey Labor Library of the Institute of Management and Labor Relations, Rutgers University, New Brunswick, New Jersey.

Economic Salary Outcomes

Out of the 126 final-offer arbitration awards analyzed for this study, the arbitrator sustained the union's position in seventy-eight cases, whereas the public employer's position was upheld in forty-eight cases. Translated into

Table 1. Union Awards of Final-Offer Salary Increases, 1978–1980

PERC No. IA-	*Employer Percentage Offer*	*Union Percentage Offer*	*PERC No. IA-*	*Employer Percentage Offer*	*Union Percentage Offer*	*PERC No. IA-*	*Employer Percentage Offer*	*Union Percentage Offer*
78-5	5.0	7.0	79-13	5.0	7.0	80-11	5.0	6.5
78-12	5.0	6.7	79-36	5.5	7.5	80-21	6.8	8.7
78-31	5.0	6.0	79-42	6.5	8.0	80-25	.0	9.3
78-33	5.2	5.5	79-49	5.5	6.0	80-37	4.4	8.3
78-36	5.0	5.5	79-53	7.0	7.0	80-44	7.0	6.7
78-38	3.0	9.0	79-61	7.0	7.0	80-59	7.0	7.0
78-50	5.1	6.5	79-64	.0	7.5	80-65	5.4	7.2
78-52	4.0	5.5	79-80	4.0	5.5	80-77	5.5	7.0
78-57	4.6	6.0	79-86	7.3	7.5	80-86	6.8	6.0
78-63	.0	6.3	79-98	7.0	7.0	80-89	8.0	8.0
78-64	4.0	6.7	79-106	7.0	8.8	80-92	.0	12.0
78-82	6.8	6.5	79-112	6.0	7.0	80-102	6.4	8.0

78-89	4.9	7.5	79-116	8.0	7.0	80-103	6.5	7.0
78-91	7.5	7.5	79-117	5.0	7.0	80-104	6.0	6.5
78-119	3.0	7.0	79-134	7.0	7.0	80-107	7.5	7.7
78-121	6.2	7.4	79-140	.0	6.4	80-112	7.0	9.0
78-127	6.0	6.5	79-146	4.4	6.7	80-125	6.5	8.0
78-133	6.5	8.0	79-149	5.0	6.5	80-139	5.0	8.0
78-140	5.0	7.0	79-150	7.0	7.4	80-141	5.6	7.5
78-145	4.5	6.0	79-161	7.0	7.5	80-145	8.0	8.0
78-149	5.0	9.5	79-188	5.5	7.0	80-152	5.0	6.0
78-150	6.0	8.0	79-202	6.0	7.0	80-157	7.0	7.0
78-156	6.0	6.6	79-209	5.0	5.4	80-160	5.0	5.0
78-159	5.5	7.0	79-215	5.0	7.0	80-162	5.0	6.6
78-164	6.2	6.5				80-170	7.0	9.0
78-173	6.1	8.0				80-207	5.5	7.9
78-193	.0	5.5				80-214	.0	9.0
Average:		6.9			7.0			7.7

