

# TRANSFORMING PUBLIC SECTOR LABOR MANAGEMENT RELATIONS

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# Overview



- Current situation: A Teachable Moment? A Transformational Moment?
- Getting the Facts Right in Public Sector Debates: A quick review and reference
- Learning from the Private & Public Sector
- Moving Forward—What it will take for this to be a positive transformational moment

# Proximate Causes of Current Public Sector Crises

- Fiscal crises facing nearly all state governments
  - ▣ Budget deficits
  - ▣ Unfunded pension liabilities
  - ▣ Rising health care costs
  - ▣ Crisis in American education: need for major reforms
  
- Political shift in power
  - ▣ 18 new Republican Governors (29 in total)
  - ▣ Well funded anti union “Tea Party” backed campaigns
  - ▣ 700 bills introduced in state legislatures

# Will this be a Transformational Moment?

## How can we help it be so?



- Necessary Conditions for Transformational Moments
  - ▣ Political shift in power, sometimes driven by economic crisis
  - ▣ Change in labor law/policy
  - ▣ Shift in strategies of either or both labor and employers

# Prior Turning Points

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- 1930s New Deal
- 1960s public sector
- 1980s private sector
- Obama's election: Great expectations; missed opportunity
- Will we seize this moment? What do we need to do?

# How to Address the Current Crisis

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- Get the facts right and make them transparent
- Hold a state-level or local-level summit and negotiate a new “Grand Bargain”
- Enact reforms to modernize public sector collective bargaining to support on-going collaborative processes

# The Facts: Brief Summary

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- Compensation: Public sector workers receive about 11% lower wages and 3% lower total compensation than comparably educated private sector workers
- Dispute resolution processes (mediation, fact-finding, and arbitration) have produced outcomes comparable to negotiated solution and comparable to private sector collective bargaining
- Unions and municipalities have responded to prior fiscal crises by forming coalitions that have addressed the key problems

Source: Employment Policy Research Network paper

<http://www.employmentpolicy.org/topic/402/research/getting-it-right>

# Is Bargaining Blameless? No!

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- Slow, incremental, conservative (status quo oriented)
  - ▣ Boston Firefighters arbitration
  - ▣ Teacher union resistance to education reform
  - ▣ Massachusetts local bargaining failed to negotiate health care reform and cost savings
  - ▣ Long delays in arbitration awards (700 days in NY!)

