

July 29, 2015

To the Honorable Members of  
The Illinois Senate,  
99th General Assembly:

Today I veto Senate Bill 1229 from the 99th General Assembly, which would amend the Illinois Public Labor Relations Act to replace collective bargaining with binding interest arbitration.

For many months, I have advocated that local governments should have the right to determine which subjects are collectively bargained with their public employees. The response from some union officials is that my proposal would “gut” the collective bargaining rights of those public employees. Those same union officials proposed Senate Bill 1229, which goes far beyond my simple proposal. It removes every subject of labor negotiations from the bargaining process and allows unelected arbitrators to impose billions of dollars of new costs on our taxpayers without any involvement of the Executive Branch, the General Assembly, or those taxpayers. This legislation is undemocratic, it is bad for our budget, and it is unconstitutional.

Senate Bill 1229 is also based on a false premise that our Administration has been unreasonable in labor negotiations and wants to lock-out employees or prompt an employee strike. Nothing could be further from the truth. We have negotiated in good faith with AFSCME since shortly after I took office. We came with our proposals ready on day 1, and we made significant concessions from our initial proposals, including revising our proposals on management rights, dues collection, holidays, subcontracting, layoffs, and employee pensions. We asked AFSCME to schedule more frequent weekly negotiating sessions (which they declined), and we voluntarily agreed to extend negotiations even after the current collective bargaining agreements expired on June 30, 2015. At my request, those “tolling agreements” contain express provisions that prohibit a strike or lock-out during our negotiations. Today our Administration signed a new tolling agreement that extends negotiations until at least the end of September. We are working diligently to reach an agreement with AFSCME.

Our proposals have also not been unreasonable. In fact, the proposals we offered to AFSCME are similar to those recently adopted by state employees represented by the Teamsters. It took only two weeks from the time our Administration first met with John Coli, the President of the Teamsters Joint Council 25, to reach agreement with the Teamsters. The Teamsters, to their credit, were realistic about the State's dire financial condition. They cleared their calendars to negotiate around the clock. They made no outrageous financial demands for large pay increases or new health benefits. They had no problem agreeing to a 40-hour work week. We similarly sought to build a strong partnership with the Teamsters in exchange for their concessions. We agreed to a large monetary bonus pool to reward employees for their exceptional performance. Rather than have an unlimited subcontracting provision, we agreed to allow the Teamsters to bid on any project offered to a private sector company and share in the savings achieved by the State. We also agreed to fund an educational program for their employees, a top priority for our Administration.

Given time and reasonableness, we can reach a similar agreement with AFSCME. This legislation, however, prevents our Administration from doing so. Many are unfamiliar with the concept of interest arbitration that replaces collective bargaining in this legislation. It is not the same as arbitration in civil law, business, or other contract disputes. Interest arbitrators are not allowed to fashion a compromise that Illinois taxpayers can actually afford. Presented with the State's and the unions' proposals, arbitrators will be picking winners and losers by accepting either side's proposal in its entirety. Because they are unelected and unaccountable, arbitrators can decide to impose on the State the unions' proposals without regard to the dire impact those proposals will have on our fiscal stability. As I write this message, if AFSCME seeks to impose its current proposal, it would cost our taxpayers an additional \$1.6 billion in salary and pension costs and would eliminate \$500 million per year in healthcare savings that were part of the overall healthcare savings included in both Democrat and Republican budgets. If an unaccountable arbitrator awards AFSCME's contract, the clear losers will be the State's taxpayers. And the already-difficult task of balancing the State's budget in a constitutional manner will become insurmountable, hurting the beneficiaries of State programs and services that would no longer be possible. We cannot afford Senate Bill 1229.

Finally, if enacted into law, Senate Bill 1229 would violate the United States Constitution by retroactively impairing contractual obligations. In the last round of negotiations, the State and unions entered into collective bargaining agreements that spanned the period from July 1, 2012 to June 30, 2015. Negotiating those contracts in 2012, both sides knew, and bargained with the understanding, that any contractual obligations the parties undertake would expire on June 30, 2015. Senate Bill 1229 changes that bargain by extending the terms of expired agreements beyond June 30, 2015. The United States Constitution forbids the State from enacting a law that changes contracts retroactively. Senate Bill 1229 is therefore unconstitutional.

Senate Bill 1229 would cede major financial decisions to unelected, unaccountable arbitrators. This legislation is bad policy and would derail our efforts to honestly balance the State's budget and enact meaningful government reforms.

Therefore, pursuant to Section 9(b) of Article IV of the Illinois Constitution of 1970, I hereby return Senate Bill 1229 entitled "AN ACT concerning State government", with the foregoing objections, vetoed in its entirety.

Sincerely,

Bruce Rauner  
GOVERNOR