Table 2. Employer Awards of Final-Offer Salary Increases, 1978–1980

PERC No. IA-	*Employer Percentage Offer*	*Union Percentage Offer*	*PERC No. IA-*	*Employer Percentage Offer*	*Union Percentage Offer*	*PERC No. IA-*	*Employer Percentage Offer*	*Union Percentage Offer*
78-9	5.0	7.5	79-8	7.0	7.0	80-15	7.0	7.0
78-11	7.0	9.0	79-14	6.5	8.0	80-33	7.5	8.8
78-13	6.0	6.7	79-15	5.5	6.8	80-43	7.5	7.5
78-16	6.0	8.4	79-38	6.5	7.0	80-58	7.0	7.1
78-45	5.0	6.0	79-41	6.4	7.6	80-69	7.0	8.5
78-60	6.3	12.2	79-44	3.8	5.0	80-94	4.7	6.3
78-75	5.0	5.7	79-50	6.3	6.5	80-129	7.5	9.0
78-97	5.0	5.3	79-63	5.7	8.6	80-130	7.5	9.0
78-158	9.0	9.0	79-69	5.6	6.0	80-135	8.5	10.0
78-165	5.5	6.0	79-70	6.0	10.0	80-168	6.3	7.5
78-166	5.0	7.0	79-104	5.0	6.5	80-188	5.8	5.8
78-181	3.5	5.3	79-110	6.4	7.0	80-218	9.6	10.9
78-182	6.5	8.2	79-151	5.0	6.0			
78-187	7.0	8.5	79-171	8.5	11.0			
78-188	6.5	6.8	79-174	5.5	5.5			
78-195	6.0	7.5	79-178	8.6	16.4			
78-200	6.2	6.0	79-184	7.5	11.6			
			79-197	5.9	9.1			
			79-220	7.0	9.5			
Average:	5.9			6.2			7.2	

percentage figures, the union prevailed nearly 62 percent of the time. The data would *prima facie* indicate that, indeed, the unions are "winning" in interest arbitration. However, a closer consideration of the final percentage salary increases may temper that conclusion. The cases in which the unions' economic packages were selected are listed in Table 1. The cases in which the employers' economic packages were selected are listed in Table 2.

The average salary increase awarded in accordance with union positions in 1978 was 6.9 percent (Table 1), while the average salary increase awarded in accordance with employer positions was 5.9 percent (Table 2), representing a 1 percent differential between the parties. In 1979, the gap between the average settlements became even closer, with the selected union positions averaging 7.0 percent (Table 1) increases, as opposed to the selected employer positions averaging 6.2 percent (Table 2) increases. The trend continued in 1980, with the average selected union final offer yielding a 7.7 percent (Table 1) salary increase, as measured against the average selected employer final offer of 7.2 percent (Table 2). Even discounting the instances in which the employer's final offer was the same or higher than the union's final offer (See Table 3), the results remained substantially the same. Thus, it appears that the parties are moving closer to each other's final offers as the process matures.

The mean, standard deviation, and the coefficient of variation are used in Table 4 to illustrate the degree of dispersion within the parties' final offers as they are grouped in Tables 1 and 2. In each group of final offers, it was the lower end of the union offers that won and, conversely, it was the upper end of the employer offers that won. The coefficient of variation is a measure of relative dispersion allowing for comparisons of standard deviations relative to their mean. Looking at the coefficient of variation, in each year the group of offers awarded tended to be more homogeneous than the group of final offers that were rejected. The findings indicate that there were upper and lower boundaries to offers considered acceptable by the arbitrators.

Table 3 lists the specific percentage differences that separated the parties' final wage offers in each of the surveyed cases for the years 1978-80. In every case, the union's offer was higher than the employer's offer unless a negative sign (−) was indicated. In such cases, where the employer's final wage offer was higher or the same, the unions had other, higher priority considerations at stake in the economic package—e.g., longevity, maximum step, medical insurance, etc. The greatest difference recorded in each of the three years was 6.3 percent in 1978, 7.8 percent in 1979, and an extreme of 12.0 percent in 1980.

In Table 5, the percentage differences were grouped by intervals of one. It illustrates that the difference between the employer's and union's final wage offers was 2.0 percent or less in 79.4 percent of all the cases in the sample. Year by year, a difference of 2.0 percent or less was evident in 77.2 percent of the cases in 1978, 76.7 percent of the cases in 1979, and 84.5 percent in 1980. These data corroborated the information garnered from Tables 1 and 2 that the

Table 3. Percentage Difference Between Employer's and Union's Final Salary Offers

