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In Indiana, Clues to Future of Wisconsin Labor

By STEVEN GREENHOUSE

MADISON, Wis. — Gov. [Scott Walker](#) of Wisconsin and other officials who are pushing to eliminate or weaken collective bargaining by government employees say their goal is to save millions of dollars and increase government's flexibility to run its operations.

The experience of a nearby state, Indiana, where Gov. [Mitch Daniels](#) eliminated bargaining for state employees six years ago, shows just how much is at stake, both for the government and for workers. His 2005 executive order has had a sweeping impact: no raises for state employees in some years, a weakening of seniority preferences and a far greater freedom to consolidate state operations or outsource them to private companies.

Evaluating the success of the policy depends on where you sit.

“It's helped us in a thousand ways. It was absolutely central to our turnaround here,” Mr. Daniels said in an interview. Without union contracts to slow him down, he said, it has been easy for him to merge the procurement operations of numerous state agencies, saving millions of dollars. One move alone — outsourcing and consolidating food service operations for Indiana's 28 prisons — has saved the state \$100 million since 2005, he said. Such moves led to hundreds losing their jobs.

For state workers in Indiana, the end of collective bargaining also meant a pay freeze in 2009 and 2010 and higher health insurance payments. Several state employees said they now paid \$5,200 a year in premiums, \$3,400 more than when Mr. Daniels took office, though there are cheaper plans available. Earlier in his tenure, Mr. Daniels adopted a merit pay system, with some employees receiving no raises and those deemed to be top performers getting up to 10 percent.

Andrea Helm, an employee at a children's home in Knightstown, Ind., said that soon after collective bargaining was ended and the union contract expired, coveted seniority preferences disappeared. "I saw a lot of employees who had 20, 30 years on the job fired," she said. "I think they were trying to cut the more expensive people on top to make their budget smaller."

Mr. Walker is trying to persuade Wisconsin lawmakers not only to emulate Indiana at the state level, but also to extend the bargaining restrictions to local governments. He would allow bargaining on only wages, and he argues that, by banning negotiations on subjects like outsourcing, health coverage, workloads and seniority, his plan will be a boon for taxpayers at every level of government.

For example, Mr. Walker estimates that school districts across the state could save \$68 million a year if the districts were free to use the state employee health plan instead of the teachers' union plan. "If local governments aren't given the tools they need to help them make cuts, they will have to lay off people and that can hurt public services," he said in an interview.

Teachers' union officials said they had traded wage gains to keep their health plan, adding that districts could use cheaper plans, but that would result in worse coverage for teachers.

Bob Ziegelbauer, county executive of Manitowoc County and an independent state assemblyman, said Mr. Walker's legislation would give him far more flexibility. For instance, it would eliminate union rules that have made it hard to close a children's detention center that holds just one youth, a move that would save about \$300,000 a year.

Union seniority rules can be especially confounding, Mr. Ziegelbauer said. He said that when he

eliminated one clerical position in the county courthouse, the person who held that job bumped another person because she had more seniority. Ultimately four other workers bumped less senior workers, forcing the county to spend weeks retraining everyone involved.

“With collective bargaining in the public sector, it’s, ‘You can’t make me,’ ” he said. “It’s hard to change anything unless the union lets you.”

Union officials say that collective bargaining provides workers with important protections against retaliation, age discrimination and management decisions that sometimes change with the political winds.

“Layoffs may not be based on merit or effectiveness, but on anything management wants it to be,” said Mary Bell, president of the Wisconsin Education Association Council, which represents 98,000 public school employees.

Ms. Bell said that experienced, high-salary teachers would have targets on their heads and that class sizes would grow bigger without union prodding.

Jim Mills, a longtime welfare worker and union activist in New Castle, Ind., said a big problem with ending collective bargaining was that workers who had ideas to improve government agencies or services became scared to stick their neck out and make suggestions to their bosses.

“If we saw there was a bottleneck and something didn’t work and told them, it was ‘Get lost, you’ve got to do it the way we told you or you can leave,’ ” Mr. Mills said. He noted that after bargaining was banned, his union local dwindled to just 12 members from 260, partly because workers were scared management would know who still paid union dues.

Mike Huggins, the city manager of Eau Claire, Wis., said Mr. Walker’s push to curb bargaining could make management more difficult at the city level because it would hurt municipal employees’ morale and end the labor-management cooperation that he said had yielded excellent ideas to improve services to the public.

He cited a new effort in which Eau Claire saves money for itself and 11 surrounding communities by providing round-the-clock emergency medical service coverage. “All these practices and working relationships we’ve developed over the years would go away,” he said.

If there is one thing the two sides agree on, it’s that an end to collective bargaining will lead to far weaker public sector unions. Mr. Daniels said that after he banned bargaining, membership in the unions for state workers nosedived by 90 percent, with workers deciding it was no longer worth paying dues to newly toothless unions.

Mr. Walker has sought to reassure public employees that thanks to Wisconsin’s civil service law, they will still have plenty of workplace rights even after their bargaining rights are slashed. The civil service law bars workers from being suspended or fired except for “just cause” and provides for administrative appeals.

“The average worker is not going to see much change,” Mr. Walker said, beyond increased payments toward their pensions and health coverage.

But Rick Badger, executive director of a union representing 33,000 city and county workers in Wisconsin, said that civil service protections were far weaker and narrower than union protections. A government-appointed appeals panel, he said, is far less likely than a neutral arbitrator to rule for workers who challenge their firing.

“And most cities, counties and school districts don’t even have civil service rules,” Mr. Badger said.

Responding to such concerns, Republican lawmakers have modified Mr. Walker’s bill so that grievance procedures would be extended to all public employees.

Though he supports Mr. Walker’s proposals, Mr. Ziegelbauer voiced fears about an increase in unjustified dismissals, especially of more senior workers, if the legislation passes.

“I’ve talked to many teachers and public works employees in my county,” he said, “and almost every

conversation comes around to the impact on their seniority and their concerns that their boss doesn't like them and they won't be treated fairly, and frankly I think there's something to that."



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