Tri-State Labor Neighbors Find Going Really Rough

By MARK TOOR | Posted: Monday, July 11, 2011 5:00 pm

Public workers, do you think you have it tough in New York? You're not alone. There's plenty of pain to go around in the tri-state area.

Employees in New Jersey just lost their right to bargain over health care to militantly anti-union Governor Chris Christie, aided by a brief alliance with the Democratic-controlled State Senate. The same law boosted their health-care and pension contributions, ended cost-of-living adjustments for retirees and limited early retirement.

Pay-Freeze Deal Rejected

And state workers in Connecticut are facing 6,500 layoffs, plus the abolition of 1,000 already-vacant jobs, after rejecting a deal negotiated by their unions that would have frozen their pay for two years and increased health-care costs to save the state $1.6 billion.

"By daring to be bold and take on the risks of addressing the big issues, we are doing what was once unimaginable—saving billions of dollars for taxpayers, fixing these systems in order to save them, and providing real, long-term fiscal stability for future generations of New Jerseyans," Mr. Christie said when he signed the bill for New Jersey workers at the end of last month.

Unions saw it differently. "The law ...strips 500,000 public employees of their fundamental collective-bargaining rights," said New Jersey AFL-CIO President Charles Wowkanech. "The current economic conditions were not created by middle-class workers in either the private or the public sector. They were created by the greed of Wall Street profiteers, yet it is middle-class workers and their families who are paying for their misdeeds."

Hetty Rosenstein, state director of the Communications Workers of America, told newjerseynewsroom.com, "This bill is nothing less than Chris Christie's frontal assault on organized labor."

'Will Cut Pension Value 40%'

"Under this law, many current and future retirees will see the value of their pensions drop by 40 percent or more over the course of their lives," said Barbara Keshishian, president of the New Jersey Education Association. "...NJEA believes that many of the changes in this legislation are not only unfair, but also illegal."

Like Ms. Keshishian, Anthony Wieners, head of the New Jersey Police Benevolent Association, said he was investigating possible court action against the law. The two of them, as well as the Professional Firefighters Association of New Jersey, cited promises Mr. Christie had made during his campaign in 2009 to preserve their pensions.

Mr. Christie has been openly hostile to public employees, particularly Teachers. He told one Teacher who complained that she wasn't adequately compensated for her work that "you know, then, that you don't have to do it." He said local police and firefighters resisting contract concessions were "choosing their own greed over the betterment of the public."

The tough talk is not restricted to public employees. When a state resident criticized him for cutting funds to public schools while sending his own children to private school, he responded, "You know what? It's none of your business."

The law authorizes the state to decide how much public workers should pay for health benefits. The range for pension contributions, now 1.5 percent to 8.5 percent of pay depending on the union, would increase to between 6.5 percent and 12 percent. The state can unilaterally change retirement ages and employee contribution levels. The law changes the basic formula for calculating health-insurance premiums, with workers paying a percentage of the premium the state pays rather than a percentage of their salary. The retirement age for newly-hired workers rises to 65, from 60 or 62. The law bars early retirement before 30 years of service and increases the pension deductions that accompany it. COLA raises for retirees are suspended indefinitely.

The law affects most county, municipal and school-district employees because their employers participate in the state pension and health-care funds. New Jersey's public-pension fund is one of the shakiest in the nation, with $31 billion in unfunded liabilities. That's because since 1998, the state has skipped or only partially paid the contributions it is legally required to make to the fund.

The same week he signed the law reducing compensation for public workers, Mr. Christie vetoed a bill that would have established a one-year increase in the top tax rate from 8.97 percent to 10.75 percent for people with incomes above $1 million, which would have raised $500 million a year for the financially-strapped state. He also cut funding for Medicaid, nursing homes, and cities facing financial problems because of declining tax revenues.

'The Anti-Christie' No More

In Connecticut, Gov. Dannel P. Malloy described himself six months ago as "the anti-Christie," saying he would rather negotiate with public-employee unions than fight them. But now he's fighting them after all.

Mr. Malloy asked the public and union workers to share the pain of closing a deficit of $6.2 billion covering this year and next. He started by persuading the State Legislature to increase sales and income taxes. Then he sought a deal with the unions that would save $1.6 billion. He negotiated the two-year pay freeze, followed by three years of 3-percent pay increases, with the State Employees Bargaining Agent Coalition, a group of 15 unions. The deal would have guaranteed no layoffs for four years.

Fifty-seven percent of members voted to approve it, but union rules required 80-percent approval. Fourteen of the 15 unions needed to agree to it, but four rejected it. News reports said some of those unions believed that if they said no to the first deal, Mr. Malloy would come up with a better one. “The unions stuck it to him,” Mr. Christie said.

Mr. Malloy said he would proceed with the layoffs. The unions asked the Connecticut Governor on July 5 to reopen talks, picking up where things left off, but administration officials have said they will not do so.

Won’t Negotiate, Will ‘Clarify’

“If they choose to ratify the agreement that was recently turned down, and if they do so in a timely fashion, much of the pain that’s been inflicted over the past few days can be reversed,” Mr. Malloy said in a statement. He did say he would be happy to “clarify” language in the original deal.

He told reporters July 5 that the thresholds for approval of the deal, contained in union-coalition bylaws written in 1996, were too high. “In a normal election, 57 percent is a pretty good percentage, so I think they’ve got to figure that out before we can move much forward to any great degree,” he said. “What’s the sense in negotiating if nothing can ever be approved?”

Matt O’Connor, a spokesman for the union coalition, said the unions will consider changing those thresholds in the future, but not retroactively. Labor has until Aug. 31, when the layoff process will be completed, to negotiate a solution.