PERC No. IA-	*Percent Difference*	*PERC No. IA-*	*Percent Difference*	*PERC No. IA-*	*Percent Difference*
78-5	2.0	79-8	.0	80-11	1.5
78-9	2.5	79-13	2.0	80-15	.0
78-11	2.0	79-14	1.5	80-21	1.9
78-12	1.7	79-15	1.3	80-25	9.3
78-13	.7	79-36	1.5	80-33	1.3
78-16	2.4	79-38	.5	80-37	3.9
78-31	1.0	79-41	1.2	80-43	.0
78-33	.3	79-42	1.5	80-44	−.3
78-36	.5	79-44	1.2	80-58	.1
78-38	6.0	79-49	.5	80-59	.0
78-45	1.0	79-50	.2	80-65	1.8
78-50	1.4	79-53	.0	80-69	1.5
78-52	1.5	79-61	.0	80-77	1.5
78-57	1.4	79-63	2.9	80-86	−.8
78-60	5.9	79-64	7.5	80-89	.0
78-63	6.3	79-69	.4	80-92	12.0
78-64	2.7	79-70	4.0	80-94	1.6
78-75	.7	79-80	1.5	80-102	1.6
78-82	−.3	79-86	.2	80-103	.5
78-89	2.6	79-98	.0	80-104	.5
78-91	.0	79-104	1.5	80-107	.2
78-97	.3	79-106	1.8	80-112	2.0
78-119	4.0	79-110	.6	80-125	1.5
78-121	1.2	79-112	1.0	80-129	1.5
79-127	.5	79-116	−1.0	80-130	1.5
78-133	1.5	79-117	2.0	80-135	1.5
78-140	2.0	79-134	.0	80-139	3.0
78-145	1.5	79-140	6.4	80-141	1.9
78-149	4.5	79-146	2.3	80-145	.0
78-150	2.0	79-149	1.5	80-152	1.0
78-156	.6	79-150	.4	80-157	.0
78-158	.0	79-151	1.0	80-160	.0
78-159	1.5	79-161	.5	80-162	1.6
78-164	.3	79-171	2.5	80-168	1.2
78-165	.5	79-174	.0	80-170	2.0
78-166	2.0	79-178	7.8	80-188	.0
78-173	1.9	79-184	4.1	80-207	2.4
78-181	1.8	79-188	1.5	80-214	9.0
78-182	1.7	79-197	3.2	80-218	1.3
78-187	1.5	79-202	1.0		
78-188	.3	79-209	.4		
78-193	5.5	79-215	2.0		
78-195	1.5	79-220	2.5		
78-200	−.2				

Table 4. The Mean (x), Standard Deviation (s) and Coefficient of Variation (c) of Final-Offer Salary Increases (n), 1978-1980

	1978		*1979*		*1980*	
	Employer Offers	*Union Offers*	*Employer Offers*	*Union Offers*	*Employer Offers*	*Union Offers*
Unions Won (Table 1)	x = 4.9	x = 6.9	x = 5.5	x = 7.0	x = 5.5	x = 7.7
	s = 1.7	s = 1.0	s = 2.0	s = 0.7	s = 2.2	s = 1.3
	c = 35%	c = 14%	c = 36%	c = 10%	c = 40%	c = 17%
	n = 27	n = 27	n = 24	n = 24	n = 27	n = 27
Employers Won (Table 2)	x = 5.9	x = 7.4	x = 6.2	x = 8.2	x = 7.2	x = 8.1
	s = 1.2	s = 1.7	s = 1.1	s = 2.6	s = 1.2	s = 1.4
	c = 20%	c = 23%	c = 18%	c = 32%	c = 17%	c = 17%
	n = 17	n = 17	n = 19	n = 19	n = 12	n = 12

Table 5. Percentage Difference between Employer's and Union's Final Salary Offers Grouped by Intervals of One

