

Michigan officials slash public services

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The loss of revenue caused by mass unemployment and plunging home prices has created a fiscal crisis for Michigan, which is being used as a pretext for cutting funding for social services and attacking the wages and benefits of public employees at the state, county, city and municipal levels.

With the bankruptcies of General Motors and Chrysler and the massive downsizing of the auto industry, Michigan has been among the hardest hit states in the country, with an overall unemployment rate of 15.2 percent as of June 2009. This is a 7.1 percent increase from June of last year, and a 1.1 percent increase from May. Unemployment in Michigan is expected to continue to rise at an alarming rate throughout the remainder of the year and beyond.

With an official unemployment rate of 26.2 percent, up 12.3 percent from one year ago, Baraga County has the second highest jobless rate in the nation, behind only Imperial County in California. Oscoda, Montmorency and Sanilac counties are not far behind with rates of 20.3, 19.5 and 19.1 percent respectively.

Overall, 30 out of the state's 83 counties have greater than 15 percent unemployment rates. Another 48 counties fall between 10 and 15 percent, leaving just five counties with unemployment levels below 10 percent, only three of which fall below the national average of 9.5 percent. Mackinac County boasts the lowest rate of unemployment in the state at a not-inconsequential 8.1 percent.

The loss of jobs has caused mass default on mortgages, collapsing the housing market in the state and severely curtailing revenue for the operation of state, city, county and municipal governments.

The state government is facing a \$2.7 billion dollar budget shortfall for the coming fiscal year. Governor Jennifer Granholm, a Democrat, has attempted to push a large part of this shortfall onto local governments by

cutting money from the state-shared revenue to cities. After cutting \$41 million from city governments for fiscal year 2008-09, Granholm will likely push through even larger cuts for the coming fiscal year, which starts in October. City cuts throughout the state could range from \$5 million to \$100 million.

Public employees are being made to bear the brunt of these draconian cuts. Michigan's Speaker of the House Andy Dillon, a Democrat, has put forth a plan that would combine all the state's public employees under a single statewide health plan. Workers would pay for this plan with increased premiums, co-pays, benefit reductions, or, most likely, all of the above.

The Michigan Education Special Services Association (MESSA) has opposed Dillon's plan, which, according to MESSA, fails to recognize the significant sacrifices and cuts that have already been made by public workers in recent years. The plan would entail abolishing union contracts for the various county, city and municipal employees in order to renegotiate a single contract valid for public employees throughout the state.

The executives of Macomb and Oakland Counties have both proposed 5 percent salary reductions for all city employees. Due largely to sliding property values, Macomb County will face a \$15.6 million deficit next year, and a \$16.5 million one in 2011. Oakland County saw a 190 percent increase in home foreclosures between June of 2008 and June of 2009. The median price of homes plunged from \$103,000 to \$56,000, a 45 percent decline, in the same time period. As a result, the county is facing \$14.3 million deficit next year.

In the city of Detroit, once the industrial capital of the nation, things are even worse. Detroit is facing between a \$300 million and \$600 million shortfall next year. Home foreclosures have skyrocketed. Unemployment in Metropolitan Detroit is 16.9 percent, while in the city itself official unemployment is over 25 percent. More

than a third of the city's population lives below the official poverty threshold.

Mayor David Bing has recently rescinded on his campaign promise not to furlough city workers. Detroit workers will have 26 days mandatory furloughs this coming fiscal year. That is an average of one furlough day every two weeks for a net loss of more than 10 percent of their salaries. City workers will no longer receive overtime pay for working over 8 hours in one day. Even as Dillon plans his state-wide initiative to cut benefits and raise out-of-pocket health care expenses for public employees, Bing is carrying out a similar agenda in the state's largest city.

Public officials have attempted to portray the gutting of workers' wages and benefits as a preferential alternative to mass layoffs. Oakland County Executive L. Brooks Patterson poses the county's 5 percent pay cut for county workers thus: "the choice was for all employees to share the pain and receive 5 percent less in pay over the next two years or 145 employees would be in danger of losing 100 percent of their pay and benefits." Politicians throughout the country, including Governor Arnold Schwarzenegger in California, have used the same ultimatum to wrench massive concessions from public employees.

In addition to the ruthless attack on the wages and benefits, Michigan officials are gutting social services to help pay for the deficit. Oakland County has announced its intention to cease safety patrols on the more than 400 county lakes. The county will put an end to its drug court program, which puts those convicted of drug-related offenses through a treatment program as opposed to jail time. This program successfully rehabilitated 78 adults and 86 juveniles last year.

In virtually every county and city, departments will experience budget cuts in the coming year. In Macomb County, where Barack Obama recently spoke about job-retraining for the thousands of laid off autoworkers in the area, county officials have said no department is immune from cuts. \$1.4 million will be cut from the Health Department and \$1.7 from child care and juvenile housing.

Michigan State Attorney General Mike Cox recently downgraded the Detroit Public Schools (DPS) system so that it will no longer be considered a first class system. This removes a significant legal barrier that had existed to an increase in the number of charter schools.

Robert Bobb, the DPS financial manager, is an advocate of charter schools, and has recently indicated that the budgetary problems of DPS are too great to be fixed. The green light from Cox and Bobb's stated intention to declare DPS bankrupt indicate the extent to which the political establishment is collaborating to abolish public education in Detroit in favor of a privatized system (see "Detroit Public Schools moves closer to bankruptcy and privatization").

The cuts to wages, benefits and social services are taking place precisely when government assistance is most needed. With unemployment in the state at or near depression-era levels, more and more workers will turn to the government for aid, only to find an utter lack of support.



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