

Chicago city and transit budgets pose mass layoffs and deep cuts in services

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The city of Chicago and the Chicago Transit Authority (CTA) have recently announced budget proposals for 2010 that include furloughs and layoffs that will affect thousands of workers in and around Chicago. These budgets also include deep cuts in services that will have a dramatic impact on the living standards of people throughout the region.

Mayor Richard M. Daley and the Democratic politicians that have long run Chicago and Cook County have made it clear that they intend to make the working class pay for the financial crisis gripping local government, at the same time as they allocate vast sums of public money to large corporations and sign away city-owned assets in privatization deals.

The proposed 2010 budget for the city released by the mayor estimates a shortfall of \$520 million, due to a 31 percent reduction in tax revenues from their record high in 2007. Although the total budget will increase slightly from 2009, Daley's plan reduces spending in some areas by \$114 million, to be achieved through the elimination of 220 vacant positions and by imposing 24 furlough days on non-union city workers, an effective pay cut of about 10 percent. Scheduled cost-of-living increases will also be suspended, as wages are frozen at current levels.

Not taken into account in the \$520 million figure was a deal concluded over the summer with municipal unions that will result in five-week furloughs for the vast majority of unionized city workers, along with a reduction in overtime. Threatening layoffs if the furloughs were not accepted, Daley was able to secure the agreement of 40 labor unions representing city workers. The lone holdouts, Teamsters Local 726 and AFSCME Council 31, both saw layoffs totaling 431 workers, nearly 10 percent of the workers represented by both unions.

While the readiness of the vast majority of the unions to collaborate with the city in the assault on the wages of workers, without any fight whatsoever, is a clear sign of the rottenness of the official labor movement, the holdout unions fare little better. The Teamsters have thus far resorted to purely legal means, filing a breach of contract lawsuit to halt the layoffs. From the beginning, AFSCME sought to work with the mayor in bringing down wages and labor costs, while avoiding layoffs. While the union did not disclose the terms of the alternative proposal they presented to Daley, the guidelines from the national office include suggesting hiring freezes, job reductions through attrition, early retirement offers and voluntary reduced workweeks.

Daley was able to postpone making even more drastic cuts in public services and massive layoffs by proposing to spend \$370 million of

the \$1.16 billion the city received for the 75-year lease of its parking meter system to Chicago Parking Meters LLC, an infrastructure investment fund run by Morgan Stanley. According to the *Chicago Tribune*, the city will have spent \$400 million from the fund by the end of this year. Daley claims that the money borrowed from the fund "will be replenished when revenues have rebounded."

Having already leased the parking meters, the Chicago Skyway toll road, and some downtown parking garages to private interests, Daley has made it clear he intends to sign away as much public infrastructure as possible to for-profit companies. Speaking to the *Tribune* editorial board, Daley said that "nothing is off the table. Everything is always on the table." He also acknowledged that he has been speaking to consultants about the possibilities for future deals.

One of the candidates for leasing most discussed in local news reports is the city's water system. Daley declined to directly discuss the issue of the water system with the *Tribune*, claiming it would be a distraction from the discussion of the 2010 budget. However, speaking in reference to a water system, Daley hinted that there might well be opposition on the part of the workers to such a deal, saying "A lot of unions can be unfair, and then all of the sudden everything shuts down."

There has also been talk of reviving the failed deal to lease Midway International Airport for 99 years. That deal, which would have seen Midway leased to a private consortium that included Citigroup, Inc., and John Hancock Life Insurance, fell through earlier this year when the consortium found itself unable to secure financing. According to former Daley chief of staff John Schmidt, the city is looking into "alternative refinancing structures," with an aim to lease Midway within six months, without another round of bidding.

Daley prefers the method of leasing city property for extremely long terms because it allows him to avoid raising taxes and thus antagonizing his associates among the Chicago establishment. At the same time, it allows him to avoid the massive layoffs and service cuts they would otherwise be demanding, not to mention opposition from workers that the municipal unions would find difficult to contain.

But it is clear that these leases in all cases are in effect highly regressive taxes on the working class. When the Skyway was privatized, the operators immediately raised the toll by 25 percent, and there are provisions to keep increasing the toll for years to come. Within months of the leasing of the parking meter system, rates quadrupled in many areas of the city, and this new, higher rate will in turn double in five years. The employees hired by these companies are in most cases paid far less than city workers were paid for performing the same jobs. In the case of the parking meters, it has also resulted in 26 percent more meter violations, and an additional \$7 million in

revenue for the city.

A lease of the city's water system has the potential for severe and even dangerous repercussions on the city's population. Rates would almost certainly rise, as they have in the suburban town of Homer Glen, which gets its water through Illinois-American Water Co. In a CBS 2 report, the mayor of Homer Glen claimed that residents pay about three times more than neighboring communities. Moreover, privatization increases the potential for the quality and safety of the water supply to be compromised, as corners are cut, maintenance is not performed, and infrastructure is not adequately maintained.

