

The Washington Post

For 3 Midwest governors, public employee compensation takes center stage

By Dan Balz
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SAN DIEGO

Rick Snyder, the former Gateway executive who was just elected governor of Michigan, calls it the next big national issue, on a scale with health care in its importance to the economic vitality of the country. But unlike health care, this battle will be fought in the states, not in Washington.

Snyder is talking about public employee compensation. Like almost every governor in the country, Republican or Democrat, he has identified the issue as a priority in his strategy to deal with looming budgetary shortfalls and structural deficits that plague state governments. The changes governors will seek could produce pain for many state workers and their families and will generate strong resistance from powerful public employee unions.

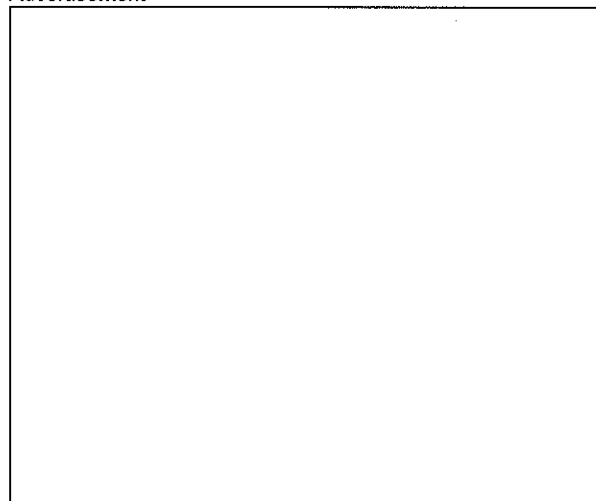
Snyder is one of a trio of newly elected Republican governors in the industrial Midwest. (The others are Ohio's John Kasich and Wisconsin's Scott Walker.) Each will inherit a state government hemorrhaging dollars and a state economy that has suffered from long-term job loss, particularly in the manufacturing sector.

They will come into office in January after campaigns in which they promised to slash their budgets, to avoid raising taxes (and cut them where they can), and to revitalize economies that have proven stubbornly resistant to past economic development schemes. But even before they can implement their longer-term plans to boost their economies, they will have to address their budgets.

Asked where he will have to try to cut, Snyder quickly pointed to public employee compensation. "I view that as one of the toughest things I need to do as the next governor," he said Thursday morning over coffee at the Republican Governors Association meeting.

"You're talking about people and their livelihoods and their families. So it's a very

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serious topic. I want to do it working with them. But you have to ask two questions from a fiduciary point of view. What's comparable with the private sector, and what's financially affordable? And my view is I don't believe you can check either one of those boxes today. And if you can't check either of those boxes, we need to sit down and have a dialogue."

Wisconsin's Walker already has dealt with the issue as Milwaukee County executive, having inherited a pension and compensation scandal when he took over eight years ago. "I've taken on wage and benefit reforms," he said here on Wednesday. "We're going to have to do that [in Madison]."

The possible changes will affect everything from health-care coverage for state employees to pension contributions. Most Wisconsin state employees, Walker said, contribute nothing to their retirement plans. "We have to tackle legacy costs," he said. "Otherwise we end up like GM."

For some Republicans, the model is New Jersey Gov. Chris Christie (R), the blunt-talking leader who has taken a confrontational approach to budgetary issues in his state, to the delight of GOP activists across the country. Outgoing California Gov. Arnold Schwarzenegger (R) has negotiated some compensation changes with some unions in his state. Some Democratic

governors, retiring Pennsylvania Gov. Edward G. Rendell among them, have begun to move on the issue.

In Snyder's estimation, however, what has taken place so far has only scratched the surface. "A lot of it is still to come," he said. "I'm not sure a lot of states have fully addressed this issue. Some are looking at teachers first."

The three Midwestern governors will tackle the issue with different styles. Snyder, a moderate Republican, has already named the outgoing Democratic speaker of the Michigan legislature as his state treasurer. He is a consensus-builder by personality.

Kasich, in contrast, has already declared war on the teachers union in his state, angered by the campaign ads the union ran against him during the campaign. The day after his

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victory, he told reporters, "I am waiting for the teachers union to take out full-page ads in all of the newspapers apologizing for what they had to say about me during this campaign."

In an interview Wednesday, Kasich said he is reaching out to labor unions in Ohio as part of his campaign to revitalize the economy but indicated no interest in early accommodation with public employee unions. "They're going to have to understand there's going to have to be equity," he said.

Dealing with their budgets will be just part of the challenge for the new Midwestern governors. They were united in their assessment that their states must become more business-friendly to succeed economically. All talked about cutting taxes and regulations on business as part of their strategies.

With a Republican legislature behind him, Walker said he plans a special session for the day he is sworn in to push through some of those changes in an effort to show that "the style and the substance of this administration and of this state has changed."

Snyder talks about out-of-the-box approaches to running state government and creating jobs. His goal, he said, is a strategy of "gardening not hunting," by which he

means he hopes to nurture and boost businesses in the state first, rather than trying to attract companies to move into Michigan.


Kasich, the former House budget chairman, declined to set specific targets for job growth in Ohio. He said he would make clear with his early initiatives that the business climate has changed. That, he said, will be enough to start the process of turning around the state. "I'm not going to put a number out there," he said. "I'm going to have a good season and people will know it."

Many of the newly elected Republican governors around the country have sizable legislative majorities to back them up. That means, unlike their colleagues in Washington, they will have a far easier time enacting and implementing conservative strategies on the economy and on budgeting.

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At this stage, these new governors are vowing not to duck the tough issues, starting with public employee compensation. But the onus is now on them and their legislative colleagues to demonstrate that their ideas can produce results - and jobs - that their Democratic predecessors failed to do. Voters showed their impatience earlier this month by tossing out Democrats across the country. Republicans have little time to waste.

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