

Rejecting State Deal Is An Economic Disaster

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State workers, of whom I am one, are close to making a tragic mistake by rejecting the proposed concession agreement our union leaders negotiated. This would inflict significant damage on taxpayers, state workers and Connecticut's economic future.

Despite charges that the agreement is a sweetheart deal, it isn't. It is a meaningful effort to address major, long-term structural problems — the unfunded liabilities — in retiree health care costs and pensions. Failure to address those issues threatens their existence

At the same time, it asks us to accept a two-year wage freeze and then modest salary increases — while having all employees contribute for 10 years to ensure their retirement health care benefits. The agreement also would gradually raise the retirement age for those retiring after 2022, except for employees qualifying under hazardous duty. Finally, the agreement asks us to participate in preventive medical care — common at major employers — that would improve our health and potentially save tens of millions of dollars.

In exchange, the agreement offers two valuable benefits: a guarantee of no layoffs and an extension of the current labor agreement from 2017 to 2022, which protects our supplemental retiree health care benefits and pensions. We would gain job, income and retirement security — a very good deal — for a modest price.

The payoff for taxpayers would be much larger. Adopting the agreement would mean that, in five years, assuming a steady level of employment, personnel costs would fall as a share of the state budget from 25 percent of the budget to 20 percent. This would save more than \$1 billion annually.

With additional funds from the retiree health care contribution and the reconfigured health care system, annual long-term savings could easily exceed \$1.5 billion. This approaches a 25 percent permanent reduction in personnel costs. Even more important, the agreement would substantially address the unfunded retiree health care costs and produce a significant reduction in pension liabilities. And taxpayers also would benefit from the preservation of state and local services.

Equally important, avoiding massive layoffs would spare the state's economy a brutal body blow. Connecticut has the worst jobs record in the nation, with fewer employed now than in 1987. Layoffs will do little to help Connecticut out of its economic lethargy. Laying off 10,000 public sector workers — the scale of layoffs possible with the rejection of this agreement — would result in perhaps as many as 7,000 private sector layoffs.

The public sector contraction would probably swamp private sector job creation; our rejection of this agreement would be likely to throw the state into a double-dip recession.

Worse, it means that state revenues will shrink even as public sector expenditures grow with the surge in unemployment and increased uncompensated health care costs. Projected state budget surpluses will likely disappear, forcing the governor and General Assembly to again wrestle with significant deficits, possibly forcing additional layoffs and program cuts.

The falling revenues will jeopardize strategically important public investments, retarding economic recovery. The deterioration of state (and municipal) services will create more barriers to economic growth, even as state cuts force local property tax increases.

Rejection of the union agreement may produce the perfect storm. Remaining state workers will face increasing challenges in meeting our professional responsibilities, live with constant uncertainty about the stability of our employment and — unless we plan to retire soon — serious questions about our pensions and, especially, our supplemental retiree health care coverage.

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