Percentage Differences	*Number of Cases*	*Percentage of Total Cases*
0-1	16	36.3
greater than 1-2	18	40.9
greater than 2-3	4	9.1
greater than 3-4	1	2.3
greater than 4-5	1	2.3
greater than 5-6	3	6.8
greater than 6-7	1	2.3
	44 (1978)	
0-1	19	44.2
greater than 1-2	14	32.5
greater than 2-3	4	9.3
greater than 3-4	2	4.7
greater than 4-5	1	2.3
*		
greater than 6-7	1	2.3
greater than 7-8	2	4.7
	43 (1979)	
0-1	15	38.4
greater than 1-2	18	46.1
greater than 2-3	2	5.1
greater than 3-4	1	2.6
*		
greater than 8-9	1	2.6
greater than 9-10	1	2.6
*		
greater than 11-12	1	2.6
	39 (1980)	

differences between the parties' final wage offers narrowed in the period of the three-year study.

From the 126 sample cases used for the economic study, a total of seventy cases had noneconomic issues to be decided as well. The unions had been awarded their economic package in thirty-six of those cases and the employers had been awarded their economic package in thirty-four. Overall, there were 298 noneconomic issues awarded, with the number of issues at stake in each instance

Table 6. Noneconomic Issues Awarded in Cases Where the Union's Economic Package Prevailed, 1978–1980

PERC No. IA-	*Awarded Employer*	*Awarded Union*	*PERC No. IA-*	*Awarded Employer*	*Awarded Union*	*PERC No. IA-*	*Awarded Employer*	*Awarded Union*
78-12	5	1	79-13	2	2	80-21	3	2
78-31		2	79-42		1	80-37	1	1
78-64	5	5	79-49	3	2	80-44	3	1
78-82	4	1	79-53	3	3	80-65	4	2
78-89	3	3	79-86	7	12	80-86	3	1
78-91	2		79-98	6	5	80-103		4
78-119	1		79-134	1	1	80-104		1
78-121		1	79-150	3	1	80-107		1
78-133		1	79-161	6	2	80-125		1
78-140	1	1	79-202		1	80-145		1
78-173	3		79-215	3	1	80-157	1	6
						80-162	2	
						80-170		1
						80-207	3	
Totals:	24	15		34	31		20	22

Table 7. Noneconomic Issues Awarded in Cases Where the Employer's Economic Package Prevailed, 1978–1980

PERC No. IA-	*Awarded Employer*	*Awarded Union*	*PERC No. IA-*	*Awarded Employer*	*Awarded Union*	*PERC No. IA-*	*Awarded Employer*	*Awarded Union*
78-9	1	6	79-41		2	80-33		2
78-13		1	79-44	2	2	80-43	3	
78-16	2		79-69	2		80-94	3	
78-45		3	79-70		1	80-129	5	9
78-60	2	1	79-104		1	80-130	5	9
78-75		7	79-110	1	4	80-135	1	
78-158	6	2	79-151		2	80-168	1	2
78-165	1		79-171	6	4	80-188	6	4
78-166	6		79-178	2		80-218		4
78-181	8	7	79-220	1				
78-182		1						
78-187	5	2						
78-188	1							
78-195	4							
78-200	2							
Totals:	38	30		14	16		24	30

ranging from one to nineteen. Without regard to the specific issues, the findings in Tables 6 and 7 demonstrate the distribution of the noneconomic issues awarded vis-a-vis the economic awards. For the purpose of this study, in evaluating cases in which one party submitted a proposal the arbitrator rejected, the researcher considered such a case to be awarded to the opposite party.

Between 1978 and 1980, in cases where the unions' economic packages prevailed, the noneconomic issues were awarded seventy-eight to sixty-eight in favor of the employer (Table 6). In the same three-year period, when the employers' economic packages prevailed, the noneconomic issues were evenly distributed seventy-six to seventy-six between employer and union groups (Table 7). Only in fourteen of the seventy cases in the sample were all the noneconomic issues awarded to one party and the economic package awarded to the other. No set pattern emerged from the general awarding of the noneconomic issues in relation to the economic awards.

