

Bond Case Briefs

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Iowa Supreme Court Upholds Amendments Narrowing Bargaining Rights for Public Sector Unions.

The Iowa Supreme Court released five eagerly awaited opinions upholding the 2017 amendments to the Public Employment Relations Act (PERA). The main case on which the four other companion cases relied was [*American Federation of State, County and Municipal Employees Iowa Counsel 61 v. State of Iowa*](#), No. 17-1841 (May 17, 2019). Taken together, the cases upheld the amendments, which narrowed collective bargaining rights for certain public sector employee unions.

2017 Amendments to PERA

When Iowa's newly elected Republican legislature assumed office following the 2016 election, it quickly passed amendments to PERA. These amendments greatly increased government employer rights. The amendments did the following:

- Maintained collective bargaining rights for unions with membership consisting of greater than 30 percent public safety employees, effectively creating a two-class scheme of bargaining
- Narrowed *mandatory* subjects of bargaining for unions with membership consisting of less than 30 percent public safety employees to "base wages and other matters mutually agreed upon"
- Expanded *permissive* subjects of bargaining for unions with membership consisting of less than 30 percent public safety employees on topics such as shift differentials, overtime compensation, and longevity pay
- Ended the right to payroll deductions for union dues for all public employees

AFSCME Iowa Counsel 61 v. State of Iowa

In *AFSCME Iowa Counsel 61*, the court applied the rational basis test when considering the union's equal protection challenge to the two-class bargaining scheme. The test is "very deferential" to the legislature. Under this test, plaintiffs must show the legislation in question treats similarly situated individuals differently, and plaintiffs bear the heavy burden of refuting "every reasonable basis" on which the legislation could be sustained. The court struck down the plaintiffs' challenge, explaining that its "role is to decide whether constitutional lines were crossed, not to sit as a superlegislature rethinking policy choices of the elected branches." Accordingly, the court held that a concern for labor peace and the health and safety risks faced especially by public safety employees were "valid, realistically conceivable purpose[s]" for supporting the legislation.

When considering the freedom of association challenge, the court likewise applied the rational basis test. The Iowa constitution reviews laws touching upon the fundamental right to organize and join labor unions under strict scrutiny. But the court decided the rights affected by PERA did not touch upon these fundamental rights, adopting the state's argument that "[d]eclining to collectively bargain over certain topics does not inhibit the ability to associate." Because the amendments were facially neutral and the unions failed to show that the two-class bargaining scheme was chosen to target certain unions, the court held that the legislation survived rational basis review.

Companion Cases to *AFSCME Iowa Counsel 61*

In the four other cases, the court:

- rejected the plaintiffs' equal protection challenge to the payroll deduction prohibition by again applying the deferential rational basis test;
- clearly defined "base wages"—the remaining mandatory subject of bargaining—to mean the "minimum (bottom) pay for a job classification, category or title, exclusive of additional pay such as bonuses, premium pay, merit pay, performance pay or longevity pay" (In addition, the court held that "past collective bargaining agreements" mean agreements predating the expiring agreement.);
- required a public employer to meet to vote to finalize an agreement already ratified by the union before the contract became effective; and
- upheld a trial court's grant of summary judgement to the union in a contested ratification case, rejecting the state's argument that the Iowa Administrative Code required the state to ratify after the union's vote where the union had accepted the state's offer as a final act.

Key Takeaways

Public sector unions continue to face significant blows following the Supreme Court of the United States' decision in [*Janus v. American Federation of State, County, and Municipal Employees, Council 31*](#). While not directly affecting private sector workplaces in Iowa, these five cases will have a financial impact on unions that represent both private and public sector unions. Moreover, given the prevailing winds of Janus and an employer-friendly National Labor Relations Board, employers in general are likely to face more aggressive organizing efforts. In turn, employers may want to consider preparing comprehensive strategies for addressing campaigns.

by Christina L. Wabiszewski

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