



# Beckmann: Snyder's Union Challenge

Frank Beckmann / The Michigan View.com

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For years, we heard the warnings that expensive public employee compensation packages would become unsustainable in Michigan and elsewhere, but nowhere was the political courage found to take the steps necessary to stop the bankrupting of public treasuries.

The nonpartisan **National Center for Policy Analysis** put a pencil to the numbers last summer and they confirmed the basis for the expressed concerns.

The NCPA analysis of 153 state and municipal plans found unfunded liabilities for health and other benefits of \$558 billion and unfunded pension liabilities at a staggering total of \$2.5 trillion.

The total unfunded liabilities for all benefit plans, according to the report, were an estimated \$3.1 trillion.

Now, after years of ignoring the gathering threat posed to state and local government budgets, some political leaders have identified the current tipping point and are making a valiant attempt to reverse the economic tsunami.

We should not be surprised by the reaction of public labor groups based on what we've witnessed elsewhere when governments have taken — even mild — steps to change the status quo.

Public employees in socialist Greece went on strike and rioted last year when the bankrupt government imposed austerity measures that included a pay freeze and increase in the retirement age.

Recent protests in Wisconsin may be just the start of the public employee reaction in the U.S. to efforts by politicians to finally address the unsound fiscal policies of the past.

One can understand the defensive posture of teachers and other public employees in trying to protect their attractive compensation packages.

Their blame is not in acquiring plans that recompense them handsomely, but rather in failing to acknowledge that the people who pay them — other taxpayers — have a right to change their compensation through the efforts of the politicians they elect.

Gov. Rick Snyder's recently released "Citizen's Guide to Michigan's Financial Health" pegged the state's unfunded liabilities for public employee benefits at a whopping \$58.4 billion dollars.

Public employee compensation is one of the leading reasons that upward of 20 Michigan cities and school districts are in danger of bankruptcy.

And that threat is why state Treasurer Andy Dillon has enlisted the Plunkett Cooney law firm to begin training a whopping 120 prospective emergency financial managers to potentially oversee local units of governments.

Snyder is likely to find support in the Republican legislature for his request that emergency managers be given broader powers that would allow them to unilaterally void public union contracts.

Snyder tries to strike a conciliatory tone in his public comments about Michigan's efforts to stop the unaffordable growth in public employee benefits.

But the governor should be careful not to allow his soft words to be interpreted as a sign of weakness by the likes of the UAW, MEA and AFL-CIO.

Their words and actions won't be nearly as nice as they commit to maintaining their own comfortable status quo, no matter how much that costs anyone else.