Noneconomic Issues Study

The noneconomic issues selected for this study are binding arbitration, bill of rights, replacement, safety and health committee, and agency shop. The findings as to how these issues were treated by interest arbitrators over the three-year period 1978-1980 are summarized below.

Final and binding arbitration – Data for the issue of final and binding arbitration were drawn from the following cases: IA-78-82, IA-78-119, IA-78-133, IA-78-169, IA-78-182, IA-79-41, IA-79-53, IA-79-104, IA-79-107, IA-79-110, IA-79-134, IA-79-150, IA-79-161, IA-79-202, IA-80-6, IA-80-21, IA-80-44, IA-80-135, IA-80-168, and IA-80-170.

Among the noneconomic issues processed to final-offer arbitration by police groups, binding arbitration of grievances was the most prevalent. The unions' basic premise was that the nonbinding provision in their contracts had not proved satisfactory. Employers resisted with the argument that binding arbitration would be an encroachment on their managerial prerogatives by substituting the discretion of the employer for that of an impartial arbitrator. Although the decisions were split regarding the scope of arbitral issues, arbitrators consistently approved the concept of binding arbitration as a fairer means of resolving grievances. Most often arbitrators cited the widespread acceptance of binding arbitration of grievances in current contracts throughout the land.

Bill of Rights – Data for the issue of "bill of rights" were drawn from the following cases: IA-78-158, IA-78-179, IA-78-181, IA-78-188, IA-80-60, and IA-80-182.

Unions petitioned arbitrators to approve a policeman's "bill of rights" to ensure fair treatment of officers during the course of departmental investigations.

Employers opposed the clause on the grounds that the just-cause provision and grievance procedures in the contracts provided sufficient protection for police officers. One arbitrator awarded the provision, finding it to be reasonable and beneficial to the welfare of a police officer without having a concomitant cost to the employer. Most arbitrators found no compelling reason to grant it, agreeing with employers that the existing contract safeguards obviated the need for the proposed language. Others deferred to direct bargaining, with one arbitrator citing that comparative data indicated few jurisdictions surveyed had a similar clause.

Replacements – Data for the issue of replacements were drawn from the following cases: IA-78-64, IA-80-30, and IA-80-37.

The unions sought a replacement clause that would protect bargaining unit positions from encroachment by nonunit members. Employers strongly objected on the basis that such a provision would have a negative impact on a municipality's ability to maintain control over operating costs. There was no consistency regarding arbitrators' decisions on this issue. One arbitrator acted favorably on the union's demand without elaboration. Another arbitrator agreed with the concept but felt the language was too broad and therefore refused to approve the clause. In the third case, the arbitrator denied the proposal based on the comparative data of agreements submitted as exhibits.

Safety and health committee – Data for the issue of safety and health committee were drawn from the following cases: IA-79-49, IA-80-30, IA-80-43, and IA-80-65.

Unions generally presented standard language proposals whereby a safety and health committee, constituted of labor and management representatives, would maintain jurisdiction over a broad spectrum of police-related issues. To support their demands, unions advanced the argument that workers had a right to protect themselves against a hazardous environment and such a committee afforded the parties the opportunity for a free exchange of ideas regarding issues affecting the police department. Employers countered that it was their view that the unions were seeking to invade their prerogatives, with managers ceding to a committee decisions that were rightfully theirs. Deferring to direct negotiations and citing the legal authority of the employer, arbitrators consistently rejected the creation of labor-management committees that would have had the power to implement decisions, approving only one such provision whereby the committee's power was restricted to an advisory capacity.

Agency shop – Data for the issue of agency shop were drawn from the following cases: IA-80-86, IA-80-104, IA-80-125, IA-80-145, and IA-80-168.

