Unpaid furlough days dictated for 600 Detroit city workers

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On Monday, the financial advisory board in Detroit announced its mandate to impose 26 unpaid furlough days on unionized city employees beginning on February 25. This amounts to the elimination of one workday every two weeks, or a 10 percent cut of workdays. This is after the board imposed an additional 10 percent across-the-board pay cut last July.

Last month, the city council announced the same number of furlough days on non-union employees. Due to legal constraints, however, it does not have the authority to mandate them for unionized employees. The financial advisory board—an unelected body of nine highly placed area executives—issued the diktat as a show of force against the unions.

The American Federation of State, County and Municipal Employees (AFSCME), the union representing the largest number of workers affected by the latest measure, reacted halfheartedly. The union will file an unfair labor practices complaint this week in protest of the new cuts.

The impact of this latest measure on city workers cannot be overestimated. Another 10 percent loss of pay on salaries that have already been slashed will likely mean wages below the poverty level. This is not to mention the ongoing undermining of vital city services that will result in transit, maintenance and firefighting.

A staff representative for AFSCME, Catherine Phillips, told the press that most of these city workers earn $25,000 a year or less. “It makes it harder for them to live,” Phillips said. “It’s all about a takeover from the state of Michigan. They want control of this city, the assets of this city and for anyone or anything that gets in the way it’s shame on you.”

Phillips told the media, “We’re filing an unfair labor practices act, because we’re currently in negotiations. We didn’t know that was coming. It’s a blatant violation of the law. No one is following the law but us.”

In the Michigan election last November, a referendum passed opposing the practice of the state in appointing emergency managers to take over financially stricken cities. This called into question the dictatorial measures the banks had imposed on Detroit, including the so-called consent agreement, which gave authority to rip up union contracts and unilaterally impose cuts in pay, benefits and city services.

The popular vote caused only a momentary disruption in the onslaught against workers. Immediately, another emergency manager law was written, passed and signed into law, throwing in a Michigan right-to work law in the bargain. Detroit Democratic Mayor Dave Bing also wasted no time in getting the legal procedures in the works to bolster the Detroit Consent Agreement and the financial advisory board put in place last year.

The ruthless attack on city services and conditions by the Detroit city council exposes its collaboration with the unelected “emergency” bodies to defend the investments of the banks. While Bing has made no bones about his alliances, the city council has made a pretense of opposition to the use of unelected bodies to impose cuts on Detroit.

Starting in April of last year, appointments were made to a new nine-member financial advisory board by both Bing and the city council as well as Republican Governor Rick Snyder. These individuals were selected for their proven devotion to the objectives of big business. They are all paid a stipend of $25,000 a year for their services on the board—roughly as much as the combined salaries of the city workers whose wages they are continually attacking. Not that they even need such a pittance. Virtually all of them have total annual compensations in their private enterprises as CEOs and corporate leaders of more than $200,000.

The board includes Chairperson Sandra Pierce, an executive at Charter Bank of Michigan and Charter Bank of Ohio; Ken Whipple, with 40 years as a Ford Motor Company executive and currently chairman of the board at Korn/Ferry International; Don Goldsberry of Unum Group; Eddie Munson of KPMG and a board member of the Detroit-based Skillman Group, who racks up one of the highest annual salaries at $406,427; W. Howard Morris, a millionaire investor and former emergency manager for Inkster Schools; Darrell Burns, CPA and Senior Partner at PricewaterhouseCooper; Robert Bowman, former Michigan state treasurer and current president of the Michigan Education Trust; Romana Henderson Pearson of The Pearson Group; and, last but not least, Mary Beth Kuderick, CFO of the United Auto Workers' medical benefits trust, who has "worked with General Motors and the UAW to turn around their health care plans saving GM millions of dollars."

There is no reason to doubt the loyalties of this group.

The furloughs for Detroit city workers are announced as a precedent to take even more draconian measures. At Monday's financial advisory board meeting, Detroit city officials claimed to have plans for $97 million worth of "countermeasures" to address the cash crisis, $85 million of which were described by the chief financial officer as "solid."

Governor Snyder is impatient with the inadequacy of the financial measures being taken by the city of Detroit to resolve its $90 million budget shortfall, and Detroit officials are taking measures to avoid the installation of an emergency manager by the state. Measures being prepared are the "suspension" of $25 million in pension payments to city retirees and increasing employee health care contributions by 30 percent.

It is clear that no measures are too drastic to meet the demands of the banks, bondholders and corporations eyeing the city's infrastructure, assets and payroll costs. At Monday's meeting, W. Howard Morris, one of the financial advisory board members, told the press, "Given what was presented, clearly (the city) got the message that we've got to generate cash."