In response to the budget cuts the Chicago Public Library system has announced that branches will be reducing weekday hours. Speaking to the *Sun-Times*, Ruth Lednicer, a library spokesperson said, "Our staff is exhausted because they have been stretched really thin over the past few years keeping the hours we have." Among the AFSCME workers laid off by Daley over the union's refusal to accept furloughs and concessions were 120 library pages—half of the total number. Besides these layoffs, there have also been two years of hiring freezes.

Library usage has surged due to the economic crisis and the library system has seen books piling up at some branches as staff have fallen behind in their ability to put them back on shelves while attending to other patron needs. Because public libraries are designated as warming centers for people without access to heating, the reduction in hours brings a real danger that more people than usual will freeze to death this winter.

This will also be compounded by the furlough days being required of all city workers, and which will result in the closing of libraries, health clinics, and lack of trash pickup. The impact of closed clinics is clear enough, with residents unable to access their services on workers' furlough days. Closure of libraries and lack of staff not only prevents workers and students from checking out books and utilizing the libraries' resources, but also from applying for jobs, or even just staying warm. Postponement of trash pickup raises the likelihood of increased rat infestation as well as the prevalence of other pests.

It is instructive to take note that while Daley readies his offensive against the working class, he has also been preparing to hand over vast sums to large corporations. An October 22 article in the *Chicago Reader* reported that Daley evidently controls what is effectively a "shadow budget" amounting to one sixth the total city budget, almost completely free from any kind of oversight, through the use of so-called Tax Increment Financing (TIF) districts.

Already, \$28 million over the next two years is to be spent on rehabilitating and modernizing the Willis Tower (formerly the Sears Tower), with the potential for far more to be spent later. This comes on top of \$35 million that the city council approved to hand over to United Airlines to cover the cost of moving into the Willis Tower. The building is owned by a private company, American Landmark Properties, whose lawyer, Jack George, is a partner of the same law firm as Michael Daley, the mayor's brother.

Chicago Transit Authority

The Chicago Transit Authority, one of the three public transit services under the aegis of the Illinois Regional Transportation

Authority, has released its 2010 budget recommendations. The shortfall in funding for the year is expected to be \$300 million. The reason given by the agency for declining revenue is a reduction in the sales and real estate taxes upon which the RTA depends. As a result, the agency is preparing to implement enormous fare hikes, drastic cuts in service, and mass layoffs.

All fares are expected to rise under the proposed budget, although the increase is not uniform. Trains will now cost \$3 per ride, up from the \$2.25, a 33 percent increase. The remaining express bus routes will also be raised to this amount. Regular bus fares will be \$2.50, an increase of either 11 or 33 percent, depending on whether a rider previously paid in cash or with a transit card. Daily, weekly and monthly passes will all be more expensive, with monthly passes priced at \$110, up from \$86. With these fares, Chicago would have among the most expensive transit service in the country.

Under the plan being contemplated by the agency, bus service will be reduced by 18 percent, and train service by 9 percent. Nine express bus routes will be eliminated, forcing riders to take slower-moving buses making all stops. Buses will also be more infrequent. Speaking to *Chicago Public Radio*, CTA President Richard Rodriguez indicated that, in regard to bus service, "where a bus runs every 12 minutes, now it might run every 20 minutes going forward." Some routes will also have service times curtailed.

The CTA last week sent out nearly 2,000 layoff notices to bus drivers and other unionized employees indicating that their positions will be eliminated in two months. Layoffs on this scale will mean a more than 20 percent reduction in the CTA workforce, which currently stands at 9,825.

The CTA has appealed to the Illinois General Assembly for aid, but it is doubtful that much, if any, direct monetary assistance will be forthcoming. Already, just months after the state government closed an \$11 billion budget deficit through a combination of cuts, non-payment of bills, and other accounting chicanery, Governor Pat Quinn announced in mid-October that the state is now facing an additional shortfall of \$900 million due to lower state income tax collections. This, of course, is a result of the increasing unemployment throughout the state, a situation that will only be compounded by these layoffs.

The legislature may, however, act on a request by the CTA to allow it to convert \$360 million from its capital budget to its operations budget over the next two years. This request is particularly ironic, given Chicago's recent bid to host the Olympics. Had the city been chosen to host the event, it would have required a massive investment in public transit infrastructure. In the event, if the request is granted it will result in the further decay of an already aged and increasingly decrepit system.

The service cutbacks planned by the CTA will place yet another strain on the working class and on students, who will now face longer waits and overcrowded trains and buses as they try to get to and from work and school. In some cases, they will be out of luck if they have to travel at times no longer serviced, and forced to take more expensive taxis or walk for miles, often in the dark.



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