Unions insisted that equity demanded an agency shop clause to force nonunion members of the bargaining unit to pay their fair share of

representation costs. Some employers were philosophically opposed to the provision, claiming it amounted to compulsory unionism and, in one case, unfair to nonunion employees who were represented by a union whose membership was restricted to those invited to join, while other employers limited their objections to certain aspects of the union proposals. Interest arbitrators were sympathetic to union arguments and agency shop was approved in every case but the one in which union membership was not open to all. In that case, it would have been unlawful to have ruled otherwise.

Thus, interest arbitrators consistently approved police proposals for binding arbitration and agency shop while consistently rejecting proposals for autonomous safety and health committees. The issues that represented the risk areas, whereby it was more difficult to predict the outcomes, were a replacements clause and a bill of rights provision. It appears that the criteria used to make these determinations were predominantly the interests and welfare of the public (equity), comparability, and the legal authority of the employer. The degree to which one or more of the three criteria may have been operative depended upon the issues involved in any given situation.

DISCUSSION AND CONCLUSIONS

While conventional wisdom holds that under a system of compulsory interest arbitration the majority of cases would be resolved by arbitration rather than negotiation, that criticism does not appear to be warranted according to the first three years of New Jersey's experience under Chapter 85. The research revealed that the number of final awards issued, in relation to the number of cases docketed by PERC, decreased dramatically from approximately 53 percent in 1978 to approximately 32 percent in 1980.

The findings in New Jersey are buttressed by the experience in other jurisdictions. In Michigan, the rate of final awards issued *vis-a-vis* petitions was aout 33-1/3 percent [2, pp. 55-56]. Massachusetts experienced a greater reliance on impasse procedures in police and fire negotiations but not a large number of cases requiring a final award [3, pp. 69-72]. The results of these studies would appear to quell the fear that the availability of interest arbitration would have a "chilling" effect on the negotiations process.

The dramatic decrease in the awards issued in 1980 under Chapter 85 may be due, in part, to the effectiveness of New Jersey's med-arb brand of interest arbitration. Arbitrators who decided the first forty-five awards reported that they were successful in bringing the parties to agreement on some issues with mediation in more than 75 percent of the cases [4]. Thus, New Jersey's "mediation with a club" may be credited with reducing the number of disputes requiring a final award.

Based on the 126 sample cases of the economic study, unions were awarded their economic packages approximately 62 percent of the time, in contrast to

68 percent of the time as reported in the Gross and Stawnychy study of thirty-one of the first police final-offer cases awarded under the statute [5]. It appears that the union "win" rate is leveling out as more data becomes available. In this study, a 2 percent or less differential between the parties' final wage offers was used as a benchmark to indicate a *bona fide* effort by the parties to reach agreement. By 1980, in about 85 percent of the cases in which a final-offer award was issued, this effort was evident, leading to the conclusion that arbitration worked to make both parties more realistic in their demands.

Of greater significance was the finding concerning the actual percentage salary increases awarded police units under final-offer arbitration. For the three-year study, the awarded union positions averaged 1 percent higher than the awarded employer positions in 1978, 0.8 percent higher in 1979, and 0.5 percent higher in 1980. The gap between the average awarded settlement has so narrowed that to characterize the unions as "winners" is a dubious distinction. Apparently, compulsory interest arbitration is performing its function in bringing the parties so close together that in 68 percent of the cases there were voluntary settlements and in the rest the awarded differences were *de minimis*.

As a corollary to this research, the Bloom study of final-offer arbitration in New Jersey for the fiscal year 1978 contrasted salary changes determined by arbitrators with voluntary settlements [6]. The results indicated that the utilization of final-offer arbitration procedures in New Jersey does not result in salary settlements that are extremely high or low relative to the settlements that occurred without final-offer arbitration [6]. This conclusion concurred with Bezdek and Ripley's study of Michigan cases involving police and fire fighters between 1969 and 1972 [7, pp. 170-175]. Further, Kochan et al.'s study in New York found no evidence that arbitration had systematically favored one party over the other [8]. Only Somers' report, on bargaining outcomes of police and fire fighters in Massachusetts, found that arbitrated wage increases averaged 2 percent higher than those negotiated without recourse to the procedure and concluded that the use of arbitration resulted in inflationary wage settlements [9, pp. 200-202]. Thus, the majority of the studies belie the theory which holds that employees who utilize arbitration receive more favorable settlements than their counterparts who do not.

