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**SEND A LETTER TO  
THE EDITOR**

The Platte Institute strongly believes in the importance of citizens participating in the public dialogue on issues important to Nebraska. Writing a letter to the editor is an outstanding way to partake in the discussion and have your voice

# PLATTE CHAT

**Editor's Note:** Beginning this year, the Platte Institute for Economic Research will be having guest writers contribute to our Platte Chat newsletter. This is the first such guest Platte Chat. The writer is Dan Welch, an Omaha lawyer who served on the Omaha City Council from 2001-2009. He was the Omaha City Council President from 2005-2009.

## THE FAUSTIAN BARGAIN IN OMAHA POLITICS

Like all unionized organizations, the City of Omaha is now in the normal process of negotiating long-term contracts with union employees. Omaha's elected officials are responsible for negotiating and approving these contracts. But unlike most collective bargaining arrangements, the State of Nebraska allows for public unions to contribute to elected officials campaigns, despite the fact that these officials will set the

heard by thousands of people. To make the process easier, the Platte Institute has assembled a list of links which allow you to submit a letter to the editor to nearly all Nebraska newspapers. Simply [CLICK HERE](#) for a listing of the newspapers and follow the appropriate link to submit your letter.

salaries and benefits of the very same unions. This is a clear conflict of interest and creates a problem for taxpayers. The problem is rooted in the typical politician's desire for the power of elective office and the public unions' unique ability to affect the outcome of elections. Of course unions have an obligation and the right to represent its members as effectively as possible. The fault lies with some politicians that substitute the interests of taxpayers in favor of politically active public unions for personal gain.

As a prime example, in Omaha city politics, no group of people has more influence than the powerful police and fire unions. As permitted by law, the unions collect large sums of money from their members for the purpose of influencing elections. In Omaha city council and mayoral campaigns, a political candidate is encouraged to interview in front of a group of union officials to engage the candidate in a meeting which is recorded by a camera. The interests of the union are laid out and the candidate is asked to support union positions on the issues. It can be a "make or break" decision for a candidate; at stake is the endorsement of the union, large contributions, the free use of a union hall for campaign events and scores of union members who will erect campaign signs and go door to door to promote the candidate's election.

After a candidate is elected, he or she is

expected to deliver on the commitments made during the campaign. If the politician fails to follow through, the union leaders promise the candidate that they will not be supported in succeeding elections. The threat is exacerbated in local elections with low turnout where public union support can be extremely critical. What does this mean for Omaha citizens? Unfortunately, it means an ever increasing financial burden for taxpayers.

In the 2001 Omaha campaign cycle, the public safety unions spent extraordinary amounts of money, time and effort promoting candidates as mentioned. After the election, in 2002 and again in 2004, city leaders who had accepted money and endorsements approved union contracts which increased spending on police and fire personnel by over \$32 million (a 28 percent increase), at a time when most city departments saw no increases. In addition to the 28 percent increase in salaries and benefits, the same contracts increased police and fire pension plans to unsustainable levels and are largely responsible for our current pension fund mess, which is nearly \$500 million under funded.

Omaha leaders recently agreed to increase its property tax levy, in part, to pay the substantial increases in the public safety labor contracts. Additionally, the city will likely consider another tax increase to bail out the police and fire pension funds.

If recent trends persist, regrettably elected officials will continue to agree to long-term unaffordable contracts in response to pressure applied by public safety unions. But under Nebraska statutes, the city is limited in what it can do to pay for those contracts because the city cannot unilaterally reduce the salaries and benefits of public safety employees without the consent of its labor unions.

This is not just an Omaha problem. Many municipalities across the state are impacted the same way. If a public union refuses to accept an offer made by a government in the state of Nebraska, an impasse is declared and the dispute is sent to the Commission of Industrial Relations (CIR). After due consideration, the CIR determines the wages and benefits of any public union that is at an impasse with a governmental body in Nebraska. In order to arrive at a determination of the wages and benefits that employees are due, the CIR compares employee pay and benefits to other "similar" union contracts in other Midwest cities. Not surprisingly, public unions' influence on city leaders is not a problem unique to Omaha, and the union contracts of the other "similar" cities are typically excessive due to the same union influence on politicians in large urban cities. (According to the US Bureau of Labor Statistics, public employees in the upper Midwest receive pay and benefits equaling 1.26 times private sector

compensation.)

The obvious question then becomes, why not change the process by which impasses are settled in the state of Nebraska? In order to change the impasse settlement procedure, a new law would have to be promulgated in the Nebraska State Legislature. This has been advocated in the past by taxpayer watch dog groups such as the Nebraska League of Cities. Unfortunately, there must be a majority of state legislators who are willing to reform the system. As you might guess, Nebraska legislative campaigns are also supported by local and statewide public unions. These powerful public unions obviously do not want the process to change and don't support legislators who offer such reforms. As a result, despite the potential of millions of dollars in savings to taxpayers, the system remains unchanged.

In Omaha and other Nebraska municipalities, taxpayers are continually asked to accept tax hikes to ensure that public union employees can maintain their lifestyles at a time when the taxpayers are struggling to maintain their own. Citizens should hold local politicians accountable for their quid pro quo arrangement with powerful public unions. Voters should also demand that the Unicameral support elimination of the CIR or amend CIR statutes to correct its serious deficiencies. Taxpayers deserve better.

**Note:** For more information about the CIR, you can download the Platte Institute's reports calling for the elimination or overhaul of the CIR at [www.platteinstitute.org](http://www.platteinstitute.org)

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