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Prospects Dim For Malloy-Union Deal

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Just hours after two major bargaining units rejected the four-year, no-layoff deal between the Malloy administration and the state employee unions, some officials Wednesday already were looking ahead to what happens next should the deal collapse.

The rejections were a huge blow to Gov. Dannel P. Malloy's plan to close the state's budget gap with an estimated \$1.6 billion in savings and concessions over two years.

The "no" votes were cast by two sizable units:

- The 4,500-member Connecticut Employees Union Independent, SEIU Local 511, also known as NP-2, which represents custodians, cooks and others. CEUI is one of the 15 unions in the state employee coalition that is voting on the controversial agreement.
- The 3,800-member unit known as P-2, which represents human and social service workers at the Department of Children and Families and other agencies, also rejected the deal. P-2 is the third largest unit of the American Federation of State, County and Municipal Employees, known as AFSCME.

Under the highly complicated union rules, a rejection by AFSCME — the largest union in the 45,000-member statewide coalition, with 15,600 members — would sink the deal. Thousands of state employees in a variety of bargaining units will cast ballots Thursday and Friday.

"We are running behind, but we still have the 1,850 votes" that will be cast by prison guards in AFSCME this week, said Larry Dorman, a union spokesman.

"We work for labor unions. We're optimists," said Matt O'Connor, another union spokesman.

Overall, six of the 15 SEBAC unions have voted in favor of the deal, while one — CEUI/SEIU — has voted against it.

Some state employees Wednesday were questioning whether there could be a re-vote, but the spokesmen said the question could not be answered until all the votes are counted.

But with more than two days of voting remaining, some people at the Capitol are starting to assume that the overall deal will be rejected by the unions.

Malloy's senior adviser, Roy Occhiogrosso, ruled out a renegotiation with the unions if the overall deal collapses.

"I can't imagine that would happen," Occhiogrosso told reporters Wednesday. "There is no other negotiation that can take place."

With the new fiscal year starting next week, Malloy and the Democrat-controlled state legislature would need to fill a projected budget gap of about \$700 million in the first year of the new two-year budget. But Occhiogrosso said that would not include any increase in taxes beyond those that already have been negotiated — the largest overall tax increases in state history.

The hikes in the state income tax on the state's wealthiest residents are retroactive to Jan. 1. Other tax increases, such as a hike in the cigarette tax, will begin Friday, July 1.

"Everything else is on the table," Occhiogrosso said. "Spending cuts, layoffs, cuts in municipal aid" are possible.

Malloy has said several times that as many as 7,500 layoffs are possible, but some legislators believe that is unlikely at a time when the state is still recovering from a deep recession and unemployment remains high.

The Connecticut Conference of Municipalities, which represents most of the state's 169 cities and towns, says that municipalities would be hurt if the union deal collapses.

"CCM is urging mayors and first selectmen across Connecticut to engage their local union officials in an effort to convince their state union colleagues to ratify the concession package now — or cities and towns, their residents and businesses, and municipal employees and teachers will pay the price," said James Finley, CCM's executive director and chief lobbyist. "State employees' unwillingness to accept reasonable concessions will cost the jobs of their brothers and sisters at the local level."

Some legislators have described the four-year, no-layoff agreement as a sweetheart deal that would never be rejected by workers in the private sector, who have seen pay cuts and layoffs in recent years. But thousands of state employees say it is definitely a bad deal for various reasons, including the assertion that it would drastically alter their health care benefits by pushing them into the state's Sustinet health plan. Malloy and union leaders, however, have strongly denied any ties with Sustinet.

The charges about Sustinet have continued, and union leaders have been unable to dissuade some state employees from believing that the overall agreement is a bad deal for them.

"It spread like wildfire," O'Connor said. "It was difficult to push it back."

In addition, the unions have been involved in an intense verbal battle with the Hartford-based Yankee Institute, a conservative think tank that has been thrown into the spotlight this week. The unions have asked Attorney General George C. Jepsen to investigate whether the state's e-mail system was used to

help sabotage the union vote. The unions have complained that Yankee has worked to subvert the vote, but Yankee's executive director, Fergus Cullen, says that the charge is preposterous.

Some state employees believe they have been unfairly targeted this year because they are being asked to provide concessions and also pay the tax increases that have been imposed by Malloy and the state legislature. They say they are making huge sacrifices under Malloy's "shared sacrifice" plan, and they complain that the ultra-rich and large corporations have not been asked to pay enough to balance the state's budget.

Some legislators are scratching their heads over how the deal was explained — or not explained — to state employees. When asked during a press conference if SEBAC leaders have done a bad job of selling the deal, Occhiogrosso said, "Not for me to comment on."

When asked if Malloy had done enough to ensure that the agreement would be ratified, Occhiogrosso said, "I think he has done everything he could possibly do and then some."

Union Leaders Hold Out Hope

Despite the growing trend against the deal, union spokesmen refused to predict Wednesday that the deal will collapse.

"Thousands of state employees still have to vote," Dorman told reporters Wednesday afternoon. "It's far from over. ... It's critical that we respect their right to vote."

Sen. Edith Prague, D-Columbia, said she is perplexed that many union members have voted down an agreement that guarantees job security for four years in exchange for a two-year wage freeze.

"It's a nightmare. It is a nightmare to think these folks don't understand that there are dire consequences of them not accepting the SEBAC agreement," Prague said.

"It is a good agreement," she said. "They are lucky to have these benefits. Nobody in their right mind, under these circumstances, would turn down that agreement. ... They are getting misinformation. They just don't understand what is real and what is garbage."

Prague added, "I can't explain it. It is a disaster. Don't they realize it is a disaster to vote this agreement down? They could be part of the layoffs. Don't they know that? That's a real possibility that they could be voting to lay themselves off. ... The private sector folks would die for this kind of package."

State Rep. Steve Mikutel, D-Griswold, a veteran conservative Democrat who voted against Malloy's spending and tax increases, said: "The prison guards and the correctional people are the least likely to approve it. If it hinges on their vote, that's not very promising."

He added, "I'm sure that legislators don't want to go back to Hartford and deal with this contentious issue because it's going to be bloody. ... He's going to have a very difficult time cutting municipal aid. This is not going to be easy. You're not going to be able to go up there one day and do this. That's highly unlikely. Some people are going to resist laying off so many employees. There's going to be resistance all along the line to this Plan B."

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