**Bottom Line:  
We Have to do Better!**

# Moving Forward:

## Learning from the Private Sector

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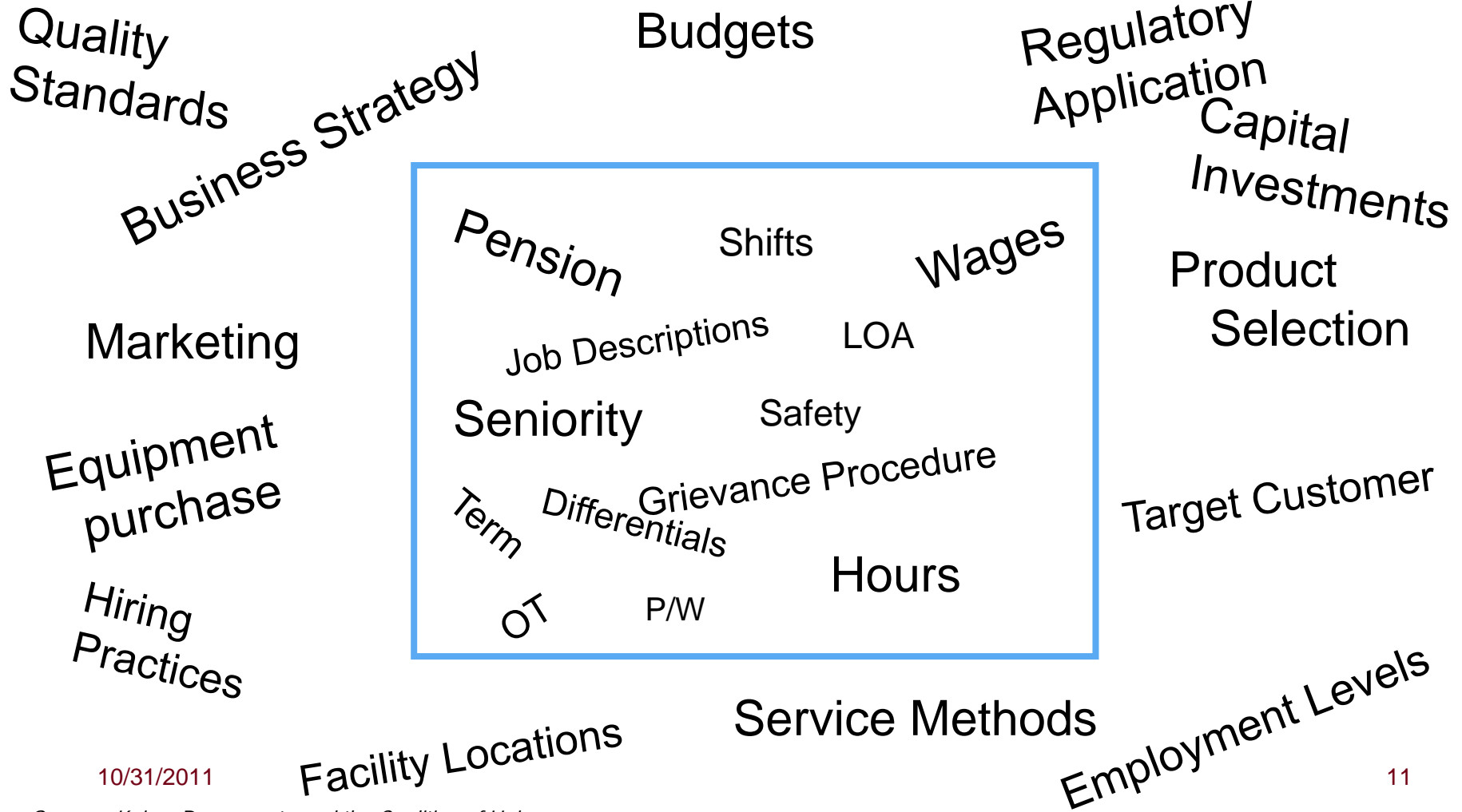
- Traditional arms length, “job control” labor relations not competitive with non-union alternatives
- Transformed, collaborative relationships could perform at world class levels
  - ▣ Saturn: Could we propose a clean sheet approach to labor contracts”
  - ▣ Kaiser Permanente: Could we put interest based bargaining, worker engagement on the front lines, and strategic partnerships to work in the public sector?
  - ▣ 15-20% Productivity Premium estimated in manufacturing for transformed systems

# Three-tier transformation model



Source: Adapted from Thomas Kochan, Harry Katz, and Robert McKersie, *The Transformation of American Industrial Relations*. New York: Basic Books (1984)

# Inside and Outside the NLRA Box



10/31/2011

Source: Kaiser Permanente and the Coalition of Unions

11

Changing Context

# Learning from the Public Sector

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- Coalition bargaining in prior fiscal crises (NYC)
- Integration of transportation agencies/unions in Mass
  - Coalition of unions: Support from State AFL-CIO Leader
  - Multi-party negotiations with gains sharing model
  - New proposal to bring stakeholders together in Mass education sector
- Collaborative examples of education reform

# Dept. of Ed Ten Principles for Reform

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- Strategic Direction Setting
- Clear & Shared Responsibility for Academic Outcomes
- Supporting Growth & Improvement of Teachers & Leaders
- School Design, Schedules, Teacher Workload & Time
- Teacher Evaluation
- Administrator Evaluation
- School Board Evaluation
- Transfer, Assignment, & Reduction in Force
- Compensation & Benefits
- Dynamic Decision-Making & Problem-Solving

# Predicting the Future?

## Three possible Scenarios

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1. Backlash against public sector unions dominates
  - Public sector union decline
  - On-gaining labor wars, possible escalation.....?
  - Everyone loses
2. Unions successful in counteracting political attacks:
  - Short run stalemate
  - Longer term union decline as public recognizes problems have not been solved or addressed: private sector 1980s scenario replicated in public sector
3. Unions counteract political attacks ***and new strategies for labor and management dominate in addressing problems*** and jumpstart a renaissance in labor management relations!

# Making Scenario 3 Happen

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- Learn from Prior Transformative Innovations
- Demonstrate the Power of Negotiating Solutions
- Transform Negotiations and Dispute Resolution Processes
  - interest-based bargaining
  - employee engagement in continuous improvements
  - labor management collaboration and partnerships
- Engage the Workforce in Continuous Improvements
- Enact and Monitor Performance of Next Generation Public Sector Policies