

# **New Detroit budget proposal contains deeper cuts**

**Shannon Jones**  
**24 April 2012**

A detailed budget proposal by Detroit Democratic Mayor Dave Bing calls for massive cuts and layoffs on top of those contained in a preliminary budget presented to the city council earlier this month.

The mayor presented the budget under terms of a consent agreement between the city of Detroit and the state of Michigan adopted earlier this month. The agreement stipulated that the city impose deep cuts to eliminate an estimated \$265 million accumulated deficit. The agreement detailed spending cuts and concessions to be imposed on city worker unions. Failure to meet mandated budget reductions could result in a takeover by the state and the imposition of an Emergency Manager with dictatorial powers under provisions of Michigan's Public Act 4.

Bing's budget calls for a \$250 million spending cut across all department and the elimination of 2,566 jobs out of a city workforce of 11,000. The job cuts come on top of 1,000 layoffs previously announced by the Bing administration. The cuts will hit broadly, in some cases wiping out whole departments, devastating what little remains of public services in Detroit.

The Bing administration's budget proposal calls for a 10 percent pay cut for all employees and the elimination or consolidation of several departments, including Health and Wellness, Human Services, Workforce Development, Human Rights and the municipal airport. The Elections Department will take a 25 percent cut, the Parks and Recreation Department will have its budget slashed by 50 percent and the lighting department will be placed under third-party management. Cultural institutions will take an average 12 percent cut and the Detroit Institute of Art will lose its entire \$375,000 subsidy.

The Detroit Fire Department, already severely underfunded and understaffed, will take a 13 percent

reduction in funding while its total workforce will be cut from 1,400 to 1,250. The department is already so short-staffed that it conducts rolling "brownouts" of fire companies. Understaffing is believed responsible for at least two fire deaths in recent months.

The imposition of additional cuts threatens a breakdown in fire protection in the city. Reacting to the proposed budget reductions Executive Fire Commissioner Donald Austin proposed that the city adopt a policy whereby some vacant buildings be allowed to burn, noting that some 40 to 60 percent of fires in Detroit are in vacant structures. He also proposed that firefighters be trained and equipped to raze the remains of newly burned buildings.

That a serious proposal is being advanced to change the role of the fire department from putting out fires to essentially encouraging fires in unwanted buildings points to the destructiveness of the proposed cuts. Inevitably such a policy would lead to an increase in fires, threatening the lives and property of thousands of people in Detroit.

Public transit, already on the brink of collapse, will be pushed over the edge by the new round of cuts. Detroit bus riders are already suffering the impact of recent cuts to the Detroit Department of Transportation, including the elimination of bus routes, the end of 24-hour service and a reduction of weekend service. They will face further service reductions as the city cuts \$10 million from public transit, including the layoff of 300 of 1,216 transit employees. The Bing administration is also planning to privatize DDOT, which will entail a further massive assault on the wages, jobs and benefits of current employees.

Under terms of the new budget, city workers will face draconian concessions on top of \$360 million in cuts agreed to earlier this year by city unions. The consent

agreement required that those contracts be thrown out as insufficient and that additional concessions be imposed. Those will include the elimination of work rules and a requirement that new employees no longer receive a defined-benefit pension. The health benefits and pensions of current retirees are also being targeted.

The consent agreement suspends collective bargaining rights for Detroit city workers, meaning that the city can impose its own terms once current union contracts expire on June 30.

In the meantime, Mayor Bing, Republican Governor Rick Snyder and State Treasurer Andy Dillon, a Democrat, have made the first three appointments to a nine-member Financial Advisory Board established by the consent agreement to monitor city spending. The board has the power to set official revenue projections and can veto budgets and union contracts agreed to by the city administration that it determines do not contain enough cuts.

The three men chosen are all corporate and political insiders. They include: former state treasurer Robert Bowman, president and CEO of Major League Baseball Advanced Media; Darrell Burks, a specialist in risk and internal controls and a partner with PricewaterhouseCoopers; and Ken Whipple, a former executive with both Ford and Consumers Energy. Whipple is currently chairman of Korn/Ferry International, the world's largest executive recruiting firm.

In reaction to the latest round of attacks, city worker unions have made it clear they will do nothing to fight to defend the jobs and living standards of their members. Having already accepted massive concessions, the leaders of the American Federation of State, County and Municipal Employees and other city unions are now arguing that privatization is not needed because greater cost savings can be made by working through the unions.

The proposed cuts expose the essentially fraudulent character of the campaign waged by Bing along with a section of Democratic Party officials, union leaders and clergymen against the appointment of an Emergency Manager by the Republican governor. The disagreement surrounding the imposition of an Emergency Manager represented a tactical dispute between Snyder and city officials over the best way to impose massive cuts on working people in Detroit. In

the end Snyder agreed to a consent agreement giving city officials many of the same powers as an Emergency Manager.

To fight the cuts requires the working class to break with the unions and build new organizations of struggle, including rank-and-file and workplace committees. Above all the working class must build a political party of its own, independent of the two parties of Wall Street and fighting for socialism. Economic life must reorganized on a new and more rational basis: production for human needs, not private profit.



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