The concern that arbitrators would split the economic and noneconomic awards between the parties appears to be unfounded. Seventy cases of the economic sample had noneconomic issues to be determined. The general distribution of the noneconomic issues was seventy-eight to sixty-eight in favor of the employers in the thirty-six cases in which the unions' economic packages prevailed and seventy-six to seventy-six in the thirty-four cases won by the employers. There were but fourteen cases in which the economic packages and all the noneconomic issues were awarded to opposing parties. It would thus appear that arbitrators have considered each noneconomic issue on its own merit

rather than split the awards along economic-noneconomic lines. This conclusion concurs with the earlier findings of the Gross and Stawnychy study [5, p. 10].

Given their pervasiveness and equitable arrangement, interest arbitrators consistently approved binding arbitration of contract issues and agency shop provisions. Although Doering found that fact-finders in teacher cases generally recommended arbitration and dues check-off privileges, boards of education are not bound to implement such recommendations [10]. A survey of 1981-82 teacher contracts in New Jersey revealed that 65 percent provided for binding arbitration of contract issues and 27 percent contained agency shop provisions [11, pp. 10-11]. Since the extension of binding arbitration to cover all teacher contracts has been a legislative goal of the New Jersey Education Association (NJEA) and teacher unions successfully lobbied for agency shop to become a mandatory subject of bargaining, the attainment of these two clauses must be considered "major contract improvements."

Interest arbitrators consistently rejected autonomous safety and health committees, approving only one with advisory powers as was recommended by the employer. When teachers requested the creation of a joint committee for the study of education issues, the fact finder would not recommend more than teacher representation should the board elect to form such a committee [10]. Thus, in arbitration, as was evident in fact finding, the arbitrator is not apt to award provisions that might impinge on managerial prerogatives.

There was no consistency regarding interest arbitrators' decisions on a policeman's bill of rights during departmental investigations and a replacements clause designed to protect bargaining unit positions. Judging from the disposition of these issues by arbitrators having jurisdiction over police contracts, it is questionable whether unions could expect to win approval for these issues under a system of compulsory interest arbitration.

Although all the awards were tied to the statutory criteria stipulated in the "G" section of Chapter 85, "comparability," "equity," and "the legal authority of the employer" emerged as the most compelling standards used in the arbitrators' determinations of the noneconomic issues in dispute. Further, arbitrators proved time and again that they were reluctant to approve broad proposals, yielding, instead, to direct bargaining to accomplish those goals. Finally, arbitrators declined to disturb the *status quo* absent a demonstrated need—that is, that one party had been harmed by the existing provision or the absence of such a provision. Overall, it was manifest that balancing the needs of employer and employee groups was considered in tandem with the needs of the general public.

What emanated from this study were patterns. From these patterns, advocates can plan negotiations strategies. What we learned was predictability on certain issues; that is, while binding arbitration and agency shop are generally awarded by arbitrators, bill of rights, replacements, and safety and health committees usually fail to be approved. If the outcomes of the issues confronting arbitrators

can be identified, such knowledge may serve as an impetus to the parties to be prepared to make certain trade-offs on such issues during bilateral negotiations. The value of predictability is that realistic expectations on the part of both parties can promote more positive pre-arbitration negotiations.

Police and firefighter units enjoy a unique status under the public sector collective bargaining law, as they may invoke compulsory interest arbitration to settle their bargaining disputes. In light of the research findings, it can be concluded that compulsory interest arbitration appears to have resulted in comparable and equitable settlements through binding third-party intervention. Experience with interest arbitration in New Jersey has demonstrated that it works effectively and offers a peaceful method of bringing about closure to public sector bargaining disputes.

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