Unions unite with “Harrisburg Strong” to attack workers in Pennsylvania

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The city of Harrisburg, Pennsylvania is implementing a draconian austerity plan designed by the city’s state-appointed Receiver, slashing city services, privatizing city assets, laying off workers and slashing employee benefits.

William B. Lynch, the city’s Receiver, announced the so-called Harrisburg Strong Plan in August 2013, and it has since been approved by the city council, state Commonwealth Court, and agreed to by major unions.

The city filed for Chapter 9 bankruptcy in October 2011, but a federal judge dismissed the city council’s bankruptcy petition and appointed a Receiver to manage the state’s finances.

Lynch’s plan states that “the City will experience a reduction in its work force, effective likely in 2014,” and makes provisions to spin off the city’s water and sewer department as well as its trash incinerator, and its parking meter enforcement division will be sold to Standard Parking, a private company.

This dispersal of workers from Harrisburg’s payroll is estimated to save the city approximately $600,000 each year. Workers will likely take a pay cut and have their benefits curtailed by their new employers. City employees transferred to Standard Parking, for instance, will have their benefit contributions increase 10 percent. Under the agreement, Standard Parking has the power to reduce the staff of 56 to 31 people, after 2014.

The plan has the backing of the American Federation of State, County, and Municipal Employees (AFSCME), the Fraternal Order of Police (FOP), and the International Association of Fire Fighters (IAFF).

The trade unions, attempting no independent mobilization against the draconian austerity plan, are working with the bondholders and the Receiver to impoverish the city’s workforce.

The first two public unions to accept the deal had been the FOP and AFSCME. They concurred to reduce “a combination of wages and other employment terms and benefits through 2016, with the result that the City can, starting in 2013, receive the benefit of those savings to the General Fund in an estimated annual aggregate amount of approximately $2.4 Million to $2.7 Million per year.” Even before the plan became public, the unions froze wages last year at 2012 levels, saving the city $800,000.

The IAFF was the last union to sign the deal, and ended up conceding more than the plan had originally proposed. Local 428 representative Bill Junkin said that the three-year agreement will save the city $5.1 million over the duration of the contract and that the typical firefighter is giving up about $30,000 in wages and benefits.

The savings in the contract agreement is $500,000 more than what Lynch had originally called for. Lynch responded to the agreement by saying “It tickles me to death.”

The agreements between the unions and the Receiver significantly reduce the health care benefits of current and future workers. For example, labor contract modifications “eliminate post-retirement health care benefits for future employees, and limit post-retirement health care benefits for current employees.”

The plan increases copays for primary physician, specialist and emergency room visits, hikes deductibles and out-of-pocket maximums, and eliminates waiver bonuses for employees who opt out of the city’s benefits.

The city no longer provides retiree healthcare benefits for newly hired workers, and current employees who eventually retire will have to pay a portion of their health care costs.

If the retiree has access to coverage elsewhere such as through another employer, a spouse's plan or Medicare, he or she will not be eligible for the city of Harrisburg's plan.

In his proposal, Lynch acknowledges the fact that these attacks will set a precedent for other cities, noting, "The vast majority of cities across the United States have not begun to deal with this problem [rising health care costs]; but Harrisburg can and should be a leader in doing so, and by following through on this initiative, it can better assure a financially stable and strong City."

Harrisburg is also exploring "the viability of prospectively replacing its pension plans with a defined contribution" plan similar to a 401k.

In addition, the plan increases regressive taxes on working people. The plan extends the Earned Income Tax (EIT), which began in 2013, through at least 2016, and increases the tax from 1 percent to 2 percent. A worker making $30,000 a year will have $300 less a year to spend on food, bills, and other essentials as a result of the tax hike.

In 2012, parking rate taxes increased to 20 percent, and at the beginning of 2014, meter rates increased from $1.50 to $3 hourly downtown and $1 to $1.50 elsewhere. Parking tickets will increase from $14 to $30 and the late penalty will increase from $11 to $20. Standard Parking has the opportunity to run meters for 11 hours, rather than the original nine, and on Saturdays.

The assault on Harrisburg workers' incomes and benefits follows the imposition of an Emergency Manager in the city of Detroit, who is seeking to use the bankruptcy courts to slash the pensions of tens of thousands of city retirees and sell off the assets of the Detroit Institute of Arts.

This is part of a nationwide assault on the social rights of municipal workers, in which Wall Street creditors are using bankruptcy courts and unelected state-appointed officials to dismantle city services, slash workers' wages and benefits and implement mass layoffs.