

Malloy Hints At ‘Systemic Changes’ To Relationship With Labor

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Christine Stuart photo

Gov. Dannel P. Malloy and Lt. Gov. Nancy Wyman

In the absence of a \$1.6 billion state employees’ concession package, Democratic Gov. Dannel P. Malloy said he will need to consider “systemic changes” to the state’s relationship with labor.

“The short term savings were important. Obviously it would save us from having to make \$700 million in cuts,” Malloy said Tuesday at a press conference following his monthly commissioners meeting. “The part that was under-appreciated, I believe, the context which it was delivered, but nonetheless under-appreciated, was the long-term systemic change that brought about sustainability in the relationship between the state and its public employees.”

“We attempted to do that through negotiation. That has failed,” Malloy said. “People of Connecticut still need systemic change and still need to have a sustainable relationship with their employee base, which is a way of saying there’s more than one way to get that done.”

It was unclear if Malloy was hinting at taking away or modifying the right to collectively bargain for health and pension benefits, which seems to be a trend in other states. A senior administration official said the governor was speculating out loud. It was also unclear how much progress could be made regarding health and pension benefits before the expiration of the current agreement.

The State Employees Bargaining Agent Coalition contract extends through 2017. It was a 20-year contract originally inked by former Gov. John G. Rowland and which Malloy had sought to extend five years to 2022, but the state employees’ were unable to ratify the new contract.

“We actually had an agreement that would have affected those changes prior to 2017,” said Malloy. “In the absence I think we’re going to have to put down a marker that as of 2017 the following things, whatever they are, are going to change.”

Malloy said the changes he's talking about will not be happening before Thursday even though Republican lawmakers said they'd be happy to help.

"Republicans also believe Thursday's special session is an opportunity to begin addressing our state's long-term pension and healthcare liabilities," Sen. Minority Leader John McKinney, said last week. "A positive step in that direction would include the elimination of longevity pay for state employees and changes to retirement rules so that state employees can no longer pad pensions with overtime pay."

Matt O'Connor, SEBAC spokesman, said if the governor were in fact considering changes to collective bargaining rights it would be a bad idea. He said that the state's worst unfunded liabilities come from workers' health care and pension funds.

That's a result of decades of governors and lawmakers raiding those funds to make up shortfalls in the general fund, he said. When workers gained the right to negotiate their benefits, it stabilized those funds, he said.

"I would argue that's good for the economy," he said.

Rank and file union members are aware that other states have been unfriendly toward collective bargaining rights this year and have asked their members to come to the Capitol Thursday to protect the rights they currently have.

"We believe that there will be attacks on our basic rights to collective bargaining on health care, pension and pay on Thursday," Peter Thor of AFSCME Council 4 wrote in an email to members Tuesday. "Governor Malloy has called the General Assembly back to Hartford for a Special Session to deal with the state budget and the shortfall due to the SEBAC tentative agreement not passing. Republican legislative leaders have indicated that they will introduce amendments to strip state and municipal employees of seniority, longevity and basic collective bargaining rights."

Malloy said the deal the unions were unable to ratify would have stabilized the pension fund because it asked all employees to begin contributing 3 percent to make up a portion of the unfunded liability.

While Malloy received widespread support from the unions during his 2010 election, many union members felt betrayed when they asked him for \$2 billion in concessions. In the end, 11 of the 15 unions approved the agreement, while four rejected it. Under SEBAC's complicated bylaws, the agreement wasn't ratified, but union leaders announced Monday they had tabled their vote as they seek a solution to the dilemma.

"I don't represent labor. I represent the people of the state of Connecticut," Malloy said Tuesday.

Malloy said he will announce the \$700 million in spending cuts needed to balance the 2012 fiscal year and the number of layoffs later Tuesday afternoon. He has asked for increased rescission authority from the legislature in order to make the cuts, even though he will give lawmakers a "roadmap" to where some of those cuts will be made. He said an agency-by-agency budget cut, including position reductions, will be released this afternoon. The cuts will include a minimal amount of municipal aid, Malloy added.

The numbers released Tuesday were not likely to include the second year of the two-year budget, just the \$700 million needed to balance fiscal year 2012.