

# Why Did Conn. Workers Reject a Favorable Deal?

[Ryan Holeywell](#) | July 19, 2011

As public workers across the country faced the threat of reduced benefits, layoffs and even the loss of collective bargaining rights this year, Connecticut poised itself as a sort of anti-Wisconsin. With Democrats controlling the state Senate, House and Governor's office, state workers were offered a pretty good deal by Gov. Daniel Malloy: They'd have to agree to \$1.6 billion in concessions in the form of some wage freezes, increases in retirement age, and reduced minimum cost-of-living adjustments for pensions. But there was a big upside: no layoffs among the state's 45,000 unionized workers for at four years.

Leaders of a coalition representing the state's 15 unions agreed to the deal in May and took it to their members for a vote.

In a move that shocked the union leadership, the members rejected it, prompting Malloy to this week begin moving forward with as many as 6,500 layoffs he threatened – among other cuts – as part of an effort to balance the budget in lieu of the agreement.

But now, that deal may have new life. On Monday, union leaders voted to change their bylaws to make it easier to approve the agreement. Originally, at least 14 of the 15 unions in the coalition were required to approve the deal for it to stick. Now, the bar has been lowered to eight. Union leaders don't know when a new vote will occur, but they're optimistic it will have more success this time around. So what in the world went wrong the first time?

Originally, just 11 of the 15 unions approved the deal. Some members were fearful of changes to the health plan. Some didn't want their retirement age to increase. And others simply resented the threats. But union leaders blame the defeat on the Yankee Institute, a conservative Connecticut-based organization that they say poisoned the debate by intentionally spreading misinformation to workers and prompting them to vote against their best interests.

Officials from the union association, called the State Employees Bargaining Agent Coalition, say the Yankee Institute gained access to the state email system by using fake names, then sent misinformation about the deal to other workers while posing as their colleagues. SEBAC leaders realized there was skulduggery afoot when they saw emails quoting Yankee Institute material originating from employees whose names didn't appear in worker directories, says SEBAC spokesman Matt O'Connor. He believes "there's no question it was a factor" in the agreement's defeat. "I know lots of union members received emails that we can trace back to the Yankee Institute," O'Connor says. "They were ... masquerading as someone who they weren't."

One of the biggest misconceptions about the deal that was spread through those emails was the allegation that the new health plan was related to Sustinet, the state's plan to create a state-run insurance program. But a Sustinet health insurance program doesn't actually exist, and O'Connor says Sustinet has nothing to do with the workers' plan.

Now, the attorney general's office has launched a preliminary inquiry to determine whether there's truth to the unions' allegations. But state officials remain tight-lipped about the situation. The State Auditors of Public Accounts has already forwarded a report on the situation to the attorney general's office, but nobody there is saying what it did – or didn't – turn up.

Meanwhile, the Yankee Institute says there isn't a shred of truth to the unions' allegations, and there's no way it could have hacked the state email system. It says the union has invented the story as a way to explain away its own internal disagreements that killed the deal. "We had nothing to do with it," says Fergus Cullen, executive director of the organization. But the Yankee Institute has made no bones about its opposition to the job security and benefits enjoyed by unionized state workers. The institute opposed the deal Malloy offered the workers, arguing that it wouldn't yield the level of savings promised.

Still, the Yankee Institute's leaders appear to have relished their role as foil to SEBAC. The group has published

the union leaders' salaries (which are public information) and released a statement in response to the email kerfuffle calling union leaders "paranoid" and suggesting they "cool off with a tall glass of lemonade and some time in the shade."

If true, the allegations outlined by SEBAC would seem to highlight a new level of power by conservative groups to influence state-based debates. While union workers have been targeted nationwide – most prominently in Wisconsin and Ohio – those places have conservative legislatures and governors who are openly hostile to unions. But here in Connecticut, the governor's office and both chambers of the legislature are controlled by Democrats who offered workers a favorable deal. Despite all the odds in its favor, it was still killed.

Cullen dismisses the notion that his group had anything to do with the deal's failure, but he is glad that it produced layoffs. After the layoffs began, he told the *Hartford Courant* that it's "good policy" to shrink the government and reduce its workforce. During the initial negotiation process, the Yankee Institute ran radio ads supporting Gov. Malloy's attempt at a larger concession package. Those ads highlighted the number of workers earning salaries in excess of \$150,000 (1,100, according to the group) and the number of retirees with pensions worth more than \$100,000 annually (hundreds, says Yankee). And the group also maintains a quasi-news site that features articles focusing on pension costs among other subjects.

All of this, union leaders say, is troubling, given the Yankee Institute's close ties to out-of-state interests. Tax documents reveal that the Cato Institute, a powerful libertarian group based in Washington, D.C., gave the Yankee Institute \$68,000 in 2006, a sum that represents about 15 percent of the Connecticut group's annual revenue. More recent figures aren't available. Connecticut union leaders believe the debate here is being influenced by those who are hundreds of miles away from the state.

But Cullen insists that while his group is affiliated with Cato, and conducts joint events with Cato, it's not a "front group" funded by Cato or others – but he's not releasing Yankee's financials.

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