



Written by [Alex Newman](#) on September 24, 2012

Big Labor and Moody's Pounce on Ruling Against Wisconsin Union Law

After an activist judge in Wisconsin blocked parts of Gov. Scott Walker's [budget-reform law](#) reining in the power of government-employee unions, Moody's [said](#) the decision would negatively affect the credit rating of local governments even as pro-Big Labor politicians in at least one county sprang into action to keep taxpayers on the hook for another year. State officials, however, are already working to undo the damage.



On September 14, portions of the law, known as Act 10, were ruled “unconstitutional” by Dane County Circuit Judge Juan Colas — apparently known locally as “the left’s lefty” for, among other reasons, his zealous support of Big Labor. Political insiders in Wisconsin told *The New American* that the case may have even been specifically routed to Colas so the ruling would be essentially pre-determined.

For now, the dubious decision keeps big parts of the law in limbo. However, if the decision ultimately stands, Moody's Investors Service [warned](#) that it “would be a credit negative for Wisconsin (Aa2 stable) local governments because it would materially restrict their budgetary flexibility at a time when budgetary challenges show no signs of letting up.”

State officials are seeking to stop enforcement of the controversial ruling until it can be appealed in a higher court. Gov. Walker, meanwhile, blasted Colas as a “liberal activist judge” who had “overturned the will of the people and imposed his personal political beliefs on all of us.” An appeal has already been filed.

“It makes no sense to force a return to a broken system before the appellate process is completed,” said Wisconsin Attorney General J.B. Van Hollen in a statement, adding that the law “is constitutional in all respects” while the ruling against it is “woefully legally deficient.” Van Hollen is already working to reverse the decision, and the legislature may get involved, too.

So far, Judge Colas has refused to delay the enforcement of what critics called his “half-baked” ruling. That could still change, though.

Gov. Walker released a [statement](#) pointing out that the reforms balanced Wisconsin's massive \$3.6-billion budget deficit while giving local governments the ability to properly manage their own finances. Local authorities including school boards across the state have already started to realize huge savings for taxpayers, too. But the ruling could undo much of that progress.

The statement by Moody's about the recent court ruling “underscores the importance of receiving a stay on the decision,” Gov. Walker explained, adding that the credit-ratings agency recognized the positive impact of Act 10 reforms. “Hopefully local units of government in Wisconsin will not have to take on unnecessary debt obligation costs, which would likely fall on the next generation.”

The budget-reform law, which sparked [vicious protests by some government employees](#) but went into effect last year, [reins in powerful government unions](#) while requiring most public servants to pay more



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for their generous pensions and health insurance plans. It also makes union dues voluntary, [enraging Big Labor bosses](#) across America as well as the political class that depends on forcibly extracted dues for re-election.

Still, a [well-funded bid to oust Gov. Walker](#) in a recall election failed. Similar [efforts to recall state senators](#) who supported the law had varied results: some succeeded, others failed. Overall, the outcome of the political battle was [celebrated](#) nationwide as a vindication of the push to protect taxpayers from out-of-control public-sector unions.

In Dane County, however, politicians seized on Judge Colas' recent ruling to hastily negotiate a contract with government-sector unions that extends out until 2015. "We have a window here, and we're going to take advantage of it," County Board Chairman Scott McDonell was [quoted as saying](#) in news reports. Despite intense opposition from activists who spoke at the meeting and [massive debts](#), the board voted to approve the controversial contract on September 20.

Critics, however, were outraged by the move — and suspicious, too. Union contracts typically take at least months to negotiate, sometimes more, leading analysts and watchdog groups to wonder whether or not the deal was being worked on before the controversial ruling was even issued.

"It can take up to a year to negotiate these deals — either this has been in the works for some time or there are major giveaways to the unions to speed up the process," Americans for Prosperity Foundation Wisconsin State Director Luke Hilgemann was [quoted as saying](#) in a report by the MacIver News Service.

Even in Dane County, some policy makers were concerned about the process and the effect the contract would have once funds begin to shrivel up. "They may end up killing programs so that we can repay their political favors," explained county board member Dave Wiganowsky, suggesting that the new contracts were an effort by big government-supporting politicians to repay Big Labor for its political support.

Local activists were outraged, too. Dane County resident and Wisconsin 9/12 Project organizer Kirsten Lombard, who attended the board meeting to speak out against the proposed contract, told *The New American* that opposition was strong and growing.

"Plenty of people were there speaking against the resolution to pass these contracts. But, of course, that didn't make any difference — this was a done deal," Lombard said, adding that she told officials about her plans to start looking for a home outside of Dane County if the plan was approved. "I wasn't kidding. I'm already looking." Like many other activists, she was suspicious about what might have been going on behind the scenes as well.

In the state legislature, Republican lawmakers worried that the new contracts would at some point prompt Dane County to seek a bailout from state taxpayers. "The failure of Dane County to utilize the long term cost savings tools of Act 10 will eventually lead to a significant fiscal crisis," [said](#) state Representative Steve Nass. "The consequences of that crisis should be Dane County's alone."

The teachers' union in Madison has also asked city officials to open up negotiations on a new contract because of the ruling. However, due to the uncertainties surrounding the judge's decision and Act 10 itself, District Superintendent Jane Belmore said that nothing should be done for now.

Because paying dues was optional and workers could vote against certifying their unions under the state reforms, Big Labor bosses and their allies were apparently worried that government-sector unions



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might cease to exist altogether in Wisconsin. But Lester Pines, the well-connected attorney who filed the case on behalf of Big Labor, claimed the ruling would prevent such a collapse.

“That goal of Gov. Walker and his minions has been thwarted,” he [told](#) the Associated Press. “The unions will be there, they will be representing their employees and the wise employer, knowing that the public employee unions are not going to be squeezed out of existence, now will work with their unions.”

Gov. Walker, unsurprisingly, saw the matter differently. “The people of Wisconsin clearly spoke on June 5th. Now, they are ready to move on,” he said in a [statement](#). “Sadly a liberal activist judge in Dane County wants to go backwards and take away the law making responsibilities of the legislature and the governor. We are confident that the state will ultimately prevail in the appeals process.”

Liberty-minded commentators echoed those remarks, pointing out that Wisconsin citizens were generally in favor of reining in government unions. “Oh, and since Judge Colas is so concerned about ‘distinct classes,’ let’s not forget that there really are two classes in this country: those of us who produce, and the public employees who feed off us,” [wrote](#) J.D. Tuccille, managing editor of Reason 24/7.

While analysts are still examining the ruling to fully understand its effects, at least some key parts of Act 10 will remain in place despite the decision. Still, experts say that the dubious ruling against it will almost certainly land before the state Supreme Court eventually. The case might even bypass the appeals court if enough justices agree to hear it.

In theory, if argued in terms of the U.S. Constitution, some legal analysts [said](#) the controversial decision could even end up at the U.S. Supreme Court, though the odds of that are very slim. However, in a separate case, a few minor sections of the law are already in the federal court system after a circuit judge ruled the provisions unconstitutional. That ruling is also being appealed.

The Wisconsin high court, meanwhile, is said to lean conservative — it already overturned another [liberal judge’s ruling against Act 10](#) last year — leading experts to predict that the budget-reform law will likely be upheld. And that, activists say, would be a massive defeat to Big Labor bosses and the politicians they fund with members’ dues money, but a solid win for already-squeezed taxpayers.

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