

New legislation to extend oversight of Detroit finances for next 20 years

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A group of bills introduced into the Michigan state legislature Thursday would establish, for a period of at least 20 years, a special oversight committee known as the Michigan Settlement Administration Authority (MSAA).

The MSAA would be modeled on the New York State Financial Control Board, which was created in 1975 in response to the fiscal crisis of New York City. The panel would exercise veto power over large contracts and collective bargaining agreements.

The panel's seven commissioners would be appointed by Governor Snyder, two leading state legislators, and Mayor Mike Duggan.

The legislation effectively extends the state of financial dictatorship, which began with the arrival of Emergency Manager Kevyn Orr, into the indefinite future. The city's finances will now be open to further restructuring at any time by a special body, appointed from above, and empowered to cut labor costs without even a pretense of democratic process.

In addition to establishing the MSAA, the legislation contains provisions for:

- * the hiring of a new chief financial officer to oversee Detroit's finances

- * implementation of further reforms to pensions, including a "hard cap" on employee health benefits

- * transition from a "defined benefits" system to a "defined contribution" system

- * binding arbitration between the city and its police and fire workforce in accordance with Detroit's "long-term financial goals."

- * creation of a special committee to advise the pension fund boards

- * imposition of limits on benefits received by incoming city employees

The \$195 million in funds being offered by the state

to Detroit as part of the "grand bargain" are to be made conditional on the city's acceptance of the terms contained in this legislation. The money, constantly touted in the media as going to "save" pensions, is now clearly being used as part of a scheme to impose further cuts on workers.

The House Committee on Detroit's Recovery and Michigan's Future will consider the bills beginning next week. Detroit Councilwoman Saunteel Jenkins protested the move in a statement Friday, saying, "At some point soon, the city of Detroit needs to be returned to a fully democratic government."

Also this week, an official report showed the numerous other legal and consulting firms retained by the city have already charged some \$36 million for services rendered during the bankruptcy process. The fees as of December of 2013:

- * Jones Day — \$16.6 million in legal fees and \$730,000 in additional expenses

- * Conway MacKenzie — \$5.3 million

- * Dentons US — \$4.4 million

- * Miller Buckfire — \$2.7 million

- * Miller, Canfield, Paddock & Stone — \$1.4 million

- * Segal Consulting — \$908,750

- * Pepper Hamilton — \$790,900

- * Lazard Freres & Co — \$688,300

- * Milliman — \$541,000

The *Detroit Free Press* reported this week that total billings "will grow exponentially" as charges from the first months of 2014 are taken into account, rising above \$100 million.

These payments send a clear signal to the corporate raiders and legal hitmen who staff the country's elite professional firms: collaboration in the restructuring of American cities, for which Detroit is to serve as a model, will be handsomely rewarded.



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